

FRANCHISE DISCLOSURE DOCUMENT

SAUNA HOUSE

Sweat Ventures, LLC
a North Carolina limited liability company
230 Short Coxe Ave.
Asheville, NC 28801
Phone: (828) 276-3005
Email: franchise@saunahouse.com
Website: www.saunahouse.com

Sweat Ventures, LLC offers franchises for the operation of a state-of-the-art bathhouse featuring traditional saunas, infrared saunas, cold-plunge pools, hot pools, red-light therapy and other wellness services.

The total investment necessary to begin operation of a single Sauna House bathhouse ranges from \$1,553,100 to \$3,828,300. This includes ~~\$343,000~~ \$340,500 to ~~\$588~~ \$563,000 that must be paid to us and our affiliates.

If you purchase area development rights, you must commit to open at least 3 Sauna House bathhouses. The total initial investment to begin operation of a Sauna House franchise ranges from \$1,624,100 to \$3,970,300 if you purchase area development rights to open 3 to 5 bathhouses. This includes ~~\$414,000~~ \$411,500 to ~~\$730~~ \$5,000 that must be paid to us and our affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement, area development 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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchisor at 230 Short Coxe Ave., Asheville, North Carolina 28801 or by phone at (828) 276-3005.

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

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

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

Issuance Date: July 3, 2024

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 and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in North Carolina. 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 North Carolina than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **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.
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. **Sales performance required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
6. **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.
7. **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 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.
8. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
9. **Minimum Payments.** You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Brandon Grogan – Regional & Training Manager*

Our Regional & Training Manager, Brandon Grogan, has held the following positions during the prior 5 years:

Employer Name	Location	Title	Time Period
Sauna Party	Asheville, NC	Regional & Training Manager	Feb 2024 to present
Tall John's	Asheville, NC	Assistant General Manager	Nov 2022 to Feb 2024
Buxton Hall BBQ	Asheville, NC	General Manager	Aug 2015 to Nov 2022

Chris Duda – Vice President of Development & Construction*

Our VP of Development & Construction, Chris Duda, has held the following positions during the prior 5 years:

Employer Name	Location	Title	Time Period
Sauna Party	Asheville, NC	VP of Development & Construction	Dec 2023 to present
		Director of Franchise Development	May 2022 to Dec 2023
University of North Carolina	Chapel Hill, NC	Student – Masters of Business Admin.	Aug 2020 to May 2022
Vive Wear	Greensboro, NC	Product Manager	Jun 2019 to Aug 2020
The Boring Company	Los Angeles, CA	Civil Engineer	Oct 2017 to Jun 2019

Gavin Jocius – Chief Marketing & Digital Officer*

Our Chief Marketing & Digital Officer, Gavin Jocius, has held the following positions during the prior 5 years:

Employer Name	Location	Title	Time Period
Sauna Party, LLC	Asheville, NC	Chief Marketing & Digital Officer	Jun 2023 to present
Mosi Tea®	Raleigh, NC	Co-Founder and Chief Operating Officer	Oct 2020 to Jun 2023
Wisdom.MBA	Durham, NC	Founder and Host	Jun 2020 to May 2023
Duke University	Durham, NC	Student – Masters of Business Admin.	May 2019 to Oct 2021
Circle Graphics	Raleigh, NC	Executive Vice President	Mar 2015 to Feb 2020

* These individuals are employed by our parent, Sauna Party, LLC. They are not directly employed by us - Sweat Ventures, LLC (the franchisor). However, they perform similar functions on our behalf under the terms of a management agreement between Sweat Ventures, LLC and Sauna Party, LLC.

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

All initial fees and other amounts paid to us and our affiliates prior to opening are listed below. All initial fees are nonrefundable and uniformly imposed unless otherwise indicated below.

Initial Franchise Fee

You must pay us a [nonrefundable](#) \$49,500 initial franchise fee at the time you sign the Franchise Agreement. We

currently offer the following discounts:

Type of Discount*	Discount	Qualifications for Discount
Veterans Discount	10% discount	Person holding at least a 51% interest in the franchise is an honorably discharged veteran of any branch of the United States military and provides Form DD-214.
Multi-Unit Discount	Bathroom 1: No discount Bathroom 2+: \$4,000 discount	Applies to 2 nd and subsequent franchises purchased by the same franchisee.

* The Veteran’s Discount only applies to the first Bathroom you purchase. If you qualify for both the Veterans Discount and Multi-Unit Discount, we apply the Veteran’s Discount to the first Bathroom and the Multi-Unit Discount to each additional Bathroom you commit to develop under the ADA.

In 2023, franchisees paid initial franchise fees ranging from: (a) \$33,200 to \$50,000 for the first Bathroom purchased by franchisees; and (b) \$20,000 to \$33,200 for additional Bathrooms purchased by franchisees. The initial franchise fee is uniformly imposed except as otherwise noted above.

Project Management Fee

You must hire the company we designate (the “Project Manager”) to provide project management services relating to the design, construction and development of your Bathroom (“Project Management Services”), including assistance with:

- developing a preliminary layout and design for your Bathroom, including presenting you with our recommendation (or different options) for the quantity and assortment of operating equipment based on the size and configuration of the premises of your Bathroom
- coordinating with your architect and reviewing construction plans and permits
- preparing bids and selecting your general contractor
- monitoring construction progress
- supporting the scheduling and installation of signage, furniture, fixtures and equipment

Most of the underlying services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager’s role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall development process and allow you to open as quickly as possible. We currently serve as Project Manager, although we reserve the right to designate a third party to serve as Project Manager. If we serve as your Project Manager, you pay us a [nonrefundable](#) \$25,000 project management fee when you sign the lease or purchase agreement for the premises for your Bathroom.

Startup Package

You must purchase our designated startup package that includes certain fixtures, equipment and inventory items for the development and operation of your Bathroom (the “Startup Package”). You purchase these items from our affiliates, Bathing Goodies and SV Distribution. The Startup Package does not include all equipment and inventory items you must purchase (any items not included in the Startup Package must be purchased from third-party suppliers).

STARTUP PACKAGE		
Item Purchased	Supplier	Price*
2 to 3 Communal Traditional Saunas (including lighting and wood)** 2 to 4 Private Traditional Saunas (including lighting and wood)** 8 to 13 Traditional Sauna Heaters** Heated Furniture	Bathing Goodies	\$250,000 to \$450,000

STARTUP PACKAGE		
Item Purchased	Supplier	Price*
Retail Inventory (including salts, candles, soap, oils & merchandise)	SV Distribution	\$7,500 to \$15,000
Shipping and Taxes (estimate)		\$5,000 to \$20,000
TOTAL		\$262,500 to \$485,000

* Prices do not include installation. You must hire a contractor to install the equipment at your facility.

** A private traditional sauna refers to a smaller sauna typically included in a private HOT.COLD.RELAX.® room. A communal traditional sauna refers to a larger sauna capable of accommodating a larger number of people. Private traditional saunas typically require 1 to 2 heaters (depending on size) while communal traditional saunas typically require 2 to 3 heaters (depending on size).

The purchase price [is nonrefundable and](#) varies depending on the quantity and assortment of saunas and other equipment selected (the quantity and assortment of equipment varies based on the size and configuration of the premises and your personal preferences). You will be invoiced for the purchase price as follows: (a) 80% is invoiced when you sign the lease or purchase contract for the premises; and (b) 20% is invoiced when the item is shipped. Payments are due 10 days after invoicing. We and our affiliates reserve the right to change the items included in the Startup Package, and the associated purchase price, at any time. We also reserve the right to require you to purchase some or all of the items included in the Startup Package directly from third-party suppliers, in which case you do not pay our affiliates for those items.

Systems Setup Fee

You pay us a [nonrefundable](#) \$2,000 systems setup fee approximately 60 days prior to opening. In exchange for this fee, we assist you with: (a) the initial setup and configuration of your point-of-sale system and Google Workspace; and (b) the creation and setup of your social media platforms.

Architect Review Fee

You must obtain our approval of the architect you intend to hire to prepare the initial design and construction plans for your Bathhouse. At the time you sign the lease or purchase contract for your premises, you pay us a [nonrefundable](#) \$1,500 fee that covers our review and evaluation of the architect you propose. If we disapprove the architect you propose, you must submit another architect for our evaluation and approval (we do not charge an additional fee to review additional architects).

Development Fee

If you sign an ADA, you pay a \$49,500 initial franchise fee for your first Bathhouse and a \$35,500 discounted initial franchise fee for each additional Bathhouse you commit to develop under the ADA. At the time you sign the ADA, you pay us a development fee calculated as the sum of the initial franchise fees imposed for all Bathhouses you commit to develop under the ADA. For example, if you purchase the right to develop 3 Bathhouses, you pay us a development fee calculated as \$120,500 (\$49,500 + \$35,500 + \$35,500). We anticipate most area developers will purchase the right to develop between 3 and 5 Bathhouses, which results in development fees ranging from \$120,500 to \$191,500. The development fee includes, and is deemed to satisfy, the initial franchise fee for all Bathhouses you commit to develop under the ADA.

If you qualify for our Veteran's Discount, you receive a 10% discount on the initial franchise fee for the first Bathhouse you commit to develop under the ADA. ~~Development fees are~~ [The development fee is](#) nonrefundable and uniformly imposed except as otherwise disclosed above.

infrared saunas, red-light therapy panels and specialty lighting. It does not include your estimated cost to purchase traditional saunas, traditional sauna heaters or heated furniture (you purchase these items from our affiliate as part of the Startup Package). You are responsible for hiring local contractors to install all equipment within your facility. Equipment installation costs are included under construction costs.

13. **Initial Inventory:** This estimates your cost to purchase an initial supply of certain items purchased from third-party suppliers, including coffee, tea, sparkling water, electrolytes and T-shirts. It does not include the cost of any inventory items purchased from our affiliate as part of the Startup Package.
14. **Grand Opening Advertising:** You must spend at least \$15,000 on approved grand opening marketing activities to promote the opening of your Bathhouse. Some franchisees may choose to spend more.
15. **Professional Fees:** This includes the estimated fees for professionals you may choose to hire in order to:
 - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
 - advise you regarding local laws and regulations applicable to your Bathhouse
 - form a business entity
 - set up your books, records and accounts
 - develop a business plan and budget for the development and operation of your BathhouseThese services are optional but highly recommended.
16. **Insurance:** This estimate includes 3 months of insurance premium. Item 8 includes a description of the insurance policies you must purchase and maintain.
17. **Additional Funds:** This estimates your expenses during the first 3 months of operation, including: payroll costs (excluding any wage or salary paid to you); marketing and advertising expenses; software and technology fees; inventory replenishment costs; utilities; and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premium are separately stated in the table above. These figures are estimates based on: (a) the experience of our management team in developing, opening and operating the company-owned Bathhouse in Asheville, North Carolina; and (b) the experience of our franchisees in developing franchised Bathhouses that are currently under development.
18. **Budget and Initial Investment Report:** ~~We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the construction, opening and operation of your Bathhouse.~~ Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Bathhouse. We may use this data to update the initial investment estimate in future versions of our Franchise Disclosure Document.
19. **Development Fee:** Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 3 Bathhouses (low estimate) or 5 Bathhouses (high estimate). If you purchase the right to develop more than 5 Bathhouses, your development fee will increase. This estimate does not include your costs to develop any Bathhouse other than the first Bathhouse you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Bathhouse. By “source-restricted”, we mean the good or service must meet our specifications and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or an affiliate). The Manual includes our specifications and supplier list. We notify you of changes to our specifications or supplier list by email, updates to the Manual, bulletins or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon

Franchise Disclosure Document (2024)

3. Maintain a corporate website to promote our brand and a local webpage, linked to our site, to promote your Bathhouse, as discussed below under “Advertising and Marketing”. (§6.8 & 10.2)
4. Establish and administer the Brand Fund, as discussed below under “Advertising and Marketing”. (§10.1)
5. Provide you with our suggested retail pricing. You may deviate from our suggested retail pricing in your discretion. However, you must obtain our approval of any deviation more than 10% higher or lower than our suggested retail pricing, unless the pricing is part of a temporary advertising campaign we approved. To the extent permitted by applicable law, we may set maximum or minimum prices on the goods and services you sell. (§11.5)

During the operation of your Bathhouse, we or our affiliates may, but need not:

1. Conduct periodic field visits to provide onsite consultation, assistance and guidance pertaining to the operation and management of your Bathhouse. (§6.6)
2. Provide access to various software, technology and related services in exchange for the technology fee, as discussed below under “Computer System”. (§11.9)
3. Develop new retail products, merchandise or other goods or services for sale by Bathhouses. (§6.11)
4. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.10)
5. Hold periodic conferences to discuss relevant business and operational issues such as industry changes, new services and/or merchandise and marketing strategies. (§5.5)
6. Create a franchise advisory council, as discussed below under “Advisory Council”. (§13)
7. Provide additional training or assistance you request, as discussed below under “Training Program”. (§5.2)

We do not provide area developers with any support under their ADA.

Manual (§6.1, 11.2 & 25.8)

We provide access to our Manual in text or electronic form during the term of the Franchise Agreement. The Manual may include, among other things:

- architectural plans and specifications for the design, dimensions, layout, equipping and trade dress for a prototype Bathhouse
- a list of (a) goods and services (or specifications for goods and services) you must purchase to develop and operate your Bathhouse and (b) designated and approved suppliers
- a description of the authorized goods and services you may offer and sell
- specifications, techniques, methods, operating procedures and quality standards
- policies and procedures pertaining to: (a) marketing and advertising; (b) reporting and data entry; (c) accounting and bookkeeping; (d) insurance; (e) data ownership, protection, sharing and use; and (f) gift card, loyalty and membership programs

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by our franchisees. All mandatory provisions in the Manual are binding on you. We can modify the Manual at any time, but the modifications will not alter your status or fundamental rights under the Franchise Agreement. Modifications are effective at the time we notify you of the change. However, we may provide you with a reasonable period of time to implement certain changes (for example, implementing new software or technology). The Manual is confidential and remains our property. The Manual includes [a total of 40 pages](#). The Table of Contents is attached to this Disclosure Document as EXHIBIT "E".

Mira Balga has been involved with SAUNA HOUSE® since 2022 and currently serves as the Controller for us and Sauna Party. She has 9 years of experience working as a bookkeeper or controller, including 2 years working for our affiliate Alpine Mutt.

Brandon Grogan has been involved with SAUNA HOUSE® since 2022. He currently serves as the Regional & Training Manager for us and Sauna Party. Brandon has worked in the hospitality industry for 10 years.

Training Fees and Costs

We do not charge an additional training fee for our pre-opening initial training program. You must pay us a training fee of up to \$200 per trainer per day in order for your owners or management personnel to attend:

- any initial training we provide after opening (e.g., for a new Managing Owner or manager)
- repeat training (after a trainee fails a prior attempt)
- remedial training we require based on your operational deficiencies
- additional training you request
- system-wide refresher or supplemental training programs

We do not currently charge for pre-recorded online training programs we make available to franchisees, but we reserve the right to do so. If we agree to provide onsite training or assistance, you must also reimburse us for all Travel Expenses we incur (this reimbursement obligation does not apply to the 5 days of onsite training and assistance we provide at the time you open). You are responsible for all wages and Travel Expenses your trainees incur to attend training programs. If you transfer your franchise, we may charge the new franchisee our then-current fee for initial training.

Site Development (§6.2, 6.3, 7 & 11.10)

Site Selection

A typical Bathhouse ranges in size from 3,500 to 7,500 square feet. We do not select the site for your Bathhouse and we do not [purchase own](#) the premises and lease it to you. You must find a site we approve and sign a lease (or purchase contract) for the premises within 180 days after signing the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline. [or if we cannot agree on a site.](#)

Your Bathhouse must be located within the Site Selection Area identified in Part C of ATTACHMENT "A" to the Franchise Agreement and conform to our minimum site selection criteria. You must send us a complete site report that includes all information we require about your proposed site.

We will use our best efforts to approve or disapprove sites you propose within 14 days after we receive all of the requisite materials. Your site is deemed disapproved if we fail to issue our written approval within the 14-day period. We consider the following factors when reviewing proposed sites:

- parking
- visibility, size, condition and characteristics of the building
- traffic counts
- general location
- existence and location of competitive businesses
- general character of the neighborhood
- local demographic information
- various economic indicators

If we approve your site before signing the Franchise Agreement, we will list the address in Part D of ATTACHMENT "A" to the Franchise Agreement. Otherwise, we will list the address of your approved site in a Site Approval Notice that we send to you after approving your site. If you sign an ADA, we must approve the site for each Bathhouse you develop applying our then-current site selection criteria.

Lease

We do not review the terms of your lease. If you lease the premises for your Bathhouse, you must use best efforts to cause your landlord to sign the Lease Addendum attached to the Franchise Agreement as ATTACHMENT "C". The terms of the Lease Addendum are designed to protect our interests. For example, the landlord must notify us of your defaults, offer us the opportunity to cure your defaults, allow us to take an assignment of your lease in certain situations, permit us to enter the premises to remove items bearing our Marks if you refuse to do so and give us a right of first refusal to lease the premises upon the expiration or termination of your lease. If your landlord refuses to sign the Lease Addendum in substantially the form attached to the Franchise Agreement, we may either (a) waive the Lease Addendum requirement (or the provisions disapproved by the landlord) or (b) require you to find a new site for your Bathhouse.

Design and Construction

The Manual includes our standards and specifications (and generic prototype plans) for the design, layout, equipping and trade dress for a Bathhouse. We will present you with our recommendation (or different options) for the quantity and assortment of operating equipment based on the size and configuration of the premises of your Bathhouse. You must hire a licensed and bonded architect that we designate or approve to prepare initial design plans for the construction of your Bathhouse and leasehold improvements. We must approve the initial design plans to ensure they are consistent with our system standards. Once approved, your architect must prepare detailed construction plans that: (a) are consistent with the approved design plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all federal, state and local ordinances, building codes, permit and lease requirements and restrictions applicable to the premises. You must submit the final construction plans to us for approval. You are solely responsible for conforming the premises to local ordinances and building codes, as well as obtaining any required permits, and/or constructing, remodeling or decorating the premises, and/or hiring and training employees.

Once approved, you must construct and equip your Bathhouse according to the approved construction plans and the requirements of the Manual. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items we require.

You must remodel and make all improvements and alterations to your Bathhouse that we reasonably require from time to time to reflect our then-current standards and specifications. There is no limitation on the cost or frequency of these remodeling obligations. You may not remodel or significantly alter your premises without our approval.

Project Management Services

We currently intend to serve as your Project Manager (although we reserve the right to designate a third party to serve as your Project Manager). If we serve as Project Manager, you pay us a \$25,000 project management fee. In exchange for this fee, we provide the following Project Management Services relating to the development of your Bathhouse:

- developing a preliminary layout and design for your Bathhouse
- coordinating with your architect and reviewing construction plans and permits
- preparing bids and selecting your general contractor
- monitoring construction progress
- supporting the scheduling and installation of signage, furniture, fixtures and equipment

Most of the underlying services are provided by outside suppliers and you pay these suppliers directly for their services. The Project Manager's role is to oversee and coordinate with the various members of your development team (architects, engineers, general contractor, etc.) in an effort to manage the overall development process and allow you to open as quickly as possible.

Opening Requirements (§7.5)

We expect most franchisees will open within 12 months after signing the Franchise Agreement. Factors that may

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
r. Non-competition covenants after the franchise is terminated or expires	FA: 15.3 & 22.1	No involvement for 2 years in competing business anywhere within: (a) your territory; (b) 25 miles of your Bathhouse; or (c) 25 miles of any other Bathhouse.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 25.3 & 25.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: 11.7	Requires writing signed by both parties. Other modifications to comply with state laws.
t. Integration/ merger clause	FA: 25.8	Only the terms of the Franchise Agreement and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, Franchise Agreement and ADA may not be enforceable. Nothing in the Franchise Agreement, ADA or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
	ADA: 11.7	
u. Dispute resolution by arbitration or mediation	FA: 23	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants or post-term obligations.
	ADA: 9	Subject to state law, all disputes must be mediated and then arbitrated before litigation.
v. Choice of forum	FA: 23	Subject to applicable state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Buncombe County, North Carolina).
	ADA: 9	Subject to applicable state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Buncombe County, North Carolina).
w. Choice of law	FA: 25.1	Subject to applicable state law, North Carolina law governs.
	ADA: 11.1	Subject to applicable state law, North Carolina law governs.

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 provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

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CALIFORNIA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

1. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the Disclosure Document.
2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.
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 such association or exchange.
4. The Franchise Agreement and Supplemental Agreements require binding arbitration. The arbitration will occur in North Carolina with the costs being borne by the losing party.
5. 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 or Supplemental Agreement restricting venue to a forum outside the State of California.
6. The Franchise Agreement and Supplemental Agreements require application of the laws of North Carolina. This provision may not be enforceable under California law.
7. The Franchise Agreement and Supplemental Agreements may provide for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
8. The Franchise Agreement and Supplemental Agreements may contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
9. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement or Supplemental Agreements may not be enforceable.
10. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement or Supplemental Agreements contain a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.
11. You must sign a general release of claims 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).
12. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT <https://dfpi.ca.gov/>.
13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any

HAWAII

1. The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

2. Our registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

3. The states in which this filing is effective are listed on the Exhibit to the FDD titled "State Effective Dates".
4. The states in which this filing is or will be shortly on file include the following: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
5. The states, if any, which have refused, by order or otherwise, to register these franchises include the following: None.
6. The states, if any, which have revoked or suspended the right to offer these franchises include the following: None.
7. The states, if any, in which the filing of these franchises has been withdrawn include the following: None.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
9. All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of Hawaii. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in North Carolina in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Item 5 of the Disclosure Document is amended to add the following:

“Fee Deferral

All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General’s Office. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.”

8. The Franchise Agreement and Supplemental Agreements are amended as follows:

All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General’s Office. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Franchise Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. 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 Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. 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.
5. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
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 development fees and initial payments by area developers shall be deferred until the first franchise under the area development agreement opens.

FRANCHISOR:

Sweat Ventures, LLC

By: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Title: _____

Date: _____

MARYLAND ADDENDUM TO AREA DEVELOPMENT AGREEMENT

In recognition of the requirements of the Maryland Franchise Law, the Area Development Agreement is amended to add the following:

1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.
2. 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 Law.
3. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.
4. 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.
5. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.
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 development fees and initial payments by area developers shall be deferred until the first franchise under the area development agreement opens.

FRANCHISOR:

Sweat Ventures, LLC

By: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Title: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law (the “Maryland Franchise Law”), the Disclosure Document is amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

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

~~1.2.~~ Item 17 of the Disclosure Document is amended to add the following:

- a. The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply any liability under the Maryland Franchise Registration and Disclosure Law.
- b. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- c. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- d. In the event of a conflict of laws to the extent required by the Maryland Franchise Registration and Disclosure Law, Maryland law shall prevail.
- e. The Franchise Agreement and ~~Supplemental Agreements~~ Area Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

~~2. The Franchise Disclosure Questionnaire, which~~ This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is attached as an Exhibit ~~is attached as an Exhibit~~ unfair or deceptive practice to the Disclosure Document, is amended as follows:

~~All representations requiring prospective franchisees~~ require a franchisee to assent ~~waive its right to the 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.~~

~~In recognition of the requirements of the~~ file a lawsuit in ~~Maryland Franchise Law, the Franchise Agreement and Supplemental Agreements are amended to add the following:~~

- ~~1. Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.~~
- ~~2.1. 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 Law.~~
- ~~3.1. You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Law.~~
- ~~3. The Franchise Questionnaire that you completed in connection with your application for the franchise requires you, as a prospective franchisee, to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute~~ claiming ~~a violation of the Maryland Franchise Law as a condition to your purchase of the franchise. Any such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Law.~~
- ~~4.1. Any acknowledgements or representations by you that disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Maryland Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Law.~~

~~a.f. Nothing in the Franchise Agreement, Supplemental Agreement or in any related agreement. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is intended to disclaim the representations made in the Franchise Disclosure Document~~legally enforceable.

~~2.3.~~3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release.
2. We will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement or Supplemental Agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. Minnesota Statute 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 you 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. In addition, we will comply with the provisions of Minnesota Rule 2860.4400(J), which state that you cannot waive any rights, you cannot consent to our obtaining injunctive relief, we may seek injunctive relief, and a court will determine if a bond is required.
4. We will comply with Minnesota Statute Section 80C.12, Subd. 1(g), which requires that we protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
5. We will comply with Minnesota Statute Section 80C.17, Subd. 5 regarding limitation of claims.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Items 5 and 7 of this Disclosure Document, the Franchise Agreement and Supplemental Agreements are amended to include the following:

“All fees referenced are subject to deferral pursuant to order of the State of Minnesota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.”

NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law (the “North Dakota Franchise Law”), the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Covenants not to compete are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Law. Item 17(r) of the Disclosure Document and certain provisions in the Franchise Agreement and Supplemental Agreements include certain covenants restricting competition to which you must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Law. The Disclosure Document, Franchise Agreement and Supplemental Agreements are amended accordingly to the extent required by law.
2. Provisions requiring arbitration or mediation to be held at a location that is remote from the site of the franchisee’s business are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, the parties must agree on the site where arbitration or mediation will be held.
3. Provisions requiring jurisdiction in a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
4. Provisions requiring that agreements be governed by the laws of a state other than North Dakota are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
5. Provisions requiring your consent to liquidated or termination damages are generally considered unenforceable in the State of North Dakota, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Provisions requiring you to sign a general release upon renewal of the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
7. Provisions requiring you to pay all costs and expenses incurred by us in enforcing the franchise agreement have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.
8. Provisions requiring you to consent to a waiver of trial by jury have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
9. Provisions requiring you to consent to a limitation of claims within one year have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Accordingly, any such provision is modified to read that the statute of limitations under North Dakota Law will apply.
10. Provisions requiring you to consent to a waiver of exemplary and punitive damages have been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Invest Law.
11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12. All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of North Dakota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.

SOUTH DAKOTA

In recognition of the requirements of the South Dakota Codified Laws, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. All fees referenced in Item 5 of this Disclosure Document are subject to deferral pursuant to order of the State of South Dakota. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business.
2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

~~2.~~2. Item 17 of the Disclosure Document is amended to add the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

~~2.3.~~2.3. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.

~~3.4.~~3.4. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.

~~4.5.~~4.5. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.

~~5.6.~~5.6. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

~~6.7.~~6.7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (b) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. The Franchise Agreement is amended to state the following:

"The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement."

~~MAY DO NOT BE SIGNED OR USED IF~~ SIGN THIS QUESTIONNAIRE
**FRANCHISEE RESIDES WITHIN, OR THE FRANCHISED BUSINESS WILL BE
LOCATED WITHIN, ~~A FRANCHISE REGISTRATION STATE~~[†]CALIFORNIA,
HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW
YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA,
WASHINGTON AND WISCONSIN.**

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know Sweat Ventures, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a Sauna House franchise. We require that you complete this Questionnaire (a) so that we can determine whether our franchise sales team followed proper sales procedures and (b) to provide us with reasonable assurance that, prior to signing the Franchise Agreement, you have had an adequate opportunity to review the Franchise Disclosure Document and its attachments, consult with legal and/or business advisors of your choosing, and ask us questions about any disclosures or terms that you do not understand. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question.

- Yes__ No__ 1. Have you received from us and personally reviewed the Franchise Agreement and, if applicable, Area Development Agreement (“ADA”), together with all attachments to those agreements?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 2. Have you received from us and personally reviewed a Franchise Disclosure Document (“FDD”)?
[If you answer “no,” please explain in Explanation Section]
- Yes__ No__ 3. Did you sign a receipt for the FDD indicating the date you received it?
- Yes__ No__ 4. Do you understand all the information contained in the FDD, Franchise Agreement and ADA (if applicable)?
[If you answer “no,” please identify any information you don’t understand in Explanation Section]
- Yes__ No__ 5. Did you receive the FDD at least 14 calendar days before signing any agreement relating to the franchise (other than an NDA) or paying any money?
- Yes__ No__ 6. Did you receive a complete execution copy of the Franchise Agreement and ADA (if applicable), with all material terms filled in, at least seven (7) calendar days before you signed it?
- Yes__ No__ 7. Have you reviewed the FDD, Franchise Agreement and ADA (if applicable) with a lawyer, accountant or other professional advisor?
- Yes__ No__ 8. Have you discussed the benefits and risks of developing and operating a Sauna House franchise with an existing Sauna House franchisee?
- Yes__ No__ 9. Do you understand the risks of developing and operating a Sauna House franchise?
- Yes__ No__ 10. Do you understand the success or failure of your franchise will depend in part upon your skills, abilities and efforts and those of the persons you employ as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs and other relevant factors?
- Yes__ No__ 11. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement or ADA (if applicable) must be arbitrated in North Carolina if not resolved informally or by mediation?

[†]—Registration states include California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

EXHIBIT "I"
TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

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	
Hawaii	<u>September 20, 2024</u>
Illinois	
Indiana	July 30, 2024
Maryland	
Michigan	<u>August 5, 2024</u>
Minnesota	
New York	
North Dakota	
Rhode Island	July 31, 2024
South Dakota	<u>September 20, 2024</u>
Virginia	
Washington	
Wisconsin	July 30, 2024

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

RECEIPT

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

If Sweat Ventures, LLC offers you a franchise, it must provide this Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Sweat Ventures, 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, DC 20580, and the appropriate state agency listed in EXHIBIT "A" to this Disclosure Document.

The franchise seller(s) involved with the sale of this franchise is/are:

- ____ Andrew Lachlan Nehlig; 10 Alpine Way, Asheville, NC 28805; (215) 837-8009
- ____ Jennifer Richter; 35 McKinney Road, Asheville, NC 28805; (828) 421-6792
- ____ Chris Duda; 5100 N Hidden Valley Rd., Tucson, AZ 85750; (336) 601-6348
- ____ Lane Genzlinger; 99 Westridge Drive, Petaluma, CA 94952; (267) 679-4485
- ____ Brandon Grogan; 26 McKinnish Cove Rd., Asheville, NC, 28806; (336) 445-2994
- ____ Katherine Brotherton; 40 Powell Street, Asheville, NC 28806; (828) 676-5156

Issuance Date: July 3, 2024

Sweat Ventures, LLC’s agent to receive service of process is listed in EXHIBIT "A" to this Disclosure Document (for franchise registration states) or EXHIBIT "B" to this Disclosure Document (for all other states).

I received a Franchise Disclosure Document dated July 3, 2024 that included the following Exhibits:

- EXHIBIT "A" List of State Administrators and Agents for Service of Process
- EXHIBIT "B" Agent for Service of Process
- EXHIBIT "C" Franchise Agreement
- EXHIBIT "D" Area Development Agreement
- EXHIBIT "E" Table of Contents of the confidential Brand Standards Manual
- EXHIBIT "F" List of Franchisees
- EXHIBIT "G" Financial Statements of Sweat Ventures, LLC
- EXHIBIT "H" Other Agreements
- EXHIBIT "H"-1 State Addenda
- EXHIBIT "H"-2 Franchisee Disclosure Questionnaire
- EXHIBIT "H"-3 General Release
- EXHIBIT "I" State Effective Dates
- EXHIBIT "J" Receipts

Print Name

(Signature) Prospective Franchise Owner

Date

(This Receipt should be executed in duplicate. One Receipt must be signed and remains in the Franchise Disclosure Document as the prospective franchise owner’s copy. The other Receipt must be signed and returned to Sweat Ventures, LLC.)

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