

## FRANCHISE DISCLOSURE DOCUMENT

### **HOTWORX® FRANCHISING, LLC**

**5161 Taravella Road**

**Marrero, LA 70072**

**(504) 297-1HOT**

**www.HOTWORX.net**



As a franchisee, you will operate a HOTWORX® location as a 24-hour studio that offers hot exercise services, fitness products and other specialty items under the name brand “HOTWORX®”.

The total investment necessary to begin operation of a single HOTWORX® studio franchise is from \$252,200 to \$901,440 except for studios developed in California and New York which range from \$356,299 to \$1,182,389. This includes \$150,800 to \$246,210 that must be paid to the franchisor or its affiliates except for studios developed in California in New York which ranges from \$150,800 to \$239,810.

The total investment necessary to enter into our Area Development Agreement will depend on the actual development rights we grant to you. At a minimum, an area developer must open two (2) studio outlets. If we grant you the right to an additional studio, then your initial investment for this one (1) additional studio will cost between \$247,250 to \$896,490 except for studios developed in California and New York which range from \$351,349 to \$1,177,439. This includes \$145,850 to \$241,260 that must be paid to the franchisor or its affiliates except for studios developed in California in New York which ranges from \$145,850 to \$234,860.

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 to you. To discuss the availability of disclosures in different formats, contact the Franchise Sales Department at 5161 Taravella Road, Marrero, Louisiana 70072, (504) 297-1HOT.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 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 1, 2025

## 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 or Exhibit C.
<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 E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 or Exhibit C summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only HOTWORX 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 is it like to be a HOTWORX franchisee?</b>	Item 20 or Exhibit C 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 franchisor 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 A.

Your state also may have laws that require special disclosures or amendments 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 and area development agreement require you to resolve disputes with franchisor by mediation, arbitration and/or litigation only in Louisiana. Out-of-state dispute resolution may force you to accept a less favorable settlement for disputes. It may also cost you more to sue, arbitrate or mediate with franchisor in Louisiana than in your own state review.
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty and other payments and advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **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 you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **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.

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

The franchisor is HOTWORX® Franchising, LLC (“we,” “us,” “our,” “Franchisor,” “HOTWORX®” or “HWX”). “You” means the person who we grant a franchise, or the franchisee. The person granted the franchise may be a natural person, partnership, corporation, or limited liability company. If you are a partnership, corporation, limited liability company, or other entity, your owners must sign our “Guaranty Agreement and Acknowledgement by Guarantor,” which means that all of our Franchise Agreement’s provisions also will apply to your owners.

We were organized as a limited liability company under Wyoming law on November 29, 2016. Our principal business address is 5161 Taravella Road, Marrero, Louisiana 70072. We operate under our company name and the trademarks described in Item 13. We do not do business or intend to do business under any other names. We have not conducted business in any other line of business. If we have an agent in your state for service of process, we disclose that agent in Exhibit B.

We began offering franchises for HOTWORX® studio Locations in January 2017. We do not have any parents or predecessors.

The Franchised Business

We grant franchises for stores operating under the “HOTWORX®” name and other marks. (For reference purposes in this disclosure document, we call the stores in our system “HOTWORX® studio locations.” We call the HOTWORX® location that you will operate the “studio.” HOTWORX® studio locations offer 24-hour hot exercise services and fitness products.

Our franchise consists of a small footprint of approximately 2,000 square feet, boutique-style business model with the potential for minimal overhead and labor costs. Through our affiliate, we have an automated access/entry system where our members can access the studio 24 hours a day. You will operate the studio from an approved location (“Approved Location” or “Location”), using our proprietary business format (the “System”) and the trade name “HOTWORX®” and such other trademarks, service marks, logos and other indicia of origin (our “Proprietary Marks”), as we may designate for use in connection with the studio. You will operate the studio according to the Franchise Agreement and our confidential operations systems described in this disclosure document. As a HOTWORX® studio franchisee, your studio will offer hot exercise services, functional training area, and related retail products to the general public throughout the year.

We will grant you the right to operate one HOTWORX® studio at a location we approve in the Franchise Agreement (“Franchise Agreement”).

Area Development Agreement

We also offer to certain candidates the right to develop multiple studios within a specific development area under the terms of the Area Development Agreement. If you sign an Area Development Agreement, you must sign a separate, then-current Franchise Agreement for each

studio you develop within the specific development area stated in the Area Development Agreement. The then-current Franchise Agreement may differ from the current Franchise Agreement included with this Franchise Disclosure Document.

### Competition

The market for health, wellness and fitness services is extremely competitive and well-developed. Your studio will compete with other local, regional and national yoga studios, Pilates studios, gyms, spas and fitness studios for which the market is well-developed and highly competitive. You will compete with other outlets offering HOTWORX® services, including Planet Beach, SOL SPA and other HOTWORX® outlets.

### Industry Specific Regulations

Fitness studios are regulated in certain states and counties, and regulations are constantly being updated and revised. We recommend that you research your state and county laws regulating the fitness studio industry. You will also have to comply with state and local laws and regulations applicable to health and safety. Further, your studio will be subject to all laws and regulations that apply to businesses generally.

### Affiliates

Our affiliate Planet Beach Franchising Corporation (“PBFC”), was incorporated in Louisiana in 1996. In 2008 PBFC became a Nevada corporation, and in March of 2010, PBFC incorporated in Delaware. PBFC’s principal address is 5145 Taravella Road, Marrero, Louisiana 70072. PBFC began offering franchises in 1996. Originally PBFC offered franchises that provided UV tanning services. Today PBFC offers franchises that include a wide range of automated spa services, including sunless tanning, massage therapy, teeth whitening, and infrared heat therapy (including HOTWORX® units). As of December 31, 2024, there were 26 Planet Beach locations in the United States and 2 international locations. The products and services offered by PBFC’s franchises are competitive with the products and services offered by HOTWORX® franchises.

Our affiliate HOT Brands, LLC (“HOT Brands”), formerly known as Planet Beach Brands, LLC (“PBB”), formed on March 5, 2007, licenses certain trademarks and intellectual property to PBFC, HOTWORX®, HWX, LLC, SOL SPA, LLC, Planet Beach International, LLC, and HOTWORX International, LLC. On December 6, 2016, PBB’s name was changed to HOT Brands, LLC. HOT Brands’ principal business address is 5145 Taravella Road, Marrero, Louisiana 70072. HOT Brands has never offered franchises in any line of business, nor has it ever operated a business of the type being offered in this disclosure document.

Our affiliate, Planet Beach International, LLC (“PBI”), was formed on October 29, 2007 as a Louisiana limited liability company. Its principal place of business is located at 5145 Taravella Road, Marrero, Louisiana, 70072. PBI offers master franchise opportunities internationally. PBI has never offered franchises in the same line of business, nor has it ever operated a business of the type being offered in this disclosure document.

Our affiliate, HOTWORX International, LLC (“HI”), was formed on May 21, 2019 as a Louisiana

limited liability company. Its principal place of business is located at 5145 Taravella Road, Marrero, Louisiana 70072. HI offers master franchise opportunities internationally.

Our affiliate, HOTWORX Canada, LLC (“HC”), was formed on May 29, 2024 as a Wyoming limited liability company. Its principal place of business is located at 5145 Taravella Road, Marrero, Louisiana 70072. HC offers master franchise, and franchise opportunities in Canada.

Our affiliate, HOT TECH, LLC (“HOT TECH”), formerly known as Spa Synergy®, was formed on January 28, 2013, as a Louisiana limited liability company. HOT TECH’s principal business address is 5161 Taravella Road, Marrero, Louisiana 70072. HOT TECH licenses a proprietary point-of-sale software system to franchisees of HOTWORX®, SOL SPA®, HOTWORX International, and of PBFC. HOT TECH has never offered franchises in any line of business, nor has it ever operated a business of the type being offered in this disclosure document.

Our affiliate, HWX, LLC (“HWX”), was formed on April 25, 2016, as a Louisiana limited liability company. HWX’s principal business address is 5145 Taravella Road, Marrero, Louisiana 70072. HWX manufactures and distributes certain studio equipment and products that are offered to and required to be purchased by our franchisees. HWX also owns a minority interest in our company-owned studios in Oxford, Mississippi, and Marrero, Louisiana. The Oxford studio opened in February 2017, the Marrero studio opened in January 2018. HWX also owns a minority interest in the business that formerly operated as a company-owned studio in Chicago, Illinois that was operational between July 2019 and September 2024. HWX has never offered franchises in any line of business.

Our affiliate SolarV, LLC (“SolarV”), was formed on July 29, 2021, as a Wyoming limited liability company. SolarV’s principal business address is 5161 Taravella Road, Marrero, Louisiana 70072. SolarV’s purpose is to explore the development of a solar power initiative for the benefit of HOTWORX® franchisees in the future. SolarV has never offered franchises in any line of business.

Our affiliate, SOL SPA Franchising, LLC (“SOL SPA”), was formed on December 13, 2021, as a Wyoming limited liability company. SOL SPA’s principal address is 5200 Taravella Road, Marrero, Louisiana 70072. SOL SPA began offering franchises in 2022. SOL SPA offers franchises that provide UV therapy, 24-hour spray tanning, spa services, hot yoga, HOT CHAKRA, the sale of spa and yoga products, and other specialty items under the name brand “SOL SPA®” and other affiliated brand retail products. As of December 31, 2024, there were 5 SOL SPA locations in the United States and 0 international locations. The products and services offered by SOL SPA®’s franchises are competitive with the products and services offered by HOTWORX® franchises.

Our affiliate, DIET TRAX, LLC (“DIET TRAX”), was formed on December 2, 2021, as a Wyoming limited liability company. DIET TRAX’s principal address is 5145 Taravella Road, Marrero, Louisiana 70072. DIET TRAX is a calorie tracking application that is offered to members of HOTWORX studios and Planet Beach spas. DIET TRAX has never offered franchises in any line of business.

## **Item 2**

### **BUSINESS EXPERIENCE**

#### Chief Executive Officer: Stephen P. Smith, MA, CFE

Stephen Smith is a founder and has served as our CEO from January 2017 until the present. Mr. Smith is also a founder of and is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072) and has served as PBFC's CEO from January 1996 to the present.

#### Senior Vice President of Franchise Recruitment: Nancy M. Price, CFE

Since January 2017 through the present, Nancy Price has served as our Senior Vice President of Franchise Recruitment. Since April 1996 through the present, Nancy Price has also served as Senior Vice President of Franchise Recruitment at and is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072).

#### Vice President for Franchise Performance: Jessica Matherne

Jessica Matherne has served as our Vice President for Franchise Performance from January 2017 to the present. Jessica Matherne has also served as Vice President of Franchise Performance from January 2014 to the present at and is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072).

#### Vice President of Special Events and Productivity: Jodie Mateu

Jodie Mateu has served as our Vice President of Special Events and Productivity from April 2016 through the present. Since April of 2016 through the present, Ms. Mateu has also served as the Vice President of Special Events and Productivity at and is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072). From January 2004 through the present, she has served the Executive Assistant to the CEO at PBFC.

#### Vice President of HWX, LLC: April Grandbouche

April Grandbouche has served as the Vice President of HWX, LLC from July 2020 to present and is employed by PBFC (5161 Taravella Road, Marrero, Louisiana 70072). April Grandbouche served as the Director of Procurement and eCommerce for HOTWORX Franchising, L.L.C. from January 2017 until July 2020 and was employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072).

#### Chief Accounting Officer: Craig Berner

Craig Berner has served as our Chief Accounting Officer from August 2024 to present. From 2018 to 2022, Craig Berner served as the Chief Financial officer of The Pro Companies. From 2022 to August 2024, Craig Berner served as Vice President of Finance for ADT Solar. Since August 2024, Craig Berner also serves as Chief Accounting Officer for and is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072).

#### Vice President of Information Technology: Robyn Powell

Robyn Powell has served as our Vice President of Information Technology from July 2022 to

present. Robyn Powell served as the Director of Information Technology from December 2010 until July 2022 and was employed at PBFC (5145 Taravella Road, Marrero, Louisiana 70072). Robyn Powell is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072).

Vice President of Location Development: Tiffany Tandecki

Tiffany Tandecki has served as our Director of Location Development from June 2023 to August 2024 then Vice President of Location Development from September 2024 to present. From May 2018 to June 2023, Tiffany Tandecki was the Director of Development and Marketing for St. Paul's Episcopal School (6249 Canal Boulevard, New Orleans, Louisiana 70124). Tiffany Tandecki is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072).

General Counsel: Michael Canseco

Michael Canseco has served as our Corporate Counsel from November 2023 to March 2024 and then General Counsel from April 2024 to present. From May 2017 until October 2023, Michael Canseco served as General Counsel of Main Squeeze Juice Company Franchise, LLC (218 Allen Toussaint Boulevard, Suite A, New Orleans, Louisiana 70124). He previously served as Chief Legal Officer of In & Out Franchise, LLC from October 2015 to April 2017 (1823 SW Railroad Avenue, Suite C, Hammond, Louisiana 70403). Michael Canseco is employed by PBFC (5145 Taravella Road, Marrero, Louisiana 70072).

### **Item 3**

## **LITIGATION**

### **PENDING LITIGATION**

Greg Skistimas and Gabriela Skistimas v. HOTWORX Franchising, LLC, Nancy Price, Patricia Gattuso, Stephen P. Smith, Jessica Matherne, Jodie Mateu, and Melissa Ferguson, (3:23-5974, W.D. Washington). On October 27, 2023, HOTWORX franchisees Greg Skistimas and Gabriela Skistimas (“Plaintiffs”) filed a Complaint in the Western District of Washington against HOTWORX Franchising, LLC, Nancy Price, Patricia Gattuso, Stephen P. Smith, Jessica Matherne, Jodie Mateu, and Melissa Ferguson (“Defendants”). In their complaint, Plaintiffs assert claims for unconscionability, illegality, fraud, misrepresentation and violation of the Washington Franchise Investment Protection Act and Washington Consumer Protection Act, asserting that the terms of the franchise agreement and area development agreement violated Washington law, are unconscionable, illegal and unenforceable. Plaintiffs further assert that HOTWORX Franchising made misrepresentations concerning the total cost of investment and the cost of leasehold improvements and assessed improper fees. Plaintiffs assert entitlement to rescission, damages in excess of \$75,000, exemplary damages, statutory damages, attorneys’ fees and costs. In response, Defendants moved to dismiss Plaintiffs’ claims for lack of personal jurisdiction and failure to state a cause of action including, but not limited to, for fraud. Additionally, HOTWORX filed a motion to dismiss to compel compliance with the Franchise Agreement’s internal dispute resolution procedures, including arbitration. On October 22, 2024, the Court issued an order confirming dismissal of Jessica Matherne, Jodie Mateu, and Melissa Ferguson from the litigation. The Court further granted Defendant’s motion to compel arbitration, entering an order staying the litigation pending arbitration. Following the foregoing order, the parties reached a tentative settlement, wherein HOTWORX, without admitting any liability, agreed to terminate Plaintiffs’ franchise agreement and further agreed that \$39,950, the initial franchise fees held in escrow, would be returned to Plaintiffs.

### **PAST LITIGATION**

Nazha Abdul-Hadi, individually and on behalf of Tara Rashar Abdul-Hadi v. HOTWORX International, LLC, HOTWORX Franchising, LLC, HOT Brands, LLC, Christ Driven, LLC and Steven Smith, (No. 2022-10706, State of Louisiana, 22nd Judicial District Court, St. Tammany Parish). On February 18, 2022, Nazha Abdul-Hadi filed a wrongful death petition against HOTWORX Franchising, L.L.C., certain of its affiliates (collectively “HOTWORX Entities”), and Christ Driven, LLC, a HOTWORX franchisee, in her individual capacity and on behalf of the estate of Tara Rashar Abdul-Hadi, who died from injuries alleged to have been sustained in a HOTWORX sauna at the franchisee’s HOTWORX location. Plaintiff subsequently named additional parties to include HWX, LLC, Evanston Insurance Company and Lloyds Syndicates Nos. 2623 and 623. Plaintiff alleges that HOTWORX Entities and the franchisee were negligent with regard to the use of the HOTWORX sauna and that as a proximate cause of one or more of the negligent acts, Ms. Tara Rashar Abdul-Hadi sustained injuries which resulted in her death two weeks later. Plaintiffs further allege that HOTWORX Entities and Franchisee are strictly liable for the injury allegedly resulting from Ms. Tara Rashar Abdul-Hadi’s use of the HOTWORX sauna. Plaintiffs additionally alleged product liability claims against Mr. Stephen Smith and HWX, LLC. The Plaintiff seeks damages in an unspecified amount. Following settlement



negotiations, HOTWORX agreed to pay Plaintiff \$380,000 in settlement of all claims.

No other litigation is required to be disclosed in this item.

#### **Item 4 BANKRUPTCY**

No bankruptcy information is required to be disclosed in this item.

#### **Item 5 INITIAL FEES**

##### Single Unit Franchise Fee

You will pay an initial lump sum franchise fee of \$19,950 for a single unit license. This fee is deemed fully earned and non-refundable at the time the Franchise Agreement is executed. On extremely rare occasions, we may discount this fee based on market conditions and other promotions. We have not yet developed a formula for such discounts. In the past, we have offered existing franchisees a discounted franchise fee of \$14,950 in connection with a promotion offered at convention. In all instances, payment of the initial franchise fee is due when you sign the Franchise Agreement.

##### Area Development Fee

Upon execution of a Franchise Agreement, Franchisor may elect to sign an Area Development Agreement with certain candidates. At a minimum, an area developer must open two (2) studio outlets. Franchisees with multiple options are required to adhere to a strict development schedule. The cost for one (1) additional license for a HOTWORX® studio, if granted, shall be \$15,000. This fee is deemed fully earned and non-refundable at the time the Area Development Agreement is executed. Alternatively, the cost for any additional licenses of two or more for HOTWORX® studios, if granted, shall be \$10,000 each. This fee is deemed fully earned and non-refundable at the time the Area Development Agreement is executed. Please note that the purchase of additional licenses is not, in itself, a franchise agreement. Provided that you timely exercise your option to develop additional studios, you will be required to sign a separate Single Unit Franchise Agreement for each outlet prior to commencing location development or initiating any form of lease negotiations. In all instances, payment of the area development fee is due when you sign the Area Development Agreement.

##### VetFran Program

Franchisor participates in the VetFran Program and qualified franchisees may receive a discount of \$2,500 on the initial franchise fee.

##### Equipment

Before opening your studio, you must purchase from Franchisor or an affiliate or lease through a third-party lender all HOTWORX® studio equipment. The cost of equipment that must be purchased from Franchisor or its affiliate ranges from \$109,650 to \$185,860 depending on the number of saunas located at your studio. Certain other equipment must be purchased from an approved vendor. Equipment costs are non-refundable. The total cost to buy all required

equipment ranges from \$143,150 to \$249,460 except for studios developed in California in New York which ranges from \$142,900 to \$245,960, depending on the number of saunas located at your studio. This estimate does not include the cost of taxes for any equipment and does not include shipping and installation for equipment that must be purchased from an approved vendor or other required equipment.

#### CAD Fee

Before opening your studio, you must pay Franchisor a \$1,200 computer-aided design fee for the layout of the saunas for each commercial space for which you request a design. For example, if you request a CAD fee for two different commercial spaces, the cost will be \$2,400. To the extent that franchisee requests more than one revision to the computer-aided design for a particular space, franchisee will incur a revision fee of \$100 per revision. CAD fees range from \$1,200 to \$2,400. This fee is deemed fully earned when paid and is non-refundable. In the event that Buildpoint is retained to provide pre-construction services, you will not pay Franchisor the foregoing CAD fees.

#### Wholesale Goods

Before opening the studio, you must purchase a minimum of \$20,000 of wholesale goods from Franchisor or an affiliate. These costs are nonrefundable.

### **Item 6 OTHER FEES**

#### **REQUIRED FEES**

<b>TYPE OF FEE (Notes)</b>	<b>AMOUNT PER STUDIO LOCATION</b>	<b>WHEN DUE</b>	<b>REMARKS</b>
<b>DMA or Development Area Transfer (Notes 1 and 3)</b>	\$5,000	Before you transfer the franchise or transfer from one DMA or development area to another.	There is no transfer fee when an individual transfers the franchise to his/her corporation or LLC. Should franchisee elect to transfer license to another DMA or development area, then a \$5,000 transfer fee will be assessed.

<b>TYPE OF FEE (Notes)</b>	<b>AMOUNT PER STUDIO LOCATION</b>	<b>WHEN DUE</b>	<b>REMARKS</b>
<b>Resale/Transfer Fee (Notes 1 and 3)</b>	\$10,000 - \$19,950	Upon purchase of existing location.	There is a resale fee of \$10,000 when existing franchisee purchases location from an existing franchisee. The resale fee is \$19,950 when a new franchisee entering into the franchise system purchases a studio.
<b>Monthly Royalty Fee (Note 3)</b>	\$695.00 per month	Franchisor will begin billing royalties the first calendar month after Franchisee's studio opens. Thereafter, royalties are due by the 5th of every month for the preceding month.	Payment will be made through the Autodraft system
<b>Annual Convention (Note 3)</b>	\$790.00	Fees are automatically drafted in two monthly installments prior to convention.	Fee includes registration for 2 attendees. It does not include cost of travel, lodging, food, or entertainment
<b>Credit Card Processing Fee (Note 3)</b>	3% of Amount Charged	Any time you make payments to Franchisor or its Affiliates by credit card.	When Franchisee uses a credit card for purchases from the Franchisor or its Affiliates, Franchisor or its Affiliates will charge Franchisee a credit card processing fee.

<b>TYPE OF FEE (Notes)</b>	<b>AMOUNT PER STUDIO LOCATION</b>	<b>WHEN DUE</b>	<b>REMARKS</b>
<b>Technology Fee (Notes 3 and 7)</b>	\$150.00 per month	Franchisor will begin billing Tech fee the month after Franchisee signs the franchise agreement. Thereafter, this fee is due the 5th of every month for the preceding month.	A fee for additional technology upgrades but not to exceed \$150 per month
<b>POS Software Fee (Notes 3 and 4)</b>	\$129.00 per month	Franchisor will begin billing POS fee upon installation of software for pre-sale. Thereafter, this fee is due the 5th of every month for the preceding month.	Payment will be made directly to designated vendor
<b>Virtual Instructor Software Fee (Notes 3, 4 and 5)</b>	\$20.00 per sauna per month	Franchisor will begin billing VI fees the first month after Franchisee's studio opens. Thereafter, VI fees are due by the 5th of every month for the preceding month.	N/A
<b>DIET TRAX® (Notes 3, 4 and 5)</b>	\$65.00 per month	Franchisor will begin billing DIET TRAX fees the first month after Franchisee's studio opens. Thereafter, DIET TRAX fees are due by the 5th of every month for the current month.	Proprietary application for tracking calories and tracking workouts and exercise

<b>TYPE OF FEE (Notes)</b>	<b>AMOUNT PER STUDIO LOCATION</b>	<b>WHEN DUE</b>	<b>REMARKS</b>
<b>“SAIL” - Customer Relations Management (CRM) Fee (Notes 3 and 4)</b>	\$125.00 per month	Franchisor will begin billing SAIL fee upon installation of software for pre-sale. Thereafter, this fee is due the 5th of every month for the preceding month.	N/A
<b>Secret Shop Inspections (Note 3)</b>	\$100.00 - \$150.00 per shop inspection	When incurred.	N/A
<b>Site Visit Fee (Note 3)</b>	\$200.00 per day	When incurred.	This fee is applicable when Franchisor, upon Franchisee’s request, agrees to provide Franchisee additional on-site training before Franchisee’s second week of studio operations. This fee does not include travel, hotel and per diem expenses for which you are also responsible.
<b>CAD and CAD Revision Fee (Note 3)</b>	\$1,200 fee; \$100 for 2 <sup>nd</sup> and each additional revision	When incurred	The CAD fee is \$1,200. A \$100 fee is applicable upon franchisee’s request of second and each additional revision drawings

TYPE OF FEE (Notes)	AMOUNT PER STUDIO LOCATION	WHEN DUE	REMARKS
<b>DYNAMIX</b> (Notes 3, 4)	\$99 per month	Franchisor will begin billing DYNAMIX fee during pre-marketing. Thereafter, this fee is due the 5th of every month for the current month.	Proprietary email marketing system for targeted automations and campaigns
<b>SOCi</b> (Notes 3, 4)	\$35 per month	Franchisor will begin billing for SOCi fee after Franchisee's marketing on-boarding call. Thereafter, the monthly SOCi fee is due the 5th of every month for the current month.	Centralized platform for managing local digital marketing channels, including organic social media, online reputation through reviews, and business listings
<b>Marq</b> (Notes 3, 4)	\$85 set-up fee, \$15 per month	Franchisor will begin billing for Marq fee after Franchisee's marketing on-boarding call. Thereafter, the Marq monthly fee is due the 5th of every month for the current month.	Brand Management, Content Design & Templating Platform

### **NON-COMPLIANCE FEES**

TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
<b>Late Payment Fee</b> (Notes 2, 3 and 6)	\$100.00 per week	Whenever any of the above fees are late.	Interest is also charged on any overdue amounts at 18% per annum or the maximum rate permitted by state law, whichever is less.

TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
<b>NSF Fee (Note 3)</b>	\$30.00 per transaction	When there are insufficient funds to make payment.	Payment will be made to the Franchisor through the Autodraft System.
<b>Insurance Handling Fee (Note 3)</b>	\$250.00 per policy	Immediately after notice from us.	You only pay this fee to us if you fail to obtain insurance, and we obtain insurance coverage for you. This fee does not include the insurance premiums, for which you must also reimburse us.
<b>Indemnification (Note 3)</b>	Amount of judgment or claim	When incurred	You must defend, indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind arising in whole or in part from the operation of your Franchised Business.
<b>Enforcement fees (Note 3)</b>	Varies	When incurred	If Franchisor prevails in any arbitration or lawsuit in which you are a party, you will be required to pay Franchisor's fees for enforcing its contract with you. This includes Franchisor's attorney's fees, the costs of hiring a collection agency, court costs, costs of compiling records of your gross receipts, discovery costs, and costs of appeal, together with interest charges on all of the foregoing.

TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
<b>Noncompliance Real Estate Penalty Fee (Note 3)</b>	\$5,000	Immediately after notice from us	Franchisor may impose this fee when Franchisee fails to sign a new, then-current franchise agreement before commencing site selection or any lease negotiations in connection with options or where Franchisee fails to comply with applicable location development procedures.
<b>Accounting Noncompliance Penalty Fee (Note 3)</b>	\$250 per day	On the sixth day of each month.	A fee may be imposed for when Franchisee fails to timely submit monthly expense report.
<b>Customer Service Noncompliance Fee (Note 3)</b>	up to \$1,000 per incident	Immediately after notice from us.	A fee may be imposed when Franchisee fails to timely resolve customer service disputes after receiving notice of dispute such that Franchisor finds it necessary to intervene.
<b>Improper or Unauthorized Use of Trademark (Note 3)</b>	\$1,000 per incident	Immediately after notice from us.	A fee may be imposed when Franchisee improperly uses Franchisor's trademarks.



TYPE OF FEE	AMOUNT	WHEN DUE	REMARKS
<b>Noncompliance of prohibition of advertising on daily deal sites (Note 3)</b>	\$500.00 per day	Immediately after notice from us.	In addition to liability for any damages for which Franchisee is legally liable, a daily fee will be assessed by the Franchisor when Franchisee posts promotions on daily deal sites, such as Groupon, Living Social, MindBody, GymPass and/or other similar sites. This daily fee will be assessed until Franchisee demonstrates promotion is completely removed, including from any internet search engines.
<b>Noncompliance of Operations Policies (Note 3)</b>	up to \$1,000 per incident per day	Immediately after notice from us.	A per violation fee will be assessed by the Franchisor when Franchisee violates any HOTWORX policy governing operations of Franchisee's studio, including but not limited to Marketing and Branding Guidelines, HOTWORX Operations Policies & General Operational Procedures, Price Integrity Policy, Customer Service Oath, Membership Policies, Vending & Rental Policies, In Studio Signage Policy & Guidelines. This per violation fee may be continuously assessed on a daily basis until compliance is confirmed.

**Note 1:** There is no transfer fee when an individual transfers the franchise to his/her corporation or LLC. If you sell your location to an existing franchisee, the resale/transfer fee will be \$10,000. Otherwise, the resale/transfer franchise fee is \$19,950. All fees are non-refundable. Should franchisee elect to transfer the license to another Designated Marketing Area (DMA) or development area, then a \$5,000 transfer fee will be assessed.

**Note 2:** Franchisees who receive a default notice for nonpayment must cure within 30 days of notice. On the 31st day, Franchisor will begin drafting \$100 per week until the default is cured. Franchisor does not waive any other remedies or rights that Franchisor has against the Non-

Compliant Franchisees.

**Note 3:** All fees are uniformly imposed by and are payable to Franchisor. All fees are non-refundable.

**Note 4:** All software fees commence upon installation of software. The cost of software fees do not include the cost of any applicable sales tax.

**Note 5:** The DIET TRAX® and Virtual Instructor fees will commence upon opening your Studio and once you are provided access to DIET TRAX® and Virtual Instructor software.

**Note 6:** The maximum interest rate in California is 10% annually.

**Note 7:** The monthly technology fee covers certain costs associated with technology used in the operations of your studio, such as the access fee(s) for Google Workspace.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**  
**Single HOTWORX® Studio**

**Table 1: Exclusive of California and New York Franchise Outlets**

<b>TYPE OF EXPENDITURE (notes)</b>	<b>ESTIMATE AMOUNT OR LOW-HIGH RANGE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Initial Franchise Fee (1, 2, 18)</b>	\$19,950	Lump Sum	Upon signing of Franchise Agreement	Franchisor
<b>HOTWORX Sauna, Software, and Workout Equipment (3, 18)</b>	\$109,650 to \$185,860	Lump sum	As arranged	Franchisor and/or Affiliate

<b>TYPE OF EXPENDITURE (notes)</b>	<b>ESTIMATE AMOUNT OR LOW-HIGH RANGE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Other Required Studio Equipment, Software, Staff Uniforms, and Furniture (4, 18)</b>	\$21,500 to \$31,500	As arranged	As arranged	Approved Vendors
<b>Other Required Studio Components (5, 18)</b>	\$12,000 to \$32,100	As arranged	As arranged	Various
<b>CAD Fee/Engineering, Architect Fees &amp; Pre-Construction Coordination (7, 18)</b>	\$1,200 to \$28,100	As arranged	As arranged	Franchisor, Approved Vendor, and Architect /Engineer
<b>Trade Dress Items and Finish Out (8, 18)</b>	\$17,500 to \$55,000	As arranged	As arranged	Approved Vendors
<b>Utility, phone, real estate and real estate lease deposits (9, 18)</b>	\$3,500 to \$52,100	As arranged	As arranged	Landlord and Local Providers
<b>Insurance initial payment (10, 18)</b>	\$400 to \$13,700	As arranged	As arranged	Insurance Provider
<b>Printing, Marketing and Advertising (11, 18)</b>	\$10,000 to \$21,500	As arranged	As arranged	Various
<b>Wholesale Goods/Inventory to begin operating (12, 18)</b>	\$20,000 to \$38,000	Lump sum	Upon ordering	Franchisor and/or Approved Vendor
<b>Professional Fees (13, 18)</b>	\$1,000 to \$22,100	As arranged	As arranged	Various

<b>TYPE OF EXPENDITURE (notes)</b>	<b>ESTIMATE AMOUNT OR LOW-HIGH RANGE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Additional funds during startup period, such as for first three months, initial operations, and working capital (14, 18)</b>	\$35,500 to \$54,500	As arranged	As arranged	N/A
<b>Out-of-Pocket initial training expenses, including travel and lodging (15, 18)</b>	\$0 to \$3,900	As arranged	As arranged	Airlines, taxis, hotels, restaurants, etc.
<b>SBA Loan Packaging Fees &amp; Closing Costs (19)</b>	\$0 to \$22,500	As arranged	As arranged	Third party lender
<b>Subtotal</b>	\$252,200 to \$580,810			
<b>Leasehold Improvements (6, 18)</b>	\$0 to \$320,630	As Arranged	As Arranged	General Contractor
<b>Totals (2, 16, 17, 18, 19)</b>	\$252,200 to \$901,440			

**Table 2: California and New York Franchise Outlets**

<b>TYPE OF EXPENDITURE (notes)</b>	<b>ESTIMATE AMOUNT OR LOW-HIGH RANGE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Initial Franchise Fee (1, 2, 18)</b>	\$19,950	Lump Sum	Upon signing of Franchise Agreement	Franchisor
<b>HOTWORX Sauna, Software, and Workout Equipment (3, 18)</b>	\$109,650 to \$185,860	Lump sum	As arranged	Franchisor and/or Affiliate
<b>Other Required Studio Equipment, Software, Staff Uniforms, and Furniture (4, 18)</b>	\$21,000 to \$31,300	As arranged	As arranged	Approved Vendors
<b>Other Required Studio Components (5, 18)</b>	\$12,250 to \$28,800	As arranged	As arranged	Various
<b>CAD Fee/Engineering Architect Fees &amp; Pre-Construction Coordination (7, 18)</b>	\$1,200 to \$28,800	As arranged	As arranged	Franchisor, Approved Vendor, and Architect /Engineer
<b>Trade Dress Items and Finish Out (8, 18)</b>	\$33,000 to \$52,000	As arranged	As arranged	Approved Vendors

<b>TYPE OF EXPENDITURE (notes)</b>	<b>ESTIMATE AMOUNT OR LOW-HIGH RANGE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>Utility, phone, real estate and real estate lease deposits (9, 18)</b>	\$5,800 to \$111,000	As arranged	As arranged	Landlord and Local Providers
<b>Insurance initial payment (10, 18)</b>	\$600 to \$8,200	As arranged	As arranged	Insurance Provider
<b>Printing, Marketing and Advertising (11, 18)</b>	\$10,000 to \$31,600	As arranged	As arranged	Various
<b>Wholesale Goods/Inventory to begin operating (12, 18)</b>	\$20,000 to \$31,600	Lump sum	Upon ordering	Franchisor and/or Approved Vendor
<b>Professional Fees (13, 18)</b>	\$1,100 to \$17,000	As arranged	As arranged	Various
<b>Additional funds during startup period, such as for first three months, initial operations, and working capital (14, 18)</b>	\$71,000 to \$109,000	As arranged	As arranged	N/A
<b>Out-of-Pocket initial training expenses, including travel and lodging (15, 18)</b>	\$0 to \$4,800	As arranged	As arranged	Airlines, taxis, hotels, restaurants, etc.
<b>SBA Loan Packaging Fees and Closing Costs (19)</b>	\$0 to \$22,500	As Arranged	As Arranged	Third Party Lender
<b>Subtotal</b>	\$305,550 to \$682,410			

TYPE OF EXPENDITURE (notes)	ESTIMATE AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Leasehold Improvements (6, 18)	\$50,749 to \$499,979	As Arranged	As Arranged	General Contractor
Totals (2, 16, 17, 18, 19)	\$356,299 to \$1,182,389			

**Note 1:** Estimates are based on a single unit.

**Note 2:** You must pay us an initial franchise fee of \$19,950. These fees are non-refundable.

**Note 3:** These costs relate solely to costs for equipment and other items paid to or collected by Franchisor or its Affiliates. All studios are required to have the minimum required equipment mix, with studios ranging from 6 saunas to 10 saunas. The equipment mix for a 6 sauna HOTWORX studio, included in the low range, does not include optional equipment such as the Nautilus cable machine or HIIT rope. The high estimate includes the cost of optional equipment. The cost of equipment that must be purchased from Franchisor or an Affiliate ranges from \$109,650 to \$185,860 depending on the number of saunas in your studio. This amount does not include the cost of taxes. You must check with your state to determine what taxes are due. The foregoing range also includes the cost of the monthly tech fee, Marq fee, SAIL fee, and POS fee that is paid to Franchisor or an Affiliate. Our estimate for equipment assumes you buy all the equipment. If you choose not to buy your equipment, you may choose to lease the equipment through a third-party lender, if leasing is available to you. Item 7 figures do not include any expenses related to your leasing arrangements with third parties.

**Note 4:** Other required studio equipment, software and furniture includes such things as lobby chairs, security package, Quickbooks software, uniforms, televisions, music vendor package, and hand dryers. These items relate to specific equipment, software and furniture that must be purchased through an approved vendor as Franchisor designates. Certain equipment requires an ongoing subscription fee, which is to be paid directly to approved vendor. This amount does not include the cost for shipping, installation, or taxes.

**Note 5:** Other required studio components include various items required for Franchisee's studio per HOTWORX's operational checklists. Franchisees may purchase these items from various vendors. These items include but are not limited to computer and POS equipment, exterior signage, water fountain, washer and dryer, defibrillator, retail display items, and office and maintenance

supplies. This amount does not include the cost for shipping, installation, or taxes.

**Note 6:** Leasehold improvement costs, franchisee's out of pocket costs for leasehold improvements and permitting, vary greatly amongst Franchisees. This estimated range will vary depending on local economic conditions; the local market for our type of franchise; the location, necessary leasehold improvements, landlord participation and condition of location space, including whether electrical and HVAC component upgrades are necessary. The high estimate in Table 1 is based on a single studio that reported the highest out of pocket construction costs of \$320,000 and permit costs of \$630 in Mission, Texas. The range of negotiated tenant improvement allowance for leases executed in 2024 as reflected in Table 1 was \$0 - \$187,000. The high estimate in Table 2 is based on a single studio in Belmont, California that reported out of pocket construction costs of \$491,979 and permit costs of \$8,000. The range of negotiated tenant improvement allowances for California and New York leases executed in 2024 as reflected in Table 2 was \$0-\$250,000.

In 2024, Franchisees reported out of pocket construction and permitting costs for the following regions ranging from low to high as follows:

<b>Region</b>	<b>Low</b>	<b>High</b>
Atlantic Coast (i)	\$500	\$320,000
Midwest (ii)	\$0	\$309,000
Southeast (iii)	\$58,500	\$254,000
South (iv)	\$25,200	\$225,200
Southwest (v)	\$55,000	\$209,300
Northwest (vi)	\$148,000	\$320,650
Great Plains (vii)	\$38,000	\$161,600
West (viii)	\$31,000	\$254,450
California (ix)	\$55,750	\$500,000

Note (i): This region consists of the following states: CT, DE, MA, MD, ME, NC, NH, NJ, NY, PA, RI, SC, VA, VT, WV. No data was reported from DE, MA, RI or VT in 2024.

Note (ii): This region consists of the following states: IA, IL, IN, KY, MI, MN, MO, WI, OH. No data was reported from OH in 2024.

Note (iii): This region consists of the following states: FL and GA.

Note (iv): This region consists of the following states: AL, AR, LA, MI, TN.

Note (v): This region consists of the following states: OK and TX.

Note (vi): This region consists of the following states: AK, ID, OR, WA. No data was reported from AK, OR, or ID in 2024.

Note (vii): This region consists of the following states: KS, MT, ND, NE, SD, WY. No data was reported from MT, ND, SD or WY or in 2024.

Note (viii): This region consists of the following states: AZ, CO, HI, NM, NV, UT. No data was reported from HI or NV in 2024.

Note (ix): This region consists of CA.



Your out-of-pocket leasehold improvement costs may be less if your landlord provides you with a tenant improvement allowance. You will likely need to negotiate with your landlord and contractors to keep your costs within budget. For example, a landlord who is unwilling to make actual landlord improvements or contribute substantially to tenant improvement allowance may consider a lower rental rate as an alternative. Franchisor reserves the right to reject proposed lease sites if the estimated build out exceeds the foregoing estimate. These figures do not include costs for real estate, building permits or financing if you build or purchase the land and build your studio instead of renting a commercial space.

**Note 7:** The cost for CAD is \$1,200 per design for a studio location. If franchisee requests more than one revision to the initial CAD design, there will be an additional fee of \$100 per revision. Some states may require review of studio plans by an architect or engineer. In this event, in addition to the \$1,200 CAD fee that shall be paid to the Franchisor, the Franchisee will incur additional architectural and/or engineering fees to be paid to its selected architectural/engineering professional. This estimated range will vary depending on the geographic location and condition of location space and fees or rate structure of your selected engineering and/or architectural professional. The high range also contemplates that, for an additional charge, Franchisor may offer an optional Approved Vendor for the purposes of coordination of contractor bids, development of architectural/engineering plans, and coordination of permitting process.

**Note 8:** Trade Dress and Finish Out items consist of millwork (including service stand and retail display), lighting, flooring and interior branding components/signage.

**Note 9:** Some landlords may require a deposit of first and last month's rent and/or a percentage of additional monthly charges. Deposits on utilities will also vary. Deposits will vary based on the market rental rates for your market and what you are able to negotiate with your landlord. Franchisor recommends that you negotiate for free rent for at least five (5) months between signing a lease and opening. If you are unable to negotiate for said free rent and/or you do not comply with your development deadlines, then your real estate cost will be higher.

**Note 10:** At a minimum, you will need to obtain Commercial General Liability, property liability and professional liability with annual limits of \$1 million per occurrence and \$3 million annual aggregate. You will also need business interruption coverage with annual limits of at least \$300,000. You will also need tenant improvement and betterment coverage sufficient to cover the cost of build-out and any landlord participation.

You will also need to obtain contents coverage. The amount of contents coverage depends on the number of HOTWORX saunas and equipment mix you have in your studio. The minimum amount of contents coverage (which should also include the coverage for tenant improvement and betterment) is as follows:

- 10 – sauna studio - \$325,000
- 9 – sauna studio - \$305,000
- 8 – sauna studio - \$285,000
- 6/7 – sauna studio - \$265,000

If you own the building in which your HOTWORX Studio is located, you shall be required to

obtain replacement cost coverage on real property in the amount to cover the full building value. For each required policy, Franchisee must ensure that the policy is primary and non-contributory and includes a waiver of subrogation provision. You are also required to have worker's compensation insurance for your employees and as required by law.

Although not required, Franchisor recommends that Franchisee obtain an umbrella/excess policy with annual occurrence and aggregate limits of \$1,000,000 and \$3,000,000 or \$2,000,000 and \$4,000,000, respectively. Additionally, flood contents coverage and commercial automobile liability coverage is highly recommended but not required by Franchisor.

The estimates are based on franchisee reported initial insurance payments. The low range is based upon premium paid on an installment basis. The high range is based on an annual premium. This estimate does not include insurance premiums or limits for worker's compensation and/or automobile liability insurance. This range is an estimate only and may vary depending on your location and other rating factors considered by the insurance provider. You must add us and our Affiliates to all insurance contracts as additional insured(s) under that respective insurance policy, the cost of which will be paid by you.

**Note 11:** You are required to invest in marketing beginning in pre-sale. The low range is based upon the minimum amount you must spend in marketing prior to opening. These amounts include the amounts of marketing software including set-up and monthly fees. This estimate also includes an allocation for initial printed supplies and lead boxes. Should the duration of your pre-sale exceed our standard pre-sale timeline, you may spend more than this estimated amount due to monthly local advertising budget requirements. The high range represents franchisees who spent more than the recommended budget for advertising and marketing.

**Note 12:** You will be required to purchase a specified amount of wholesale goods for the initial inventory of products to be offered for sale based on the size of your studio. A selection of Franchisor's proprietary branded products and other branded products must be stocked.

**Note 13:** These fees may include inspection fees, occupational licenses, financing administrative and/or application fees, and legal fees associated with business entity set-up and contract review.

**Note 14:** You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses, such as monthly rent and the monthly fees described in Item 6 of this disclosure document. We estimate the start-up phase to be three months from the date you open for business. These amounts do not include any estimates for debt service or amounts for any owner(s) salary or draw. We have relied on the monthly costs during the first three months incurred by U.S. franchisee outlets that opened in 2024 to compile these estimates. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience, business acumen, local economic conditions, the local market for your services, the prevailing wage rate, competition, and the sales level reached during the initial period. Additional funds needed for the start-up phase for California and New York studios are estimated to be higher than the amount for studios in other states due to their higher business costs. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves.

**Note 15:** There is no cost to attend training, which is conducted virtually with Franchisee (and any General Manager) participating from Franchisee's HOTWORX studio. Franchisee is responsible for any meals or salary expenses should Franchisee's General Manager attend training. This also includes expenses associated with travel and accommodations for any on-site training that may be requested by franchisee within the first two weeks of a franchisee's studio's opening in accordance with HOTWORX policies. Additionally, these include expenses associated with certain technology utilized, such as the Google Workspace platform used for training and communication.

**Note 16:** Franchisor relied on its experience to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

**Note 17:** If you sign a Single Unit Franchise Agreement, your initial investment for your first studio should be within the range disclosed in this Item 7 chart. The low range Total represents the sum of the lowest reported figures for each Item 7 category while the high range Total represents the sum of the highest reported figures for each category. The Initial Franchise Fee for each subsequent studio is set forth in Item 5. You also should be aware that your initial investment for your second and subsequent studios likely will be higher than the above estimates for your first studio due to inflation and other economic factors that may vary over time.

**Note 18:** All payments are non-refundable. The foregoing figures do not include the cost of any applicable taxes. In exceptionally limited circumstances and in its sole discretion, Franchisor may grant financing to the Franchisee for various purposes associated with these investments.

**Note 19:** In the event that you pursue financing and lending through the United States Small Business Administration ("SBA"), you may incur packaging fees and closing costs up to the high range. These figures do not include the amount of monthly loan payments.

**Area Development Agreement**  
**Additional Studio**

**Table 1: Exclusive of California and New York Franchise Outlets**

DESCRIPTION	ESTIMATE AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
<b>Area Development Fee for One Additional HOTWORX® Studio</b>	\$15,000	Lump sum	Upon execution of Area Development Agreement	Franchisor
<b>Investment for One HOTWORX® studio</b>	\$232,250 to \$881,490	See previous table describing costs for single HOTWORX® Studio, excluding initial franchise fee.		
<b>TOTAL ESTIMATED INVESTMENT for One Additional HOTWORX® studio</b>	\$247,250 to \$896,490	This estimate includes the cost of starting and operating your one additional HOTWORX® studio, as disclosed in the prior table. This figure does not include the costs you will incur when and if you exercise your right to develop and operate additional studios. All payments are non-refundable. Neither Franchisor nor its affiliates provide financing for any part of these investments.		

**Area Development Agreement**  
**Additional Studio**

**Table 2: California and New York Franchise Outlets**

DESCRIPTION	ESTIMATE AMOUNT OR LOW-HIGH RANGE	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
<b>Area Development Fee for One Additional HOTWORX® Studio</b>	\$15,000	Lump sum	Upon execution of Area Development Agreement	Franchisor
<b>Investment for One HOTWORX® Studio</b>	\$336,349 to \$1,162,439	See previous table describing costs for single HOTWORX® Studio, excluding initial franchise fee.		
<b>TOTAL ESTIMATED INVESTMENT for One Additional HOTWORX® studio</b>	\$351,349 to \$1,177,439	This estimate includes the cost of starting and operating your one additional HOTWORX® studio, as disclosed in the prior table. This figure does not include the costs you will incur when and if you exercise your right to develop and operate additional studios. All payments are non-refundable. Neither Franchisor nor its affiliates provide financing for any part of these investments.		

**Item 8**  
**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must purchase goods and materials which adhere to our minimum standards and requirements. These items include but are not limited to start-up equipment (including all HOTWORX® units and computer hardware and software), inventory, interior and exterior signs, insurance, grand opening marketing, on-going marketing, printing, products required for operation, and supplies.

We formulate and modify our standards and specifications based upon our experience of operating businesses of the nature we are franchising. Our standards and specifications are described in the Franchise Agreement, the Operational Systems Checklist, and other written documents.

We issue our specifications only to our franchisees, and to certain approved and designated suppliers or vendors. We do not issue our standards and specifications to anyone else. We may change the standards and specifications which apply to the development and/or operation of the studio, including standards and specifications for signs, furnishings, supplies, inventory and equipment, by providing you written notice of the change or by publishing amendments to the Operational Systems Checklist and/or applicable policy. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement.

You must purchase equipment and supplies from designated and approved suppliers. Approved and designated suppliers are identified in the Operational Systems Checklist or in a separate Approved Vendor List. They may include us, our affiliates, or unaffiliated third-party suppliers. We, and our designated and approved suppliers, are currently the only approved suppliers for HOTWORX® products and other branded materials. A purchasing or distribution cooperative does not exist. You may not install any unauthorized equipment at any time. You may not use unauthorized videos for any purpose inside your studio or saunas at any time.

For other items, we may approve a previously unapproved supplier if we are satisfied that the proposed supplier meets our then-current standards and specifications. Our criteria for supplier approval are not available to franchisees. If you wish to purchase any item from a supplier whom we have not yet approved, you must provide us the name, address, email address and telephone number of the proposed supplier, a description of the item you wish to purchase, and purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. Although not obligated under the Franchise Agreement, we will make a good faith effort to notify you of supplier approval or disapproval within 30 days after we receive all materials required to be provided to us. If we fail to respond to your request, it means we have not approved the supplier. There is no fee for this process, although you are solely responsible for the cost of procuring any samples that we may require. We may revoke our approval of particular suppliers when we determine that such suppliers no longer meet our System standards. Upon receipt of notice of such revocation, you may no longer purchase from such supplier.

Despite the existence of the approval process, Franchisor reserves the right to be the only approved supplier of a product or service. In this situation, you will be required to purchase the product or service from Franchisor and no one else. Franchisor will make best efforts to provide quality

products at fair market price(s). We may, but are not required, to negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. The price you will pay for the product or service will be the price then in effect, and HOTWORX® will make a profit on the sale of the product. Our officers Stephen Smith, Nancy Price and April Grandbouche have an ownership interest in HWX, LLC.

We reserve the right to derive revenue from your purchases from us. We may also derive revenue when you purchase items from our approved vendors. In the latter instance, the amount of our revenue is determined on a percentage basis. In the year ending December 31, 2024, our revenues from franchisee purchases, including vendor incentives and royalties and referral payments was \$11,776,163 or 22% of our total revenues of \$52,576,366. You will not receive any material benefit from purchasing from or use of approved or designated suppliers. HWX, LLC is the distributor of HOTWORX® infrared saunas and is the supplier for various HOTWORX® products. In fiscal year 2024, HWX, LLC had \$36,783,452 in total revenues, of which 98% was derived from sales or leases to HOTWORX Franchisees. HWX, LLC's total revenue figure is based on unaudited financials. HOT TECH is the vendor for the required licensed software for the POS system. In fiscal year 2024, HOT TECH had \$2,765,772 in total revenue, of which 76% was derived from sales or leases to HOTWORX Franchisees.

We anticipate that the required purchases from approved suppliers will constitute the substantial majority of all purchases by you for the development and operation of the studio. We estimate that up to 48% to 67% of your initial investment to establish and open the studio will be applied to required purchases, and that approximately thirty-four percent (34%) of all costs necessary to operate the studio after opening will be applied to required purchases and leases. You will not receive any material benefit from purchasing from approved or designated suppliers.

The studio must be equipped, decorated and supplied in compliance with our specifications, which will be made available to you. If you acquire or lease a site for the studio (either by signing a lease or purchasing real estate), you must employ a contractor to construct the studio and to complete all improvements in accordance with approved plans. You must also employ licensed and professionally qualified individuals to modify such plans to conform to local legal requirements and specifications. You will be responsible for all costs connected with construction, including architectural plans and seals, leasehold improvements, fixtures and signs, and for all costs related to compliance with state or local ordinances, rules and regulations. You must schedule a live video walk-through and provide digital camera photographs via e-mail of the finished build-out of the inside and outside of the studio prior to opening.

### Insurance

You must obtain and maintain at your sole expense at all times during the term of your Franchise Agreement all such insurance coverage as Franchisor from time to time shall specify, and/or any other insurance coverage required by law. The insurance you are required to obtain and maintain includes but is not limited to Comprehensive General Liability insurance with complete operations coverage, property liability and professional liability coverage all with current annual limits of \$1,000,000 per occurrence and annual aggregate limits of \$3,000,000. You will also need business interruption coverage with annual limits of at least \$300,000. You will also need tenant improvement and betterment coverage sufficient to cover the cost of build-out and any landlord

participation. You will also need to obtain contents coverage. The amount of contents coverage depends on the number of HOTWORX saunas and equipment mix you have in your studio. The minimum amount of contents coverage (which should also include the coverage for tenant improvement and betterment) is as follows:

- 10 - sauna studio - \$325,000
- 9 – sauna studio - \$305,000
- 8 – sauna studio - \$285,000
- 6/7 sauna studio - \$265,000

If you own the building in which your HOTWORX Studio is located, you shall be required to obtain replacement cost coverage on real property in the amount to cover the full building value. For each required policy, Franchisee must ensure that the policy is primary and non-contributory and includes a waiver of subrogation provision. You are also required to have worker's compensation insurance for your employees and as required by law.

Although not required, Franchisor recommends that Franchisee obtain an umbrella/excess policy with annual occurrence and aggregate limits of \$1,000,000 and \$3,000,000 or \$2,000,000 and \$4,000,000, respectively. Additionally, flood contents coverage and commercial automobile liability coverage is highly recommended but not required by Franchisor.

Insurance must be written through an approved vendor. Before you make a decision to purchase the franchise, you should confirm that insurance is available for a studio of the type you intend to operate, given that you will not staff the premises at all times. You must add HOTWORX® Franchising, LLC and its managers, officers, members, directors, agents, attorneys, employees and Affiliates to all insurance contracts as additional insureds under the insurance policies, the cost of which is to be paid by you.

## Item 9 FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement and Area Development Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.) Site selection and acquisition lease	Section 2 of Franchise Agreement	Item 11
b.) Pre-opening purchases/leases	Sections 2, 6, 7, 8 and 9 of Franchise Agreement	Items 5, 6, 7 and 8
c.) Site development and other pre-opening requirements	Sections 2, 6, 7, 8, 9 and 10 of Franchise Agreement	Items 5, 6, 7, 8 and 11



<b>OBLIGATION</b>	<b>SECTION IN AGREEMENT</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
d.) Initial and ongoing training	Sections 7 of Franchise Agreement	Items 7 and 11
e.) Opening	Section 8 of Franchise Agreement	Items 7, 8 and 11
f.) Fees	Sections 10 and 16 of Franchise Agreement; Section 1 of the Area Development Agreement	Items 5, 6 and 7
g.) Compliance with standards and policies/Operating Manual	Sections 4, 5, 9, 10, 12, and 13 of Franchise Agreement; Section 8 of the Area Development Agreement	Items 8, 9, 11, 16 and 17
h.) Trademarks and proprietary information	Sections 11 and 12 of Franchise Agreement	Items 13 and 14
i.) Restrictions on products/services offered	Section 9 of the Franchise Agreement	Items 8 and 16
j.) Warranty and customer service requirements	Section 9.1.3 of the Franchise Agreement	Item 6
k.) Territorial development and sales quotas	Sections 3 and 8 of the Franchise Agreement	Item 12
l.) Ongoing product/service purchases	Section 9 of Franchise Agreement	Items 7, 8 and 16
m.) Maintenance, appearance and remodeling requirements	Sections 4, 6 and 22 of Franchise Agreement	Items 7, 8 and 11
n.) Insurance	Section 14 of Franchise Agreement	Items 6, 7 and 8
o.) Advertising / Marketing	Sections 8, 10 and 13 of Franchise Agreement	Items 6, 7 and 11
p.) Indemnification	Section 19 of Franchise Agreement and Exhibits 5 and 7 to the Franchise Agreement	Item 6

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
q.) Owner's participation/management/staffing	Section 9 of Franchise Agreement	Item 15
r.) Records/reports	Section 15 of Franchise Agreement	Items 6 and 11
s.) Inspections/audits	Sections 7 and 17 of Franchise Agreement	Item 6 and 11
t.) Transfer	Section 21 of Franchise Agreement; Section 5 of Area Development Agreement	Items 6 and 17
u.) Renewal	Section 4 of Franchise Agreement	Item 17
v.) Post-termination obligations	Sections 19 and 24 of Franchise Agreement and Exhibits 5 and 7 to the Franchise Agreement	Item 17
w.) Non-competition covenants	Section 18 of Franchise Agreement and Exhibit 6 to the Franchise Agreement	Item 17
x.) Dispute resolution	Section 25 of Franchise Agreement; Sections 11 and 12 of the Area Development Agreement	Item 17
y.) Other; Personal Guaranty of Franchisee's Obligations (Note 1)	Section 27 of Franchise Agreement; Exhibit 3 to Franchise Agreement; Personal Guaranty of Area Development Agreement	Items 1 and 15
z) Other – Compliance with applicable law	Section 9 of Franchise Agreement	Not applicable

Note 1: All partners in a limited partnership, shareholders in a corporate franchisee or members and managers in a limited liability company franchisee must sign a Confidentiality and Non-Competition Agreement (Exhibit 6 of the Franchise Agreement) and Guaranty Agreement (Exhibit 3 of the Franchise Agreement). In addition to all franchisees, all domestic partners and spouses who do not sign the Franchise Agreement must sign a Confidentiality and Non-Competition Agreement (Exhibit 6 of the Franchise Agreement) and a Guaranty Agreement (Exhibit 3 of the Franchise Agreement). You recognize that Exhibit 6 grants the Franchisor the right to “in its sole discretion to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply with any covenant modified.” (Exhibit 6 to Franchise Agreement).

**Additional disclosures for Item 9 are required by some states and are noted in Exhibit K attached hereto.**

## Item 10 FINANCING

### DIRECT FINANCING

**Table 10.1: Direct Financing Arrangement**

Item Financed (Note 1)	Source of Financing	Down Payment	Amount Financed (Note 3)	Term (Note 4)	Interest Rate (Note 5)	Period of Repaym ent (Note 6)	Pre- pay Penalty (Note 7)	Security Required (Note 8)	Liability Upon Default	Loss of Legal Right on Default (Note 9)
Other Financing (Notes 1, 2)	Franchisor	None	Up to \$65,000	3-6 months	7% per annum	Varies	None	Assets and Equipment of Franchise Outlet & Personal Guaranty	Acceleration of amounts and accrued interest due; obligation to pay attorney's fees incurred in enforcing Franchisor's rights	Confession of Judgment

**Note 1** In exceptionally limited circumstances and in its sole discretion, Franchisor may grant financing to the Franchisee for various purposes associated with its franchise license.

**Note 2** The financing arrangement is evidenced by a promissory note. A sample copy of the promissory note containing the terms and conditions of this financing arrangement is included at Exhibit J. This is a sample document and any agreement between Franchisor and Franchisee is subject to change. The terms and conditions may vary. Franchisor does not, and does not intend to, sell, assign, or discount to a third party all or part of the financing arrangement.

**Note 3** The applicable amount financed will be stated in the promissory note.

**Note 4** The applicable term will be stated in the promissory note.

**Note 5** The applicable interest rate will be stated in the promissory note.

**Note 6** The applicable monthly payment amount will be stated in the promissory note.

**Note 7** Franchisee may prepay the debt without penalty.

**Note 8** The exact collateral will be stated in the promissory note. Franchisee will be obligated to execute a personal guaranty that is the same or similar to that which is attached to the Franchise Agreement.

**Note 9** The promissory note requires Franchisee to waive defenses or other legal rights as the promissory note contains a confession of judgment.

## **INDIRECT FINANCING**

### **Third-Party Financing Lead Sources**

Franchisor has arrangements with six third-party financing lead sources who provide services to help secure third-party financing for Franchisees. These arrangements are described below. Franchisor does not participate in any underwriting or lending determination with respect to any of the financing options made available by the third-party financing lead sources listed below or by third-party lenders.

Franchisees have the option, but not the obligation, to engage with third-party financing lead sources, Business Finance Depot or Guidant Financial. Through the use of these third-party financing lead sources, Franchisee may be able to obtain third-party financing if they qualify. Franchisor is not directly affiliated with Guidant Financial or Business Finance Depot.

#### **Guidant Financial**

Guidant Financial offers a Roll Over for Business Start-up service that allows Franchisees to use their retirement funds to start or fund their franchise outlet without incurring tax penalties or getting a loan. Guidant charges Franchisees a \$4,995 fee for this service which includes filing Franchisee's business entity, designing a company 401(k) plan, helping Franchisee roll all or a portion of Franchisee's existing retirement funds from its current custodian account to the new 401(k), and providing Franchisee with a tax attorney consultation to review the transaction. Guidant provides ongoing annual administration to the 401(k) plan for \$149 per month. Franchisor has a separate agreement with Guidant Financial wherein Franchisor is paid a \$1,000 referral fee for each Franchisee that engages in Guidant Financial's 401(k) roll over service.

Guidant Financial offers an SBA Loan Packaging service to help Franchisees seeking an SBA loan. Guidant requires a \$2,500 consulting fee. Guidant uses a loan application analysis to determine whether a Franchisee is qualified to receive an SBA loan

#### **Business Finance Depot**

Business Finance Depot offers an SBA loan packaging service to help Franchisees seeking an SBA loan. Franchisor has a separate agreement with Business Finance Depot wherein Franchisor is paid a \$300 referral fee for each Franchisee that engages in Business Finance Depot's SBA loan packaging service.

Business Finance Depot offers a service to help Franchisees seeking an equipment lease. Franchisor has a separate agreement with Business Finance Depot wherein Franchisor is paid a referral fee for each Franchisee that engages in Business Finance Depot's equipment lease service.

**Item 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

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

The obligations that we will perform before the Franchised Business opens:

Before the opening of your HOTWORX® studio, Franchisor (or our designees) will:

- Approve your site. Generally, Franchisor will not own the premises that you ultimately lease or purchase to operate your site. We must approve the site that you select to operate your HOTWORX® studio. Factors that Franchisor considers in approving site selections include: population density and demographics of submarkets, retail composition, co-tenancy and viability, location, price per square foot, visibility, signage, ingress, egress and competition. Upon submission of a site proposal, Franchisor will accept or reject the site within a reasonable time. You will have 120 days to locate a suitable site and execute a lease from the time you sign the Franchise Agreement. If you and Franchisor cannot agree on a site, then Franchisor may consider granting an extension to your site selection deadline. (Section 2 of the Franchise Agreement). Should Franchisor reject Your proposed site, You may continue to pursue and propose other sites provided You are in compliance with all other terms and conditions of the Franchise Agreement and Your development schedule. However, if you are not in compliance with both or either the Franchise Agreement or Your development schedule, Franchisor reserves the right to terminate the Franchise Agreement and Your initial fee will be forfeited.
- Designate your territory. Once a site for your studio is selected and approved by Franchisor, Franchisor will provide you with a map of your protected territory. Franchisor will determine the size of your protected territory at Franchisor's sole discretion. The map will become an exhibit of your Franchise Agreement. (Section 3 of the Franchise Agreement). Under the Area Development Agreement, the location and territories of future units will be subject to Franchisor approval, and Franchisor's then-current standards of sites and territories will apply. If you exercise your option to develop a HOTWORX studio under an Area Development Agreement, the terms of the then-current Franchise Agreement and Franchisor policies and standards will govern the designation of your territory and location of such a subsequent studio. Franchisor's approval for the location and territory of each subsequent studio is required.
- Provide a Franchise Performance Coach. Franchisor will provide you with a Franchise Performance Coach who will conduct virtual training for your first studio (Section 7 of the Franchise Agreement), and you will be required to attend 1 week of training, which will be conducted virtually. Before your second week of studio operations, you may request an onsite visit to your location, which is subject to Franchisor's approval. If you elect an onsite visit, you will then be responsible for all expenses for the onsite visit including \$200 per day for a consultant plus travel and lodging. (Section 7 of the Franchise Agreement). In the event that you acquire an existing location pursuant to a sale or transfer, you will be required to undergo training including, but not limited to, shadow training and guidance on the transfer process, all of which will be conducted virtually. In this event, you will be required to complete the transfer checklists and

opening and onboarding checklists. Each year on the anniversary of your studio's soft opening, your Franchise Performance Coach will perform a mandatory video inspection to ensure your ongoing compliance with Franchisor's policies. Should the Franchise Performance Coach determine that your studio is non-compliant and the non-compliance is a curable event pursuant to the Franchise Agreement, you will have thirty (30) days to cure. (Sections 17.2 and 23.3 of the Franchise Agreement).

- Provide access to Operational Systems Checklist. Franchisor will allow you to view our Operational Systems Checklist online, which we may amend from time to time. This Operational Systems Checklist is confidential and the property of the Franchisor. (Section 5 of the Franchise Agreement).
- Provide Training. Provide you and your manager(s) with virtual training and HOTWORX® University Online Franchise and Manager Curriculum for each location that you open. (Section 7 of the Franchise Agreement).
- Set Membership Pricing. Franchisor will set the minimum and maximum prices at which you must sell products and services. Franchisor provides a process for franchisees to request and Franchisor to consider these requests to vary from the set maximum price. These requests may be made before and/or after the opening of your outlet. Approval or denial of such requests is left to Franchisor's discretion alone.

#### Our obligations during the operation of the Franchised Business:

During the ongoing operation of your HOTWORX® studio, we will:

- Allow you to operate under our Proprietary Marks and proprietary System. (Section 11 of Franchise Agreement).
- Provide such general advisory assistance and support deemed helpful by Franchisor in the areas of marketing, operations and promotion of the studio. (Section 13 of Franchise Agreement).
- Continue our efforts to ensure that you establish and maintain high standards of quality, professionalism, cleanliness, safety, customer satisfaction and service. A Franchise Performance Coach will meet with you on the standards of your studio periodically, usually at least once every calendar quarter or more often as Franchisor determines in its sole discretion. (Section 17 of Franchise Agreement).
- Provide you with access to view updates, revisions and amendments to the Operational Systems Checklist. (Section 5 of Franchise Agreement).
- Provide you with access to additional training programs and seminars at our discretion, almost all of which will be provided through online and/or video technology. (Section 7 of Franchise Agreement).
- Hold annual conferences for your benefit. There is an annual conference/convention fee

per person and you must pay all your travel and lodging expenses. The fee is are\$790 and includes registration for 2 attendees but does not include the cost of travel, lodging, food or entertainment. These conferences are mandatory, and they are held in New Orleans, Louisiana or at a location designated by Franchisor. Fees will be automatically drafted in two monthly installments prior to convention. (Section 7 of Franchise Agreement).

- Periodically, we may provide you with a secret shop/inspection analysis. (Section 7 of Franchise Agreement).

#### Time for Opening.

You are required to open your studio within 275 days from your franchise agreement's effective date unless we agree in writing to extend the period. If you cannot open within 275 days due to vandalism, fire, act of God or other circumstances beyond your control, you must request an extension from Franchisor immediately, which extension will not be unreasonably withheld. It is your sole responsibility to ensure that your studio opens within 275 days of the effective date of this Agreement. Factors that may affect your development schedule include availability of suitable leases, financing, and issues related to permits and zoning. (Section 8 of Franchise Agreement).

It is your sole responsibility to ensure your studio complies with local ordinances, building codes and obtains any necessary permits.

#### National Advertising Fund.

You will not be required to participate in any national advertising fund.

#### Advertising Program.

Franchisor is not required to spend any amount on or to conduct advertising in any market, including your defined territory. You are required to spend \$2,000 or 10% of gross revenue monthly on local advertising, whichever is greater. Your required monthly spending will decrease to 5% of your gross revenue once your NET EFT reaches a monthly minimum of \$30,000.00 USD. Should your monthly NET EFT drop below \$30,000.00 USD, the monthly spend will increase to 10% of gross revenue or \$2,000 per month, whichever is greater. (Section 13 of Franchise Agreement).

#### Marketing Guidelines Policy.

As a franchisee, you must follow certain branding policies and procedures for all marketing and advertising efforts. To get approval for advertising that you prepare, you must submit drafts of any proposed materials to us prior to distribution. A strong and consistent visual identity is required. Brand guidelines provide a reference to establish the details for creating and maintaining an effective brand presence. All marketing or marketing concepts which you develop and are approved by us become our sole and exclusive property. As a franchisee you are not permitted to advertise through daily deal programs such as Groupon, Living Social, MindBody, GymPass or other similar means via online or other media outlets. (Section 13 of Franchise Agreement).

### Promoting Corporate Marketing Campaigns and Promotions.

All franchisees must promote corporate-initiated campaigns and promotions to ensure a consistent marketing effort throughout the entire system. This includes posting marketing materials relevant to a specific period of time in the studio, promoting the same campaigns throughout your social media efforts, etc. (Section 13 of Franchise Agreement). Franchisee must also refrain from engaging in any marketing, conduct, or communications that, if publicized, may adversely affect the Franchise system, its intellectual property, brand, goodwill and/or Franchisor's interest therein as determined by Franchisor in its sole discretion. (Section 9.1.5 of Franchise Agreement).

### Marketing Tools and Materials Guideline.

Franchisor develops a variety of tools in an effort to provide all franchisees successful and consistent materials to use in their marketing efforts. Franchisees must purchase these tools through Approved Marketing Vendors per the Franchise Agreement. The tools that are required at all times include but are not limited to Business Cards, Guest Passes, Brochures, Posters, In-studio Wall Graphics, lead boxes, etc. (Section 13 of Franchise Agreement).

### Advertising Council.

There is currently no advertising council composed of franchisees.

### Marketing Cooperative.

There are no marketing cooperatives. Franchisees must focus on local marketing for their individual location(s). (Section 10 of Franchise Agreement).

### Computer Hardware, Point-of-Sale System and Customer Relations Management Platform.

Your computer/hardware and software must meet our specifications, including its operation of a Windows, Mac, or Chrome operating system with a web browser and network connection. This includes a requirement that your computer be capable of running the most current Operating systems as they become available. We estimate the cost of purchasing the required computer system at \$3,500. (Section 9 of Franchise Agreement).

The required computer must be able to run the following software: a web browser, software capable of creating and editing Microsoft Word and Excel documents, a PDF reader, anti-virus, and Java. You are responsible for obtaining and maintaining onsite cabling systems and switches, routers, uninterrupted power supplies, and wireless access points. (Section 9 of Franchise Agreement).

You will be required to install and run our proprietary point-of-sale software developed specifically for our franchisees. You will be charged \$129 per month for the use of this software. You will be provided with specifications and initial training for your use of the software system. (Section 10 of Franchise Agreement).



Franchisor has unlimited independent access to any data stored in the software system. This includes information about revenue you generate, customer data, and other information related to your ongoing operation of the franchised business. There are no contractual provisions that limit our access to the data. (Section 15 of Franchise Agreement).

You will be required to use QuickBooks Online pursuant to Franchisor's instruction, including but not limited to instructions regarding syncing your QuickBooks Online account or entities, as is required in the Franchise Agreement. (Section 15 of Franchise Agreement).

We have the right to require you to update or upgrade your computer software program and computer hardware components, as we deem necessary. At our option, Franchisor or its designee(s) will provide ongoing maintenance, repairs, upgrades or updates. We impose a technology fee for the foregoing of \$150 per month. (Section 10 of Franchise Agreement).

As a method of remote support, Franchisor will use TeamViewer, or any other software deemed necessary to provide remote support to the computer. TeamViewer must be online and running at all times so that Franchisor can support and update the software system as needed. (Exhibit 5 to the Franchise Agreement).

SAIL is a required Customer Relations Management (CRM) platform that will allow your studio to gather all leads into one place to be able to focus on lead management, outreach and results. Additionally, the platform serves as a management tool to allow Franchisee's managers and owners to monitor and evaluate the performance of each employee, as well as log communication efforts via phone, email, or text messaging through the system.

The monthly fee for the use of SAIL is \$125 per month per studio. (Section 10 of Franchise Agreement).

#### Equipment, Signage, Fixtures, Opening Inventory and Supplies.

You must purchase equipment and supplies from designated and approved suppliers. You must purchase goods and materials which adhere to our minimum standards and requirements. These items include but are not limited to start-up equipment (including all HOTWORX® units and computer hardware and software), inventory, interior and exterior signs, insurance, grand opening marketing, on-going marketing, printing, and supplies. Approved, designated or recommended suppliers are identified in the Operational Systems Checklist or in a separate Approved Vendor List. They may include us, our affiliates, or unaffiliated third-party suppliers. We, and our designated and approved suppliers, are currently the only approved suppliers for HOTWORX® products and other branded materials. (Sections 6 and 9 of the Franchise Agreement and Exhibit 1 to Franchise Agreement).

- Equipment: All required equipment is purchased through Franchisor's Affiliate(s) and/or an Approved Vendor. On occasion, Franchisor disburses funds to respective vendors for third-party equipment that is then shipped to Franchisee from vendor directly.
- Opening Inventory: Franchisor provides an opening order guideline/outline to the franchisees. The opening order includes items provided by both Franchisor or its Affiliate

and third-party vendors. With regard to the wholesale items ordered through Franchisor or its Affiliate, the order is placed directly with Franchisor and distributed to the Franchisee's office. Franchisor facilitates the shipment of these items to the Franchisee. With regard to wholesale items ordered through third-party vendors, Franchisor provides Franchisees with a list of hyperlinks to the respective vendors, and Franchisees place orders directly through the vendor, who manages the inventory at their own facilities and distributes the items directly to Franchisee.

- **Trade Dress and Fixtures:** Franchisor provides trade dress and fixtures through third-party approved vendors. The vendors are provided the written specifications from Franchisor and deliver and/or install as needed the trade dress and fixtures.

### Build-Out and Compliance of Your Studio.

You are responsible for all costs of and connected with design and construction, including, but not limited to construction drawings, architectural and/or engineering drawings, including stamps and seals, fees associated with obtaining building permits, leasehold improvements, equipment, furniture fixtures and signs, and you must bear the cost and responsibility for compliance with state or local ordinances, rules and regulations, including those related to zoning. You must obtain and maintain all permits, licenses, and registrations required for the premises and the lawful operation of Your studio and comply with all health and safety codes. (Sections 6 and 9 of the Franchise Agreement).

### Staff Recruiting, Hiring and Training.

You are responsible for the recruiting, hiring and training of your employees. The Operational Systems Checklist provides reference material to aid You in this process.

### Training Program.

Prior to opening, HOTWORX also requires You and Your Manager to participate in 5 days of operations training ("Shadow Training") from Your studio location and virtually led by HOTWORX. You and your Manager must complete all courses and certifications of HOTWORX® University. Additional training may be required or requested on an as-needed basis. (Sections 7 and 9 of Franchise Agreement).

You are responsible for training all other employees both on an initial and on-going basis.

## **TRAINING PROGRAM**

<b>HOTWORX® University Online Training Program</b>			
<b>Course</b>	<b>Hours of Virtual/Online Course Work</b>	<b>Hours of on-the-job training</b>	<b>Location</b>
Franchisee Overview	12 hours	N/A	Online Course and Reading Materials
HOTWORX® Certification	5 hours	N/A	Online Course and Reading Materials

<b>HOTWORX® University Online Training Program</b>			
<b>Course</b>	<b>Hours of Virtual/Online Course Work</b>	<b>Hours of on-the-job training</b>	<b>Location</b>
Presale Strategies	1 hour	N/A	Online Course
Staffing & Management	4 hours	N/A	Online Course
Customer Service	1.5 hours	N/A	Online Course
Membership Sales	1.5 hours	N/A	Online Course
Marketing and Branding	2 hours	N/A	Online Course
Information Technology	4 hours	N/A	Online Course
<b>TOTAL HOURS</b>	<b>31 hours</b>	<b>N/A</b>	<b>Online Course &amp; Reading Materials</b>

1. Instructors, schedule/agenda and locations are subject to substitution at any time and at franchisor's discretion.
2. Training materials are generally provided electronically. You and your manager (if you are not operating the Studio) are required to attend training, which will be conducted virtually. Franchisor may approve additional attendees at its sole discretion. All training, including online or written exams and checklists during pre-sale and soft opening, must be completed to the satisfaction of Franchisor, in the time frame or as directed by the Franchise Performance Coach in order to allow for properly timed pre-sale to begin and to prepare for soft opening. Additional courses may be added and required to be completed at Franchisor's discretion.
3. All such shadow training consists of training between Monday to Friday from 11:00 am to 1:30 pm CST. There is no cost for attending shadow training. Shadow training is conducted virtually. At least one franchise owner and the General Manager, if Franchisee has hired a General Manager, are required to participate in all training and must be inside their studio with cameras on. Failure to meet training obligations may require a repeat of the training and delay approval for the studio to open. Shadow Training lasts approximately twelve and one-half (12 ½) hours. Attendees must remain engaged and participate during training days. Failure to meet requirements may result in the requirement for additional days of training. Franchisee is responsible for any training-related expenses, including but not limited to meals and salary for your General Manager, should he/she attend.
4. Prior to attending shadow training, all online courses must be completed with passing exam grades by all franchisees and managers, which may include HOTWORX® University online and any other trainings, readings, and webinars communicated by Franchisor.

### Training instructor experience

Stephen Smith has over 42 years of experience in the membership sales business and 28 years in general business development and franchise operations.

Jessica Matherne has over 25 years of experience in the field of general business development, franchise operations, marketing and membership sales.

Kasie Banks has 13 years of marketing and advertising experience in the areas of campaign advertising, print and digital production, lead generation, website development and optimization, social media, and public relations.

Robyn Powell has 14 years of experience in the field of information technology.

Michele Thibodeaux has 37 years of experience in the field of general business development with a focus in customer experience and sales performance.

Alyssa Burnham has 14 years of experience in the field of general business development with a focus in marketing.

Byron Price has 32 years of experience in retail, multi-unit management and 15 years of entrepreneurship and business development, including with franchise business models.

Jeremy Harwell has 17 years of experience in the fitness industry with 12 of those years focused on management and membership sales and 5 years in franchise operations and sales performance.

Jenna Pivo has 14 years of experience in the fitness industry with 8 of those years focused on franchise studio management and membership sales and 2 years focused on franchise operations and performance.

Anthony Sciscento has 11 years of experience in the fitness industry with 9 of those years focused on membership sales. Anthony has also completed coursework in exercise physiology and received personal training certifications.

In the event we appoint a substitute trainer, such substitute will have at least one year of experience in the specific subject matter being taught.

## **Table of Contents for Operations Checklist**

The HOTWORX® Operations Manual and Checklist (referred to as the “Operations Checklist”) is entirely electronic and consists of two checklists accessible through a dedicated Project and Communication website. One checklist is referred to as Location Development and the other is referred to as Pre-Sale and, collectively, are fifty-nine (59) pages long.

### **Article I. Welcome to HOTWORX®**

1. Confidential Disclosure
2. HOTWORX® Mission Statement
3. Contact Information
4. Compliance with Applicable Laws
5. Compliance with Franchisor’s Policies and Procedures
6. Secret Shop/Inspections

### **Article II. Pre-Opening**

1. Finance/Site Selection
  - 1.1. Finance
  - 1.2. Market Analysis/Overview
  - 1.3. Site Selection
2. Selected Site
  - 2.1. Letter of Intent and Negotiations
  - 2.2. Finalizing the LOI and Receipt of the Draft Lease
  - 2.3. Loan Closing
3. Lease Execution and Pre-sale set-up
  - 3.1. Finalize Studio Floor Plan
  - 3.2. Lease Execution
  - 3.3. Completion of General Construction Plan
  - 3.4. Exterior Signage
4. Construction Overview
  - 4.1. Finalize Contractor Bidding/Selection
  - 4.2. Permitting
  - 4.3. Construction Commencement
  - 4.4. Fixturing Items Order Placement
5. Certificate of Occupancy

### **Article III. On-boarding/Getting Ready for Business**

1. On-boarding
  - 1.1. Presale Project Website Review
  - 1.2. Using Presale & Location Development Checklists
  - 1.3. Review of Website & Google Tools
  - 1.4. Accessing Intranet & Cloud Drive Resources
2. Pre-Opening Phase I: Project Setup & Learning the Basics
  - 2.1. Project & Communication Setup
  - 2.2. Presale Overview Lesson & Letter of Commitment
  - 2.3. Begin HOTWORX® University
  - 2.4. Review Important Google Tools

- 2.5. Review & acknowledgement of several important policies
- 2.6. HOTWORX® Blog Subscription
- 2.7. Begin Franchising for Dummies Reading & other required reading and exams.
- 2.8. Research and verify regulations in the following categories:
  - Use of contracts
  - Sales Tax
  - Human Resources
  - All other regulatory issues
- 3. Pre-Lease Phase II: Planning & Preparation - LOI signing
  - 3.1. Review of Pre Sale Introduction Key Components
  - 3.2. Review of HOTWORX® University completed courses
  - 3.3. Confirm and Finalize Equipment/Service Mix
  - 3.4. Budget Review & Pre Sale Timeline & Strategy
  - 3.5. Begin preparation for recruiting methods based on staffing requirements
  - 3.6. Secure payroll service provider
  - 3.7. Preview Center Options/Updates
- 4. Pre-Opening Phase III: Staffing, Start-up & Preview Center - at lease signing
  - 4.1. Secure telephone number(s) and Internet connectivity
  - 4.2. Preview Center Layout Review & Updates
  - 4.3. Order all Preview Center Printed & Marketing Materials
  - 4.4. Determine Location Name & set up location Google accounts
  - 4.5. Set up Merchant Services Account
  - 4.6. Complete HOTWORX® University Courses
  - 4.7. Marketing & Social Media Overview & Set up
  - 4.9. Complete the POS Software Set up Form (Actual Database)
  - 4.10. Staff Recruiting, Hiring & Training
  - 4.11. Order all Marketing Printed Materials & Staff Uniforms
  - 4.12. Order Preview Center Products & Accessories
  - 4.13. Preview Center Set Up
  - 4.14. Operations & Sales Set up
  - 4.15. Provide Banking info to Accounting Dept
  - 4.16. Staff Training on Marketing & Pre Sale
  - 4.17. Pre Marketing: Strategies including paid and organic lead generation strategies and Daily Marketing Checklist
  - 4.18. Friends & Family Pre Sale begins
  - 4.19. Additional Steps During Pre-Sale
- 5. Soft-Opening Prep & Launch Phase IV: Staff Training, Marketing & Setup
  - 5.1. Follow up on HOTWORX® University courses
  - 5.2. Franchisee Shadow Training Completion & Review
  - 5.3. Studio Setup & Review of Video Inspection Checklist
  - 5.4. Submit all Start-Up Costs for review
  - 5.5. Continued Staff Training
  - 5.6. Begin Daily Pre Sale Marketing Checklist

## **Article IV. Operations**

1. Marketing Department
  - 1.1. Department Overview
    - 1.1.1. Mission
    - 1.1.2. Contact Information
    - 1.1.3. HOTWORX® University
    - 1.1.4. Franchise Support
    - 1.1.5. Marketing Support Requests
    - 1.1.6. Custom Graphic Design Request & Approval
    - 1.1.7. Approved Marketing Vendors
  - 1.2. Branding
    - 1.2.1. Registered Trademarks and Wordmarks
    - 1.2.2. Colors and Typography
    - 1.2.3. Images
    - 1.2.4. Brand Verbiage
    - 1.2.5. Email Signatures
  - 1.3. Marketing & Advertising
    - 1.3.1. Policies
    - 1.3.2. Guidelines
    - 1.3.3. Corporate Approved Campaigns, Promotions, and Offers
2. Convention Attendance
3. Employee Solicitation
4. Disclosure of Personal Information Franchisee Obligations
  - 4.1. Twenty-Four Hour Operations
  - 4.2. Memberships and Reciprocity [Membership Strategies & FAQ's]
  - 4.3. Authorized Products and Services and Approved Suppliers [On-boarding & Phase 1 Checklist]
  - 4.4. Product Warranty Programs
  - 4.5. Computer Software and Hardware [Hardware Requirements Phase 2 Checklist]
  - 4.6. Collection of Data
  - 4.7. Books, Records and Reports [Location Development Checklist]
  - 4.8. Accounting [Location Development Checklist]
  - 4.9. Insurance
  - 4.10. HOTWORX® Membership Policy [Membership Strategies & FAQ's]
  - 4.11. Pre-sale Strategies & Pricing Structure

## **Article V. Performance and Education**

1. Customer Service [Customer Experience & Member Retention Lessons – HWX University]
  - 1.1 Customer Service and Marketing Training Courses – Phase 3 Checklist
  - 1.2 Mystery Shop Program [Soft Open – Presale Checklist 4]
- 2 Marketing and Lead Generation
  - 2.1 Grassroots & Local Outreach [Phase 2 Virtual Training Videos]
- 3 Phone Skills & Outreach [Phone Training – HOTWORX® University]
- 4 Membership Sales and Tour [Membership Sales – HOTWORX® University]
  - 4.1 Overcoming Objections [Membership Sales – HOTWORX® University]

- 4.2 Tracking Sales Statistics [Management – HOTWORX® University]
- 5 Employee Management [Staffing Lessons – HOTWORX® University]
  - 5.1 Top Qualities & Characteristics – Roles & Org Chart



## **Item 12**

### **TERRITORY**

Franchisee shall operate its studio only from the Approved Location as defined in Section 2 of the Franchise Agreement and identified in the Approved Location and Territory Addendum, attached as Exhibit 2 to the Franchise Agreement.

You may have the opportunity to develop additional franchise licenses by signing an Area Development Agreement and purchasing franchise option(s). Under the Area Development Agreement, the location and territories of future units will be subject to Franchisor approval and Franchisor's then-current standards for sites and territories will apply. If you exercise your option(s), you will be required to execute a then-current, separate franchise agreement prior to engaging in the site selection process or entering into any form of lease negotiations for each such location.

You may relocate the studio only with our prior written approval. Franchisor will permit you to relocate your studio to a new approved location within the Territory, at your expense, if you lose the right to possess the premises through no fault of your own, or if the studio is destroyed by vandalism, fire, or Act of God. Franchisor will approve the new site if it meets the site-selection criteria discussed in Item 11.

During the term of the Franchise Agreement, if you are in compliance with the Franchise Agreement, you will have a Protected Territory as identified in the Franchise Agreement. Compliance includes compliance with Franchisor's standards and specifications as stated in the Operational Systems Checklist, your best efforts in exploiting your Protected Territory to increase your business, good customer service, and membership reciprocity with other HOTWORX® studios. Your rights in the Protected Territory are not dependent on achievement of a certain sales volume or market penetration.

The protection afforded under this paragraph relates solely to the operation of a HOTWORX® studio. We retain all other rights. Specifically, but not exclusively, we have the right to operate and license others the right to operate studio businesses using the Proprietary Marks and System outside the Protected Territory. Franchisor's Affiliates may establish, locate, grant, or sell to any third party the right to establish or locate a studio, spa, or other franchise outlet, other than a HOTWORX® studio, within your Protected Territory.

Your grant of a franchise also does not include (i) exclusive marketing rights; (ii) any right to offer any product or service via e-commerce; (iii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iv) any right to distribute, market, or implement HOTWORX®'s products and services in any channel of distribution not specifically identified in the FDD and Franchise Agreement.

Moreover, Franchisor, its affiliates, its franchisees, licensees or designees, may distribute products, now existing or developed in the future, in your Protected Territory, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. Such channels of distribution shall include, but are not limited to, sales of any products offered by you under the Proprietary Marks at or through health or fitness clubs, spas, salons, studios, stores, boutiques,

hotels, resorts and other products through fixed stores, the Internet, mail order sales, or other direct marketing. We are not required to pay any compensation for soliciting or accepting orders inside of your Protected Territory.

The Protected Territory will generally be a circle, the center of which will be your Approved Location as identified by your signed lease. The actual size and dimensions of your Protected Territory may be less than stated below and will depend upon the specific variables of your site including population density, marketing and development trends, traffic flow and natural and man-made boundaries.

A map plotting the Protected Territory will be attached to your Franchise Agreement. If a radius is used to determine your Protected Territory, then the radius of the circle will be based on where the studio is located and will be either:

1. A radius ranging from one third of a mile (.3 miles) up to one and nine tenths of a mile (1.9 miles) if your studio is located in a densely populated area which may include suburbs; or
2. A two-mile (2.0 miles) radius if your studio is located in any other area.

Where applicable, the radius range referenced in Subsection 1 above shall be determined by the Franchisor in its sole discretion. Your Protected Territory shall exclude: (i) any area that is across a state line, river, navigable waterway, highway, interstate, or other natural or manmade boundary; and (ii) regional shopping malls, professional or collegiate athletic facilities, residences, resorts and airports. Franchisor reserves the right to modify Your Territory should You breach the Franchise Agreement.

The continuation of your Protected Territory and the rights granted to you regarding your Protected Territory are not dependent on achieving a certain sales volume, market penetration, or other contingency. Franchisor will not unilaterally alter your contractually sanctioned Protected Territory, except that Franchisor reserves the right to modify your Protected Territory should you breach the Franchise Agreement.

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.

If you exercise your option to develop a HOTWORX studio under an Area Development Agreement, the terms of the then-current Franchise Agreement and Franchisor policies and standards will govern the designation of your territory and location of such a subsequent studio. Franchisor's approval for the location and territory of each subsequent studio is required.

As an Area Developer, 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.

You shall not distribute or publish advertising or otherwise market outside your territory except in compliance with the Franchise Agreement. You are not permitted to solicit customers and/or

market outside your Protected Territory, except through the use of indirect advertising and marketing through such channels as the internet, social media, e-mail, and other electronic communications. However, **YOU ARE NOT PERMITTED TO PROMOTE YOUR STUDIO OR SERVICES THROUGH “DAILY DEAL” SITES, i.e., Groupon, Living Social, MindBody, GymPass and/or similar sites or other media that offer redeemable vouchers for goods and services.** While you are generally not permitted to solicit customers and/or market outside your Protected Territory, Franchisor, on limited occasions, may permit you to market outside your Protected Territory upon your agreement to offer System franchisees who are operating studios in contiguous territories the opportunity to participate in, and share the expense of, such solicitation and/or marketing.

We and our affiliates have the right to operate studios and other businesses, including company-owned or operated outlets, offering similar goods and services in your territory, and we and our affiliates have the right to offer franchises or licenses to others under the trademarks other than HOTWORX®, including sales under HOT Brands’ trademarks. The similar goods and services include but are not limited to saunas, studio equipment, products, and memberships. Any conflict between You and the Franchisor regarding territory, customers, and franchisor support will be resolved pursuant to the Dispute Resolution procedures outlined in the Franchise Agreement.

Planet Beach® Franchising Corporation with its principal place of business located at 5145 Taravella Road, Marrero, Louisiana 70072, and SOL SPA Franchising, LLC with its principal place of business located at 5200 Taravella Road, Marrero, Louisiana 70072, are affiliates of HOTWORX®. Certain Planet Beach® and SOL SPA franchises, including company-owned or operated outlets, may offer goods and services similar to those of HOTWORX® in spas that may be located in your territory. These offered services and products may include the use of HOTWORX® saunas, vitamins, health supplements and drink options, and HOTWORX® exercise aids and accessories. Any conflicts regarding territory, customers, and franchise support arising between franchisees of the different systems or between You and the Franchisor, will be resolved pursuant to the Dispute Resolution procedure outlined in the Franchise Agreement.

**Item 13**  
**TRADEMARKS**

<b>MARK</b>	<b>DATE REGISTERED</b>	<b>U.S. PATENT AND TRADEMARK OFFICE REGISTRATION NUMBER</b>
HOTWORX (standard character mark)	May 30, 2017	5,215,243
HOTWORX & Design (design mark)	June 6, 2017	5,217,901
O Design	October 2, 2018	5,575,714
EARN THE BURN (standard character mark)	January 21, 2020	5,966,869
HOTWORX (stylized)	January 28, 2020	5,972,714
BARRE NONE (standard character mark)	May 26, 2020	6,065,628
SpaSynergy (standard character mark)	December 22, 2020	6,226,018
THUNDER ROW (standard character mark)	January 10, 2023	6,946,068
THUNDER ROW (stylized)	January 10, 2023	6,946,069
DIET TRAX (standard character mark)	April 25, 2023	7,034,472
HOTWORX (standard character mark)	May 23, 2023	7,059,050
HOTWORX (stylized)	May 23, 2023	7,059,053
DO YOU (standard character mark)	Pending (Application filed August 23, 2023)	Pending (Application Serial Number 98145728)
DYNAMIX (standard character mark)	Pending (Application filed July 28, 2023)	Pending (Application Serial Number 98107745)
DYNAMIX (stylized)	Pending (Application filed July 28, 2023)	Pending (Application Serial Number 98107754)
HOTWORX (service mark)	April 16, 2024	7,359,260

HOT Brands, L.L.C. licenses to us, by a Trademark and System License Agreement (“License Agreement”), the right to use the Proprietary Marks and to sub-license them to System franchisees. The term of the License Agreement is continuous until terminated by either party upon 60 days’ notice or written notice of an attempted grant or grant of an improper sublicense. At this time, there are no affidavits required for the trademarks. Registration for the Proprietary Marks will be renewed when required. Registration for the HOTWORX Word Mark (s/n 87043520) was renewed on May 23, 2024 and HOTWORX Design Mark (s/n 87219744) was renewed on May 22, 2024. There is currently no agreement in effect that significantly limits our right to use or license the use of such proprietary marks that are material to the franchise. The principal trademarks, listed above, are registered on the Principal Register of the United States Patent and Trademark Office or are pending registration as noted above.

There are currently no effective determinations of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending infringement, opposition or cancellation proceedings or proceedings by which the franchisor unsuccessfully is seeking to prevent registration of a trademark in order to protect a trademark licensed by the franchisor; nor any pending material litigation involving the Proprietary Marks.

Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We will have the right to take the action we think appropriate. We direct and control any administrative proceeding or litigation involving the Proprietary Marks, including the right to settle the proceedings or litigation. We may affirmatively prosecute actions against third parties for infringement or threatened infringement of the Proprietary Marks.

We will defend you against any third-party claim, suit, or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must pay for the defense or reimburse us for costs we incur in providing the defense, including the cost of any judgment or settlement. In any litigation relating to your use of the Proprietary Marks, you must sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, we will reimburse you for your out-of-pocket costs in performing such acts in connection with such legal proceedings. We may require you to discontinue, modify, or substitute any of the Proprietary Marks as a result of pending or threatened litigation involving your use of the Proprietary Marks; provided that we will indemnify you for your actual out of pocket costs incurred to effectuate such change. Reimbursement or indemnification will not be provided if Franchisor voluntarily modifies or changes any of the Proprietary Marks in connection with a re-design or update of the brand or for any other purpose outside of pending or threatened litigation.

We are not aware of any superior prior rights or infringing uses that could materially affect your

use of the Proprietary Marks in any state; however, a federal trademark registration does not necessarily protect the use of the concerned mark against a prior user in a given relevant market area. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Proprietary Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

The Franchise Agreement gives you the right to operate a studio under the trade names, trademarks and service marks that we establish. You may use only the Proprietary Marks, which we designate, and may use them only in the manner we authorize and permit. You may use the Proprietary Marks only for the operation of the studio and only at the Approved Location or in marketing for the studio. Unless we otherwise authorize or require, you may operate and advertise the studio and the Franchised Business only under the name “HOTWORX®” and/or “HOTWORX®-- [location identifier]” and shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “TM,” “SM” or “R,” as applicable. You may not use the Proprietary Marks in connection with the offer or sale of any products which we have not authorized for use in connection with the System. You may not use the Proprietary Marks as part of your corporate or other legal name. Trademarks, patents, copyrights and proprietary information are protected under both state and federal law. Any violations may be pursued to the fullest extent of the law.

All of your marketing must prominently display the Proprietary Marks and must comply with our standards for using the Proprietary Marks. All such marketing is subject to our prior written approval. We reserve the right to approve all advertising, marketing, including but not limited to that relating to social media advertising and/or marketing, signs, stationery, business cards, forms, and other materials and supplies bearing the Proprietary Marks. You may use the Proprietary Marks including trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all marketing, publicity, signs, decorations, furnishings, equipment or other materials employing the Proprietary Marks, or related marks, prior to first publication or use.

We may substitute different proprietary marks for use in identifying the System and the businesses. You must discontinue using all Proprietary Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Proprietary Marks at your expense. We will have no liability or obligation because of such discontinuation, modification or change.

You are prohibited from selling or reselling any products, equipment or other materials containing any Proprietary Marks and/or any intellectual property of HOTWORX or its affiliates without our express written consent. HOTWORX, its affiliates or its assignees also have the option, but are not obligated, to purchase any products, equipment or other materials subject to any trademark, patent, trade secret, or other proprietary or confidential information containing any Proprietary Marks and/or any intellectual property of HOTWORX or its affiliates used in connection with the operation of your Studio by providing you written notice of its election within six (6) months after termination or expiration of the Franchise Agreement and paying you the book value, subject to the condition of such products, equipment or other materials. For purposes of this Section, “book value” means the amount you actually paid for the

products, equipment or other materials less depreciation (calculated by using the straight-line depreciation method on a 10-year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Where such option is exercised, Franchisee is responsible for all costs associated with securely disassembling, where applicable, storing and/or shipping or otherwise delivering in good condition and working order such personal property to a site determined by Franchisor. Franchisor accepts no liability for any aftermarket equipment sales, including but not limited to the HOTWORX® saunas, that may occur.

**Item 14**  
**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

DESCRIPTION	TITLE	DATE APPLIED	SERIAL NO. /SEQUENCE	APPLICATION NUMBER
HOTWORX® (Design Patent)	HOTWORX® Infrared Sauna for Isometric Exercise	May 29, 2017	605,666	29/605,666  Issued on September 10, 2019 as Patent D859,674 (Note 1)
HOTWORX® (Design Patent)	Water Rower	March 3, 2020	726,344	29/726,344  Issued on November 16, 2021 as Patent D936,161 (Note 2)
HOTWORX® (Design Patent)	Resistance Device for Cycling	March 3, 2020	726,346	29/726,346  Issued on December 28, 2021 as Patent D939,648 (Note 3)
HOTWORX® (Design Patent)	Water Rower	June 17, 2021	795,137	29/795,137  Issued on May 9, 2023 as Patent D985,695 (Note 4)
HOTWORX® (Design Patent)	Pulley for a Water Rower (continuation)	November 20, 2021	816,302	29/816,302  Issued on October 18, 2022 as Patent D967,304 (Note 5)
HOTWORX ® (Design Application)	Heater Grill Cover for an Infrared Sauna	February 23, 2022	827,866	29/827,866
HOTWORX ® (Utility Application)	Enclosure for a Ceramic Heater Rod	August 4, 2023	230,166	18/230,166
HOTWORX ® (Utility Application)	Water Rower With Tank Containing Water Absorbent Beads	January 13, 2024	11520	PCT/US24/11520



HOTWORX ® (Utility Application)	Enclosure for a Ceramic Heater Rod	August 2, 2024	40652	PCT/US24/40652
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Note 1: Design Patent D859,674 has a term of fifteen (15) years from the date of grant, September 10, 2019.

Note 2: Design Patent D936,161 has a term of fifteen (15) years from the date of grant, November 16, 2021.

Note 3: Design Patent D939,648 has a term of fifteen (15) years from the date of grant, December 28, 2021.

Note 4: Design Patent D985,695 has a term of fifteen (15) years from the date of grant, April 19, 2023.

Note 5: Design Patent D967,304 has a term of fifteen (15) years from the date of grant, October 18, 2022.

On April 22, 2015, Planet Beach Brands, LLC filed a provisional patent application for Patent rights for the title of invention for the systems and methods for isometric exercise training within an infrared sauna. This application was not granted and is no longer pending.

On December 30, 2015, Planet Beach Brands, LLC filed a utility patent application for Patent rights for the title of invention for the systems and methods for isometric exercise training within an infrared sauna. This application was not granted and is no longer pending.

On April 21, 2016, Planet Beach Brands, LLC filed a Patent Cooperation Treaty application for International Patent rights for the title of invention for the systems and methods for isometric exercise training within an infrared sauna. This application was not granted and is no longer pending.

On May 29, 2017, HOT Brands, LLC filed a U.S. design patent application for Patent rights for the invention infrared sauna for isometric exercise training. Said application was granted on September 10, 2019 as Patent D859,674, which has a term of fifteen (15) years from that date.

On March 3, 2020, HOT Brands, LLC filed a U.S. design patent application for Patent rights for the invention ornamental design for a water rower.

On March 3, 2020, HOT Brands, LLC filed a U.S. design patent application for Patent rights for the invention ornamental design for a resistance device for cycling.

On June 17, 2021, HOT Brands, LLC filed a continuation U.S. design patent application for Patent rights for the invention ornamental design for a water rower.

On November 20, 2021, HOT Brands, LLC filed a continuation U.S. design patent application for HOTWORX® Franchising, LLC  
Franchise Disclosure Document 4/1/2025  
Reg states except New York

Patent rights for the invention ornamental design for a water rower.

On February 23, 2022, Franchisor filed a U.S. design patent application for Patent rights for the invention ornamental design for a heater grill cover for an infrared sauna.

On August 4, 2023, HOT Brands, LLC filed a U.S. utility patent application for Patent rights for the invention enclosure for a ceramic heater rod.

On January 13, 2024, HOT Brands, LLC filed a U.S. utility patent application for Patent rights for the invention for a water rower with tank containing water absorbent beads.

You will not have any rights, including rights to compensation, under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by the pending patents. We have no obligation to protect the patent, patent application or to defend you against any claims arising out of the use of the items that are subject to the pending patent applications.

Franchisor claims common law copyright and trade secret protection for several aspects of the franchise system including our Operational Systems Checklist, advertising and marketing, and business materials, but we have not registered these materials with the Copyright Office of the Library of Congress. Trademarks, patents, copyrights and proprietary information are protected under both state and federal law. Any violations may be pursued to the fullest extent of the law.

During the term of the Franchise Agreement, you will receive information which we consider to be a trade secret and/or confidential information. These materials are proprietary and confidential and are our property. You may use them only as long as you are a franchisee, and only as provided in your Franchise Agreement. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the Franchised Business ("Confidential Information"). You may divulge such Confidential Information only to your employees who must have access to it in order to perform their employment obligations. Your manager and any personnel having access to any of our Confidential Information must sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. This agreement, which will be in a form that is recognized by your state, will identify us as a third-party beneficiary to the agreement and will give us independent enforcement rights.

Patented Devices and Methods. During the term of the Franchise Agreement, Franchisee may receive, through purchase or otherwise, certain devices or methods subject to patents owned by Franchisor. To the extent that any such devices or methods are subject to registered patents, either by the USPTO, WIPO, or any other such entity, Franchisor expressly grants Franchisee a license to use and/or market said devices or methods only during the term of the Franchise Agreement. Should the Franchise Agreement be terminated for any reason by either Party, any and all licenses granted to Franchisee by Franchisor with respect to any patented devices and/or methods are considered revoked at the time of termination.

No Implied License. Franchisee acknowledges that the rights and licenses granted in the Franchise Agreement are limited to the scope expressly granted. Accordingly, except for the rights expressly granted under the Franchise Agreement, no right, title, or interest of any nature whatsoever is granted whether by implication, estoppel, reliance, or otherwise, by Franchisor to Franchisee. All rights with respect to any know-how, patent or other intellectual property right that are not specifically granted herein are reserved to the Franchisor.

You will not have any rights, including rights to compensation, under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by the pending patents. We have no obligation to protect the patent, patent application or to defend you against any claims arising out of the use of the items that are subject to the pending patent applications.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. HOT Brands controls litigation related to proprietary information. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of such unauthorized use. We are not required by any agreement to protect or defend our patent applications or copyrights. We are not aware of any infringing uses of any copyrighted materials that could materially affect our use of these materials. We may revise any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials.

You are prohibited from selling or reselling any products, equipment or other materials containing any Proprietary Marks and/or any intellectual property of HOTWORX or its affiliates without our express written consent. HOTWORX, its affiliates or its assignees also have the option, but are not obligated, to purchase any products, equipment or other materials subject to any trademark, patent, trade secret, or other proprietary or confidential information containing any Proprietary Marks and/or any intellectual property of HOTWORX or its affiliates used in connection with the operation of your Studio by providing you written notice of its election within six (6) months after termination or expiration of the Franchise Agreement and paying you the book value, subject to the condition of such products, equipment or other materials. For purposes of this Section, “book value” means the amount you actually paid for the products, equipment or other materials less depreciation (calculated by using the straight-line depreciation method on a 10-year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Where such option is exercised, Franchisee is responsible for all costs associated with securely disassembling, where applicable, storing and/or shipping or otherwise delivering in good condition and working order such personal property to a site determined by Franchisor.

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

Franchisor does not require that you personally supervise your studio. While your personal participation is not required, it is recommended. If you choose to operate the studio through a full-time Manager, which you designate to manage your location, then they must personally supervise the day-to-day operations of the studio in your absence. We do not impose any limitations on who you can hire as your full-time manager, but you and the designated manager must successfully complete all components of Franchisor's training program as described in Item 11 and must sign and deliver to us a Confidentiality and Non-Competition Agreement as described in Items 14 and 17 before assuming managerial responsibilities. Your designated manager need not have an equity interest in the Franchised Business or in any partnership, corporation, or limited liability company franchisee. You and your domestic partner and/or spouse will be required to sign a personal guaranty in connection with the obligations specified in the Franchise Agreement.

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

Franchisor requires you to offer and sell all services that Franchisor has approved. Franchisor requires you to offer and sell as part of your initial inventory all goods that Franchisor has approved. At Franchisor's discretion, you may be required to continue to offer and sell certain or all goods that Franchisor has approved. (See Items 8 and 9.) You must refrain from any deviation from our standards and specifications without our written consent and must discontinue selling and offering for sale any services or products that we disapprove or discontinue. Franchisor has the right to change the types of authorized goods and services, and there are no limits on our right to make changes, or to require you to sell all goods or services which are authorized by us.

You must use the approved location only for the operation of a HOTWORX® studio and must keep the studio open at all times every day of the year for twenty-four hours a day. You must maintain strict compliance with the universal staffed hours. You must refrain from using or permitting the use of the location for any other purpose or activity at any time without first obtaining our written consent and must operate your studio in strict conformity with the methods, standards and specifications that we require in the Operational Systems Checklist or otherwise in writing. You must not deviate from these standards, specifications and procedures without our written consent.

You must operate your studio in strict conformity with all applicable federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction. You are responsible for knowing of the existence and requirements of all laws, ordinances and regulations applicable to your studio and for adhering to them. We do not impose any restrictions or conditions that limit your access to customers if your studio remains compliant with the standards, specifications and procedures set forth in the Franchise Agreement.

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

**This table lists certain important provisions of the Franchise Agreement and Area Development Agreement. You should read these provisions in the agreements attached to this Disclosure Document.**

**THE FRANCHISE RELATIONSHIP**

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR RELATED AGREEMENTS</b>	<b>SUMMARY</b>
a.) Length of the franchise term	Franchise Agreement, Section 4	10 years.
b.) Renewal or extension of the term	Franchise Agreement, Section 4	Renewal term is five years and may be exercised perpetually provided you are in good standing and satisfy all required conditions.
c.) Requirements for you to renew or extend	Franchise Agreement, Section 4	In order to renew your non-exclusive license to operate a HOTWORX® studio, you must execute a then-current Franchise Agreement which may contain materially different terms and conditions from the original contract; notify Franchisor of your intent to renew; comply with Franchise Agreement and any other agreement between you and Franchisor; have the right to remain in possession of premises; remodel at Franchisor's request; have satisfied all monetary obligations owed to Franchisor and its Affiliates; execution of release.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
d.) Termination by franchisee	None / not applicable	Franchisees may terminate the franchise agreement under any grounds permitted by state law.
e.) Termination by franchisor without cause	None / not applicable	None. Termination of a single unit Franchise Agreement permits the franchisor to also terminate the area development agreement. Under Section 28 of the Area Development Agreement, termination of the Area Development Agreement is not grounds for Franchisor to terminate the single unit franchise agreement, except as provided in Section 23.2.16 of the Franchise Agreement.
f.) Termination by franchisor with cause	Franchise Agreement, Section 23.2; Section 3 of Area Development Agreement	Franchisor can terminate the Franchise Agreement if you are in default under the Franchise Agreement or any other agreement you have with us or any of our affiliates. Termination of a single-unit franchise agreement permits the franchisor to also terminate the area development agreement. Under Section 3 of the Area Development Agreement, default of any franchise agreement or Area Development Agreement development deadlines permits the Franchisor to confirm forfeiture of any or all unexercised options in the Area Development Agreement. Under Section 28 of the Area Development Agreement, termination of the Area Development Agreement is not grounds for Franchisor to terminate the single unit franchise agreement, except as provided in Section 23.2.16 of the Franchise Agreement.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
g.) “Cause” defined— curable defaults	Franchise Agreement, Section 23.3; Section 3 of Area Development Agreement	“Cause” is defined as failure to cure within 30 days any default of the Franchise Agreement not listed in Section 23.2. Termination of a single-unit franchise agreement permits the Franchisor to also terminate the Area Development Agreement. Under Section 3 of the Area Development Agreement, default of any franchise agreement or area development agreement development deadlines permits the Franchisor to confirm forfeiture of any or all unexercised options in the Area Development Agreement. Under Section 28 of the Area Development Agreement, termination of the Area Development Agreement is not grounds for Franchisor to terminate the single-unit Franchise Agreement, except as provided in Section 23.2.16 of the Franchise Agreement.

<p>h.) “Cause” defined – defaults that cannot be cured (<b>Note 1</b>)</p>	<p>Franchise Agreement, Sections 23.1 and 23.2; Section 3 of the Area Development Agreement</p>	<p>Assignment for benefit of creditors, insolvency, file for bankruptcy, sell, transfer or assign rights under the Franchise Agreement without Franchisor approval, levy or writ of execution of lien placed against you, failure to complete all required training, conviction of a felony and/or being found liable for fraud or moral turpitude at any time, including but not limited to in connection with the performance of your duties, misrepresentation or falsifying material information in connection with the Franchise Agreement, engaging in fraud or illegal conduct in connection with studio, intentional underreporting or misstatement of any information. You are required to report to Franchisor, misuse of proprietary marks, failure to obtain an Approved Location within 120 days of the Franchise Agreement’s effective date, failure to open studio within 275 days of the Franchise Agreement’s effective date, abandoning your studio, failure to cure any default under lease or sublease or for equipment, failure to strictly follow the provisions for transfer by you upon death, disability or incompetence, violation of confidentiality/non-disclosure obligations, violation of covenant not to compete, failure to obtain Franchisor approval as required under the agreement, violation of the provisions of agreement on 2 or more occasions within a 12 month period.</p> <p>You lose all remaining rights to develop HOTWORX® studios.</p> <p>(Subject to state laws)</p> <p>Termination of a single-unit Franchise Agreement permits the Franchisor to also terminate the Area Development Agreement. Under Section 3 of the Area Development Agreement, default of any Franchise Agreement or Area Development Agreement development deadlines permits the franchisor to confirm forfeiture of any or all unexercised options in the Area Development Agreement. Under Section 28 of the Area Development Agreement, termination of the Area Development Agreement is not grounds for Franchisor to terminate the single-unit Franchise agreement, except as provided in Section 23.2.16 of the Franchise Agreement.</p>
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PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
i.) Franchisee's obligations on termination/non-renewal	Franchise Agreement, Sections 18 and 24	<p>Cannot compete with Franchisor for a period of two years in certain geographic areas. Pay to Franchisor any sums owing, cessation of business operations, forfeiture of and return to Franchisor all database, including customer data, and all materials containing any Proprietary Marks, trade secrets, or confidential information, discontinuation of use of the name and any marketing under the name HOTWORX®, discontinuation of use of any trademarked, patented or patent pending equipment, transfer of phone number, email addresses, social media and other URLs to Franchisor, surrender to Franchisor all proprietary information and materials, maintenance of books and records for a period of one year, delivery of list of employees for the 3 years immediately preceding termination to Franchisor, provide evidence to Franchisor of compliance with Section 24, provide an inventory list of all products, equipment or other materials containing any Proprietary Marks and/or intellectual property; vacate studio premises, sale of property in connection with studio to Franchisor at Franchisor's option. Your right to remove certain property from the premises may be limited; pay the royalty fees, virtual instruction software fees, POS fees, SAIL fees and projected sales of wholesale goods that would otherwise be due for the remaining term of this Agreement discounted to present value using an interest rate of 8%; make such changes and modifications in your business methods, Studio facility, and otherwise if directed by Franchisor.</p> <p>You lose all remaining rights to develop HOTWORX® studios.</p> <p>(Subject to state laws)</p>

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR RELATED AGREEMENTS</b>	<b>SUMMARY</b>
j.) Assignment of agreement by franchisor	Franchise Agreement Section 21.1; Section 5 of the Area Development Agreement	No restriction on our right to transfer
k.) “Transfer” by franchisee—defined—	Franchise Agreement, Section 21.2; Section 5 of the Area Development Agreement	Includes transfer of the Franchise Agreement, all or substantially all assets of the business, or 51% or greater interest in the entity owning the business.
l.) Franchisor approval of transfer by you	Franchise Agreement, Sections 21.2, 21.3 and 21.7; Section 5 of the Area Development Agreement.	Franchisor must approve all transfers. You may not transfer the options sold to you under the Area Development Agreement.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
m.) Conditions for franchisor approval of transfer	Franchise Agreement, Sections 21.3 and 21.7; Section 5 of the Area Development Agreement.	On the condition that you satisfy all monetary and non-monetary obligations to Franchisor, the buyer is qualified as a franchisee and approved by Franchisor, buyer upgrades the studio, you provide to Franchisor the sale agreement, buyer provides to Franchisor copy of lease agreement and proof of insurance, buyer completes all training, buyer executed a then-current Franchise Agreement, you execute a general release, the payment of a transfer fee of \$10,000 when selling location to an existing franchisee or a resale fee of \$19,950 when selling your location to a third-party entering into the franchise system. In the event the license is transferred to a new DMA or development area, you pay a transfer fee of \$5,000. You may not transfer the options sold to you under the Area Development Agreement.
n.) Franchisor's right of first refusal to acquire franchisee's business	Franchise Agreement, Section 21.5	Franchisor has the irrevocable first right and option to purchase your business on the same terms and conditions as any bona fide purchaser.
o.) Franchisor's option to purchase franchisee's business	Franchise Agreement, Section 11.2	Franchisor has the option to purchase your personal property used in connection with your studio by providing written notice within six (6) months of termination or expiration.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR RELATED AGREEMENTS</b>	<b>SUMMARY</b>
p.) Death or disability of franchisee	Franchise Agreement, Section 21.4	Your legal representative has the right to continue operation of your studio without a transfer fee. Within 90 days of your death or disability, your legal representative must complete all training and obtain Franchisor's written approval.
q.) Non-competition covenants during the term of the franchise	Franchise Agreement, Section 18.1	Includes prohibition on owning or operating a business that sells similar services or products or operates similar business. This provision is subject to state law.
r.) Non-competition covenants after the franchise is terminated or expires	Franchise Agreement, Section 18.2	No competing business for 2 years within (1) the municipality and parish/county in which your Approved Location and Protected Territory are located; (2) the parishes/counties where other HOTWORX® franchises in Franchisee's state are located; and (3) any one of Louisiana's 64 parishes. This provision is subject to state law.
s.) Modification of the agreement	Franchise Agreement, Sections 22 and 26.1	Franchisor reserves and shall have the sole right to make changes in the Operational Systems Checklist, the System, policies and procedures and the Proprietary Marks at any time and without prior notice to Franchisee. Franchisee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the System must not remain static in order that it best serves the interest of Franchisor, Franchisees, and the System.

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
t.) Integration/merger clause	Franchise Agreement, Section 26.1; Section 28 of the Area Development Agreement	Only the terms of the franchise agreement are binding (subject to state law). Any promises outside the disclosure document and Franchise Agreement may not be enforceable.
u.) Dispute resolution by arbitration or mediation	Franchise Agreement, Sections 25.2, 25.3 and 25.4; Sections 12, 13 and 14 of the Area Development Agreement	You must first bring any claim or dispute between you and Franchisor to Franchisor's legal counsel. If there is no resolution, you must agree to a face-to-face meeting with you, your attorney if you have retained one, a Franchisor representative and Franchisor's legal counsel. This meeting may occur via a virtual face-to-face platform. Additionally, Franchisor reserves the right to establish a Peer Compliance Committee to review certain claims Franchisor or you may make of each other. If there is no resolution, at Franchisor's option, you bring your claim or dispute to mediation. If there is no resolution under mediation, at Franchisor's option, disputes shall be required to proceed to arbitration or litigation. This provision is subject to state law.
v.) Choice of forum	Franchise Agreement, Sections 25.6 and 25.7; Sections 16 and 17 of the Area Development Agreement	24 <sup>th</sup> Judicial District Court for the Parish of Jefferson, Louisiana, or in the United States District Court for the Eastern District of Louisiana at Franchisor's discretion, except in instances where Franchisor seeks injunctive relief (subject to applicable state law).

PROVISION	SECTION IN FRANCHISE OR RELATED AGREEMENTS	SUMMARY
w.) Choice of law	Franchise Agreement, Section 25.1; Section 11 of the Area Development Agreement	Louisiana law applies without regard to its conflict of laws, La. C.C. Arts. 3515 et seq., and any amendments and/or revisions (subject to applicable state law). The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

**NOTE 1:** You are to select a site by executing an approved lease within 120 days and open your studio within 275 days of the agreement's effective date. However, Franchisor has the option to grant an extension upon request.

**Additional disclosures for Item 17 are required by some states and are noted in Exhibit K attached hereto.**

**Item 18**  
**PUBLIC FIGURES**

Franchisor does not currently use the public figures to promote its franchise.

In the past, Franchisor has used the following public figures to promote its franchise:

Rachel Bradshaw receives monetary compensation from HOTWORX for personal appearances and social media engagement and endorsement, but Ms. Bradshaw does not receive any commission, referral or the like for franchises awarded as a result of her appearances, engagement or endorsement on social media. Ms. Bradshaw also appeared as a speaker at the annual HOTWORX convention. Ms. Bradshaw is an official brand ambassador for HOTWORX Franchising, L.L.C. Ms. Bradshaw does not manage or own an interest in HOTWORX.

HOTWORX has compensated Jenny McCarthy with 10% commission for each franchise awarded as a result of Ms. McCarthy's referral and endorsement of the HOTWORX franchise. Ms. McCarthy does not manage or own an interest in HOTWORX.

HOTWORX has compensated Danette May with a complimentary HOTWORX unit and \$2,500 commission for each franchise awarded as a result of Ms. May's endorsement of the HOTWORX franchise. HOTWORX has produced blogs and social media posts featuring Ms. May. Ms. May was a featured speaker at HOTWORX Franchising, L.L.C.'s 2017 Franchise Convention. Ms. May does not manage or own an interest in HOTWORX.

**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.

Company-Owned Financial Performance Representations:

During the 2024 fiscal year, HOTWORX had five (5) operational company-owned studios that were operational for 12 full months and two (2) studios that opened in May 2024. HOTWORX's company-owned studio in Chicago, Illinois ceased operations during the last quarter of 2024 due to a dispute with its commercial landlord over a recurrent flooding issue. HOTWORX makes no financial performance representation about these studios.

Franchised Outlets Financial Performance Representations:

Reasonable Basis for Financial Performance Representation: Franchised Outlets Historical Data

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

These studios are substantially similar to the studio you will operate if you decide to become a franchisee.

During the 2024 fiscal year, HOTWORX had 712 open franchise outlets of which 560 studios were operational for 12 full months in fiscal year 2024.

The following representations are based on the 2024 performance of the 162 first-year franchise outlets that were open and fully operational during the full 2024 fiscal year as well as all franchised outlets that were opened from 2018 through 2023, of which there were 398. The financials are unaudited.

Written substantiation for these representations will be made available to a prospective franchisee upon reasonable request.



First Year Operational Studios 2024 Financial Performance Representations:  
Franchised Outlets Historical Data

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

These studios are substantially similar to the studio you will operate if you decide to become a franchisee.

All of the 162 studios accounted for below in Table 19.1 are first full-year franchised businesses that were fully operational for 12 full months in 2024. Table 19.1 is based on historical financial data related to those 162 studios, which is provided to us by our proprietary software for our franchised locations. The financials are unaudited. The following representations do not include data from two first-year studios that ceased operations during 2024. The foregoing studios are not represented in the chart illustrated in Table 19.1 due to having only a partial year of financial data.

The franchise outlets have been classified into thirds: Top, Middle, and Bottom. There is a range of performance within each group.

The leading franchise outlet out of the 162 first full-year outlets, the franchise outlet with the highest EBITDA within this group, had annual Total Revenues during the 2024 fiscal year of \$766,797.62 with an EBITDA of \$381,511.66. This studio is located in Forney, TX.

The last outlet in 162 first full-year outlets, the franchise outlet with the lowest EBITDA within this group, had annual Total Revenues during the 2024 fiscal year of \$99,310.31 with an EBITDA of \$-(126,214.75). This studio is located in Ann Arbor, MI.

The average number of memberships for first year studios was 454. The leading franchise outlet of the 162 first full-year outlets, the franchise outlet with the highest EBITDA within this group, had 1,144 members and the last outlet in the 162 first full-year outlets, the franchise outlet with the lowest EBITDA within this group, had 156 members. The median number of memberships for first year studios was 422.

During the 2024 fiscal year, the average of the monthly cancellation rates for the 162 operational franchise outlets was 6.34% with a high of 7.87% and a low of 5.38%. The median monthly cancellation rate was 6.43%. The cancellation rate measures the total number of active members versus the total number of membership cancellations by month, calculated by the total active members at month end for all studios in the group divided by the total number of cancellations at month's end for all studios in the group.

Written substantiation for these representations will be made available to a prospective franchisee upon reasonable request.

[TABLE TO FOLLOW]

**Table 19.1 – For 2024 Fiscal Year – First Year Studios**  
**Franchise Outlets Financial Performance Representations:**  
**Franchised Outlets Historical Data**

	Top Third		Middle Third		Bottom Third		All Locations	
Revenue	Average	Median	Average	Median	Average	Median	Average	Median
Membership	\$ 393,541.47	\$ 390,911.36	\$ 259,476.81	\$ 248,260.02	\$ 192,418.53	\$ 199,312.04	\$ 281,812.27	\$ 252,796.03
Retail <sup>1</sup>	\$ 61,970.09	\$ 58,831.81	\$ 37,900.87	\$ 35,972.85	\$ 26,543.32	\$ 25,025.45	\$ 42,138.09	\$ 37,632.79
Total Revenue <sup>2</sup>	\$ 455,511.57	\$ 452,728.09	\$ 297,377.68	\$ 290,945.21	\$ 218,961.85	\$ 224,896.75	\$ 323,950.37	\$ 291,280.73
Wholesale Goods Purchased <sup>3</sup>	\$ 35,688.38	\$ 31,449.82	\$ 21,764.88	\$ 21,645.26	\$ 13,629.81	\$ 14,186.78	\$ 23,694.36	\$ 21,477.07
Gross Profit <sup>4</sup>	\$ 419,823.18	\$ 414,670.57	\$ 275,612.80	\$ 273,911.95	\$ 205,332.05	\$ 211,463.21	\$ 300,256.01	\$ 264,244.32
Expenses								
Payroll and Taxes <sup>5</sup>	\$ 83,375.82	\$ 85,753.48	\$ 73,667.54	\$ 75,597.33	\$ 71,409.82	\$ 69,694.78	\$ 76,151.06	\$ 76,761.06
Rent	\$ 61,769.79	\$ 60,512.03	\$ 57,140.51	\$ 54,228.22	\$ 69,635.36	\$ 70,707.80	\$ 62,848.55	\$ 62,782.61
Royalties <sup>6,17</sup>	\$ 6,602.48	\$ 6,600.00	\$ 6,598.16	\$ 6,600.00	\$ 6,585.28	\$ 6,600.00	\$ 6,595.31	\$ 6,600.00
Accounting <sup>7</sup>	\$ 2,012.37	\$ 1,275.91	\$ 2,602.51	\$ 2,132.18	\$ 1,834.63	\$ 1,150.66	\$ 2,149.84	\$ 1,237.81
Bank Charges <sup>8</sup>	\$ 13,151.63	\$ 13,397.80	\$ 8,796.21	\$ 8,435.78	\$ 6,565.52	\$ 6,734.93	\$ 9,504.45	\$ 8,538.18
Insurance <sup>9</sup>	\$ 6,425.79	\$ 6,273.35	\$ 7,760.39	\$ 6,597.85	\$ 6,313.57	\$ 5,868.10	\$ 6,833.25	\$ 6,243.37
Maintenance and Repairs	\$ 2,580.12	\$ 1,674.14	\$ 2,102.41	\$ 1,887.96	\$ 1,625.58	\$ 1,151.51	\$ 2,102.70	\$ 1,610.68
Marketing and Advertising <sup>10,17</sup>	\$ 28,498.46	\$ 26,742.70	\$ 26,930.71	\$ 26,415.53	\$ 26,730.84	\$ 26,198.50	\$ 27,386.67	\$ 26,318.75
Miscellaneous <sup>11</sup>	\$ 2,797.99	\$ 2,023.12	\$ 2,255.66	\$ 1,789.44	\$ 2,098.10	\$ 1,516.84	\$ 2,383.92	\$ 1,763.20
POS Fee <sup>17</sup>	\$ 1,556.17	\$ 1,548.00	\$ 1,554.93	\$ 1,548.00	\$ 1,548.02	\$ 1,548.00	\$ 1,553.04	\$ 1,548.00
Staff Incentives	\$ 917.18	\$ 100.00	\$ 837.39	\$ 276.47	\$ 607.54	\$ 70.00	\$ 787.37	\$ 143.04
Supplies	\$ 5,237.38	\$ 5,138.51	\$ 3,731.91	\$ 3,107.86	\$ 2,845.86	\$ 2,652.40	\$ 3,938.38	\$ 3,388.96
Taxes and Licenses <sup>12</sup>	\$ 267.77	\$ -	\$ 654.70	\$ -	\$ 687.30	\$ 2.98	\$ 536.59	\$ -
Telephone and Internet	\$ 3,764.64	\$ 3,502.45	\$ 3,762.48	\$ 3,534.50	\$ 4,255.24	\$ 3,607.09	\$ 3,927.45	\$ 3,563.83
Travel <sup>13</sup>	\$ 2,600.01	\$ 2,355.93	\$ 1,704.04	\$ 897.99	\$ 1,581.81	\$ 790.00	\$ 1,961.96	\$ 1,303.78
Utilities <sup>14</sup>	\$ 18,303.36	\$ 16,692.29	\$ 16,502.06	\$ 16,181.00	\$ 16,265.01	\$ 16,040.00	\$ 17,023.48	\$ 16,230.09
Virtual Instructor Fee <sup>15,17</sup>	\$ 1,823.69	\$ 1,780.00	\$ 1,822.37	\$ 1,850.00	\$ 1,823.59	\$ 1,740.00	\$ 1,823.22	\$ 1,805.00
Expense Totals	\$ 241,684.64	\$ 245,697.95	\$ 218,423.97	\$ 211,649.30	\$ 222,413.07	\$ 224,343.22	\$ 227,507.23	\$ 224,343.22
EBITDA <sup>16</sup>	\$ 178,138.55	\$ 156,648.65	\$ 57,188.82	\$ 52,643.02	\$ (17,081.03)	\$ (6,829.57)	\$ 72,748.78	\$ 52,643.02

Of the Top Third outlets, 51 outlets (94%) met or exceeded the “All Locations” revenue average listed in Table 19.1. Of the Middle Third outlets, 17 outlets (31%) met or exceeded the revenue average listed in Table 19.1. Of the Bottom Third outlets, 0 outlets (0%) met or exceeded the revenue average listed in Table 19.1. Of all 162 first full year franchise outlets, 68 outlets (42%) met or exceeded the revenue average listed in Table 19.1. Of all 162 first full year operational outlets, 126 outlets (78%) had an EBITDA reflecting a profit for the 2024 Fiscal Year. Of all 162 first full year operational outlets in Table 19.1, 36 outlets (22%) had an EBITDA reflecting a loss for the 2024 Fiscal Year. The range of these losses was \$-(957.17) to \$-(126,214.75).

In 2024, there were 143 franchise outlets that conducted pre-sale and soft opened in 2024. Pre-sale occurs prior to soft opening and typically ranges between 60 to 120 days. Revenue collected during this time is primarily from enrollment fees and retail products including vending items. The foregoing studios are not represented in the chart illustrated in Table 19.1 due to having only a partial year of financial data.

Of the 143 franchise outlets that conducted pre-sale and soft opened during 2024, the average revenue generated during the pre-sale period was \$21,166 with a median of \$18,726.70. The highest amount of revenue for this group totaled \$87,170 and the lowest reported total was \$4,295.70.

Of the 143 franchise outlets that conducted pre-sale and soft opened during 2024, the average number of memberships sold prior to soft opening was 238. The highest number of memberships sold was 579 and the lowest number of memberships sold was 127. The median number of memberships sold during pre-sale was 214.

**Note 1:** “Retail” includes retail sales, vending machine sales, and net gift card sales.

**Note 2:** “Total Revenue” means income generated from normal business operations for the full 12-month period during the 2024 fiscal year and is the gross revenue figure from which operating costs/expenses are subtracted to determine EBITDA.

**Note 3:** “Wholesale Goods Purchased” means the total cost for wholesale goods purchases during the 2024 fiscal year.

**Note 4:** “Gross Profit” means Total Revenue minus Wholesale Goods Purchased.

**Note 5:** “Payroll and Taxes” refers to payroll, monthly Paychex or Whirks payroll processing fees, and associated payroll taxes.

**Note 6:** These franchise outlets paid royalties of \$550.00 or \$595.00 per month in accordance with the franchise agreement signed for that location. Monthly royalty payments increased from \$550 to \$595 per month in 2023. See Item 6.

**Note 7:** These figures also include charges for monthly QuickBooks fee.

**Note 8:** These figures include merchant fees and fees for Nayax and Greenlite vending machine card reader services.

**Note 9:** These figures relate to the cost for required insurance. Payment plans for insurance premiums vary with some paying premiums on an annual basis and others paying on periodic installment basis.

**Note 10:** These expenses include SocialMadeSimple, HigherVisibility, Marq, SOCi, DYNAMIX, and the monthly SAIL fees. In April 2024, Drive became a social media advertising, search engine optimization and Google advertising approved vendor on a trial basis. Franchisor will begin billing Marq and SOCI fees following completion of marketing on-boarding call and DYNAMIX fee during pre-marketing. Franchisees are required to spend a minimum of \$2,000.00 or 10% of gross monthly revenue, whichever is greater, on local advertising but are not prohibited from spending more if they choose to do so. Your required monthly spending will decrease to 5% of your gross revenue once your NET EFT reaches a monthly minimum of \$30,000.00 USD. Should your monthly NET EFT drop below \$30,000.00 USD, the monthly spend will increase to 10% of gross

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revenue or \$2,000 a month, whichever is greater. See Sections 10.1 and 13.2 of Franchise Agreement.

**Note 11:** These figures relate to operating costs that do not typically fit into one of the other categories on the list of expenses. These figures also include the Secret Shopper inspection fee and RockBot subscription fee.

**Note 12:** These figures account for such things as franchise taxes, taxes on assets and licenses. These figures do not include amounts for sales tax or payroll taxes. The amount and payment period for taxes and/or license fees varies depending on geographic location.

**Note 13:** The required convention fee varies depending on the effective date of the franchise agreement. Since 2023, the annual convention fee has cost \$790.00 for two attendees. See Item 6.

**Note 14:** These figures also include monthly expenses related to Master Telecom, Brivo, and Home Park Maintenance.

**Note 15:** The Virtual Instructor fee will vary depending on the number of saunas a franchisee has. These figures also include the monthly DIET TRAX fee. The Virtual Instructor fee increased from a monthly fee of \$10.00 per sauna to a monthly fee of \$20.00 per sauna in 2023. See Item 6.

**Note 16:** “EBITDA” is defined as earnings before interest, taxes, depreciation, and amortization, is a measure of a company’s overall financial performance and is used as an alternative to simple earnings or net income.

**Note 17:** Franchisor will begin billing monthly royalty, VI license, and DIET TRAX fees the first month after Franchisee’s operations begin. Franchisor will begin billing the monthly Tech fee in the month following the signing of your Franchise Agreement. Franchisor will begin billing SAIL fee and POS fee upon installation of software for pre-sale.

All Other Fully Operational Studios’ Financial Performance Representations:  
Franchised Outlets Historical Data

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

These studios are substantially similar to the studio you will operate if you decide to become a franchisee.

During the 2024 fiscal year, in addition to 162 first-year fully operational outlets, HOTWORX had 398 fully operational franchise outlets that were opened and fully operational for all 12 months of each of the years between 2018 and 2023. The following representations are based on the 2024 performance of those 398 studios. The following representations do not include data relating to 3 studio outlets that ceased operations in 2024 and 1 studio outlet that temporarily closed in 2024

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due to the death of the franchisee. The foregoing studios are not represented in the chart illustrated in Table 19.2 due to having only a partial year of financial data.

The group franchise outlets have been classified into thirds: Top, Middle, and Bottom. There is a range of performance within each group.

The leading franchise outlet out of these 398 outlets, the franchise outlet with the highest EBITDA within this group, had annual Total Revenues of \$794,131.05 with an EBITDA of \$495,669.70. This studio is located in San Antonio, TX.

The last outlet in these 398 outlets, the franchise outlet with the lowest EBITDA within this group, had annual Total Revenues in 2024 of \$102,088.27 with an EBITDA of \$-(98,874.78). This studio is located in Sugar Land, TX.

The average number of memberships for these 398 studios was 474. The leading franchise outlet of these 398 second-year outlets, the franchise outlet with the highest EBITDA within this group, had 1,187 members. The last outlet of these 398 studios, the franchise outlet with the lowest EBITDA within this group, had 148 members. The median number of memberships for the 398 franchise outlets was 436.

During the 2024 fiscal year, the average of the monthly cancellation rates for the 398 operational franchise outlets was 6.10% with a high of 7.54% and a low of 5.15%. The median monthly cancellation rate in 2024 was 6.10%. The cancellation rate measures the total number of active members versus the total number of membership cancellations by month, calculated by the total active members at month end for all studios in the group divided by the total number of cancellations at month's end for all studios in the group.

Written substantiation for these representations will be made available to a prospective franchisee upon reasonable request.

[TABLE TO FOLLOW]

**Table 19.2 – For 2024 Fiscal Year – Fully Operational Studios Opened 2018 - 2023**  
**Franchise Outlets Financial Performance Representations:**  
**Franchised Outlets Historical Data**

	Top Third		Middle Third		Bottom Third		All Locations	
Revenue	Average	Median	Average	Median	Average	Median	Average	Median
Membership	\$ 439,705.58	\$ 429,947.03	\$ 301,015.55	\$ 300,755.78	\$ 215,984.13	\$ 214,569.97	\$ 319,160.34	\$ 302,718.45
Retail <sup>1</sup>	\$ 45,570.68	\$ 47,007.06	\$ 29,352.79	\$ 28,319.81	\$ 19,658.60	\$ 19,413.68	\$ 31,557.18	\$ 27,114.22
Total Revenue <sup>2</sup>	\$ 485,276.26	\$ 469,525.18	\$ 330,368.34	\$ 326,091.59	\$ 235,642.73	\$ 232,487.73	\$ 350,717.52	\$ 330,476.85
Wholesale Goods Purchased <sup>3</sup>	\$ 30,773.11	\$ 30,911.94	\$ 19,568.16	\$ 18,450.45	\$ 13,134.54	\$ 12,259.13	\$ 21,178.76	\$ 18,313.58
Gross Profit <sup>4</sup>	\$ 454,503.15	\$ 440,877.69	\$ 310,800.17	\$ 309,070.18	\$ 222,508.19	\$ 221,413.81	\$ 329,538.75	\$ 366,082.15
Expenses								
Payroll and Taxes <sup>5</sup>	\$ 88,724.29	\$ 84,675.35	\$ 75,063.26	\$ 74,394.70	\$ 65,768.22	\$ 65,815.07	\$ 76,545.60	\$ 73,767.88
Rent	\$ 64,469.28	\$ 65,124.26	\$ 66,030.73	\$ 64,068.22	\$ 68,578.39	\$ 68,815.62	\$ 66,353.89	\$ 66,745.78
Royalties <sup>6,17</sup>	\$ 6,542.71	\$ 6,600.00	\$ 6,546.52	\$ 6,600.00	\$ 6,519.44	\$ 6,600.00	\$ 6,536.26	\$ 6,600.00
Accounting <sup>7</sup>	\$ 2,812.41	\$ 1,875.00	\$ 2,274.60	\$ 1,440.00	\$ 2,019.27	\$ 1,222.61	\$ 2,369.64	\$ 1,440.00
Bank Charges <sup>8</sup>	\$ 13,671.45	\$ 13,812.18	\$ 9,404.64	\$ 9,873.08	\$ 7,266.31	\$ 7,146.46	\$ 10,121.29	\$ 9,775.03
Insurance <sup>9</sup>	\$ 6,826.47	\$ 6,065.17	\$ 6,475.73	\$ 5,995.99	\$ 6,036.23	\$ 5,699.71	\$ 6,447.17	\$ 5,880.60
Maintenance and Repairs	\$ 3,934.34	\$ 3,323.54	\$ 3,257.43	\$ 2,779.99	\$ 2,475.92	\$ 1,753.25	\$ 3,224.44	\$ 2,633.43
Marketing and Advertising <sup>10,17</sup>	\$ 28,353.59	\$ 28,008.23	\$ 28,201.93	\$ 27,437.10	\$ 25,249.61	\$ 25,118.23	\$ 27,273.45	\$ 26,452.22
Miscellaneous <sup>11</sup>	\$ 2,179.53	\$ 1,622.45	\$ 2,034.31	\$ 1,758.54	\$ 1,816.65	\$ 1,307.95	\$ 2,010.65	\$ 1,577.76
POS Fee <sup>17</sup>	\$ 1,551.92	\$ 1,548.00	\$ 1,544.81	\$ 1,548.00	\$ 1,542.04	\$ 1,548.00	\$ 1,546.27	\$ 1,548.00
Staff Incentives	\$ 868.47	\$ 100.00	\$ 512.00	\$ 39.65	\$ 292.67	\$ -	\$ 558.38	\$ 3.21
Supplies	\$ 5,097.85	\$ 4,473.25	\$ 4,163.23	\$ 3,440.48	\$ 2,928.60	\$ 2,523.74	\$ 4,066.08	\$ 3,410.53
Taxes and Licenses <sup>12</sup>	\$ 1,595.46	\$ 200.00	\$ 1,034.66	\$ 207.43	\$ 754.51	\$ 87.50	\$ 1,129.15	\$ 110.40
Telephone and Internet	\$ 4,275.95	\$ 4,070.20	\$ 4,257.49	\$ 4,124.16	\$ 4,049.20	\$ 3,707.65	\$ 4,194.58	\$ 3,989.88
Travel <sup>13</sup>	\$ 2,003.88	\$ 1,381.33	\$ 1,673.47	\$ 1,081.67	\$ 1,143.30	\$ 790.00	\$ 1,608.05	\$ 795.60
Utilities <sup>14</sup>	\$ 19,637.14	\$ 18,093.34	\$ 17,063.53	\$ 16,329.49	\$ 16,598.92	\$ 15,727.96	\$ 17,769.46	\$ 16,679.77
Virtual Instructor Fee <sup>15,17</sup>	\$ 1,797.59	\$ 1,795.00	\$ 1,796.01	\$ 1,815.00	\$ 1,810.23	\$ 1,812.50	\$ 1,801.25	\$ 1,807.50
Expense Totals	\$ 254,342.35	\$ 252,852.74	\$ 231,334.34	\$ 231,003.49	\$ 214,849.50	\$ 216,363.85	\$ 233,555.61	\$ 231,614.00
EBITDA <sup>16</sup>	\$ 200,160.79	\$ 178,489.76	\$ 79,465.83	\$ 79,076.53	\$ 7,658.69	\$ 13,908.06	\$ 95,983.14	\$ 79,449.56

Of the Top Third outlets, 126 outlets (95%) met or exceeded the “All Locations” revenue average listed in Table 19.2. Of the Middle Third outlets, 48 outlets (36%) met or exceeded the “All Locations” revenue average listed in Table 19.2. Of the Bottom Third outlets, 1 outlet (1%) met or exceeded the revenue average listed in Table 19.2. Of all outlets listed in 19.2, 175 outlets (44%) met or exceeded the “All Locations” revenue average listed in Table 19.2. Of all outlets listed in Table 19.2, 49 outlets (12%) had an EBITDA reflecting a loss for the 2024 Fiscal Year. The range of these losses was \$-(108.94) to \$-(98,874.78).

**Note 1:** “Retail” includes retail sales, vending machine sales, and net gift card sales.

**Note 2:** “Total Revenue” means income generated from normal business operations for the full 12-month period during the 2024 fiscal year and is the gross revenue figure from which operating costs/expenses are subtracted to determine EBITDA.

**Note 3:** “Wholesale Goods Purchased” means the total cost for wholesale goods purchases during the 2024 fiscal year.

**Note 4:** “Gross Profit” means Total Revenue minus Wholesale Goods Purchased.

**Note 5:** “Payroll and Taxes” refers to payroll, monthly Paychex or Whirks payroll processing fees, and associated payroll taxes.

**Note 6:** These franchise outlets paid royalties of \$550.00 or \$595.00 per month in accordance with the franchise agreement signed for that location. Monthly royalty payments increased to from \$550 to \$595.00 per month in 2023. See Item 6.

**Note 7:** These figures also include charges for monthly QuickBooks fee.

**Note 8:** These figures include merchant fees and fees for Nayax and Greenlite vending machine card reader services.

**Note 9:** These figures relate to the cost for required insurance. Payment plans for insurance premiums vary with some paying premiums on an annual basis and others paying on periodic installment basis.

**Note 10:** These expenses include SocialMadeSimple, HigherVisibility, Marq, SOCi, DYNAMIX, and the monthly SAIL fees. In April 2024, Drive became a social media advertising, search engine optimization, and Google advertising approved vendor on a trial basis. Franchisor will begin billing Marq and SOCI fees following completion of marketing on-boarding call and DYNAMIX fee during pre-marketing. Franchisees are required to spend a minimum of \$2000.00 or 10% of gross monthly revenue, whichever is greater, on local advertising but are not prohibited from spending more if they choose to do so. Your required monthly spending will decrease to 5% of your gross revenue once your NET EFT reaches a monthly minimum of \$30,000.00 USD. Should your monthly NET EFT drop below \$30,000.00 USD, the monthly spend will increase to 10% of gross revenue or \$2,000 a month, whichever is greater. See Sections 10.1 and 13.2 of Franchise Agreement.

**Note 11:** These figures relate to operating costs that do not typically fit into one of the other categories on the list of expenses. These figures also include the monthly Secret Shopper inspection fee and RockBot subscription fee.

**Note 12:** These figures account for such things as franchise taxes, taxes on assets and licenses. These figures do not include amounts for sales tax or payroll taxes. The amount and payment period for taxes and/or license fees varies depending on geographic location.

**Note 13:** The required convention fee varies depending on the effective date of the franchise agreement. Since 2023, the annual convention fee has cost \$790.00 for two attendees. See Item 6.

**Note 14:** These figures also include monthly expenses related to Master Telecom, Brivo and Home Park Maintenance.

**Note 15:** The Virtual Instructor fee will vary depending on the number of saunas a franchisee has. The Virtual Instructor fee increased from a monthly fee of \$10.00 per sauna to a monthly fee of \$20.00 per sauna in 2023. These figures also include the monthly DIET TRAX fee. See Item 6.

**Note 16:** “EBITDA” is defined as earnings before interest, taxes, depreciation, and amortization, is a measure of a company’s overall financial performance and is used as an alternative to simple earnings or net income.

**Note 17:** Franchisor will begin billing monthly royalty, VI license, and DIET TRAX fees the first month after Franchisee’s operations begin. Franchisor will begin billing monthly Tech fee in the month following the signing of your Franchise Agreement. Franchisor will begin billing SAIL fee and POS fee upon installation of software for pre-sale.

Written substantiation for these representations will be made available to a prospective franchisee upon reasonable request.

#### **General Notes to Item 19:**

Other than the preceding financial performance representation, HOTWORX 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 Nancy Price, our Senior Vice President of Franchise Recruitment at 5145 Taravella Rd, Marrero, LA 70072 and at [nancy@hotworx.net](mailto:nancy@hotworx.net), the Federal Trade Commission, and the appropriate state regulatory agencies.



**Item 20**  
**OUTLETS AND FRANCHISE INFORMATION**

TABLE NO.1  
System-wide Outlet Summary for Fiscal Years January 1, 2022 to December 31, 2024

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
FRANCHISED	2022	233	405	+172
	2023	405	576	+171
	2024	576	712	+136
COMPANY-OWNED	2022	3	4	+1
	2023	4	6	+2
	2024	6	7	+1
TOTAL OUTLETS	2022	236	409	+173
	2023	409	582	+173
	2024	582	719	+137

**NOTE 1:** In the past three years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX Franchising, L.L.C. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

TABLE NO. 2  
Transfers of outlets from franchisees to new owners  
(other than franchisor or an affiliate) for years of 2022 to 2024

STATE	YEAR	NUMBER OF TRANSFERS
ALABAMA	2022	2
	2023	1
	2024	1
ARKANSAS	2022	0
	2023	3
	2024	1
ARIZONA	2022	1
	2023	2
	2024	0
CALIFORNIA	2022	0
	2023	0
	2024	0
COLORADO	2022	1
	2023	2
	2024	4

FLORIDA	2022	0
	2023	1
	2024	4
GEORGIA	2022	4
	2023	0
	2024	2
IOWA	2022	0
	2023	1
	2024	0
ILLINOIS	2022	0
	2023	0
	2024	0
INDIANA	2022	0
	2023	0
	2024	0
KANSAS	2022	1
	2023	0
	2024	0
KENTUCKY	2022	0
	2023	0
	2024	1
LOUISIANA	2022	0
	2023	0
	2024	0
MASSACHUSETTS	2022	0
	2023	0
	2024	0
MICHIGAN	2022	0
	2023	3
	2024	2
MINNESOTA	2022	0
	2023	1
	2024	0
MISSISSIPPI	2022	0
	2023	0
	2024	0
MISSOURI	2022	0
	2023	1
	2024	1
MONTANA	2022	0
	2023	0
	2024	0
NEBRASKA	2022	0
	2023	0
	2024	5
NEW HAMPSHIRE	2022	0
	2023	1

	2024	1
NEW JERSEY	2022	0
	2023	0
	2024	0
NEW MEXICO	2022	0
	2023	1
	2024	0
NEVADA	2022	0
	2023	0
	2024	1
NORTH CAROLINA	2022	0
	2023	1
	2024	1
OHIO	2022	0
	2023	0
	2024	0
OKLAHOMA	2022	0
	2023	1
	2024	0
OREGON	2022	0
	2023	0
	2024	0
PENNSYLVANIA	2022	0
	2023	0
	2024	0
SOUTH CAROLINA	2022	0
	2023	0
	2024	0
SOUTH DAKOTA	2022	0
	2023	0
	2024	0
TENNESSEE	2022	1
	2023	1
	2024	1
TEXAS	2022	3
	2023	6
	2024	9
UTAH	2022	0
	2023	0
	2024	3
VIRGINIA	2022	0
	2023	0
	2024	0
WASHINGTON	2022	0
	2023	0

	<b>2024</b>	0
WISCONSIN	<b>2022</b>	0
	<b>2023</b>	1
	<b>2024</b>	0
TOTAL	<b>2022</b>	13
	<b>2023</b>	27
	<b>2024</b>	37

**NOTE 1:** In the past three years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX Franchising, L.L.C. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

TABLE NO. 3  
Status of franchised outlets for years 2022 to 2024

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	TERMI- NATIONS	NON- RENEWALS	REAQUIRED BY FRANCHISOR	CEASED OPERATIONS	OUTLE TS AT END OF YEAR
AL	<b>2022</b>	7	3	0	0	0	0	10
	<b>2023</b>	10	3	0	0	0	0	13
	<b>2024</b>	13	2	0	0	0	0	15
AR	<b>2022</b>	8	2	0	0	0	0	10
	<b>2023</b>	10	0	0	0	0	0	10
	<b>2024</b>	10	1	0	0	0	0	11
AZ	<b>2022</b>	6	3	0	0	0	0	9
	<b>2023</b>	9	2	0	0	0	0	11
	<b>2024</b>	11	3	0	0	0	1	13
CA	<b>2022</b>	5	9	0	0	0	0	14
	<b>2023</b>	14	8	0	0	0	0	22
	<b>2024</b>	22	16	0	0	0	1	37
CO	<b>2022</b>	6	7	0	0	0	0	13
	<b>2023</b>	13	3	0	0	0	0	16
	<b>2024</b>	16	3	0	0	0	1	18
CT	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	0	0	0	0	0	0
	<b>2024</b>	0	1	0	0	0	0	1
FL	<b>2022</b>	18	8	0	0	0	0	26
	<b>2023</b>	26	12	0	0	0	0	38
	<b>2024</b>	38	11	0	0	0	0	49
GA	<b>2022</b>	14	8	0	0	0	0	22
	<b>2023</b>	22	4	0	0	0	0	26

	<b>2024</b>	26	4	0	0	0	0	30
IA	<b>2022</b>	2	4	0	0	0	0	6
	<b>2023</b>	6	4	0	0	0	0	10
	<b>2024</b>	10	2	0	0	0	0	12
ID	<b>2022</b>	0	2	0	0	0	0	2
	<b>2023</b>	2	2	0	0	0	0	4
	<b>2024</b>	4	0	0	0	0	0	4
IL	<b>2022</b>	2	1	0	0	0	0	3
	<b>2023</b>	3	7	0	0	0	0	10
	<b>2024</b>	10	5	0	0	0	0	15
IN	<b>2022</b>	4	5	0	0	0	0	9
	<b>2023</b>	9	1	0	0	0	0	10
	<b>2024</b>	10	1	0	0	0	0	11
KS	<b>2022</b>	4	2	0	0	0	0	6
	<b>2023</b>	6	0	0	0	0	0	6
	<b>2024</b>	6	3	0	0	0	0	9
KY	<b>2022</b>	4	1	0	0	0	0	5
	<b>2023</b>	5	2	0	0	0	0	7
	<b>2024</b>	7	1	0	0	0	0	8
LA	<b>2022</b>	11	3	0	0	0	0	14
	<b>2023</b>	14	5	0	0	0	0	19
	<b>2024</b>	19	3	0	0	0	0	22
ME	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	0	0	0	0	0	0
	<b>2024</b>	0	1	0	0	0	0	1
MD	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	2	0	0	0	0	2
	<b>2024</b>	2	2	0	0	0	0	4
MA	<b>2022</b>	1	0	0	0	0	0	1
	<b>2023</b>	1	4	0	0	0	0	5
	<b>2024</b>	5	0	0	0	0	0	5
MI	<b>2022</b>	3	5	0	0	0	0	8
	<b>2023</b>	8	3	0	0	0	0	11
	<b>2024</b>	11	2	0	0	0	1	12
MN	<b>2022</b>	2	4	0	0	0	0	6
	<b>2023</b>	6	3	0	0	0	0	9
	<b>2024</b>	9	4	0	0	0	0	13
MO	<b>2022</b>	5	6	0	0	0	0	11
	<b>2023</b>	11	5	0	0	0	0	16
	<b>2024</b>	16	1	0	0	0	0	17
MS	<b>2022</b>	4	4	0	0	0	0	8
	<b>2023</b>	8	3	0	0	0	0	11
	<b>2024</b>	11	2	0	0	0	0	13
MT	<b>2022</b>	0	1	0	0	0	0	1
	<b>2023</b>	1	0	0	0	0	0	1
	<b>2024</b>	1	0	0	0	0	0	1
NC	<b>2022</b>	5	7	0	0	0	0	12
	<b>2023</b>	12	5	0	0	0	0	17

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	<b>2024</b>	17	7	0	0	0	0	24
ND	<b>2022</b>	1	1	0	0	0	0	2
	<b>2023</b>	2	0	0	0	0	0	2
	<b>2024</b>	2	0	0	0	0	0	2
NE	<b>2022</b>	7	6	0	0	0	0	13
	<b>2023</b>	13	1	0	0	0	0	14
	<b>2024</b>	14	1	0	0	0	0	15
NH	<b>2022</b>	1	1	0	0	0	0	2
	<b>2023</b>	2	4	0	0	0	0	6
	<b>2024</b>	6	1	0	0	0	0	7
NJ	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	1	0	0	0	0	1
	<b>2024</b>	1	4	0	0	0	0	5
NM	<b>2022</b>	0	1	0	0	0	0	1
	<b>2023</b>	1	3	0	0	0	0	4
	<b>2024</b>	4	2	0	0	0	0	6
NY	<b>2022</b>	0	2	0	0	0	0	2
	<b>2023</b>	2	2	0	0	0	0	4
	<b>2024</b>	4	6	0	0	0	0	10
NV (Note 2)	<b>2022</b>	3	3	0	0	0	0	6
	<b>2023</b>	6	4	0	0	0	0	10
	<b>2024</b>	10	0	0	0	0	0	10
OH	<b>2022</b>	3	4	0	0	0	0	7
	<b>2023</b>	7	4	0	0	0	0	11
	<b>2024</b>	11	0	0	0	0	0	11
OK	<b>2022</b>	7	4	0	0	0	0	11
	<b>2023</b>	11	3	0	0	0	0	14
	<b>2024</b>	14	1	0	0	0	0	15
OR	<b>2022</b>	1	1	0	0	0	0	2
	<b>2023</b>	2	1	0	0	0	0	3
	<b>2024</b>	3	0	0	0	0	0	3
PA	<b>2022</b>	0	2	0	0	0	0	2
	<b>2023</b>	2	4	0	0	0	0	6
	<b>2024</b>	6	3	0	0	0	0	9
SC	<b>2022</b>	3	1	0	0	0	0	4
	<b>2023</b>	4	4	0	0	0	0	8
	<b>2024</b>	8	4	0	0	0	0	12
SD	<b>2022</b>	0	1	0	0	0	0	1
	<b>2023</b>	1	1	0	0	0	0	2
	<b>2024</b>	2	0	0	0	0	0	2
TN	<b>2022</b>	14	10	0	0	0	0	24
	<b>2023</b>	24	2	0	0	0	0	26
	<b>2024</b>	26	3	0	0	0	0	29
TX	<b>2022</b>	70	42	0	0	0	0	112
	<b>2023</b>	112	44	0	0	0	0	156
	<b>2024</b>	256	23	0	0	0	0	179
UT	<b>2022</b>	6	5	0	0	0	0	11
	<b>2023</b>	11	3	0	0	0	0	14

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	<b>2024</b>	14	2	0	0	0	0	16
VA	<b>2022</b>	2	0	0	0	0	0	2
	<b>2023</b>	2	5	0	0	0	0	7
	<b>2024</b>	7	4	0	0	0	1	10
WA	<b>2022</b>	2	3	0	0	0	0	5
	<b>2023</b>	5	4	0	0	0	0	9
	<b>2024</b>	9	7	0	0	0	0	16
WI	<b>2022</b>	2	0	0	0	0	0	2
	<b>2023</b>	2	2	0	0	0	0	4
	<b>2024</b>	4	3	0	0	0	0	7
WV	<b>2022</b>	0	0	0	0	0	0	0
	<b>2023</b>	0	1	0	0	0	0	1
	<b>2024</b>	1	2	0	0	0	0	3
TOTAL	<b>2022</b>	233	172	0	0	0	0	405
	<b>2023</b>	405	171	0	0	0	0	576
	<b>2024</b>	576	141	0	0	0	5	712

**NOTE 1:** In the past three years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX Franchising, L.L.C. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

**NOTE 2:** One franchise outlet temporarily ceased operations in 2024 until new management took over.

TABLE NO. 4  
Status of company owned locations for years 2022 to 2024

STATE	YEAR	OUTLETS AT START OF YEAR	OUTLETS OPENED	REAQUIRED FROM FRANCHISEE	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEE	OUTLETS AT END OF YEAR
IL	<b>2022</b>	1	0	0	0	0	1
	<b>2023</b>	1	0	0	0	0	1
	<b>2024</b>	1	0	0	1	0	0
LA	<b>2022</b>	1	1	0	0	0	2
	<b>2023</b>	2	0	0	0	0	2
	<b>2024</b>	2	2	0	0	0	4
MS	<b>2022</b>	1	0	0	0	0	1
	<b>2023</b>	1	0	0	0	0	1
	<b>2024</b>	1	0	0	0	0	1
NY	<b>2022</b>	0	0	0	0	0	0
	<b>2023</b>	0	2	0	0	0	2
	<b>2024</b>	2	0	0	0	0	2
TOTAL	<b>2022</b>	3	1	0	0	0	4
	<b>2023</b>	4	2	0	0	0	6
	<b>2024</b>	6	2	0	1	0	7

**NOTE 1:** In the past three years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX Franchising, L.L.C. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

TABLE NO. 5  
Projected openings as of December 31, 2024

State	Franchise Agreement Signed But Outlet Not Yet Opened	Projected New Franchised Outlets in the Next Fiscal Year (2025)	Projected New Company-Owned Outlets in the Next Fiscal Year (2025)
Alabama	4	1	0
Alaska	0	0	0
Arkansas	0	0	0
Arizona	3	1	0
California	19	12	0
Colorado	9	8	0
Connecticut	1	0	0
Florida	18	15	0
Georgia	11	9	0
Hawaii	0	0	0
Idaho	2	2	0
Illinois	3	3	0
Indiana	4	2	0
Iowa	2	3	0



Kansas	0	0	0
Kentucky	2	2	0
Louisiana	3	1	0
Maryland	1	0	0
Massachusetts	1	1	0
Michigan	1	1	0
Minnesota	3	1	0
Missouri	2	1	0
Mississippi	1	0	0
Montana	2	1	0
Nebraska	1	1	0
Nevada	0	0	0
New Hampshire	3	3	0
New Jersey	4	4	0
New Mexico	2	1	0
New York	8	5	0
North Carolina	16	11	0
North Dakota	1	1	0
Ohio	7	4	0
Oklahoma	4	3	0
Oregon	0	0	0
Pennsylvania	5	4	0
South Carolina	3	2	0
South Dakota	0	0	0
Tennessee	3	3	0

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Texas	17	13	0
Utah	2	2	0
Virginia	5	3	0
Washington	4	1	0
West Virginia	0	3	0
Wisconsin	4	2	0
Wyoming	0	0	0
International	2	1	0
Totals	183	131	0

**NOTE 1:** In the past three years, some franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX Franchising, L.L.C. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

Exhibit C of this disclosure document contains a list of our current franchisees and the addresses and telephone number of each of their respective outlets. Exhibit D contains a list of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date. If you buy this franchise, your contact information may be disclosed to other prospective or current franchisees when you leave the franchise system.

**Item 21**  
**FINANCIAL**  
**STATEMENTS**

Attached to this disclosure document as Exhibit E is our audited December 31, 2022, December 31, 2023 and December 31, 2024 financial statements for HOTWORX® Franchising, LLC's prior three full fiscal years selling franchises.

**Item 22**  
**CONTRACTS**

Exhibits F, G, H and I of this disclosure document contain all proposed contracts, including the following agreements:

Exhibit F – Single Unit Franchise Agreement

Exhibit 1 – Schedule of Authorized and Approved Products and Services

Exhibit 2 - Approved Location and Territory Addendum

Exhibit 3 - Guaranty Agreement and Acknowledgment by Guarantor

Exhibit 4 - Rider to Lease

Exhibit 5 – Software License Agreement

Exhibit 6 - Confidentiality and Non-Competition Agreement

Exhibit 7 - Conditional Assignment of Franchisee's Telephone Numbers, Email  
Addresses, Social Media and Other URLs

Exhibit 8 - Statement of Prospective Franchisee

Exhibit G - Area Development Agreement

Exhibit H - Termination of Franchise Agreement and Release Upon Transfer to An Authorized Franchisee

Exhibit I - Confidentiality Agreement

Exhibit J – Financing Agreement

**Item 23**  
**RECEIPT**

Exhibit L of this disclosure document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one copy for your records and return the other signed copy to: HOTWORX® Franchising, LLC, 5161 Taravella Road, Marrero, Louisiana 70072.

## EXHIBIT A

### HOTWORX® FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT

#### LIST OF STATE ADMINISTRATORS

California Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222
Florida Department of Agricultural & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (904) 922-2770	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Department 414 Bismarck, North Dakota 58505-0510 (701) 328-4712
Hawaii Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street Room 203 Honolulu, HI 96813 (808) 586-2722	Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industries Building P.O. Box 14610 Salem, Oregon 97310 (503) 378-4387
Illinois Office of Attorney General Franchise Division 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	Chief Securities Examiner State of Rhode Island Dept. of Business Regulations Securities Division 1511 Pontiac Avenue Building 69-1 Cranston, Rhode Island 02920 (401) 222-3048
Indiana Securities Division 302 West Washington Street Room E-111 Indianapolis, Indiana 46204 (317) 232-6531	South Dakota Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563

Kentucky Office of the Attorney General Consumer Protection Division 1024 Capital Center Drive, Suite 200 Frankford, Kentucky 40601 (502) 696-5389	Texas Secretary of State Statutory Document Section P.O. Box 12887 Austin, Texas 78711 (512) 463-5600
State of Maryland Office of the Attorney General Division of Securities 200 St. Paul Place, 20 <sup>th</sup> Floor Baltimore, Maryland 21202 (410) 576-6360	State of Utah Division of Consumer Protection P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section G. Mennen Williams, Bldg., First Floor Lansing, Michigan 48933 (517) 335-7567	Virginia State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, Virginia 23219 (804) 371-9276
Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	State of Washington Securities Division Department of Financial Institutions PO Box 41200 Olympia, WA 98504-1200 (360) 902-8769
Nebraska Department of Banking and Finance P.O. Box 95006 1526 K Street, Suite 300 Lincoln, Nebraska 68508-5006 (402) 471-3445	Wisconsin Division of Securities 101 East Wilson Street, 4 Floor Madison, Wisconsin 53703 (608) 266-3431

**EXHIBIT B**  
**HOTWORX® FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**AGENTS FOR SERVICE OF PROCESS**

<p>California  Department of Financial Protection and Innovation  320 West 4th Street  Los Angeles, CA 90013-2344</p>	<p>New York  Secretary of State  99 Washington Avenue  Albany, NY 12231</p>
<p>Hawaii  Department of Commerce and Consumer Affairs  Business Registration Division  Commissioner of Securities  335 Merchant Street  Room 203  Honolulu, HI 96813</p>	<p>North Dakota  North Dakota Securities Department  600 East Boulevard Avenue  State Capitol, Fifth Floor  Bismarck, North Dakota 58505-0510 (701) 328-4712</p>
<p>Illinois  Office of the Attorney General  500 South Second Street  Springfield, IL 62701</p>	<p>Rhode Island  Director of Department of Business Regulation  1511 Pontiac Avenue  John O. Pastore Complex – Building 69-1  Cranston, Rhode Island 02920</p>
<p>Indiana  Secretary of State  Securities Division  302 West Washington Street  Indianapolis, IN 46204</p>	<p>South Dakota  Division of Insurance  Securities Regulation  124 S. Euclid, Suite 104  Pierre, SD 57501</p>
<p>Maryland  Maryland Securities Commissioner  200 St. Paul Place  Baltimore, MD 21202</p>	<p>Virginia  Clerk of the State Corporation Commission  1300 East Main Street, First Floor  Richmond, VA 23219</p>
<p>Michigan  Corporations and Securities  Bureau of the Department of Commerce  611 W. Ottawa  P.O. Box 30004  Lansing, MI 48909</p>	<p>Washington  Department of Financial Institutions  150 Israel Road  Tumwater, WA 98501</p>

<p>Minnesota  Commissioner of Commerce  Department of Commerce  85 7th Place East, Suite 280  St. Paul, MN 55101-2198</p>	<p>Wisconsin  Commissioner of Securities  101 East Wilson Street, 4th Floor  Madison, WI 53702</p>
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## EXHIBIT C

### HOTWORX® FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT

#### LIST OF FRANCHISEES

\*Displays the state-by-state list of all Franchise Outlets

*Displays the state-by-state list of all Franchise Outlets					
Location Code	Franchisee Name	Contact	Franchisee Email	Franchisee Phone	Location Address
<b>ALABAMA</b>					
AL0001	John Mark Ware	John Mark Ware (Note 1)	mark.ware@hotworx.net	(205) 710-7475	1306 University Blvd Tuscaloosa, AL 35401
AL0002	John Mark Ware	John Mark Ware (Note 1)	mark.ware@hotworx.net	(205) 502-7898	2000 5th Ave South Birmingham, AL
AL0006	Hot Tulips, LLC	Arria Hines Danica Kempinski (Note 1)	arria.hines@hotworx.net danica.kempinski@hotworx.net	(205) 502-7511	790 Montgomery Hwy Vestavia Hills, AL 35216
AL0008	HottieHott, LLC	Angela Mott Burgess (Note 1)	angela.burgess@hotworx.net	(334) 440-8111	7252 Halcyon Park Dr. Montgomery, AL 36117
AL0009	Kevin Darick Sargent Kristen Sargent	Kevin Darick Sargent Kristen Sargent	kevin.sargent@hotworx.net kristen.sargent@hotworx.net	(205) 767-6767	106 South Chalkville Road Trussville, AL 35173
AL0017	Missy and Gigi, LLC	Nina Snider Missy Beasley	nina.snider@hotworx.net missy.beasley@hotworx.net	(205) 438-6363	2786 John Hawkins Pkwy Hoover, AL 35244
AL0018	Angela Mott Buress John Burgess	Angela Mott Burgess John Burgess	Angela.burgess@hotworx.net John.burgess@hotworx.net	(334) 649-8618	1876 East Main St.

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		(Note 1)			Prattville, AL 36066
AL0020	Sierra Knox	Sierra Knox	sierra.knox@hotworx.net	(256) 325-2456	419 John Henry Way Madison, AL 35757
AL0024	Lane Works, LLC	Gregory Lane Amy Lane	gregory.lane@hotworx.net amy.lane@hotworx.net	(334) 734-2762	234 N Gay St Auburn, AL 36830
AL0025	MMG Wellness, LLC	Aron Tetsu Matsuyama Abigail Matsuyama	aron.matsuyama@hotworx.net abby.matsuyama@hotworx.net	(256) 513-5688	4800 Whitesburg Dr Huntsville, LA 35808
AL0026	MLC Studios, LLC	Michael Gene Crase Lauren Crase	michael.crase@hotworx.net lauren.crase@hotworx.net	(205) 494-7370	611 Doug Baker Blvd. Suite 114 Birmingham, AL 35242
AL0027	Heather Hunt CJ Hunt	Heather Hunt CJ Hunt	heather.hunt@hotworx.net cj.hunt@hotworx.net	(251) 332-2042	160 Cotton Creek Drive Gulf Shores, AL 36542
AL0028	RIS Enterprises, LLC	Samantha Daigre Kendrick Jonathan Kendrick (Note 1)	sam.kendrick@hotworx.net jonathan.kendrick@hotworx.net	(251) 219-0006	4364 Old Shell Rd, Suite 5A Mobile, AL 36608
AL0029	DSW Realty & Investments Corp	Derrick Shafter Williams	derrick.williams@hotworx.net	(504) 616-9100	375 Lime Quarry Rd Suite 100 Madison, AL 35758
AL0032	RIS 2 Enterprises LLC	Samantha Daigre Kendrick Jonathan Kendrick (Note 1)	sam.kendrick@hotworx.net jonathan.kendrick@hotworx.net	(251) 219-0006	28588 Hwy 98 Ste 1 Daphne, AL 36526
<b>ARKANSAS</b>					
AR0001	McNamara Personal Services, LLC	Michael McNamara (Note 1)	michael.mcnamara@hotworx.net	(501) 909-5102	20320 I-30 North Benton, AR 72019

AR0002	Michael McNamara Sahil Hameerani Taylor Crews Joshua Wade Crews	Michael McNamara Sahil Hameerani Taylor Crews Joshua Wade Crews (Note 1)	michael.mcnamara@hotmail.com sahil.hameerani@hotmail.com taylor.crews@hotmail.com wade.crews@hotmail.com	(479) 249-9015	3484 W. Wedington Fayetteville, AR 72704
AR0003	Michael McNamara Sahil Hameerani Taylor Crews Joshua Wade Crews	Michael McNamara Sahil Hameerani Taylor Crews Joshua Wade Crews (Note 1)	michael.mcnamara@hotmail.com sahil.hameerani@hotmail.com taylor.crews@hotmail.com wade.crews@hotmail.com	(479) 278-2865	4305 S. Pleasant Crossing Blvd Rogers, AR 72758
AR0004	Michael McNamara Sahil Hameerani Taylor Crews Joshua Wade Crews	Michael McNamara Sahil Hameerani Taylor Crews Joshua Wade Crews (Note 1)	michael.mcnamara@hotmail.com sahil.hameerani@hotmail.com taylor.crews@hotmail.com wade.crews@hotmail.com	(479) 367-2760	1702 S Walton Blvd Bentonville, AR 72712
AR0005	MMJD Investments, LLC	Joe Dowd Michael McNamara (Note 1)	joe.dowd@hotmail.com michael.mcnamara@hotmail.com	(501) 920-4705	12911 Cantrell Rd. Little Rock, AR 72212
AR0008	SOL FIT LLC	Jennifer Pruitt Jonathan Pruitt (Note 1)	jennifer.pruitt@hotmail.com jonathan.pruitt@hotmail.com	(479) 209-6575	4300 Rogers Ave Fort Smith, AR 72903
AR0009	Fitbiz 1 Co	Theresa Johnson Tim Johnson (Note 1)	theresa.johnson@hotmail.com tim.johnson@hotmail.com	(870) 972-8646	1107 W. Parker Rd Jonesboro, AR 72404
AR0010	Fitbiz 2 Co	Theresa Johnson Tim Johnson (Note 1)	theresa.johnson@hotmail.com tim.johnson@hotmail.com	(870) 919-0249	3800 East Johnson Avenue Jonesboro, AR 72401

AR0011	Fitbiz 3 Co	Theresa Johnson Tim Johnson (Note 1)	theresa.johnson@hotworx.net tim.johnson@hotworx.net	(501) 273-4345	2501 Dave Ward Dr Conway, AR 72034
AR0014	Stevenson Holdings, LLC	Kelly Stevenson Dan Stevenson	kelly.stevenson@hotworx.net dan.stevenson@hotworx.net	(479) 318-2584	7322 Sunset Ave Springdale, AR 72762
AR0020	AFFINITY CONCEPTS LLC	Jennifer Pruitt Jonathan Pruitt Dawn Bartholomew (Note 1)	jennifer.pruitt dawn.bartholomew@hotworx.net jonathan.pruitt@hotworx.net	(479) 209-6575 242-8575	3071 N College Ave Fayetteville, AR 72703
<b>ARIZONA</b>					
AZ0010	Juan Soto Stephanie Soto Phil Harker Nicole Harker Melissa Snow David Snow	Juan Soto Stephanie Soto Phil Harker Nicole Harker Melissa Snow David Snow (Note 1)	juan.soto@hotworx.net stephanie.soto@hotworx.net phil.harker@hotworx.net nicole.harker@hotworx.net melissa.snow@hotworx.net david.snow@hotworx.net	(623) 289-8885	1729 N Dysart Rd Avondale, AZ 85392
AZ0012	Sweat 4 Health, LLC	Kristi Barnett (Note 1)	kristi.barnett@hotworx.net	(520) 638-7704	7575 W. Twin Peaks Rd. Tucson, AZ 85743
AZ0013	Sweat4Life, LLC	Kristi Barnett (Note 1)	kristi.barnett@hotworx.net	(520) 476-7264	5340 E Broadway Blvd Tucson, AZ 85711
AZ0014	CHISELED, LLC	Jason Pack Daynia Pack	jason.pack@hotworx.net daynia.pack@hotworx.net	(602) 609-4328	1135 E. Apache Blvd Tempe, AZ 85281
AZ0017	HOTBODY SCIENCE LLC	Rodney Brown Angela Christopher Robbins (Note 1)	rodney.brown@hotworx.net angela.robbs@hotworx.net	(480) 597-5206	29850 N Tatum Blvd Cave Creek, AZ 85331
AZ0018	Pure Body Science, LLC	Rodney Brown Angela	rodney.brown@hotworx.net	(480) 207-1187	2040 S. Alma School Rd.

		Christopher Robbins (Note 1)	angela.robbsins@hotmail.com		Chandler, AZ 85286
AZ0021	KD Strategies, Inc.	Dean Janke Kelly Janke (Note 1)	dean.janke@hotmail.com kelly.janke@hotmail.com	(480) 306-6728	8660 E Shea Blvd Scottsdale, AZ 85260
AZ0026	BAMMOVATION, LLC	Amber Buehrle	amber.buehrle@hotmail.com	(602) 501-0301	4747 E Bell Rd Phoenix, AZ 85032
AZ0028	125 DEGREES LLC	Katherine Proffitt Darin Toone (Note 1)	katproffitt@hotmail.com darin.toone@hotmail.com	(602) 612-2448	1221 E Northern Ave., Phoenix, AZ 85020
AZ0032	125 DEGREES LLC	Laura Newcomb	laura.newcomb@hotmail.com	(480) 525-6187	143 E Germann Rd, Gilbert, AZ 85297
AZ0035	AWOLF HW1 LLC	Lacey Cathura Caputo Alex Caputo (Note 1)	lacey.caputo@hotmail.com alex.caputo@hotmail.com	(602) 898-4468	7131 S. Val Vista Dr., Unit 1 Suite 101-102 Gilbert, AZ 85298
AZ0039	SWEATY VENTURES OLD TOWN, LLC	Rebecca Lynn Dillon Kylee Bre O'Connell	becky.dillon@hotmail.com kylee.oconnell@hotmail.com	(480) 482-7075	2765 N Scottsdale Rd, Scottsdale, AZ 85257
AZ0045	Saravanan Mathivanan Chitra Krishnamurthy	Saravanan Mathivanan Chitra Krishnamurthy	saravanan.mathivanan@hotmail.com chitra.krishnamurthy@hotmail.com	(623) 265-6302	20249 N 67th Ave, Glendale, AZ 85308
<b>CALIFORNIA</b>					
CA0001	Brian Alan Lancioni Bridget Lancioni	Brian Alan Lancioni Bridget Lancioni	brian.lancioni@hotmail.com bridget.lancioni@hotmail.com	(949) 269-2001	30652 Santa Margarita Pkwy Rancho Santa Margarita, CA 92688
CA0002	Dan Keefe	Dan Keefe (Note 1)	dan.keefe@hotmail.com	(909) 657-2323	3560 Grand Ave

					Chino Hills, CA 91709
CA0007	David Heindel Mary Jo Heindel	David Heindel Mary Jo Heindel (Note 1)	david.heindel@hotworx.net maryjo.heindel@hotworx.net	(408) 320- 1030	54 W Santa Clara St. San Jose, CA 95113
CA0010	David Heindel Mary Jo Heindel	Dolf Renaud April Joy Lowe (Note 1)	dolf.renaud@hotworx.net april.lowe@hotworx.net	(424) 257- 8053	20020-A Hawthorne Blvd Torrance, CA 90503
CA0024	J Lynn Inc.	Scott Schwantes Jill Schwantes (Note 1)	scott.schwantes@hotworx.net jill.schwantes@hotworx.net	(559) 900- 9679	1127 N. Willow Ave. Clovis, CA 93611
CA0025	125 Degrees Inc.	Scott Schwantes Jill Schwantes (Note 1)	scott.schwantes@hotworx.net jill.schwantes@hotworx.net	(559) 900- 1515	3780 Shaw Ave Suite 101, Clovis, CA 93619
CA0030	Aventurine Incorporated	Sunny Edmisten (Note 1)	sunny.edmisten@hotworx.net	(916) 886- 2886	1509 Blue Oaks Blvd Roseville, CA 95747
CA0036	Feel The Burn, LLC DBA Hotworx	Christian Nunag Joanne Nunag	christian.nunag@hotworx.net joanne.nunag@hotworx.net	(714) 671- 8984	1024 E Bastanchury Rd. Fullerton, CA 92835
CA0038	HW1, LLC	Justin Perry Corina Perry (Note 1)	justin.perry@hotworx.net corina.perry@hotworx.net	(909) 245- 0555	9920 Alabama street Redlands, CA 92374
CA0039	HW 2 LLC	Justin Perry Corina Perry (Note 1)	justin.perry@hotworx.net corina.perry@hotworx.net	(909) 536- 2811	7305 Day Creek Blvd Suite 103 Rancho Cucamonga, CA 91739
CA0043	M&P Cal LLC	Michael Pangandian Pamela Asistio (Note 1)	michael.pangandian@hotworx.net pamela.asistio@hotworx.net	(714) 363- 7818	8086 E. Santa Ana Canyon Rd. Anaheim, CA 92808

CA0048	Gabriel Latino	Gabriel Latino	gabriel.latino@hotworx.net	(619) 346-4935	70 Town Center Pkwy Suite B Santee, CA 92071
CA0050	Fuego Fitness, Inc	Traci Dykstra Andy Dykstra Debbie Hatch	traci.dykstra@hotworx.net andy.dykstra@hotworx.net debbie.hatch@hotworx.net	(559) 623-9564	2226 S Mooney Blvd, Unit A13 Visalia, CA 93277
CA0053	IR Fitness Studio, LLC	Erica Graziosa	erica.graziosa@hotworx.net	(949) 674-5400	1835 Newport Blvd Suite D-150 Costa Mesa, CA 92627
CA0054	JJD ELK GROVE LLC	John Heintz Jacqueline Roussos (Note 1)	john.heintz@hotworx.net jacqueline.roussos@hotworx.net	(916) 864-9679	5110 Laguna Blvd Elk Grove, CA 95758
CA0055	JJD FOLSOM LLC	John Heintz Jacqueline Roussos (Note 1)	john.heintz@hotworx.net jacqueline.roussos@hotworx.net	(916) 890-4798	1870 Prairie City Rd. Suite 400 Folsom, CA 95630
CA0057	Hot River	Michael Wilkins Julie Wilkins (Note 1)	michael.wilkins@hotworx.net julie.wilkins@hotworx.net	(209) 876-2312	2251 Claribel Rd Riverbank, CA 95367
CA0059	Michael Wilkins Julie Wilkins	Michael Wilkins Julie Wilkins (Note 1)	michael.wilkins@hotworx.net julie.wilkins@hotworx.net	(209) 876-2313	2401 E Orangeburg Ave, Modesto, CA 95355
CA0062	JRD DYCUS INC	Tonya Renee Dycus Joe Ray Dycus (Note 1)	tonya.dycus@hotworx.net joe.dycus@hotworx.net	(951) 225-3305	41493 Margarita Rd. Suite G-103 Temecula, CA 92591
CA0066	Hyperion Coastal Enterprises	Mauricio R. Munoz Jhordice Munoz (Note 1)	Mauricio.munoz@hotworx.net Jhordice.munoz@hotworx.net	(310) 622-1306	28146 S. Western Ave San Pedro, CA 90732

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CA0068	K & S BODYWORX	Kevin Mathew Nunes Stephanie Nunes (Note 1)	kevin.nunes@hotmail.com stephanie.nunes@hotmail.com	(925) 350-7447	5865 Lone Tree Way Suite N Antioch, CA 94531
CA0071	Sharp Fitness, Inc	Jeffrey Sharp Katie Sharp (Note 1)	jeff.sharp@hotmail.com katie.sharp@hotmail.com	(661) 298-3700	24599 Copper Hill Dr. Santa Clarita, CA 91354
CA0076	MBF Fitness LLC	Courtney Marquez & Roberto Marquez Sarah & David Brewer Ana & Brandon Fahl (Note 1)	courtney.marquez@hotmail.com roberto.marquez@hotmail.com sarah.brewer@hotmail.com david.brewer@hotmail.com ana.fahl@hotmail.com brandon.fahl@hotmail.com	(916) 270-6995	800 Sterling Pkwy #20, Lincoln, CA 95648
CA0078	Dino Digiulio, LLC	Dino John DiGiulio (Note 1)	dino.digiulio@hotmail.com	(707) 474-9012	3037 Alamo Dr. Vacaville, CA 95687
CA0079	Blanca Lujan Julian Lujan	Blanca Lujan Julian Lujan	blanca.lujan@hotmail.com julian.lujan@hotmail.com	(909) 330-4265	14268 Schleisman Rd, Corona, CA 92880
CA0080	Hot Health, Inc.	Neil Lundy Nancy Lundy (Note 1)	neil.lundy@hotmail.com nancy.lundy@hotmail.com	(650) 434-6800	410 El Camino Real a, Belmont, CA 94002
CA0085	FIT41, LLC	Lorenzo Neal Kayla Wilson (Note 1)	lorenzo.neal@hotmail.com kayla.wilson@hotmail.com	(559) 207-5678	1826 W Lacey Blvd, Hanford, CA 93230
CA0093	ZENTRIC STUDIO LLC	Stella Pak William Ha	stella.pak@hotmail.com william.ha@hotmail.com	(909) 972-0433	1395 Foothill Blvd, La

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CA0102	Moeller BBT Studio One LLC	Nancy Moeller Todd Moeller (Note 1)	nancy.moeller@hotworx.net todd.moeller@hotworx.net	(714) 795- 3855	18561 Beach Blvd, Huntington Beach, CA 92648
CA0106	Sainz Enterprise Group	Michelle Anzaldua Javier Sainz (Note 1)	michelle.anzaldua@hotworx.net javier.sainz@hotworx.net	(619) 932- 8812	1774 Metro Ave, Chula Vista, CA 91915
CA0109	AABA Fitness Corp.	Andrew Perry (Note 1)	andrew.perry@hotworx.net	(707) 582- 8264	1415 Fulton Rd, Santa Rosa, CA 95403
CA0116	Viper Transport	Manuel Martin Faizal Nisar (Note 1)	manuel.martin@hotworx.net fizal.nisar@hotworx.net	(916) 382- 2245	2609 Marconi Ave, Sacramento, CA 95821
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CO0010	Junktown Sweat Factory, LLC	Cynthia Mesa- Toney Jason Mesa- Toney (Note 1)	cynthia@hotworx.net jason.mesatoney@hotworx.net	(970) 462-9252	1201 Wellington Ave Suite 103 Grand Junction, CO 81501
CO0014	Rebecca Petrino Robert Petrino Bobby Petrino	Rebecca Petrino Robert Petrino Bobby Petrino (Note 1)	rebecca.petrino@hotworx.net robert.petrino@hotworx.net bobby.petrino@hotworx.net	(720) 575-9679	3000 Pearl Street Boulder, CO 80301
CO0017	Flyboys Fitness, LLC	David Bergen Ivan Ostrander Brian Whytlaw (Note 1)	david.bergen@hotworx.net ivan.ostrander@hotworx.net brianw@swcctx.com	(719) 413-8530	7636 Dublin Blvd. Colorado Springs, CO 80923
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CO0036	Jennifer Young Raymond Young	Jennifer Young Raymond Young	jennifer.young@hotworx.net raymond.young@hotworx.net	(720) 446-0206	12308 W 64 <sup>th</sup> Ave. Arvada, CO 80004
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CO0047	Sundee Fogerty	Sundee Fogerty	Sundee.fogerty@hotworx.net	(303) 414-5056	12792 W Alameda Pky Unit C Lakewood, CO 80228
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CO0054	Leadership Work(s) LLC DBA HOTWORX Studio CO 0054	Jason Passe Cristina Rui	jason.passe@hotworx.net cristina.rui@hotworx.net	(970) 5685557	
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FL0005	SRH Orlando, LLC	Juan Soto Stephanie Soto Adam Robertson Ruth Robertson Phil Harker Nicole Harker (Note 1)	juan.soto@hotworx.net stephanie.soto@hotworx.net adam.robertson@hotworx.net ruth.robertson@hotworx.net phil.harker@hotworx.net nicole.harker@hotworx.net	(407) 376- 6773	11650 University Blvd-2 Orlando, FL 32836
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FL0007	Holly Marietta & Anthony Walker	Holly Marietta Anthony Walker (Note 1)	Holly.marietta@hotowrx.net Anthony.Walker@hotworx.net	(786) 806- 6819	9012 S. Dadeland Blvd. Miami, FL 33156
FL0010	Just Burn More, LLC	Matt Bater Sheila Bater (Note 1)	matt.bater@hotworx.net sheila.bater@hotworx.net	(407) 654- 7515	16045 New Independence Parkway Winter Garden, FL 34787
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FL0016	S.E.D. Fitness LLC	Rob Lavielle Ellen LaVielle Stacy Ryan	rob.lavielle@hotmail.com ellen.lavielle@hotmail.com stacy.ryan@hotmail.com	(813) 415-2254	2208 South Dale Marby Hwy Tampa, FL 33629
FL0021	ANYTIME WORX, LLC	Michael Buoncore	michael.buoncore@hotmail.com	(561) 284-6048	3980 Northlake Blvd Palm Beach Gardens, FL 33403
FL0025	Williamson Fitness, LLC	Sharon Williamson Phil Williamson Sr. Phil Williamson Jr. Jessica Williamson (Note 1)	sharon.williamson@hotmail.com phil.williamson.sr@hotmail.com phil.williamson.jr@hotmail.com jessica.williamson@hotmail.com	(954) 534-7877	17091 Pines Blvd Pembroke Pines, FL 33027
FL0026	Williamson Fitness 2, LLC	Sharon Williamson Phil Williamson Sr. Phil Williamson Jr. Jessica Williamson (Note 1)	sharon.williamson@hotmail.com phil.williamson.sr@hotmail.com phil.williamson.jr@hotmail.com jessica.williamson@hotmail.com	(954) 255-3025	4677 N University Dr, Coral Springs, FL 33067
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FL0034	Diane Jeremias Billy Jeremias	Diane Jeremias Billy Jeremias	diane.jeremias@hotworx.net billy.jeremias@hotworx.net	(813) 427-9328	13705 N. Dale Mabry Hwy Tampa, FL 33618
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FL0057	Warrior Wellness 102, LLC	Mary Robinson Jeffrey Ruiz (Note 1)	mary.robinson@hotworx.net jeffrey.ruiz@hotworx.net	(407) 214-8060	1130 Townpark Ave Lake Mary, FL 32746
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FL0063	Hot Sauna Fitness, LLC	Vincent Mitchell Ashley Mitchell (Note 1)	vincent.mitchell@hotworx.net	(239) 785-3388	10950 Eagle Village Dr,

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FL0089	JHOTS LLC	Brett Kelley Kelly Kelley	Brett.kelley@hotworx.net Kelly.kelley@hotworx.net	(941) 867-7304	1266 S Tamiami Trail Osprey, FL 34229
FL0094	CHS Fitness, LLC	Connor Ward Sykes Hailey Hamel Sykes (Note 1)	connor.sykes@hotworx.net hailey.sykes@hotworx.net	(813) 395-2882	28329 Paseo Dr Wesley Chapel, FL 33543
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GA0018	Bradwell Group, LLC	Chan Spraley Sean Spraley	chan.spraley@hotworx.net sean.spraley@hotworx.net	(678) 850-2876	232 Commerce Dr Peachtree City, GA 30269
GA0021	SRH Brookhaven, LLC	Juan Soto Stephanie Soto Phil Harker Nicole Harker (Note 1)	juan.soto@hotworx.net phil.harker@hotworx.net	(404) 618-4468	1430 Dresden Dr. NE Brookhaven, GA 30319

GA0022	Head South Fitness, Inc.	Martha Head Marcus Head	martha.head@hotworx.net marcus.head@hotworx.net	(678) 855-6683	4477 Towne Lake Pkwy. Suite 110 Woodstock, GA 30189
GA0024	Allan Congrave Stephanie Jeffries	Allan Congrave Stephanie Jeffries	allan.congrave@hotworx.net stephanie.jeffries@hotworx.net	(470) 600-9679	5456 Bethelview Rd Cummings, GA 30040
GA0025	Natasha Allen	Natasha Allen (Note 1)	natasha.allen@hotworx.net	(678) 528-3034	780 Memorial Dr. SE Atlanta, GA 30316
GA0026	Lisa Roy Ryan Roy	Lisa Roy Ryan Roy	lisa.roy@hotworx.net ryan.roy@hotworx.net	(770) 864-9870	3162 Johnson Ferry Rd. Marietta, GA 30062
GA0034	Sweatology, LLC	Morgan Shattuck Jared Shattuck	morgan.shattuck@hotworx.net jared.shattuck@hotworx.net	(512) 786-8558	600 Chastain Rd. Kennesaw, GA 30144
GA0035	Sabrina Sims McAfee Anthony Ray McAfee II Gabrielle McAfee	Sabrina Sims McAfee Anthony Ray McAfee II Gabrielle McAfee	sabrina.mcafee@hotworx.net anthony.mcafee@hotworx.net gabrielle.mcafee@hotworx.net	(770) 518-4470	1620 Oak Farm Rd. Alpharetta, GA 30005
GA0036	Bard of Bay, Inc.	Andria Hertel Bradley Hertel (Note 1)	andria.hertel@hotworx.net bradley.hertel@hotworx.net	(470) 523-8200	3335 Cobb Parkway NW Acworth, GA 30101
GA0037	A.B. Hertel, Inc.	Andria Hertel Bradley Hertel (Note 1)	andria.hertel@hotworx.net bradley.hertel@hotworx.net	(678) 792-0006	650 Henderson Dr. Suite 402 Cartersville, GA 30120
GA0038	Imagine Wellness, LLC	Nikki Fisher	nikki.fisher@hotworx.net	(404) 508-5711	3550 HWY 138 SE Stockbridge, GA 30281
GA0040	Franklin Fitness, LLC	Bradford Franklin	bradford.franklin@hotworx.net	(770) 452-0187	2858 Chapel Hill Rd

		Delyrria Franklin	delyrria.franklin@hotworx.net		Douglasville, GA 30135
GA0044	Tallina, Inc.	Paulina Thomas	Paulina.thomas@hotworx.net	(706) 553-4595	6367 Whitesville Rd. Suite 300 Columbus, GA 31904
GA0052	Gabriella Boudreaux Cassandra Freeman	Gabriella Boudreaux Cassandra Freeman	gabriella.boudreaux@hotworx.net cassandra.freeman@hotworx.net	(678) 365-3393	11 Buford Village Way Suite #149/151 Buford, GA 30518
GA0053	Daylight Fitness, LLC	Skye Best Charles Best	skye.best@hotworx.net charles.best@hotworx.net	(678) 664-3425	1111 Bullsboro Drive Newnan, GA 30265
GA0056	Inglese Wellness, LLC	Ashley Inglese Tony Inglese	ashley.inglese@hotworx.net tony.inglese@hotworx.net	(678) 383-6579	800 Whitlock Ave NW Marietta, GA 30064
GA0059	Kimfrared LLC	Kimberly Hunter William Hunter	kimberly.hunter@hotworx.net william.hunter@hotworx.net	(229) 202-5500	12060 Etris Rd Roswell, GA 30075
GA0060	Pooler PMMK, LLC	Paul Langan Martha Langan Kristin Langan Melanie Langan (Note 1)	paul.langan@hotworx.net martha.langan@hotworx.net kristin.langan@hotworx.net melanie.langan@hotworx.net	(912) 450-9679	1 Godley Station Blvd. Pooler, GA 31322
GA0064	Miller5futures Corporation	Brittany Miller Hayden Miller (Note 1)	brittany.miller@hotworx.net hayden.miller@hotworx.net	(912) 800-5125	7360 Skidaway Rd. Unit #J-3 Savannah, GA 31406
GA0065	Miller5 Statesboro, LLC	Brittany Miller Hayden Miller (Note 1)	brittany.miller@hotworx.net	(912) 512-3442	237 Tormenta Wy,

			hayden.miller@hotworx.net		Statesboro, GA 30458
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GA0070	Elite Body & Balance LLC	Skye Best Charles Best	skye.best@hotworx.net charles.best@hotworx.net	(478) 366-1006	719 SR 96, Bonaire, GA 31005
GA0077	Woosah Wellness Ventures Inc.	Barbara Meek	barbara.meek@hotworx.net	(470) 863-5038	4504 Holly Springs Pkwy, Holly Springs, GA 30188
<b>IOWA</b>					
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IA0002	HOT GYM, LLC	Camille Groves John Groves (Note 1)	camille.groves@hotworx.net john.groves@hotworx.net	(563) 949-1986	3541 Middle Rd. Bettendorf, IA 52722
IA0003	Breathe, LLC	Melicia Patik	melicia.patik@hotworx.net	(319) 693-5955	5500 Fountains Dr NE, Suite 107 Cedar Rapids, IA 52411
IA0004	TAKE FITNESS IA TWO, LLC	Tanner McWilliams Katie McDonald Ashley Larson Eric Larson (Note 1)	tanner.mcwilliams@hotworx.net katie.mcdonald@hotworx.net ashley.larson@hotworx.net eric.larson@hotworx.net	(515) 381-0406	13435 University Avenue, Suite 600 Clive, IA 50325
IA0006	MC & Associates Ankeny, LLC	Patrick Jay Chedester Stacy Chedester Maxwell Chedester (Note 1)	pat.chedester@hotworx.net stacy.chedester@hotworx.net max.chedester@hotworx.net	(515) 446-8447	115 N Ankeny Blvd Ankeny, IA 50023
IA0007	Patrick Jay Chedester Stacy	Patrick Jay Chedester Stacy Chedester	pat.chedester@hotworx.net stacy.chedester@hotworx.net	(515) 957-1020	404 8th St SW, Altoona, IA 50009

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IA0012	Field of Fitness, LLC	Marlowe Valdeabella Malena Valdeabella	marlowe.valdeabella@hotworx.net malena.valdeabella@hotworx.net	(563) 277-6004	2055 Holliday Dr. Suite 510 Dubuque, IA 52002
IA0013	Sara Bytnar Sharon Todd Adam W. Todd Thera Sue Cosner Daniel Cosner	Sara Bytnar Sharon Todd Adam W. Todd Thera Sue Cosner Daniel Cosner	sara.bytnar@hotworx.net sharon.todd@hotworx.net adam.todd@hotworx.net thera.cosner@hotworx.net daniel.cosner@hotworx.net	(563) 940-5025	4320 Brady St Suite 100, Davenport, IA 52806
IA0015	Living A Well Life LLC	Danielle Storm Sveinn Storm (Note 1)	danielle.storm@hotworx.net sveinn.storm@hotworx.net	(319) 268-1910	6207 University Ave Cedar Falls, IA 50613
IA0021	TAKE FITNESS GRIMES, LLC	Tanner McWilliams Katie McDonald Ashley Larson Eric Larson (Note 1)	tanner.mcwilliams@hotworx.net katie.mcdonald@hotworx.net ashley.larson@hotworx.net eric.larson@hotworx.net	(515) 985-0598	1101 E 1st Street Suite 106, Grimes, IA 50111
IA0023	Stephanie Kottich Sharon McKinney	Stephanie Kottich Sharon McKinney (Note 1)	stephanie.kottich@hotworx.net sharon.mckinney@hotworx.net	(712) 796-3865	3502 Metro Dr, Council Bluffs, IA 51503
<b>IDAHO</b>					
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					Meridian, ID 83642
ID0004	Advanced Spectrum Fitness, Inc.	Kirsten Keen Jeffrey Keen (Note 1)	kirsten.keen@hotworx.net jeffrey.keen@hotworx.net	(208) 825-2125	3587 S Federal Way suite # 100 Boise, ID 83705
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ID0013	Titan Fitness Meridian LLC	Joshua Gehrke Judson Severns Chadwick Gilmore Kathy Eroschenko (Note 1)	joshua.gehrke@hotworx.net jud.severns@hotworx.net chadwick.gilmore@hotworx.net kathy.eroschenko@hotworx.net	(208) 900-4690	3015 W McMillan Road Ste 107 Meridian, ID 83646
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IL0007	Clarissa Diaz Christopher Damolaris	Clarissa Diaz Christopher Damolaris	clarissa.diaz@hotworx.net christopher.damolaris@hotworx.net	(630) 590-9400	924 W. 75th Street Naperville, IL 60565
IL0008	TrueLyfe Inc.	Gwynda Jones	gwynda.jones@hotworx.net	(872) 266-0080	676 N. LaSalle Dr. Suite 2 Chicago, IL 60654
IL0014	AKMODI LTD.	Ankit D. Modi (Note 1)	ankit.modi@hotworx.net	(847) 231-2525	6641 Grand Ave. Suite B,

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IL0018	Hot Health LLC	Matthew Kiely Maria Kiely (Note 1)	matt.kiely@hotworx.net maria.kiely@hotworx.net	(815) 335-9569	13400 S. Route 59 Suite 120, Plainfield, IL 60585
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IL0029	Tracie Weymouth Danny Weymouth	Tracie Weymouth Danny Weymouth (Note 1)	tracie.weymouth@hotworx.net danny.weymouth@hotworx.net	(224) 462-2121	1722 S Randall Rd, Algonquin, IL 60102
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IL0033	AT LAST ENTERPRISE S LLC	Andrea Crawford Jason Crawford (Note 1)	andrea.crawford@hotworx.net jason.crawford@hotworx.net	(815) 991-1566	2690 Dekalb Avenue Sycamore, IL 60178
IL0035	3 SAUNA INC.	Jason Tinman Patricia Tinman	jason.tinman@hotworx.net	(708) 628-2258	19070 Everett Blvd,

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IN0006	CLIFFLAURI3 LLC	Clifford Evans Lauri Evans (Note 1)	Clifford.evans@hotworx.net Lauri.evans@hotworx.net	(765) 450-5752	1540 A East Blvd Kokomo, IN 46902
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IN0017	SWEAT EQUITY PARTNERS I LLC	Thomas C. O'Grady Shelley Brzozowski (Note 1)	thomas.ogradey@hotworx.net shelley.brzozowski@hotworx.net	(219) 227- 8273	723 Main Street Schererville, IN 46375
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KS0003	Inspire Achieve LLC	Crystal Wiley (Note 1)	crystal.wiley@hotworx.net	(316) 880- 0031	3801 N Ridge Rd #320, Wichita, KS 67205
KS0005	CA Studios, LLC	Cynthia Kristine Wilson Mark Allen Wilson (Note 1)	kristi.wilson@hotworx.net mark.wilson@hotworx.net	(913) 220- 2393	22407 W 66th St Shawnee, KS 66226
KS0006	HOT 7308 LLC	Matt Jones Shelley Jones (Note 1)	shelley.jones@hotworx.net shelley.jones@hotworx.net	(913) 308- 0000	7308 W 80th Street Overland Park, KS 66204
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KS0010	CynthiaAllenStudios, LLC	Cynthia Kristine Wilson Mark Allen Wilson (Note 1)	kristi.wilson@hotworx.net mark.wilson@hotworx.net	(913) 738-9679	11144 S. Lone Elm Road Olathe, KS 66061
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KY0010	Kevin Grunduski Julie Grunduski	Kevin Grunduski Julie Grunduski (Note 1)	kevin.grunduski@hotworx.net julie.grunduski@hotworx.net	(502) 931-5323	10000 Brownsboro Rd. Louisville, KY 40241
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KY0014	River City Heat FC LLC	Kevin Grunduski Julie Grunduski	Kevin.grunduski@hotworx.net	(502) 630-2021	7714 Bardstown Rd. Suite 102

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LA0035	Fine Bodies LLC	Aisha Parker	Aisha.parker@hotworx.net	(225) 377-4257	9850 Sullivan Rd Ste B Baton Rouge, LA 70818
LA0036	Hot Bodies Sulphur, LLC	Jill Michelle Corbello Shannon Corbello (Note 1)	jill.corbello@hotworx.net shannon.corbello@hotworx.net	(337) 313-3510	206 S. Cities Hwy Suite 3 Sulphur, LA 70663
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LA0038	NOLA Heat, LLC	Stephen P. Smith	stephen.smith@planetbeach.com	(504) 267-3950	4933 Magazine Street, Suite 101 New Orleans, LA 70115
LA0039	Total Fitness, LLC	Sybil Lynette Davis	sybil.davis@hotworx.net	(318) 737-7051	1306 N 18th St. Suite A Monroe, LA 71201
LA0044	NextGen Innovations, LLC	Cynthia Leblanc Abel Leblanc Robyn Powell (Note 1)	cynthia.leblanc@hotworx.net abel.leblanc@hotworx.net robyn.powell@hotworx.net	(985) 296-5310	1795 Martin Luther King Blvd, Houma, LA 70360
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<b>MASSACHUSETTS</b>					
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MA0003	SGA Infrared Studio Inc	Stalin Cortorreal Sarina Guerrero	stalin.cortorreal@hotworx.net sarina.guerrero@hotworx.net	(978) 953-2950	301 Newbury St. Unit 4 Danvers, MA 01923

MA0004	INNER WARRIOR LLC	Shannon O'Donnell Maria O'Donnell Michael O'Donnell	shannon.odonnell@hotworx.net maria.odonnell@hotworx.net michael.odonnell@hotworx.net	(781) 365-2278	6 Wayside Rd. Building 6 Suite N-102 Burlington, MA 01813
MA0005	HOTBOX FITNESS INC.	Normand Soucy Ann-Marie Soucy	normand.soucy@hotworx.net annmarie.soucy@hotworx.net	(774) 202-3572	75-B Faunce Corner Mall Rd Dartmouth, MA 02747
MA0006	REVURSE HEALTH AND FITNESS, LLC	Diane Soem Saroem Soem	diane.soem@hotworx.net saroem.soem@hotworx.net	(978) 312-3125	161 Westford Rd Tyngsborough, MA 01879
<b>MICHIGAN</b>					
MI0001	Tori Investments LLC	Paul Dudgeon Torrice Dudgeon Rio Dudgeon (Note 1)	paul.dudgeon@hotworx.net torrice.dudgeon@hotworx.net rio.dudgeon@hotworx.net	(586) 803-3867	47222 Hayes Rd. Shelby Township, MI 48315
MI0002	Volante Fitness LLC	Anthony Volante Stacey Volante (Note 1) (Note 1)	anthony.volante@hotworx.net stacey.volante@hotworx.net	(248) 256-6016	985 South Lapeer Rd. Oxford, MI 48371
MI0010	JK WHITLEY INVESTMENTS CLARKSTON LLC	John Whitley Karilynn Whitley	john.whitley@hotworx.net karilynn.whitley@hotworx.net	(248) 297-5463	6493 Sashabaw Rd Village of Clarkston, MI 48346
MI0011	RATZLAFF ENTERPRISES LLC	Jaymi Ratzlaff (Note 1)	jaymi.ratzlaff@hotworx.net	(269) 998-2728	6412 S. Westnedge Ave. Portage, MI 49002
MI0015	Sweat Fit Enterprise 2, LLC	Anthony Lasky	Anthony.lasky@hotworx.net	(734) 519-5047	3785 Washtenaw Ave Ann Arbor, MI 48104

MI0016	Sweat Fit Enterprise 1, LLC	Anthony Lasky	Anthony.lasky@hotmail.com	(248) 600-9930	6041 Haggerty Rd West Bloomfield Township, MI 48322
MI0017	Tanya Robin	Tanya Robin (Note 1)	tanya.robin@hotmail.com	(248) 289-1262	2881 Crooks Rd Rochester Hills, MI 48309
MI0020	Grindstone Studios, LLC	Ramona Mangan James Raptoplous (Note 1)	ramona.mangan@hotmail.com james.raptoplous@hotmail.com	(248) 219-5990	147 E. 14 Mile Rd Clawson, MI 48017
MI0021	Grindstone Two Studios LLC	Ramona Mangan James Raptoplous (Note 1)	ramona.mangan@hotmail.com james.raptoplous@hotmail.com	(734) 800-5886	15083 North Sheldon Rd. Plymouth, MI 48170
MI0023	VANDERBILT #15, LLC	Kosta Popoff (Note 1)	kosta.popoff@hotmail.com	(810) 208-0087	235 N. Leroy, Suite D Fenton, MI 48430
MI0030	Anthony Lasky	Anthony Lasky	anthony.lasky@hotmail.com	(517) 325-9791	3165 E Michigan Ave b, Lansing, MI 48912
MI0032	Volante Fitness II LLC	Anthony Volante Stacey Volante (Note 1)	anthony.volante@hotmail.com stacey.volante@hotmail.com	(810) 358-5602	799 East St, Lapeer, MI 48446
<b>MINNESOTA</b>					
MN0001	Born Holdings, L.L.C.	Adam Born	adam.born@hotmail.com	(952) 333-0355	17693 Kenwood Trail Lakeville, MN 55044
MN0004	J24L Fitness, LLC	Jennifer Klein John Klein Lexi Klein (Note 1)	jennifer.klein@hotmail.com john.klein@hotmail.com lexi.klein@hotmail.com	(651) 347-1177	9020 Hudson Road Woodbury, MN 55125



MN0006	Ben Zaker Amir Trymouri	Ben Zaker Amir Teymouri (Note 1)	ben.zaker@hotworx.net; amir.teymouri@hotworx.net	(651) 603-4475	9865 Maple Grove Pkwy Maple Grove, MN 55369
MN0009	Rose Fit, LLC	Jeffrey Shaefer Jennifer Dickens (Note 1)	jeffrey.shaefer@hotworx.net; jennifer.dickens@hotworx.net	(763) 298-3395	5721 La Centre Ave. Suite 304 Albertville, MN 55301
MN0012	Relax 365, LLC	Elizabeth Smith (Note 1)	elizabeth.smith@hotworx.net	(763) 294-2080	13785 Rogers Drive
MN0018	F & L Properties, LLC	Melissa Stratton	melissa.stratton@hotworx.net	(612) 276-5711	1621 West End Blvd St. Louis Park, MN 55416
MN0019	DS5 BB Forever LLC	Stacy Bengtson Dustin Daniel Bengtson (Note 1)	stacy.bengtson@hotworx.net dustin.bengtson@hotworx.net	(612) 601-8811	401 1st Ave NE Minneapolis, MN 55413
MN0022	St. Croix Fitness, LLC	Bryan Bodrog Kelsie Bodrog Joseph Scanlon Jullian Prosser	bryan.bodrog@hotworx.net; kelsie.bodrog@hotworx.net; joseph.scanlon@hotworx.net; jillian.prosser@hotworx.net	(651) 294-6869	7107 Otter Lake Rd. Lino Lake, MN 55038
MN0024	Shape Up LLC	Crystal Schmeets McCormick Erfler (Note 1)	crystal.schmeets@hotworx.net; mccormick.erfler@hotworx.net	(218) 512-0403	2901 Frontage S. Suite 8A Moorhead, MN 56560
MN0025	Sweat Life LLP	Chandra Scholljegerdes James Scholljegerdes	chandra.scholljegerdes@hotworx.net james.scholljegerdes@hotworx.net	(507) 774-0509	116 N Cedar Ave, Owatonna, MN 55060
MN0026	Just Radiant Eagan, LLC	Conrad Mosset Justina Sweet (Note 1)	conrad.mosset@hotworx.net justina.sweet@hotworx.net	(651) 461-1193	1278 Town Centre Dr, Eagan, MN 55123
MN0032	TakeABreath L.L.C.	Natalia Gaston Malik Davis	matalia.gaston@hotworx.net malik.davis@hotworx.net	(651) 661-9396	431 Snelling Ave N, St Paul, MN 55104

MN0034	MinnHW. LLC	Brandon Hoffman Kimberly Perez (Note 1)	brandon.hoffman@hotworx.net kim.perez@hotworx.net	(507) 900-5179	201 Sioux Rd, Mankato, MN 56001
<b>MISSOURI</b>					
MO0001	Matt Hylton Jennifer Hylton	Matt Hylton Jennifer Hylton (Note 1)	matthew.hylton@hotworx.net jennifer.hylton@hotworx.net	(816) 702-1011	6300 N Chatham Ave Kansas City, MO 64151
MO0002	Matt Hylton Jennifer Hylton	Matt Hylton Jennifer Hylton (Note 1)	matthew.hylton@hotworx.net jennifer.hylton@hotworx.net	(816) 892-5718	8251 N Oxford Street Kansas City, MO 64158
MO0004	Healing Heat LLC	Matt D. Goodwin	Matt.goodwin@hotworx.net	(816) 272-5099	1309 NE Douglas St Lee's Summit, MO 64086
MO0007	Marlow Valdeabella Malena Valdeabella	Marlow Valdeabella Malena Valdeabella (Note 1)	marlow.valdeabella@hotworx.net malena.valdeabella@hotworx.net	(314) 899-9679	3763 Forest Park Ave. St. Louis, MO 63108
MO0014	ManiaWORX, LLC	Rod Murchison Britton Bommarito (Note 1)	rod.murchison@hotworx.net britton.bommarito@hotworx.net	(636) 294-1610	2439 State Hwy K. O'Fallon, MO 63368
MO0015	INFRARED FOREVER LLC	Dawn Bartholomew DeCheyna Bartholomew (Note 1)	dawn.bartholomew@hotworx.net decheyna.bartholomew@hotworx.net	(417) 771-5626	2900 S Fremont Ave Springfield, MO 65804
MO0018	Elite Studio LLC	Nafees Rehmatullah Ketan Patel (Note 1)	nafees.rehmatullah@hotworx.net ketan.patel@hotworx.net	(636) 220-4686	7 Clarkson Rd. Ellisville, LO 63011
MO0019	Elite Studio Rockhill LLC	Nafees Rehmatullah	nafees.rehmatullah@hotworx.net ketan.patel@hotworx.net	(314) 219-1429	9603 Manchester Rd.

		Ketan Patel (Note 1)			Rock Hill, MO 63119
MO0020	Elite Studio Creve Coeur LLC	Nafees Rehmatullah Ketan Patel (Note 1)	Nafees.rehmatullah@hotworx.net ketan.patel@hotworx.net	(314) 786-3054	12301 Olive Blvd. Creve Coeur, MO 63141
MO0021	Victoria Leslie Chad Leslie	Victoria Leslie Chad Leslie	victoria.leslie@hotworx.net chad.leslie@hotworx.net	(573) 777-9679	2703 E. Broadway, Suite 127 Columbia, MO 65201
MO0025	Elite Studio Fenton LLC	Nafees Rehmatullah Ketan Patel (Note 1)	Nafees.rehmatullah@hotworx.net ketan.patel@hotworx.net	(636) 204-5686	54 Fenton Plaza Fenton, MO 63026
MO0027	ManiaWORX2 LLC	Rod Murchison Britton Bommarito (Note 1)	rod.murchison@hotworx.net britton.bommarito@hotworx.net	(636) 841-3777	1201 Wentzville Parkway Wentzville, MO 63385
MO0030	Heavner Investments	Tiffany Heavner Josh Heavner (Note 1)	tiffany.heavner@hotworx.net joshua.heavner@hotworx.net	(816) 815-8500	721 NW State Route 7 Blue Springs, MO 64014
MO0036	Tracy Matthes Christine Matthes	Tracy Matthes Christine Matthes	tracy.matthes@hotworx.net christine.matthes@hotworx.net	(816) 296-6777	4797 Sienna Dr. Suite F St. Joe, MO 64506
MO0037	HOTYOGI LLC	Jeremy Wolfe	jeremy.wolfe@hotworx.net	(636) 534-9679	7112 Mexico Rd. St. Peters, MO 63376
MO0038	A&M Health Services, Inc.	Anthony Barber Mindy Barber (Note 1)	anthony.barber@hotworx.net mindy.barber@hotworx.net	(816) 227-6070	430 NW Legacy Dr. Kansas City, MO 64155
MO0043	NLB OUTDOORS & MORE LLC	Norvill Brown Pattie Brown	norvill.brown@hotworx.net pattie.brown@hotworx.net	(636) 778-0475	100 Chesterfield Commons E Rd, Chesterfield, MO 63005

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MS0002	Rob Thornton Lily McDaniel Blake McDaniel	Rob Thornton Lily McDaniel Blake McDaniel (Note 1)	rob.thornton@hotworx.net lily.mcdaniel@hotworx.net blake.mcdaniel@hotworx.net	(601) 499-0884	219 Garden Parks Drive Madison, MS 39110
MS0003	Rob Thornton Lily McDaniel Blake McDaniel	Rob Thornton Lily McDaniel Blake McDaniel (Note 1)	rob.thornton@hotworx.net lily.mcdaniel@hotworx.net blake.mcdaniel@hotworx.net	(662) 498-1552	310 University Dr. Starkville, MS 39759
MS0007	Steve Frederick	Steve Frederick	steve.frederick@hotworx.net	(601) 708-9679	736 MACKENZIE LANE Flowood, MS 39232
MS0010	Lance Hebert Fletcher Jernigan	Lance Hebert Fletcher Jernigan	lance.hebert@hotworx.net fletcher.jernigan@hotworx.net	(228) 265-7455	2033 E Pass Rd Gulfport, MS 39507
MS0012	OSGC FITNESS, LLC	Tonie Knapp Dennis Caruso (Note 1)	tonie.knapp@hotworx.net; dennis.caruso@hotworx.net	(228) 215-1544	2017-A Bienville Blvd. Suite B Ocean Springs, MS 39564
MS0014	Rubak, LLC	Christopher Rousseau Rhonda Rousseau James Baker Cydna Baker	christopher.rousseau@hotworx.net rhonda.rousseau@hotworx.net james.baker@hotworx.net cydna.baker@hotworx.net	(662) 432-5504	311 Gloster St Tupelo, MS 38801
MS0015	Hub Athletics, LLC	Ivan Ostrander Brian Whytlaw Aron Teneyck (Note 1)	ivan.ostrander@hotworx.net; brian.whytlaw@hotworx.net; aron.teneyck@hotworx.net	(601) 642-1118	118 Service Dr. Suite 2 Brandon, MS 39042

MS0016	Ivan Ostrander Brian Whytlaw Aron Teneyck	Ivan Ostrander Brian Whytlaw Aron Teneyck (Note 1)	ivan.ostrander@hotworx.net; brian.whytlaw@hotworx.net; aron.teneyck@hotworx.net	(601) 621-7575	6169 US-98 Suite 11 Hattiesburg, MS 39402
MS0018	Shannon Fowler Jodi Woody	Shannon Fowler Jodi Woody (Note 1)	shannon.fowler@hotworx.net jodi.woody@hotworx.net	(662) 892-8319	8100 Camp Creek Blvd Olive Branch, MS 38654
MS0019	Michael Dote Sheryl Dote	Michael Dote Sheryl Dote	michael.dote@hotworx.net sheryl.dote@hotworx.net	(662) 294-5002	2867 May Blvd, Ste. 103, Southaven, MS 38672
MS0020	Sweat It Off II LLC	Bebe De Leon Jacob Jacomine (Note 1)	bebe.deleon@hotworx.net jacob.jacomine@hotworx.net	(601) 889-9679	421 Memorial Blvd Picayune, MS 39466
MS0021	Derry Cook Laura Cook	Derry Cook Laura Cook (Note 1)	derry.cook@hotworx.net laura.cook@hotworx.net	(662) 655-2024	2445 Hwy 51 S, Hernando, MS 38632
MS0022	Ann Marie Cerise Melissa Grubbs	Ann Marie Cerise Melissa Grubbs (Note 1)	annmarie.cerise@hotworx.net melissa.grubbs@hotworx.net	(228) 203-3496	136 Blaize Ave, Bay St Louis, MS 39520
<b>MONTANA</b>					
MT0001	Jennifer Klein John Klein	Jennifer Klein John Klein (Note 1)	jennifer.klein@hotworx.net john.klein@hotworx.net	(406) 451-7026	1707 W Oak St Bozeman, MT 59715
<b>NORTH CAROLINA</b>					
NC0001	John Carlton	John Carlton (Note 1)	john.carlton@hotworx.net	(984) 269-7707	701 Tucker St Raleigh, NC 27603
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NC0005	Bria HX Corp, LLC	Tracy Bria (Note 1)	tracy.bria@hotworx.net	(704) 542-4555	15033 Ballancroft Pkwy Charlotte, NC 28277

NC0007	Tracy Bria	Tracy Bria (Note 1)	tracy.bria@hotmail.com	(704) 626-8038	8016 Providence Rd Suite 800 Charlotte, NC 28277
NC0008	Sean Conneen Rebecca Conneen	Sean Conneen Rebecca Conneen (Note 1)	sean.conneen@hotmail.com rebecca.conneen@hotmail.com	(910) 725-2490	10725 US Hwy 15 501 Southern Pines, NC 28387
NC0009	OCDETOX INC	Craig Cadogan Danny Richani (Note 1)	craig.cadogan@hotmail.com danny.richani@hotmail.com	(910) 605-2716	2775 Freedom Parkway Dr. Fayetteville, NC 28314
NC0010	OCD FITNESS INC.	Craig Cadogan Danny Richani (Note 1)	craig.cadogan@hotmail.com danny.richani@hotmail.com	(910) 832-9679	6756 Gordon Rd Wilmington, NC 28411
NC0015	OCD SAUNA FITNESS INC	Craig Cadogan Danny Richani (Note 1)	craig.cadogan@hotmail.com danny.richani@hotmail.com	(910) 742-8008	3501 Oleander Dr Wilmington, NC 28403
NC0016	The WG, LLC	Travis Whiteside Tymeka Whiteside Thomas Whiteside Inez Whiteside	travis.whiteside@hotmail.com tymeka.whiteside@hotmail.com thomas.whiteside@hotmail.com inez.whiteside@hotmail.com	(828) 505-2889	190 Hendersonville Rd Asheville, NC 28803
NC0017	Legacy Worx, Inc.	David Starling Trina Starling Mark Vernon Patty Vernon (Note 1)	david.starling@hotmail.com trina.starling@hotmail.com mark.vernon@hotmail.com patty.vernon@hotmail.com	(910) 899-7121	5526 College Road Wilmington, NC 28412
NC0019	Nextgen Zen, LLC	Holley Skelly Timothy Skelly	holley.skelly@hotmail.com tim.skelly@hotmail.com	(704) 220-1024	6467 Old Monroe Rd Suite B-C Indian Trail, NC 28079

NC0021	Carolina Premium Fitness, LLC	Dustin Runkle Susie Runkle (Note 1)	dustin.runkle@hotworx.net susie.runkle@hotworx.net	(910) 854-0011	3556 Leland Town Center Dr, Leland, NC 28451
NC0022	Carolina Premium Fitness, LLC	Susie Runkle Dustin S. Runkle (Note 1)	susie.runkle@hotworx.net dustin.runkle@hotworx.net	(704) 837-4839	2250 Hawkins Street, Suite E Charlotte, NC 28203
NC0023	Tracy Bria	Tracy Bria (Note 1)	tracy.bria@hotworx.net	(704) 493-7444	4701 Ashley Park Lane
NC0026	AW ONE, LLC	William Shook Ashleigh Shook (Note 1)	williams.shook@hotworx.net; ashleigh.shook@hotworx.net	(919) 371-0510	76 Hunter Street Apex, NC 27502
NC0029	Xclusive Training LLC	Bonnie Goethals	bonnie.goethals@hotworx.net	(704) 360-9618	647 Brawley School Rd. Lake Norman, NC 28117
NC0030	Grudziena, Inc.	Amy Grudzien Robert Grudzien	amy.grudzien@hotworx.net; robert.grudzien@hotworx.net	(910) 967-9328	112 Charlie Medlin Dr. Surf City, NC 28445
NC0031	VCB Studios Corp	Vito Basso Christine Basso (Note 1)	vito.basso@hotworx.net; christine.basso@hotworx.net	(910) 760-3680	2805 Richlands Hwy. Unit 300 Jacksonville, NC 28540
NC0032	TH&J1 LLC	Taylor Hicks Frederick Nixon (Note 1)	taylor.hicks@hotworx.net; frederick.nixon@hotworx.net	(704) 756-5575	5823 Prosperity Crossing Dr. Suite A1 Charlotte, NC 28269
NC0035	BT FITNESS, LLC	David Bowles Jill Parker	david.bowles@hotworx.net jill.parker@hotworx.net	(704) 794-4094	9623 Bailey Rd, Cornelius, NC 28031
NC0038	Novaturient Wellness, Inc.	Rian Williams	rian.williams@hotworx.net	(704) 443-7085	1820 Windsor Square Dr, Matthews, NC 28105
NC0044	K & L FITNESS LLC	Paul Kostansek Erin Ferguson	paul.kostansek@hotworx.net	(919) 448-7205	3130 Environ Way, Chapel

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NC0045	RIKER FITNESS WILSON, LLC	Chase Riker Hayley Riker (Note 1)	chase.riker@hotworx.net hayley.riker@hotworx.net	(252) 640- 2422	1215 Forest Hills Rd NW, Wilson, NC 27896
NC0050	JVL WELLNESS, LLC Transforming 701, LLC	Jordan Lucas Vincent Conaty (Note 1)	jordan.lucas@hotworx.net vincent.conaty@hotworx.net	(704) 274- 1172	4923 Trojan Dr, Charlotte, NC 28278
<b>NORTH DAKOTA</b>					
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ND0003	Transforming East LLC	Tori Rohr Sierra Rohr Nicole Privratsky (Note 1)	tori.rohr@hotworx.net sierra.rohr@hotworx.net nicole.privratsky@hotworx.net	(701) 433- 3227	835 23rd Ave E West Fargo, ND 58078
<b>NEBRASKA</b>					
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NE0005	Take Fitness Maple LLC	Tanner McWilliams Katie McDonald Ashley Larson Eric Larson (Note 1)	tanner.mcwilliams@hotmail.com katie.mcdonald@hotmail.com ashley.larson@hotmail.com eric.larson@hotmail.com	(402) 315-3368	3610 North 165th Street Omaha, NE 68116
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NE0007	Hot Sessions LLC	Luther McCoy Leanne Harrell (Note 1)	luther.mccoy@hotmail.com leanne.harrell@hotmail.com	(531) 444-6007	7775 Olson Dr Papillion, NE 68046
NE0009	Tanner McWilliams Katie McDonald Ashley Larson Eric Larson	Tanner McWilliams Katie McDonald Ashley Larson Eric Larson (Note 1)	tanner.mcwilliams@hotmail.com katie.mcdonald@hotmail.com ashley.larson@hotmail.com eric.larson@hotmail.com	(402) 999-8899	10215 S 168th Ave Omaha, NE 68136
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NE0012	Sweaty Mommas, LLC	Stephanie Kottich	stephanie.kottich@hotmail.com	(402) 315-1994	2012 Cornhusker

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NE0015	Carila, LLC	Gerald Cardenas Molly Cardenas (Note 1)	gerald.cardenas@hotmail.com molly.cardenas@hotmail.com	(402) 476- 4681	600 W P St Lincoln, NE 68508
NE0018	Katie Becker Alan Becker	Katie Jane Becker Alan James Becker	katie.becker@hotmail.com alan.becker@hotmail.com	(402) 418- 7260	1236 Main Ave. Crete, NE 68333
NE0019	Stephanie Kottich Sharon Kruszka	Stephanie Kottich Sharon Kruszka (Note 1)	stephanie.kottich@hotmail.com sharon.kruszka@hotmail.com	(402) 720- 3154	3220 Elk Ln Fremont, NE 68025
NE0020	Maplewood Sweat LLC	Luther McCoy Leanne Harrell (Note 1)	luther.mccoy@hotmail.com leanne.harrell@hotmail.com	(308) 251- 5402	6003 2nd Ave Suite 9 Kearney NE 68847
<b>NEW HAMPSHIRE</b>					
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NH0004	True Sol, LLC	Daniel LaBerge Robin LaBerge	daniel.leberge@hotmail.com robin.leberge@hotmail.com	(603) 775- 4328	1045A Hanover St. Manchester, NH 03104
NH0005	LF Wellness LLC	Emily Lozada James Fox (Note 1)	emily.lazada@hotmail.com james.fox@hotmail.com	603-404- 6999	42C Nashua Road Londonderry, NH 03053
NH0007	HWN LLC	Jennifer Twardosky Eric Twardosky (Note 1)	jennifer.twardosky@hotmail.com erictwardosky@hotmail.com	(603) 521- 8850	4 Coliseum Ave. Nashua, NH 03061

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<b>NEW JERSEY</b>					
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TN0055	Hot Coles Studios LLC	Russell Cole Amy Cole	Russell.cole@hotworx.net amy.cole@hotworx.net	(615) 499-5012	3881 Lebanon Pike Hermitage, TN 37076
TN0059	G3 FITNESS LLC	Joshua Gochee Monica Gochee (Note 1)	joshua.gochee@hotworx.net monica.gochee@hotworx.net	(931) 350-9891	2516 Hospitality Drive Columbia, TN 38401
TN0062	MINDURBUSINESS, LLC	Amy Lehman Shannon Fyke	amy.lehman@hotworx.net shannon.fyke@hotworx.net	(615) 675-4081	125 Goodview Way, Gallatin, TN 37066
<b>TEXAS</b>					
TX0001	Jarod Guier Lindsay Guier	Jarod Guier Lindsay Guier	jarod.guier@hotworx.net lindsay.guier@hotworx.net	(940) 455-2000	4130 Justin Road Flower Mound, TX 75077
TX0002	Jarod Guier Lindsay Guier	Jarod Guier Lindsay Guier	jarod.guier@hotworx.net lindsay.guier@hotworx.net	(972) 410-0271	1050 Flower Mound Rd Flower Mound, TX 75028
TX0003	GCW Peppermint LLC	Gretchen C. Wirth (Note 1)	gretchen.wirth@hotworx.net	(469) 473-4111	4760 Preston Rd Frisco, TX 750364
TX0004	MRML, LLC	Michael Abdouch Darlene Abdouch (Note 1)	michael.abdouch@hotworx.net darlene.abdouch@hotworx.net	(832) 913-8625	1315 Grand Parkway Katy, TX 77494
TX0006	Angelique Gates	Angelique Gates	angelique.gates@hotworx.net	(817) 576-2999	4718 Colleyville Blvd Colleyville, TX 76034
TX0009	Lainie Martinez	Lainie Martinez (Note 1)	lainie.martinez@hotworx.net	(806) 500-8228	7604 Milwaukee Avenue



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TX0012	Paislee Ann, LLC	Ashlee Campbell	ashlee.campbell@hotworx. net	(903) 203- 2683	8926 S. Broadway Avenue Tyler, TX 75703
TX0016	Stacy Barbara Dan Barbara	Stacy Barbara Dan Barbara	stacy.barbara@hotworx.net dan.barbara@hotworx.net	(469) 677- 1324	6760 Abrams Rd. Dallas, TX 75231
TX0017	Dr. James Heptig	Dr. James Heptig	james.heptig@hotworx.net	(469) 828- 7978	15250 N Dallas Parkway Suite 500 Dallas, TX 75248
TX0020	TRANSFORM ATION STUDIOS LLC	Angie Ryan	angie.ryan@hotworx.net	(682) 593- 8200	967 Keller Parkway Keller, TX 76248
TX0022	HotnArl, LLC	Joe Bruner (Note 1)	joe.bruner@hotworx.net	(817) 637- 1144	3990 N Collins Arlington, TX 76005
TX0023	HotFrogs, LLC	Joe Bruner (Note 1)	joe.bruner@hotworx.net	(817) 618- 2595	3548 S. Hills Ave Fort Worth, TX 76109
TX0025	HWX Stone Oak LLC	Brett Grossman Julia Grossman Garrett Ferguson Alan Claiborne (Note 1)	brett.grossman@hotworx.n et julia.grossman@hotworx.n et garrett.ferguson.hwx@gma il.com alan.claiborne.hwx@gmail. com	(210) 481- 0000	19141 Stone Oak Pkwy San Antonio, TX 78258
TX0026	HOTheights, LLC	Brett Grossman Julia Grossman Garrett Ferguson Alan Claiborne (Note 1)	brett.grossman@hotworx.n et julia.grossman@hotworx.n et garrett.ferguson.hwx@gma il.com	(830) 468- 9679	999 E Basse Rd. San Antonio, TX 78209

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TX0027	HOTDominion, LLC	Brett Grossman Julia Grossman Garrett Ferguson Alan Claiborne (Note 1)	brett.grossman@hotworx.net julia.grossman@hotworx.net garrett.ferguson.hwx@gmail.com alan.claiborne.hwx@gmail.com	(830) 468-9679	17803 La Cantera Terrace San Antonio, TX 78256
TX0031	Darren Harrison Marinda Harrison	Darren Harrison Marinda Harrison (Note 1)	darren.harrison@hotworx.net marinda.harrison@hotworx.net	(972) 304-0055	160 West Sandy Lake Rd. Coppell, TX 75019
TX0032	Darren Harrison Marinda Harrison	Darren Harrison Marinda Harrison (Note 1)	darren.harrison@hotworx.net marinda.harrison@hotworx.net	(682) 224-5800	2717 Heritage Trace Pkwy Fort Worth, TX 76177
TX0034	Jason Martinez Lainie Martinez	Jason Martinez Lainie Martinez (Note 1)	jason.martinez@hotworx.net lainie.martinez@hotworx.net	(806) 500-1712	4406 19th St Lubbock, TX 79407
TX0035	Jason Martinez Lainie Martinez	Jason Martinez Lainie Martinez (Note 1)	jason.martinez@hotworx.net lainie.martinez@hotworx.net	(806) 701-2850	12811 Indiana Ave Lubbock, TX 79423
TX0036	Susan Sandoval Juan Sandoval	Susan Sandoval Juan Sandoval (Note 1)	susan.sandoval@hotworx.net juan.sandoval@hotworx.net	(512) 488-9846	800 West Whitestone Blvd Cedar Park, TX 78613
TX0037	JSS Fitness, LLC	Susan Sandoval Juan Sandoval (Note 1) Paula Argiropoulos Dave Argiropoulos	susan.sandoval@hotworx.net juan.sandoval@hotworx.net paula.argiropoulos@hotworx.net dave.argiropoulos@hotworx.net	(512) 888-3055	920 Kohlers Crossing, Suite 520 Kyle, TX 78640
TX0042	Frank Enriquez Denna Enriquez	Frank Enriquez Denna Enriquez (Note 1)	frank.enriquez@hotworx.net	(817) 953-8688	2600 W 7th St Fort Worth, TX 76107

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TX0043	Frank Enriquez Denna Enriquez	Frank Enriquez Denna Enriquez (Note 1)	frank.enriquez@hotworx.net denna.enriquez@hotworx.net	(817) 948-8095	6100 Camp Bowie Blvd Fort Worth, TX 76116
TX0045	Sheli Pugach	Sheli Pugach	sheli.pugach@hotworx.net	(972) 895-2149	631 E. Southlake Blvd Southlake, TX 76092
TX0046	Bob Majecki Sherry Majecki	Bob Majecki Sherry Majecki (Note 1)	bob.majecki@hotworx.net sherry.majecki@hotworx.net	(972) 895-2083	3166 State Hwy 161 Grand Prairie, TX 75052
TX0047	Vitality Studios 2 LLC	Maria Villareal	maria.villarreal@hotworx.net	(972) 895-3159	720 East Campbell Rd Richardson, TX 75081
TX0048	Christine Locke Brandt Gaiser	Christine Locke Brandt Gaiser	christine.locke@hotworx.net; brandt.gaiser@hotworx.net	(972) 895-3855	2808 McKinney Ave Dallas, TX 75204
TX0049	Christine Locke Brandt Gaiser	Christine Locke Brandt Gaiser	christine.locke@hotworx.net; brandt.gaiser@hotworx.net	(972) 895-3164	1902 Abrams Road Dallas, TX 75214
TX0051	Shane Winfield Shyloh Winfield	Shane Winfield Shyloh Winfield	shane.winfield@hotworx.net shyloh.winfield@hotworx.net	(940) 800-1944	1400 S. Loop 288 Denton, TX 76205
TX0054	JJ Kazadi Futa Mampia Futa Napo Ghonda Mano Mbu	JJ Kazadi Futa Mampia Futa Napo Ghonda Mano Mbu (Note 1)	jj.futa@hotworx.net mampia.futa@hotworx.net napo.ghonda@hotworx.net mano.mbu@hotworx.net	(281) 574-1175	5215 FM 1463 Rd. Katy, TX 77494
TX0055	Len Wood Rhonda Wood	Len Wood Rhonda Wood (Note 1)	len.wood@hotworx.net rhonda.wood@hotworx.net	(806) 300-0155	2439 I-40 West Amarillo, TX 79109

TX0057	Len Wood Rhonda Wood	Len Wood Rhonda Wood (Note 1)	len.wood@hotworx.net rhonda.wood@hotworx.net	(325) 238-7088	2473 N Judge Ely Blvd Abilene, TX 79601
TX0058	Hotfit, Inc	Michael Abdouch Darlene Abdouch (Note 1)	michael.abdouch@hotworx.net darlene.abdouch@hotworx.net	(832) 203-5483	506 Yale St Houston, TX 77007
TX0063	Greg Newkirk Deann Newkirk	Greg Newkirk Deann Newkirk (Note 1)	greg.newkirk@hotworx.net deann.newkirk@hotworx.net	(936) 203-3061	2300 Woodforest Pkwy N. Montgomery, TX 77316
TX0065	Nicki Bomer David Bomer	Nicki Bomer David Bomer	nicki.bomer@hotworx.net david.bomer@hotworx.net	(940) 264-9679	3910 Call Field Rd. Wichita Falls, TX 76308
TX0066	Vickie Bergen David Bergen	Vickie Bergen David Bergen	vickie.bergen@hotworx.net david.bergen@hotworx.net	(432) 758-6272	603 W Avenue A Seminole, TX 79360
TX0067	Ann Truong	Ann Truong (Note 1)	ann.truong@hotworx.net	(713) 909-3177	29110 US-290 Cypress, TX 77433
TX0068	Ann Truong	Ann Truong (Note 1)	ann.truong@hotworx.net	(713) 955-6252	2015 Spring Stuebner Rd Spring, TX 77389
TX0069	Corey Robinson Brooke Robinson	Corey Robinson Brooke Robinson	Corey.robinson@hotworx.net Brooke.robinson@hotworx.net	(972) 923-9679	1700 N HWY 77 Waxahachie, TX 75165
TX0070	Teresa Grawe Mark Grawe	Teresa Grawe Mark Grawe (Note 1)	teresa.grawe@hotworx.net mark.grawe@hotworx.net	(972) 435-9679	2150 N. Josey Lane Carrollton, TX 75006
TX0071	K1 Worx LLC	Teresa Grawe Mark Grawe (Note 1)	teresa.grawe@hotworx.net mark.grawe@hotworx.net	(469) 991-0071	8425 FM423 Frisco, TX 75034
TX0072	GraweWorx Castle Hills, LLC	Teresa Grawe Mark Grawe (Note 1)	teresa.grawe@hotworx.net mark.grawe@hotworx.net	(469) 991-0072	4622 Windhaven Pkwy, Suite

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TX0078	Dana Kolling Michel Kolling	Dana Kolling Michel Kolling (Note 1)	dana.kolling@hotworx.net michel.kolling@hotworx.net	(817) 343- 8425	264 SE John Jones Drive, Suite 108 Burleson, TX 76028
TX0079	Dana Kolling Michel Kolling	Dana Kolling Michel Kolling (Note 1)	dana.kolling@hotworx.net michel.kolling@hotworx.net	(469) 845- 9898	114 E John W Carpenter Fwy, Suite 150 Irving, TX 75062
TX0082	BRIC Fitness LLC	Carley Ostrander Ivan Ostrander (Note 1)	carley.ostrander@hotworx.net ivan.ostrander@hotworx.net	(432) 897- 2505	3415 N Loop 250 West Midland, TX 79707
TX0083	BRIC Fitness LLC	Ivan Ostrander Brian Whytlaw (Note 1)	ivan.ostrander@hotworx.net brian.whytlaw@hotworx.net	(432) 897- 2686	4060 Faudree Road Odessa, TX 79765
TX0084	Ivan Ostrander Brian Whytlaw Carley Ostrander	Ivan Ostrander Brian Whytlaw Carley Ostrander (Note 1)	ivan.ostrander@hotworx.net brian.whytlaw@hotworx.net carley.ostrander@hotworx.net	(325) 274- 0105	4802 Southland Blvd Suite 4838 San Angelo, TX 76904
TX0086	Stayfit One LLC	Vijay Nair (Note 1)	vijay.nair@hotworx.net	(512) 667- 6369	200 Springtown Way San Marcos, TX 78666
TX0087	Stayfit Two LLC	Vijay Nair (Note 1)	vijay.nair@hotworx.net	(512) 243- 5192	11521 N FM 620 Austin, TX 78726
TX0089	Keith Westmoreland	Keith Westmoreland	keith.westmoreland@hotworx.net	(979) 485- 5206	1902 Texas Ave South

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TX0090	HOT AGGIE TOO LLC	Keith Westmoreland Julie Westmoreland (Note 1)	keith.westmoreland@hotmail.com julie.westmoreland@hotmail.com	(979) 703-1545	1295 Arrington Rd College Station, TX 77845
TX0091	Hot West LLC	Keith Westmoreland Julie Westmoreland (Note 1)	keith.westmoreland@hotmail.com julie.westmoreland@hotmail.com	(469) 722-2250	476 S. FM 548 Suite 200 Forney, TX 75126
TX0092	Greg Newkirk Deann Newkirk	Greg Newkirk Deann Newkirk (Note 1)	greg.newkirk@hotmail.com deann.newkirk@hotmail.com	(936) 270-8700	20165 Eva St. Montgomery, TX 77356
TX0093	HOTCuatro Holdings, LLC	Brett Grossman Julia Grossman Garrett Ferguson Alan Claiborne Nerea Claiborne Alan Claiborne (Note 1)	brett.grossman@hotmail.com julia.grossman@hotmail.com garrett.ferguson.hwx@gmail.com alan.claiborne.hwx@gmail.com nerea.claiborne.hwx@gmail.com alan.claiborne@hotmail.com nerea.claiborne@hotmail.com	(830) 468-9679	12047 Potranco Rd. San Antonio, TX 78253
TX0094	HOTCinco Holdings, LLC	Brett Grossman Julia Grossman Garrett Ferguson Alan Claiborne Nerea Claiborne Alan Claiborne (Note 1)	brett.grossman@hotmail.com julia.grossman@hotmail.com garrett.ferguson.hwx@gmail.com alan.claiborne.hwx@gmail.com	(830) 468-9679	14615 IH-35 North, Suite 170 Live Oak, TX 78154

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TX0095	HOTSeis Holdings, LLC	Brett Grossman Julia Grossman Garrett Ferguson Alan Claiborne Nerea Claiborne Alan Claiborne (Note 1)	brett.grossman@hotmail.com julia.grossman@hotmail.com garrett.ferguson.hwx@gmail.com alan.claiborne.hwx@gmail.com nerea.claiborne.hwx@gmail.com alan.claiborne@hotmail.com nerea.claiborne@hotmail.com	(210) 254-9250	1011 Broadway Suite 1101 San Antonio, TX 78215
TX0096	Walt Toler Pamela Toler Jill Lawrence	Walt Toler Pamela Toler Jill Lawrence (Note 1)	walt.toler@hotmail.com pamela.toler@hotmail.com jill.lawrence@hotmail.com	(409) 519-8101	1475 S. Hwy 69 Nederland, TX 77627
TX0097	BMT Studio TX0097, LLC	Walt Toler Pamela Toler Jill Lawrence (Note 1)	walt.toler@hotmail.com pamela.toler@hotmail.com jill.lawrence@hotmail.com	(409) 730-7001	3195 Dowlen Rd. Suite 104 Beaumont, TX 77706
TX0100	Demetria Cheatham	Demetria Cheatham (Note 1)	demetria.cheatham@hotmail.com	(972) 845-1624	6310 Dalrock Rd Rowlett, TX 75088
TX0101	Lauren Meals Tyler Meals	Lauren Meals Tyler Meals (Note 1)	lauren.meals@hotmail.com tyler.meals@hotmail.com	(830) 310-4424	2188 HWY 46 W New Braunfels, TX 78132
TX0104	SharedLegacy Fitness, LLC	Rubin Loera Anaalicia Loera	rubin.loera@hotmail.com anaalicia.loera@hotmail.com	(512) 713-6501	2150 E. Palm Valley Round Rock, TX 78665

TX0105	Jeremy Fikac Jason Scott	Jeremy Fikac Jason Scott (Note 1)	jeremy.fikac@hotmail.net jason.scott@hotmail.net	(512) 713-6278	940 W University Ave Georgetown, TX 78626
TX0106	Jeremy Fikac Jason Scott	Jeremy Fikac Jason Scott (Note 1)	jeremy.fikac@hotmail.net jason.scott@hotmail.net	(512) 767-9357	635 University Blvd Round Rock, TX 78665
TX0111	Studio V, Inc.	Victoria Najera (Note 1)	victoria.najera@hotmail.net	(254) 300-5024	2324 Marketplace Drive Waco, TX 76711
TX0112	WE DO WORX, LLC	Victoria Najera (Note 1)	victoria.najera@hotmail.net	(469) 421-0441	1921 N Preston Rd Prosper, TX 75078
TX0115	PAR Fitness, LLC	Paula Roberson Brad Roberson	paula.roberson@hotmail.net brad.roberson@hotmail.net	(254) 870-4508	13701 Woodway Drive Woodway, TX 76712
TX0116	Built By Heat, LLC	Stacey Duke (Note 1)	stacey.duke@hotmail.net	(214) 226-8590	110 Smirl Dr. Heath, TX 75032
TX0119	Kristina Ferruzzi Giancarlo Ferruzzi Robert Thomas	Kristina Ferruzzi Giancarlo Ferruzzi Robert Thomas (Note 1)	kristina.ferruzzi@hotmail.net giancarlo.ferruzzi@hotmail.net robert.thomas@hotmail.net	(210) 898-1803	9234 N 1604 W, Ste 107 San Antonio, TX 78249
TX0120	KG4Health&Fitness, LLC	Kristina Ferruzzi Giancarlo Ferruzzi (Note 1)	kristina.ferruzzi@hotmail.net giancarlo.ferruzzi@hotmail.net	(210) 866-9600	7010 W. Loop 1604 N. San Antonio, TX 78254
TX0123	Emken Linton Trey Melchor	Emken Linton Trey Melchor (Note 1)	emken.linton@hotmail.net trey.melchor@hotmail.net	(281) 214-2668	4550 W League City Pkwy Suite 160 League City, TX 77573



TX0124	Emken Linton Trey Melchor	Emken Linton Trey Melchor (Note 1)	emken.linton@hotworx.net trey.melchor@hotworx.net	(713) 882-0638	4489 West Davis St. Conroe, TX 77304
TX0126	Michael McNamara	Michael McNamara	michael.mcnamara@hotworx.net	(430) 200-0291	3638 Richmond Rd Texarkana, TX 75503
TX0127	Big Easy Health, Inc.	Carmen Hopkins Keith Hopkins (Note 1)	carmen.hopkins@hotworx.net keith.hopkins@hotworx.net	(832) 835-6444	2110 Pearland Pkwy Pearland, TX 77581
TX0128	Carmen Hopkins Keith Hopkins	Carmen Hopkins Keith Hopkins (Note 1)	carmen.hopkins@hotworx.net keith.hopkins@hotworx.net	(281) 845-6685	10237 Bailey Rd. Suite 100 Manvel, TX 77578
TX0129	Michael Lopez	Michael Lopez	michael.lopez@hotworx.net	(210) 560-2447	12611 I10 West, Suite 101 San Antonio, TX 78230
TX0131	Lisa Shields David Shields	Lisa Shields David Shields	lisa.shields@hotworx.net david.shields@hotworx.net	(210) 990-4681	24815 US Hwy 281 N San Antonio, TX 78258
TX0132	Lisa Mayfield Giancarlo Ferruzzi Kristina Ferruzzi	Lisa Mayfield Giancarlo Ferruzzi Kristina Ferruzzi (Note 1)	lisa.mayfield@hotworx.net giancarlo.ferruzzi@hotworx.net kristina.ferruzzi@hotworx.net	(830) 388-7993	27650 IH 10 W, Suite 108 Boerne, TX 78015
TX0136	Wild Aggie Studios, LLC	Jared Kenney Christina Kenney	jared.kenney@hotworx.net christina.kenney@hotworx.net	(281) 738-4268	20026 SW Freeway Sugar Land, TX 77479
TX0137	FTK Investments, LLC	Stephen "Craig" McDowell Erin McDowell Paul Rackley Kristi Rackley (Note 1)	craig.mcdowell@hotworx.net erin.mcdowell@hotworx.net paul.rackley@hotworx.net kristi.rackley@hotworx.net	(832) 776-0099	25640 Kuykendahl Rd. Tomball, TX 77375
TX0138	Stephen "Craig"	Stephen "Craig" McDowell	craig.mcdowell@hotworx.net	(832) 732-5176	4057 Riley Fuzzel Rd

	McDowell Erin McDowell Paul Rackley Kristi Rackley	Erin McDowell Paul Rackley Kristi Rackley (Note 1)	erin.mcdowell@hotworx.net paul.rackley@hotworx.net kristi.rackley@hotworx.net		Spring, TX 77386
TX0140	The Bartulla Way Corp.	Melanie Bartulla Jeffrey Bartulla	melanie.bartulla@hotworx.net jeffrey.bartulla@hotworx.net	(281) 602- 5969	8845 Six Pines Drive The Woodlands, TX 77380
TX0141	Vitality Studios LLC	Maria Villarreal (Note 1)	maria.villarreal@hotworx.net	(469) 733- 7410	3194 W University Dr McKinney, TX 75071
TX0142	Mey Works, LLC	Mayra Mares	mayra.mares@hotworx.net	(915) 910- 7073	7456 Cimarron Market St El Paso, TX 79911
TX0143	David Holloway Christa Holloway	David Holloway Christa Holloway	david.holloway@hotworx.net christa.holloway@hotworx.net	(832) 497- 5888	7710 Garth Road, Ste. 500 Baytown, TX 77521
TX0144	EMINENCE HOLDINGS LLC	Joshua Chiong Leonard Daye (Note 1)	joshua.chiong@hotworx.net leonard.daye@hotworx.net	(915) 955- 8182	3581 Zaragoza Rd. Suite 202- 203 El Paso, TX 79938
TX0146	HOTHEALTH LLC	Joshua Chiong Leonard Daye (Note 1)	joshua.chiong@hotworx.net leonard.daye@hotworx.net	(915) 308- 9293	13001 Emerald Pass Suite B Horizon City, TX 79928
TX0147	3D TRAINING LLC	Joshua Chiong Leonard Daye (Note 1)	joshua.chiong@hotworx.net leonard.daye@hotworx.net	(915) 245- 4665	9640 Montwood, Building B Suite 300 El Paso, TX 79925
TX0148	SweatinTexas, LLC	David Holloway Christa Holloway	david.holloway@hotworx.net christa.holloway@hotworx.net	(281) 764- 8690	18455 West Lake Houston Parkway suite 190

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TX0149	Pylant Legacy LLC	Heather Spotts (Note 1)	heather.pylant@hotworx.net	(817) 898-4686	2006 Cinema Drive Hudson Oaks, TX 76087
TX0151	MC3 Health, LLC	Brandie Munks	brandie.munks@hotworx.net	(469) 314-1443	2455 Ridge Rd. Suite 120 Rockwall, TX 75087
TX0154	Square One Step, LLC	Melissa Rabuck Joshua Rabuck	melissa.rabuck@hotworx.net joshua.rabuck@hotworx.net	(346) 221-7551	10710 Barker Cypress Rd Cypress, TX 77433
TX0156	Cove Texas Saunas LLC	Dulce Gamez	dulce.gamez@hotworx.net	(713) 424-3664	4557 East Sam Houston Pkwy South Suite 110 Pasadena, TX 77505
TX0157	Hercules DNA 001, LLC	Danny Patterson Andrea Saitis (Note 1)	danny.patterson@hotworx.net; andrea.saitis@hotworx.net	(972) 600-1234	1900 Preston Rd. Suite 337 Plano, TX 75093
TX0160	Jeremy Fikac Jason Scott	Jeremy Fikac Jason Scott (Note 1)	jeremy.fikac@hotworx.net jason.scott@hotworx.net	(512) 704-3164	19368 Ronald Reagan Blvd. Suite 120 Leander, TX 78628
TX0167	SMD-Group LLC	George Mathai	george.mathai@hotworx.net	(210) 701-8835	917 Roy Richard Dr Schertz, TX 78154
TX0168	Demetria Cheatham	Demetria Cheatham (Note 1)	demetria.cheatham@hotworx.net	(469) 942-8383	628 W. White St. Anna, TX 75409
TX0169	Ivan Ostrander Brian Whytlaw	Ivan Ostrander Brian Whytlaw (Note 1)	ivan.ostrander@hotworx.net; brian.whytlaw@hotworx.net	(432) 219-9915	2425 A N. County Road West Odessa, TX 79763

TX0171	The Sweat Life, LLC	Amanda Riggan Casey Riggan (Note 1)	amanda.riggan@hotworx.net casey.riggan@hotworx.net	(830) 463-9221	1417 E. Walnut St., Suite 600 Seguin, TX 78155
TX0172	The Sweat(ier) Life, LLC	Amanda Riggan Casey Riggan (Note 1)	amanda.riggan@hotworx.net casey.riggan@hotworx.net	(830) 252-9553	326 Singing Oaks Suite 153 Spring Branch, TX 78070
TX0174	JJ Kazadi Futa Mampia Futa Napo Ghonda Mano Mbu	JJ Kazadi Futa Mampia Futa Napo Ghonda Mano Mbu (Note 1)	jj.futa@hotworx.net mampia.futa@hotworx.net napo.ghonda@hotworx.net mano.mbu@hotworx.net	(281) 903-7497	18310 W Airport Blvd, Suite 400 Richmond, TX 77407
TX0176	Alisen Sanders Brandon Sanders	Alisen Sanders Brandon Sanders (Note 1)	alisen.sanders@hotworx.net brandon.sanders@hotworx.net	(512) 790-8295	12812 Shops Pkwy Bee Cave, TX 78738
TX0181	CE Memorial Villages LLC	April Carter (Note 1)	april.carter@hotworx.net	(713) 842-9679	12343 Kingsride Lane Houston, TX 77024
TX0183	Barnes219, LLC	Ryan Barnes Jennifer Barnes (Note 1)	ryan.barnes@hotworx.net; jennifer.barnes@hotworx.net	(903) 990-8860	103 Whistlestop Way Fairview, TX 75069
TX0185	MORRIS-ADAMS LLC	Pamela Morris Bradley Morris Olivia Adams Timothy Adams	pamela.morris@hotworx.net bradley.morris@hotworx.net olivia.adams@hotworx.net timothy.adams@hotworx.net	(682) 710-0099	414 US 287 Frontage Road Mansfield, TX 76063
TX0187	H-Town Infrared, LLC	Steven J Williams Wendy D Williams	steven.williams@hotworx.net wendy.williams@hotworx.net	(832) 580-4885	8675 Spring Cypress Rd Spring, TX 77379
TX0188	Winning Outdoors, LLC	Michael Schultz	michael.schultz@hotworx.net	(737) 727-0000	7826 W US 290 W - Building 1

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TX0189	NJONDA. LLC	Vincent Njorge	vincent.njorge@hotmail.com	(281) 768-8661	8027 Highway 6 Suite 700 Missouri, TX 77459
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TX0234	CNR Group, LLC	Carlo Rodriguez Maria Rodriguez	carlo.rodriguez@hotworx.net; maria.rodriguez@hotworx.net	(972) 637-7305	2555 Inwood Rd. Suite 235 Dallas, TX 75235
TX0238	FireFit Austin, LLC	Alisen Sanders Brandon Sanders (Note 1)	alisen.sanders@hotworx.net; brandon.sanders@hotworx.net	(512) 593-7279	208 Wells Branch Parkway Suite 240 Pflugerville, TX 78660
TX0240	M5 HWX Stephenville, LLC	Jenny Montgomery Brian Montgomery	jennifer.montgomery@hotworx.net brian.montgomery@hotworx.net	(254) 968-3715	980 N Wolfe Nursery Road Stephenville, TX 76401
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WA0032	JMS PARTNERS, LLC	Jennifer Kathleen Skinner Megan Lea Hodgson Scott Hodgson (Note 1)	jen.skinner@hotworx.net; megan.hodgson@hotworx.net; scott.hodgson@hotworx.net	(425) 233-8703	15 Everett Mall Way Suite D Everett, WA 98204
WA0037	MEEK LIFE 1, LLC	Carli Meek Hallie Meek (Note 1)	carlie.meek@hotworx.net; hallie.meek@hotworx.net	(253) 449-5485	21140 State Route 410 E. Bonney Lake, WA 98391
WA0040	Silverworx Inc	Raeanne Silver (Note 1)	raeanne.silver@hotworx.net	(206) 203-9679	1570 W Armory Way Suite #104 Seattle, WA 98119
WA0043	LIVING IN HOPE	Cassie Merritt Tanner Merritt	cassie.merritt@hotworx.net ;	(360) 926-5539	26477 72ND Ave NW Suite 107

	LIFESTYLES LLC		tanner.merritt@hotworx.net		Stanwood, WA 98292
WA0045	STRP INVESTMENTS INCORPORATED	Shannon Ingram Trae Brown (Note 1)	shannon.ingrum@hotworx.net; trae.brown@hotworx.net	(360) 322-6431	4008 172nd St NE Suite D Arlington, WA 98223
WA0048	JWCSIX LLC	Whitney Cornelison Justin Cornelison (Note 1)	whitney.cornelison@hotworx.net; justin.cornelison@hotworx.net	(360) 369-0152	14109 NE 10th Ave Suite 717 Vancouver, WA 98685
<b>WISCONSIN</b>					
WI0002	Onyx Fitness, LLC	Bryan Bodrog	bryan.bodrog@hotworx.net	(715) 407-4767	2240 Badger Dr. Hudson, WI 54016
WI0003	Jennifer Lamont Douglas Rothgeb Wade Lamont Sarah Rothgeb	Jennifer Lamont Douglas Rothgeb Wade Lamont Sarah Rothgeb (Note 1)	jennifer.lamont@hotworx.net douglas.rothgeb@hotworx.net wade.lamont@hotworx.net sarah.rothgeb@hotworx.net	(414) 792-9679	1640 N Water St Milwaukee, WI 53202
WI0004	Valuworx LLC	Jennifer Lamont Douglas Rothgeb Wade Lamont Sarah Rothgeb (Note 1)	jennifer.lamont@hotworx.net douglas.rothgeb@hotworx.net wade.lamont@hotworx.net sarah.rothgeb@hotworx.net	(262) 649-3002	18000 W. Bluemound Rd. Suite L Brookfield, WI 53045
WI0006	Jennifer Lamont Douglas Rothgeb Wade Lamont Sarah Rothgeb	Jennifer Lamont Douglas Rothgeb Wade Lamont Sarah Rothgeb (Note 1)	jennifer.lamont@hotworx.net douglas.rothgeb@hotworx.net wade.lamont@hotworx.net sarah.rothgeb@hotworx.net	(608) 318-1432	2412 Montana Ave. Sun Prairie, WI 53590
WI0009	Heat Therapy Inc.	Stacy Johnson Patrick Johnson	stacy.johnson@hotworx.net; patrick.johnson@hotworx.net	(262) 696-4436	1279 Capitol Drive Suite A Pewaukee, WI 53072

WI0011	TLT Fitness LLC	Troy Thompson Lora Thompson	troy.thompson@hotworx.net; lora.thompson@hotworx.net	(262) 421-8418	1530 Port Washington Rd Grafton, WI 53024
WI0020	MAE BAE, LLC	Megan Louise Baggett Audra Van Gheem	megan.baggett@hotworx.net; audra.vangheem@hotworx.net	(920) 301-3503	1241 Lombardi Access Rd Suite B Green Bay, WI 54304
<b>WEST VIRGINIA</b>					
WV0001	PENNINGTON FAMILY PROPERTIES LLC	Ernest Pennington John Pennington	ernie.pennington@hotworx.net; john.pennington@hotworx.net	(304) 546-2771	43 RHL Blvd. South Charleston, WV 25309
WV0002	CM Fitness, LLC	Conor Markins	Conor.markins@hotworx.net	(304) 962-5676	900 4th Ave. Huntington, WV 25701
WV0003	PENNINGTON ENTERPRISES LLC	Ernest Pennington John Pennington	ernie.pennington@hotworx.net; john.pennington@hotworx.net	(304) 521-1246	100-1 Great Teays Blvd Unit 1 Scott Depot, WV 25560

If you buy this franchise, your contact information may be disclosed to other prospective and current franchisees if and when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX®. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Note 1: These franchisees are also Area Developers. Of these Area Developers, 11 were existing franchisees at the beginning of 2024 and were granted, collectively, a total of 17 additional licenses by Franchisor in 2024.

### **List of Franchise Agreements Signed but Outlet Not Yet Opened**

**\*Displays the state-by-state list of all Franchise Outlets in Development**

<b>Location Code</b>	<b>Franchisee Name</b>	<b>Contact</b>	<b>Franchisee Email</b>	<b>Franchisee Phone Number</b>	<b>DMA</b>
<b>ALABAMA</b>					
AL0035	Infrared Fitness, LLC	Sharon Hensel Scott Hensel	sharon.hensel@hotworx.net scott.hensel@hotworx.net	716) 474-0947 (716) 474-0731	Mobile-Pensacola (Fort Walton Beach)
<b>ARIZONA</b>					
AZ0047	Kianoosh Jafari & Ariana Lambert	Kianoosh Jafari & Ariana Lambert	kianoosh.jafari@hotworx.net ; ariana.lambert@hotworx.net	(630) 776-1550; (928) 607-7874	Phoenix (Prescott)
AZ0048	JOSEPH KACZOR AND STEPHANIE KACZOR, LLC	Joseph Kaczor Stephanie (Note 1)	joseph.kaczor@hotworx.net stephanie.kaczor@hotworx.net	(432) 553-1205 (432) 530-9410	Tucson (Sierra Vista)
<b>CALIFORNIA</b>					
CA0031	Sunny Edmisten	Sunny Edmisten (Note 1)	sunny.edmisten@hotworx.net	(916) 451-8676	Sacramento-Stockton-Modesto
CA0058	Michael Wilkins Julie Wilkins	Michael Wilkins Julie Wilkins (Note 1)	michael.wilkins@hotworx.net julie.wilkins@hotworx.net	(310) 463-1061	Sacramento-Stockton-Modesto
CA0069	K & S BODYWORKS 2	Kevin Nunes Stephanie Nunes (Note 1)	kevin.nunes@hotworx.net stephanie.nunes@hotworx.net	(209) 613-7278 (209) 613-7278	Sacramento-Stockton-Modesto
CA0090	PCNB Holdings, Inc.	Sharon Victoria Mueller Stephen Michael Mueller Jr. (Note 1)	sharon.mueller@hotworx.net michael.mueller@hotworx.net	(559) 696-0500 (559) 314-4020	Los Angeles

CA0113	ELAN Health and Wellness LLC	Yvette Ward (Note 1)	yvette.ward@hotworx.net	(909) 200-7137	Los Angeles
CA0127	dinodigiulio ca0127 LLC	Dino DiGiulio (Note 1)	dino.digiulio@hotworx.net	(707) 996-2470	San Francisco-Oakland-San Jose
CA0133	Brian Lancioni Bridget Lancioni	Brian Lancioni Bridget Lancioni	brian.lancioni@hotworx.net bridget.lancioni@hotworx.net	(949) 599-4457 (612) 805-9968	Los Angeles
CA0135	REGENT ENTERPRISES DLS INC.	Darius Zandi Mona Zandi (Note 1)	darius.zandi@hotworx.net mona.zandi@hotworx.net	(559) 593-8164	San Diego
CA0138	Hustle & Flow, LLC	Patricia Roca	Patricia.roca@hotworx.net	(917) 806-4431	San Diego
CA0140	Cristina Lehman Justin Lehman	Cristina Lehman Justin Lehman	cristina.lehman@hotworx.net justin.lehman@hotworx.net	(925) 726-8244	San Francisco-Oakland-San Jose
CA0141	DGS Wellness SR	Dustin Schaffer April Schaffer	dustin.schaffer@hotworx.net april.schaffer@hotworx.net	(858) 663-2349 (707) 332-1171	San Francisco-Oakland-San Jose
CA0142	Gabnal Investments LLC	Xavier Alex Rosales Gabriela Orozco	xavier.rosalez@hotworx.net gabriela.orozco@hotworx.net	(951) 741-1864	Los Angeles
CA0144	Daljit Gill Sam Nagra	Daljit Gill Sam Nagra	daljit.gill@hotworx.net sam.nagra@hotworx.net	(559) 304-5050 (559) 271-4090	Fresno-Visalia
CA0145	Ron Manning	Ron Manning	ron.manning@hotworx.net	(559) 365-2312	Fresno-Visalia
CA0147	Physix LLC	Jonathan Azurin	jonathan.azurin@hotworx.net		Los Angeles

CA0148	FILMORE ENTERPRISE, INC.	Jared Wolfley Wendi Wolfley (Note 1)	jared.wolfley@hotmail.net wendi.wolfley@hotmail.net		Monterey-Salinas
CA0151	Marshall Holloway	Marshall Holloway	chip.holloway@hotmail.net		Bakersfield
<b>COLORADO</b>					
CO0043	John William Schelter	John William Schelter (Note 1)	john.schelter@hotmail.net	(239) 207-6764	Denver
CO0052	Keep On Sweating On CO-0052, LLC	Steffany Card Daniel Card	Steffany.card@hotmail.net Daniel.card@hotmail.net	(385) 335-6481 (303) 242-1674	Denver
CO0055	Kelly Lewis Ponna Ly Shannon Gettman	Richard Nguyen Kelly Lewis Ponna Ly	Richard.nguyen@hotmail.net Kelly.lewis@hotmail.net Ponna.ly@hotmail.net	(469) 348-5772 (817) 8008-8894	Denver
CO0057	Young Manor Investments, Inc	Jennifer Anmari Young Raymond Fisher Young II	jennifer.young@hotmail.net ; ray.young@hotmail.net	(240) 483-6289 (240) 483-6558	Denver
CO0058	Hotworx Heroes Inc.	Amber Hogan (Note 1)	amber.hogan@hotmail.net	(858) 353-4404	Albuquerque-Santa Fe
CO0059	McKayle - Windsor LLC	McKay Crist Kayle Crist (Note 1)	mckay.crist@hotmail.net; kayle.crist@hotmail.net	(720) 568-0135 (402) 740-1825	Denver
CO0062	Ian Curtis Sarah Curtis	Ian Curtis Sarah Curtis	ian.curtis@hotmail.net; sarah.curtis@hotmail.net	(513) 888-7208	Denver
CO0063	Kelly Morgan Harold Morgan	Kelly Morgan Harold Morgan	kelly.morgan@hotmail.net; harold.morgan@hotmail.net	(303) 877-0761	Colorado Springs-Pueblo

CO0064	Colorado Fitness Company, Inc.	Kelley Eichman David Eichman	kelley.eichman@hotmail.com; david.eichman@hotmail.com	(719) 660-8571	Colorado Springs-Pueblo
<b>FLORIDA</b>					
FL0012	Bater Enterprise Inc.	Matt Bater Sheila Bater (Note 1)	matt.bater@hotmail.com sheila.bater@hotmail.com	(703) 869-7577 (407) 212-2446	Orlando-Daytona Beach-Melbourne
FL0098	IR Sweat Equity LLC	Katy Langkamp Trenton Langkamp (Note 1)	katy.langkamp@hotmail.com trenton.langkamp@hotmail.com	(941) 243-2161 (941) 243-2160	Tampa-St. Petersburg (Sarasota)
FL0105	AWALK WELLNES S, LLC	Anthony Laron Walker Jr. (Note 1)	anthony.walker@hotmail.com	(786) 506-1262	Miami-Fort Lauderdale
FL0108	Diane Jeremias	Diane Jeremias (Note 1)	diane.jeremias@hotmail.com	(630) 391-0660 (773) 837-6696	Tampa-St. Petersburg (Sarasota)
FL0113	JZDH LLC	Jessica Rae Zonker Daniel Richard Headlee (Note 1)	jessica.zonker@hotmail.com daniel.headlee@hotmail.com	(402) 714-2952	Fort Myers-Naples
FL0128	LN ENTERPRISES, LLC	Nadia M. Luttner (Note 1)	nadia.luttner@hotmail.com	(412) 956-9432	West Palm Beach-Fort Pierce
FL0143	Robert A. Parsons Michele Parsons Brittany Parsons Brian Sakovits	Robert A. Parsons Michele Parsons Brittany Parsons Brian Sakovits (Note 1)	bob.parsons@hotmail.com michele.parsons@hotmail.com brittany.parsons@hotmail.com brian.sakovits@hotmail.com	(407) 402-8106	Orlando-Daytona Beach-Melbourne
FL0150	FUZZY SOCKS	Anisa Walters	Anisa.walters@hotmail.com	(754) 224-7316	Miami-Fort Lauderdale

	FITNESS, LLC				
FL0154	HOTWORX NAPLES LLC	Michele Durham John Kleintop (Note 1)	Michele.durham@hotworx.net et John.kleintop@hotworx.net	(239) 776-221 (239) 728-1183	Fort Myers-Naples
FL0162	DYNAMIC LIFESTYLE FITNESS, LLC	Devin Smith Lucy Smith	Devin.smith@hotworx.net Lucy.smith@hotworx.net	(813) 952-4792 (813) 598-1724	Tampa-St. Petersburg (Sarasota)
FL0169	IT'S SAUNA BEACH, INC	Thomas DeAlano Krystal DeAlano	Tommy.dealano@hotworx.net et Krystal.dealano@hotworx.net et	(972) 265-4174 (214) 986-1863	Tampa-St. Petersburg (Sarasota)
FL0170	J2K MME LLC	Katie Goff Justin Blanco	katie.goff@hotworx.net justin.blanco@hotworx.net	(727) 560-2909	Tampa-St. Petersburg (Sarasota)
FL0172	305FIT LLC	Kailena Van de Nes	kailena.vandenes@hotworx.net	(613) 816-6379	West Palm Beach-Fort Pierce
FL0173	DESNDAN VENTURES LLC	Destiny Robison Daniel Bass	destiny.robison@hotworx.net et; daniel.bass@hotworx.net	(386) 785-4411 (386) 795-0123	Orlando-Daytona Beach-Melbourne
FL0174	TCF FITNESS, LLC	Cary Franklin Frounfelter Terri L. Frounfelter (Note 1)	cary.frounfelter@hotworx.net et; terri.frounfelter@hotworx.net et	(727) 224-5706 (727) 224-5703	Tampa-St. Petersburg (Sarasota)
FL0181	HOT GIRL FITNESS LLC	Ashleigh Ji	ashleigh.ji@hotworx.net	(225) 571-4093	Orlando-Daytona Beach-Melbourne
FL0182	SAUNA & WELLNESS LAKE WORTH LLC	Todd Gilmore Tania Gilmore	todd.gilmore@hotworx.net; tania.gilmore@hotworx.net	(352) 727-0320 (305) 986-3141	West Palm Beach-Fort Pierce



FL0183	SUNCHAS ER INVESTME NTS LLC	Madison Latimer Joseph Kieffer	madison.latimer@hotworx.net; joseph.kieffer@hotworx.net	(510) 510- 7044	Mobile- Pensacola (Fort Walton Beach)
<b>GEORGIA</b>					
GA0062	RLCJ Ventures, Inc.	Lisa Roy Ryan Roy	lisa.roy@hotworx.net ryan.roy@hotworx.net	(770) 235- 6988 (786) 371- 1083	Atlanta
GA0072	Bradford Franklin Delyrria Franklin	Bradford Franklin Delyrria Franklin (Note 1)	bradford.franklin@hotworx.net netdelyrria.franklin@hotworx.net	(850) 291- 8175 (901) 503- 5670	Augusta- Aiken
GA0075	Fire Hot Fitness, LLC	Sabrina McAfee Anthony McAfee Gabrielle McAfee (Note 1)	sabrina.mcafee@hotworx.net anthony.mcafee@hotworx.net gabrielle.mcafee@hotworx.net	(863) 604- 5900 (863) 604- 9202	Atlanta
GA0078	Elma West Midtown LLC	Aaron Petty	Aaron.petty@hotworx.net	(859) 699- 2221	Atlanta
GA0079	GET INTO IT FITNESS, LLC	Davia Dunbar Dameon Dunbar	davia.dunbar@hotwotx.net dameon.dunbar@hotworx.net	(678) 644- 3985	Atlanta
GA0082	SCRIB SOLUTION S, INC.	Chad Scribner Susie Sowell (Note 1)	chad.scribner@hotworx.net; susie.sowell@hotworx.net	(970) 317- 4783 (912) 657- 3569	Savannah
GA0083	Baskar Subramania n Betsy Karen	Baskar Subramanian Betsy Karen Koilaraj	baskar.subramanian@hotworx.net; betsy.koilaraj@hotworx.net	(201) 673- 6214 (508) 904- 4225	Atlanta
GA0084	HeadSouth Fitness II LLC	Martha Head Grace Hitchcock	martha.head@hotworx.net; grace.hitchcock@hotworx.net	(678) 852- 1545	Atlanta

GA0085	Do Good Fitness LLC	Leigh P. Eiberger Christian Eiberger	leigh.eiberger@hotworx.net; christian.eiberger@hotworx.net	(404) 610-5111	Atlanta
GA0086	Melissa Lynn Maples Chad Maples Hollie Thackere Gillis Peter Gillis	Melissa Lynn Maples Chad Maples Hollie Thackere Gillis Peter Gillis	lisa.maples@hotworx.net; chad.maples@hotworx.net; hollie.gillis@hotworx.net; peter.gillis@hotworx.net	(256) 523-2558 (404) 456-9143	Atlanta
GA0087	James Lawson Tannia Lawson	James Lawson Tannia Lawson	paul.lawson@hotworx.net; tannia.lawson@hotworx.net	(719) 660-8571	Atlanta
<b>IOWA</b>					
IA0019	Jennifer Dawn Laughlin William Laughlin	Jennifer Dawn Laughlin William Laughlin (Note 1)	jennifer.laughlin@hotworx.net bill.laughlin@hotworx.net	(319) 930-2911 (319) 325-5080	Des Moines- Ames
IA0022	Andrea Lea Crawford Jason Crawford	Andrea Lea Crawford Jason Crawford (Note 1)	andrea.crawford@hotworx.net; jason.crawford@hotworx.net	(309) 798-6504 (773) 860-0168	Davenport- Rock Island- Moline
IA0024	L4 Fitness, LLC	Jobi Lawrence	jobi.lawrence@hotworx.net	(319) 471-1833	Des Moines- Ames
<b>IDAHO</b>					
ID0010	Kerri and Calista Inc.	Calista Martinez Kerri Sumpter	Calista.martinez@hotworx.net Kerri.sumpter@hotworx.net	(801) 971-5509	Twin Falls
ID0015	Trevor Kettrick Melissa Kettrick Adam	Trevor Kettrick Melissa Kettrick Adam	trevor.kettrick@hotworx.net; melissa.kettrick@hotworx.net; adam.thurston@hotworx.net;	(509) 710-7179	Spokane

	Thurston Stephanie Thurston	Thurston Stephanie Thurston (Note 1)	stephanie.thurston@hotworx.net		
<b>ILLINOIS</b>					
IL0015	AKMODI2 LTD.	Ankit D. Modi (Note 1)	ankit.modi@hotworx.net	(616) 796-4637	Chicago
IL0019	Roopen Patel	Roopen Patel (Note 1)	roopen.patel@hotworx.net	(847) 331-7667	Chicago
IL0042	HEALM LLC	Adam Del Muro Michelle Del Muro	adam.delmuro@hotworx.net ; michelle.delmuro@hotworx.net	(256) 523-2558 (404) 456-9143	Chicago
<b>INDIANA</b>					
IN0011	Courtney Henchon Brian Henchon Megan Wilson	Courtney Henchon Brian Henchon Megan Wilson (Note 1)	courtney.henchon@hotworx.net brian.henchon@hotworx.net megan.wilson@hotworx.net	(765) 532-8156 (765) 532-8141	Lafayette
IN0022	HEROES FOR HUDSON LLC	Kelli Rogerson Michael Rogerson (Note 1)	Kelli.rogerson@hotworx.net Michael.rogerson@hotworx.net	(850) 333-4449 (502) 817-0831	Louisville
IN0023	Nicole Poort	Nicole Poort	Nicole.poort@hotworx.net	(574) 453-6004	South Bend-Elkhart
IN0026	Vishaljit Gill Beant Gill	Vishaljit Gill Beant Gill	vishal.gill@hotworx.net; beant.gill@hotworx.net	(812) 371-9162	Indianapolis
<b>KENTUCKY</b>					
KY0019	Benton Dammel Rachel Dammel	Benton Dammel Rachel Dammel (Note 1)	Benton.dammel@hotworx.net Rachel.dammel@hotworx.net	(312) 368-1376 (859) 283-2475	Cincinnati

KY0022	First Down Fitness, LLC	Rebecca Petrino Robert Petrino Bobby Petrino Kathryn Beard Ryan Beard (Note 1)	Rebecca.Petrino@hotmail.com; Robert.Petrino@hotmail.com; Bobby.Petrino@hotmail.com; katie.beard@hotmail.com; ryan.beard@hotmail.com	(479) 236-9780 (407) 222-4939 (479) 799-5764	Bowling Green
<b>LOUISIANA</b>					
LA0009	TOBACOR E LLC	Corey Gomez Tobi Gomez (Note 1)	Corey.gomez@hotmail.com; tobi.gomez@hotmail.com	(225) 205-3019 (225) 205-2949	Baton Rouge
LA0028	Ann Marie Cerise Melissa Grubbs	Ann Marie Cerise Melissa Grubbs (Note 1)	AnnMarie.Cerise@hotmail.com; Melissa.Grubbs@hotmail.com	(504) 913-9662 (504) 338-5386	New Orleans
LA0040	SWEAT IT CORPORATION	Collins Thotjane Kgoadi Tumi Boitumelo Ngwanyanaot sile Kgoadi (Note 1)	collins.kgoadi@hotmail.com; tumi.kgoadi@hotmail.com	(337) 356-8835 (337) 356-8834	Alexandria
LA0047	PAXHENLEY LLC	Ashlee Campbell Matthew Scott Jon Martinez (Note 1)	ashlee.campbell@hotmail.com; matt.scott@hotmail.com; jon.martinez@hotmail.com	(512) 762-8344	Shreveport-Texarkana
<b>MASSACHUSETTS</b>					
MA0007	Amanda McHugh Kevin McHugh Greg Rake Laura Rake	Amanda McHugh Kevin McHugh Greg Rake Laura Rake (Note 1)	amanda.mchugh@hotmail.com; kevin.mchugh@hotmail.com; greg.rake@hotmail.com; laura.rake@hotmail.com	(678) 567-7148	Boston (Manchester)

<b>MARYLAND</b>					
MD0010	Warrior Mind & Fitness LLC	Michael Barnes Taco Barnes	mike.barnes@hotworx.net; taco.barnes@hotworx.net	(240) 643-5098 (301) 675-5713	Baltimore
<b>MICHIGAN</b>					
MI0035	UP NORTH INFRARED LLC	Margaret Theresa Murray Eric Murray (Note 1)	meg.murray@hotworx.net; eric.murray@hotworx.net	(314) 740-8124	Grand Rapids- Kalamazoo- Battle Creek
<b>MINNESOTA</b>					
MN0020	Stacy Bengston Dustin Bengston	Stacy Bengston Dustin Bengston (Note 1)	Stacy.bengston@hotworx.net Dustin.bengston@hotworx.net	(612) 743-5432 (320) 493-7843	Minneapolis- St. Paul
MN0029	Ben Zaker Amir Teymouri	Ben Zaker Amir Teymouri (Note 1)	Ben.zaker@hotworx.net amir.teymouri@hotworx.net	(612) 282-9512	Minneapolis- St. Paul
MN0033	Kimberly Perez Brandon Hoffman	Kimberly Perez Brandon Hoffman (Note 1)	Kimberly.perez@hotworx.net Brandon.hoffman@hotworx.net	(605) 553-7534 (319) 891-8260	Rochester- Mason City- Austin
<b>MISSOURI</b>					
MO0017	Dawn Bartholomew DeCheyna Bartholomew	Dawn Bartholomew DeCheyna Bartholomew (Note 1)	Dawn.Bartholomew@hotworx.net; DeCheyna.Bartholomew@hotworx.net	(918) 360-1510	Springfield, MO
<b>MISSISSIPPI</b>					
MS0004	Robert Thornton Lily McDaniel Blake McDaniel	Robert Thornton Lily McDaniel Blake McDaniel	Rob.thornton@hotworx.net lily.mcdaniel@hotworx.net blake.mcdaniel@hotworx.net	(225) 603-5302 (321) 795-1266	Jackson
<b>NORTH CAROLINA</b>					

NC0027	AW Two, Inc.	William Shook Ashleigh Mayfield Shook (Note 1)	will.shook@hotmail.net; ashleigh.shook@hotmail.net	(919) 757-5412 (919) 413-2070	Raleigh-Durham (Fayetteville)
NC0043	Holley Skelly Timothy Skelly	Holley Skelly Timothy Skelly	Holley.skelly@hotmail.net Timothy.skelly@hotmail.net	(214) 445-7566	Charlotte
NC0046	Charles Marr Riker Hayley Nicole Riker	Charles Marr Riker Hayley Nicole Riker (Note 1)	chase.riker@hotmail.net; hayley.riker@hotmail.net	(815) 545-1312 (910) 540-4881	Raleigh-Durham (Fayetteville)
NC0048	Bonnie Goethals	Bonnie Goethals	Bonnie.goethals@hotmail.net	(202) 997-3893	Charlotte
NC0049	Dustin Runkle Susie Runkle	Dustin Runkle Susie Runkle (Note 1)	Dustin.runkle@hotmail.net Susie.runkle@hotmail.net	(732) 789-8888	Charlotte
NC0051	CS OHANA CORP.	Jordon Lucas Vincent Coty (Note 1)	Jordon.lucas@hotmail.net Vincent.coty@hotmail.net	(792) 908-3871	Charlotte
NC0053	CTrumbower LLC	Carrie Trumbower	Carrie.trumbower@hotmail.net	(919) 602-1865	Raleigh-Durham (Fayetteville)
<b>NORTH DAKOTA</b>					
ND0002	Trio of Health LLC	Tori Rohr Sierra Rohr Nicole Privratsky (Note 1)	Tori.Rohr@hotmail.net; Sierra.Rohr@hotmail.net; Nicole.Privratsky@hotmail.net	(701) 290-6395 (701) 590-4897	Minot-Bismarck-Dickinson (Williston)
<b>NEBRASKA</b>					
NE0021	TAKE FITNESS GRAND ISLAND, LLC	Tanner McWilliams Katie McDonald Ashley Larson Eric Larson	Tanner.McWilliams@hotmail.net; Katie.McDonald@hotmail.net; Ashley.Larson@hotmail.net; Eric.Larson@hotmail.net	(712) 898-6547 (712) 301-4461 (712) 259-3640	Lincoln & Hastings-Kearney

		(Note 1)		(712) 253-4985	
<b>NEW HAMPSHIRE</b>					
NH0008	Jennifer Twardosky Eric Twardosky	Jennifer Twardosky Eric Twardosky (Note 1)	jennifer.twardosky@hotworx.net; eric.twardosky@hotworx.net	(603) 930-5567 (603) 234-0701	Boston (Manchester)
NH0022	3D FITNESS LLC	Phillip Mark Sundman Michelle Renee Sundman	phillip.sundman@hotworx.net; michelle.sundman@hotworx.net	(636) 288-3591	Boston (Manchester)
NH0023	HWLC, LLC	Ceferino Torres Lisa Perrault	cef.torres@hotworx.net; lisa.perrault@hotworx.net	(603) 566-7165 (603) 315-9040	Boston (Manchester)
<b>NEW JERSEY</b>					
NJ0011	BASIC BRILLIANCE HOBOKEN LLC	Donald Allen Pritzlaff Robin Nicole Pritzlaff (Note 1)	donny.pritzlaff@hotworx.net; robin.pritzlaff@hotworx.net	(732) 310-3810 (908) 397-0736	New York
NJ 0013	NJNM FITNESS LLC	Jaykumar Patel Nishant Patel Manan Gilitwala Neel Sheth (Note 1)	jay.patel@hotworx.net nishant.patel@hotworx.net manan.gilitwala@hotworx.net neel.sheth@hotworx.net	(215) 375-2443	New York
NJ0014	NJ14 FITNESS LLC	Jaykumar Patel Nishant Patel Manan Gilitwala Neel Sheth (Note 1)	jay.patel@hotworx.net nishant.patel@hotworx.net manan.gilitwala@hotworx.net neel.sheth@hotworx.net	(215) 375-2443	New York
NJ0020	SCHNOZS LLC	Michael Walter Przybos Francis DeGiglio	michael.przybos@hotworx.net; frank.degiglio@hotworx.net	(732) 684-1715 (732) 859-3164	New York

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NEW MEXICO					
NM0006	NM0006, LLC	Michael Wayne Moore CaraBeth Moore (Note 1)	michael.moore@hotworx.net carabeth.moore@hotworx.net	(575) 390-6037 (575) 390-4971	Albuquerque-Santa Fe
NM0009	GABQ Ventures, Inc.	Lisa Westergard Gelin Claude Gelin (Note 1)	lisa.gelin@hotworx.net claud.gelin@hotworx.net	(505) 450-2736	Albuquerque-Santa Fe
NEW YORK					
NY0008	Tyson Voelkel Christi Voelkel Alan Bryant Mitchell Nick Zervis	Tyson Voelkel Christi Voelkel Alan Bryant Mitchell Nick Zervis (Note 1)	christi.voelkel@hotworx.net tyson.voelkel@hotworx.net alan.mitchell@hotworx.net nick.zervis@hotworx.net	(979) 203-5778 (979) 224-5380 (917) 940-3536 (480) 650-6892	New York
NY0019	Sanela Djencic Vedat Djencic	Sanela Djencic Vedat Djencic (Note 1)	Sanela.djencic@hotworx.net vedat.djencic@hotworx.net	(917) 992-4037 (917) 992-4471	New York
NY0026	Anthony Michael Buchanan Jennifer Buchanan Abby Lynn Rock Nathan D. Rock	Anthony Michael Buchanan Jennifer Buchanan Abby Lynn Rock Nathan D. Rock (Note 1)	tony.buchanan@hotworx.net jennifer.buchanan@hotworx.net abby.rock@hotworx.net nate.rock@hotworx.net	(518) 491-0845 (518) 441-3308	Albany-Schenectady-Troy
NY0032	Michael Ruggiero	Michael Ruggiero	Michael.ruggiero@hotworx.net	(914) 438-1033	New York



NY0036	Level X Fitness and Mindset LLC	Steven Taragano Donna Colombo (Note 1)	steven.taragano@hotmail.com; donna.colombo@hotmail.com	(781) 690-9178	New York
NY0039	DELMAR HOT LLC	Wendy Lee Martin (Note 1)	wendy.martin@hotmail.com	(518) 331-4627	Albany-Schenectady-Troy
NY0042	WNYOGA LLC	David Michael Dow II (Note 1)	david.dow@hotmail.com	(585) 444-1232	Rochester, NY
NY0043	Tiffany Upton James Upton	Tiffany Anna Upton James Upton (Note 1)	tiffany.upton@hotmail.com; james.upton@hotmail.com	(631) 804-6653	New York
<b>OHIO</b>					
OH0015	Jeremy Barnes Leslie Barnes	Jeremy Barnes Leslie Barnes (Note 1)	Jeremy.Barnes@hotmail.com; Leslie.Barnes@hotmail.com	(440) 429-2969 (216) 318-6742	Cleveland-Akron (Canton)
OH0017	Anne White Mike White	Anne White Mike White (Note 1)	anne.white@hotmail.com mike.white@hotmail.com	(419) 466-5583 (419) 466-5502	Columbus
OH0024	Howard Charles Bruss Wendy Bruss	Howard Charles Bruss Wendy Bruss (Note 1)	howard.bruss@hotmail.com wendy.bruss@hotmail.com	(614) 749-6926 (614) 702-3942	Columbus
OH0029	Kim Kroener Kendall Gass	Kim Kroener Kendall Gass (Note 1)	Kim.kroener@hotmail.com Kendall.gass@hotmail.com	(513) 205-3500 (513) 368-0048	Cincinnati
OH0035	WENDT FOR IT, LLC	Samantha Wendt Jesse Wendt	Sammi.wendt@hotmail.com Jesse.wendt@hotmail.com	(608) 774-7742 (715) 790-4190	Cincinnati

OH0036	Robert Moosally Andrienne Handel	Robert Moosally Andrienne Handel	robert.mossally@hotmail.com; andrienne.handel@hotmail.com	(603) 496-2761; (330) 509-5965	Youngstown
OH0037	CMO BRANDS LLC	Corrie Marie O'Donnell	corrie.odonnell@hotmail.com	(216) 406-3278	Cleveland-Akron (Canton)
OH0038	SKB STUDIO INC.	Sandra K. Brown	sandra.brown@hotmail.com	(937) 776-5282	Dayton
<b>OKLAHOMA</b>					
OK0021	Ashlee Buchert Brad Buchert Jr. Ken Hamilton Tina Hamilton	Ashlee Buchert Brad Buchert Jr. Ken Hamilton Tina Hamilton	ashlee.buchert@hotmail.com bradly.buchert@hotmail.com kenneth.hamilton@hotmail.com tina.hamilton@hotmail.com	(479) 466-6178 (479) 790-8684 (918) 645-8062 (918) 645-7046	Tulsa
OK0022	CAMPBELL HEALTH AND WELLNESS SOLUTIONS LLC	Amber LaDawn Campbell Casey Campbell (Note 1)	amber.campbell@hotmail.com; casey.campbell@hotmail.com	(918) 345-0876 (918) 345-0876	Tulsa
OK0028	Kenneth Schlaud Stacey Schlaud Dawn Cruz	Kenneth Joseph Schlaud Stacey Michelle Schlaud Dawn Cruz (Note 1)	ken.schlaud@hotmail.com; michelle.schlaud@hotmail.com; dawn.cruz@hotmail.com	(918) 565-6608 (918) 312-5580	Oklahoma City
OK0035	Meghan S. Snead Jeffery Snead	Meghan S. Snead Jeffery Snead	meghan.snead@hotmail.com; jeffery.snead@hotmail.com	(918) 698-5927	Tulsa

<b>PENNSYLVANIA</b>					
PA0003	IC Fit 2 Inc.	Tim Alloway	Tim.alloway@hotworx.net	(215) 272-9011	Philadelphia
PA0028	Jason Burns Amy Burns	Jason Matthew Burns Amy Burns (Note 1)	jason.burns@hotworx.net; amy.burns@hotworx.net	(724) 939-0508 (724) 612-3083	Pittsburgh
PA0029	Robert Goodz Jr Inc	Robert Goodz	Robert.goodz@hotworx.net	(215) 531-1887	Philadelphia
PA0030	Nolan Charles Gonder Jenna Naebeck	Nolan Charles Gonder Jenna Naebeck (Note 1)	nolan.gonder@hotworx.net; jenna.naebeck@hotworx.net	(717) 497-1852	Harrisburg- Lancaster- Lebanon- York
PA0034	Pinal Bharatbhai Pandya	Pinal Bharatbhai Pandya	pinal.pandya@hotworx.net	(412) 277-0859	Pittsburgh
PA0041	Gina Patricia Cotter Benjamin Fuerst Ryann Melissa OKane	Gina Patricia Cotter Benjamin Fuerst Ryann Melissa OKane	gina.cotter@hotworx.net; ben.fuerst@hotworx.net; ryann.okane@hotworx.net	(484) 802-4705 (215) 817-4705 (252) 619-9117	Philadelphia
<b>SOUTH CAROLINA</b>					
SC0033	B & N Fitness Inc	Bryan D. Quinn Jr. Nichole Sears-Quinn	bryan.quinn@hotworx.net; nichole.quinn@hotworx.net	(843) 259-4621 (843) 259-0446	Charleston, SC
SC0034	Krishna Janak Patel Kajal Patel	Krishna Janak Patel Kajal Patel (Note 1)	kris.patel@hotworx.net; kajal.patel@hotworx.net	(229) 425-5514 (843) 457-6608	Augusta-Aiken
SC0035	M 22:37 FITNESS LLC	Sean Conneen Rebecca Conneen	Sean.conneen@hotworx.net Rebecca.conneen@hotworx.net	(704) 968-9607	Charlotte
<b>TENNESSEE</b>					

TN0063	ParkerWorx, LLC	Danny Lee Parker Claudia Taylor Parker (Note 1)	danny.parker@hotworx.net; claudia.parker@hotworx.net	(423) 432-2424 (432) 400-1075	Chattanooga
TN0065	B3 Fitness, LLC	Michael Moore Jamie Moore	mike.moore@hotworx.net; jamie.moore@hotworx.net	(708) 714-4074 (615) 479-3827	Nashville
<b>TEXAS</b>					
TX0121	Kristina Ferruzzi Giancarlo Ferruzzi Lisa Mayfield	Kristina Ferruzzi Giancarlo Ferruzzi Lisa Mayfield (Note 1)	kristina.ferruzzi@hotworx.net giancarlo.ferruzzi@hotworx.net lisa.mayfield@hotworx.net	(210) 316-2902 (210) 875-9534 (631) 877-1288	San Antonio
TX0145	Len Wood Rhonda Wood	Len Wood Rhonda Wood (Note 1)	Len.Wood@hotworx.net; Rhonda.Wood@hotworx.net	(806) 441-6056	Amarillo
TX0161	Jeremy Fikac Jason Scott	Jeremy Fikac Jason Scott (Note 1)	Jeremy.Fikac@hotworx.net; Jason.Scott@hotworx.net	(512) 844-3014 (703) 989-1679	Austin
TX0177	EARN THE BURN LLC	Joshua Chiong Leonard Daye (Note 1)	Joshua.Chiong@hotworx.net ; Leonard.Daye@hotworx.net	(915) 383-8249 (470) 985-8508	El Paso (Las Cruces)
TX0239	Alisen Sanders Brandon Sanders	Alisen Sanders Brandon Sanders (Note 1)	alisen.sanders@hotworx.net brandon.sanders@hotworx.net	(325) 374-4614 (325) 374-1105	Austin
TX0274	Staci Di'Anne Soriano Steven Soriano Cindy Ann Griggs	Staci Di'Anne Soriano Steven Soriano Cindy Ann Griggs	staci.soriano@hotworx.net steven.soriano@hotworx.net cindy.griggs@hotworx.net	(817) 366-5947 (254) 967-3058	Dallas-Fort Worth
TX0291	Brandi Munks	Brandi Munks	Brandi.munks@hotworx.net	(469) 316-5094	Dallas-Fort Worth

TX0301	Heather Lee Nicholas Anthony	Heather Lee, Nicholas Anthony (Note 1)	heather.lee@hotworx.net; nicholas.anthony@hotworx.net	(972) 689-9441 (214) 683-5600	Sherman-Ada
TX0304	Fernandez Fitness LLC	Serigo Fernandez Ashley Fernandez	serigo.fernandez@hotworx.net; ashley.fernandez@hotworx.net	(281) 702-1337	Houston
TX0305	RCC Heat Works Inc.	Robert Smathers Cindy Smathers	robert.smathers@hotworx.net; cindy.smathers@hotworx.net	(713) 261-7152 (281) 650-2636	Houston
TX0310	TANC USA 3 LLC	Antonio Guerra (Note 1)	tanc.guerra@hotworx.net	(956) 545-3909	Harlingen- Weslaco- Brownsville -McAllen
TX0311	CT4 Group, Inc.	Carrie Teague Corey Teague	carrie.teague@hotworx.net; corey.teague@hotworx.net	(286) 386-8856 (832) 470-0576	Houston
TX0312	Built By Strength LLC	Stacey Duke (Note 1)	Stacey.duke@hotworx.net	(214) 502-2223	Dallas-Fort Worth
TX0313	Fresh Fruit Wellness, LLC	Tyree Walker LaDonna Walker	Tyree.walker@hotworx.net Ladonna.walker@hotworx.net	(504) 606-9255 (832) 993-4454	Houston
TX0321	Stacey Duke	Stacey Duke (Note 1)	Stacey.Duke@hotworx.net	(214) 502-2223	Dallas-Fort Worth
<b>UTAH</b>					
UT0027	Restore Collective, LLC	Khara Lee Dimick Robert Steven Jojola	khara.dimick@hotworx.net robert.jojola@hotworx.net	(408) 857-5033 (443) 762-8381	Salt Lake City
UT0031	Hot Fit LLC	John Corkin Amber Corkin	jake.corkin@hotworx.net; amber.corkin@hotworx.net	(720) 217-8201	Salt Lake City
<b>VIRGINIA</b>					
VA0026	R & M Fitness LLC	Michael Joseph Kelsen	mike.kelsen@hotworx.net; razel.kelsen@hotworx.net	(443) 761-9752	Norfolk- Portsmouth-

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		Razel Kelsen			Newport News
VA0027	Sean G. Peterson Cameron Buchanan	Sean G. Peterson Cameron Buchanan	sean.peterson@hotworx.net; cameron.buchanan@hotworx.net	(703) 966-8311 (763) 656-8052	Washington, D.C. (Hagerstown)
VA0028	Prajaya Pathak Meenakshi Pathak	Prajaya Pathak Meenakshi Pathak	praz.pathak@hotworx.net; mini.pathak@hotworx.net	(757) 636-7268 (757) 472-6159	Norfolk-Portsmouth-Newport News
VA0029	757 Fitness Yoga Studio Corporation	Randy Roosevelt Gwynn LaRosa Johnson	randy.gwynn@hotworx.net; ro.johnson@hotworx.net	(757) 553-0479 (803) 847-8477	Norfolk-Portsmouth-Newport News
VA0030	Forge & Flow LLC	Marisa Lyn Mason	marisa.mason@hotworx.net	(304) 218-3025	Norfolk-Portsmouth-Newport News
<b>WASHINGTON</b>					
WA0008	William Johnston Melanie Johnston	William Johnston Melanie Johnston (Note 1)	william.johnston@hotworx.net; melanie.johnston@hotworx.net	(253) 970-1020	Seattle-Tacoma
WA0022	Tracy Pidge Marty Cavalluzzi Ciara Boyce	Tracy Pidge Marty Cavalluzzi Ciara Boyce (Note 1)	tracey.pidge@hotworx.net; marty.cavalluzzi@hotworx.net; ciara.boyce@hotworx.net	(253) 350-8479 (206) 819-2858 (253) 363-1106	Seattle-Tacoma
WA0044	LEGACY WORX2 LLC	Brett Johnson Pauline Johnson Nick Martin	brett.johnson@howorx.net; pauline.johnson@hotworx.net; nick.martin@hotworx.net; carley.martin@hotworx.net	(360) 661-3825 (360) 661-2400 (360) 420-2204	Seattle-Tacoma

		Carley Martin			
WA0049	RISEUP FITNESS, LLC	Dusti Michelle Crenshaw John Crenshaw (Note 1)	dusti.crenshaw@hotmail.com; john.crenshaw@hotmail.com	(509) 429-2821 (509) 429-2444	Yakima-Pasco-Richland-Kennewick
<b>WISCONSIN</b>					
WI0010	Conrad Mosset Justina Sweet	Conrad Mosset Justina Sweet (Note 1)	conrad.mosset@hotmail.com; justina.sweet@hotmail.com	(651) 500-7968 (651) 338-7082	La Crosse-Eau Claire
WI0021	Heat Therapy II, LLC	Stacy Virginia Johnson Patrick Johnson	stacy.johnson@hotmail.com; patrick.johnson@hotmail.com	(262) 305-0481 (920) 321-4136	Milwaukee

**Note 1: These franchisees are also Area Developers.**

## EXHIBIT D

### HOTWORX® FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT

#### LIST OF TERMINATED FRANCHISE AGREEMENTS BETWEEN JANUARY 1, 2024 AND DECEMBER 31, 2024

ALABAMA	
Marcus Toal, Brittany Toal, Donna Robinette & Mark Robinette Mobile-Pensacola (Fort Walton Beach) DMA DMA marcustoal@gmail.com; brittanytoal@gmail.com (AL0019) (Note 1)	Crook Studio Fitness, Inc. Jon Crook & Angie Crook Huntsville-Decatur (Florence) DMA jcrook70@yahoo.com; angiecrook72@gmail.com (AL0030)
ARIZONA	
Dean Janke & Kelly Janke Phoenix (Prescott) DMA deanjanke@gmail.com; elitetranscription@cox.net (AZ0022 & AZ0023) (Note 1)	BEKT LLC William Whitting, Bailee Whiting, Kristi Chapo & Tom Chapo Phoenix (Prescott) DMA Eben.whiting@gmail.com Baileeajones2@gmail.com kchapo@live.com tchapo449@gmail.com (AZ0046)
SWEATY VENTURES, LLC Rebecca Dillon & Kylee O'Connell Phoenix (Prescott) DMA becky.dillon@hotworx.net; kylee.oconnell@hotworx.net (AZ0001) (Note 1)	
CALIFORNIA	
ECM923, LLC Alex Ready & Eric Morris San Francisco-Oakland-San Jose DMA alex.ready23@gmail.com; ecmorris99@hotmail.com (CA0049, CA0051 & CA0052)	Dolf Renaud & April Lowe Los Angeles DMA dolfrenaud@gmail.com; alowe1730@gmail.com (CA0061) (Note 1)
SEN INC Catherine Osorio & Sergio Osorio Los Angeles DMA Nikkir267@gmail.com; seracing5@yahoo.com	Jarrold Bradley & Jenni Bradley Los Angeles DMA jbradley@nfinitygroup.com jenni@nfinitygroup.com (CA0094)



(CA0129, CA0130 & CA0131)	
AveFav Inc. Laurie Favini & Ryan Favini Fresno-Visalia DMA Laurieave@gmail.com (CA0089)	
<b>COLORADO</b>	
Debora M. Goetz Denver DMA debramgoetz@gmail.com (CO0008 & CO0009)	
<b>CONNECTICUT</b>	
Kathrine Germain, Ralph Germain & Corey Germain New York DMA Germain3@gmail.com; Ralphgermain3@verizon.net; Cgermain2@gmail.com (CT0005)	
<b>FLORIDA</b>	
Michael Penker & Carmen Penker Tampa-St. Petersburg (Sarasota) DMA mpenker@gmail.com; clpenker@gmail.com (FL0097)	Asteranda Joseph Miami-Fort Lauderdale DMA ajoseph1027@outlook.com (FL0109 & FL0110)
David Farber Orlando-Daytona Beach-Melbourne DMA dfarber2700@gmail.com (FL0137, FL0138 & FL0139)	Paige Prechter & Paul Prechter Mobile-Pensacola (Fort Walton Beach) DMA paige@campiondevco.com; paul@campiondevco.com (FL0149)
Kristoffer Beezley & Jeannette Beezley Orlando-Daytona Beach-Melbourne DMA kbeezley@gmail.com thebeezgirl@yahoo.com (FL0056, FL0058 & FL0059)	
<b>GEORGIA</b>	
Joycelyn Wallace Atlanta DMA jw1275@att.com (GA0035 & GA0069)	Gregory Lane & Amy Lane Columbus, GA (Opelika, AL) DMA greglaneco@gmail.com; amylaneco@gmail.com (GA0045 & GA0046)

	(Note 1)
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<b>ILLINOIS</b>	
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<b>KENTUCKY</b>	
Matt Turner & Carey Turner Lexington DMA m_turner79@yahoo.com; Cfturner75@gmail.com (KY0009) (Note 1)	
<b>MICHIGAN</b>	
Rhonda Essak & Vance Essak Detroit DMA essakv@yahoo.com; vke12311982@gmail.com (MI0025)	John Whitley and Karilynn Whitley Detroit DMA John.whitley@hotmail.net Karilynn.whitley@hotmail.net (MI0027; MI0026) (Note 1)
<b>MISSISSIPPI</b>	
John Belcher Biloxi-Gulfport DMA remixllcbelcher@gmail.com (MS0010)	
<b>NEW YORK</b>	
Dennis McMahon & Colleen McMahon New York DMA dmcmahon826@gmail.com; colleen1726@hotmail.com (NY0025)	
<b>NEW HAMPSHIRE</b>	
Eric Horner & Michelle Horner Boston (Manchester) DMA	

ehorner@rowleyagency.com; michellehorner1@comcast.net (NH0020)	
<b>NEVADA</b>	
Tiffany Young & Kenneth Young Las Vegas DMA Tiffyoung4@gmail.com; Kryoungiii@gmail.com (NV0007) (Note 1)	
<b>NORTH CAROLINA</b>	
MNGerrard LLC Nneka & Michael Gerrard Raleigh-Durham (Fayetteville) DMA nnekagerrard@gmail.com; mrg1238@gmail.com (NC0020)	
<b>OHIO</b>	
HotWheels1 LLC Robert Wheeling Cincinnati DMA Bwheeling12@gmail.com (OH0031)	
<b>OREGON</b>	
Bryan Kelly, Jessica Kelly, Joseph O'Neill & Leighann O'Neill Bend, OR DMA jbkfontes@gmail.com; appraiserjb@gmail.com; leighann.fischer@gmail.com; joneill852@hotmail.com (OR0009)	
<b>PENNSYLVANIA</b>	
Corry Niedermeyer & Angela Niedermeyer Erie DMA ellkay05@gmail.com; ang10874@yahoo.com (PA0035, PA0036, PA0037)	
<b>SOUTH DAKOTA</b>	
Rhonda Whitlock Rapid City DMA; Sacramento-Stockton- Modesto DMA whitlockrn@gmail.com (SD0004 & CA0074)	Nathan Cox & Charles Ford Rapid City DMA nate.cox999@gmail.com; cford@vqops.com (SD0005)

<b>TENNESSEE</b>	
Timothy Hicks Nashville DMA shannonh5903@gmail.com (TN0058) (Note 1)	
<b>TEXAS</b>	
CE River Oaks, LLC April Carter Houston DMA; Atlanta DMA draprilcarter@yahoo.com (TX0081 & GA0017) (Note 1)	Thomas Coughlin & Whitney Coughlin Dallas-Fort Worth DMA whitneycockerill82@gmail.com; coughlin90@gmail.com (TX0272)
Carla Sykora & Kenneth Sykora Waco-Temple Bryan DMA ken@sykorafamilyford.com; carlasykora@westisd.net (TX0253)	Amera Soliman & Ahmed Solimanus Houston DMA aelsaied83@gmail.com; ahmsolmd@gmail.com (TX0295)
Susan Sandoval & Juan Sandoval Austin DMA Susan_sandoval@hotmail.com; jsandoval05@hotmail.com (TX0038) (Note 1)	Samantha Asmus & Zachary Asmus Houston DMA Sam.asmus21@gmail.com; zasmus@gmail.com (TX0230)
<b>UTAH</b>	
Sauna Mamas LLC Allison & Ryan Anderson Shauna & Jeffery Blum Salt Lake City DMA Allison.anderson@hotworx.net; Ryan.anderson@hotworx.net jjzsdz@gmail.com haizyvgk@gmail.com (UT0023) (Note 1)	
<b>VIRGINIA</b>	
Daryn Allday & Michelle Allday Washington D.C. (Hagerstown) DMA daryn_allday@hotmail.com; michelle_allday@hotmail.com (VA0006) (Note 1)	
<b>WASHINGTON</b>	
Brian Almond & Rachel Almond	Hirkules Inc.

Yakima-Pascorich-Land-Kennewick DMA rbalmond@gmail.com; almsortho@gmail.com (WA0035 & WA0036)	Gabriela Skistmas Greg Skistimas Seattle-Tacoma DMA Gs.arnp@gmail.com; gregskistimas@gmail.com (WA0011, WA0012 & WA0013)
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If you buy this franchise, your contact information may be disclosed to other prospective or current franchisees when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX®. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Note 1: These franchisees are existing franchisees with open outlet(s) who had additional franchise agreement(s) terminated between January 1, 2024 and December 31, 2024.

### **LIST OF TERMINATED FRANCHISE AGREEMENTS BETWEEN JANUARY 1, 2025 AND MARCH 31, 2025**

<b>ARIZONA</b>	
Shawn Borden & Todd Murphy Phoenix (Prescott) DMA shawnbordensmail@hotmail.com; desertmurph@hotmail.com (AZ0040; AZ0041; AZ0042; AZ0043; AZ0044)	
<b>CALIFORNIA</b>	
KTR FITNESS INC Tyler Michael McNabb, Ricky Joe Coppo Jr. & Ryan Bray Bakersfield DMA tyler@roosmcnabbcpa.com; rickyjoecoppo@gmail.com (CA0112) (Note 1)	Moeller BBT Studio Two LLC Nancy Ann Moeller & Todd Moeller Los Angeles DMA Nancy.moeller@hotworx.net; todd.moeller@hotworx.net (CA0103) (Note 1)
James Bord San Francisco-Oakland-San Jose DMA jamesabord@gmail.com (CA0121, CA0122 & CA0123)	James Lu Los Angeles DMA Jameslu903@gmail.com (CA0139)
David Pearson & Debbie Pearson Los Angeles DMA thedpearson@gmail.com	

(CA0060, CA0065)	
<b>COLORADO</b>	
Tim Connelly & Karissa Requa Denver DMA Tconnelly949@gmail.com; Krequa23@gmail.com (CO0034 & CO0035) (Note 1)	Jean Killpack & Kyle Killpack Denver DMA jeankillpack@gmail.com; k.killpack@comcast.net (CO0056)
Ivan Ostrander & David Bergen Colorado Springs-Pueblo DMA ivanostrander@gmail.com; brianw@swcctx.com; dvbergen1@yahoo.com (CO0018, CO0019, CO0020, CO0021, CO0022) (Note 1)	Sweatco, LLC Lindsay Garcia Denver DMA lindsaybethmiller@gmail.com (CO0028)
<b>ILLINOIS</b>	
Emily Garrity Chicago DMA Emgdesign.emily@gmail.com (IL0003)	Matthew Kiely & Maria Kiely Chicago DMA mattekiely@gmail.com; maria.cappiello@gmail.com (IL0034) (Note 1)
<b>KENTUCKY</b>	
Christy Dodds Louisville DMA christy@christydoddsrealtor.com (KY0018) (Note 1)	
<b>MICHIGAN</b>	
Paul Dudgeon, Torrice Dudgeon & Rio Dudgeon Detroit DMA rio.dudgeon@hotmail.net; dudgeoninc@gmail.com (MI0003) (Note 1)	
<b>MISSOURI</b>	
Anthony Barber & Mindy Barber Kansas City DMA aqbarber@gmail.com; mindywebster46@gmail.com (MO0039, MO0040 & MO0041) (Note 1)	MANIAWORX 3 LLC Rod Murchison Britton Bommarito St. Louis DMA Rodmurch@gmail.com; Britton.bommarito@gmail.com

	(MO0028) (Note 1)
<b>NEW HAMPSHIRE</b>	
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<b>NEW YORK</b>	
Josan Paramjit & Kaur Paramjit New York DMA gkanwar01@yahoo.com; eaglegroupmgt@gmail.com (NY0030)	
<b>NORTH CAROLINA</b>	
UNBOXED ONE, LLC Ashleigh Box Matthew Box Charlotte DMA Matthew.box@outlook.com; ashleighdbox@gmail.com (NC0062)	Armina Swittenburg Greensboro-High Point-Winston-Salem DMA armina@swittenburg.com (NC0061)
<b>OKLAHOMA</b>	
Janie Sullivan Oklahoma City DMA janie.sullivan@hotworx.net (OK0033) (Note 1)	
<b>OREGON</b>	
CRAZY GOOD TIMES LLC Evgeni Liakovich Portland, OR DMA evgeni77@gmail.com (OR0014)	Edward Dickson & Bailey Dickson Seattle-Tacoma DMA Thedicksons84@gmail.com (OR0013)
<b>PENNSYLVANIA</b>	
Pixie N Pyre LLC Zehra Gul Demiral Pittsburgh DMA zdemiral@yahoo.com (PA0033)	Chilee Onyeausi & Chidelu Onyeausi Philadelphia DMA chichiandchilee@gmail.com (PA0018)
<b>SOUTH CAROLINA</b>	
Alexander Ramos & Keesha Pinnock Charlotte DMA	

Kpin811@gmail.com; pino@allstate.com (SC0030)	
<b>TENNESSEE</b>	
MAKIngChg, Inc. Kate Buckner, Aimee Neal, Aaron Alberts & Dan Neal Nashville DMA Krbuckner3@gmail.com; aimeeneak@gmail.com; ealbs@hotmail.com; dannypneal@gmail.com (TN0044)	
<b>TEXAS</b>	
LaVona J. Dick, Todd Michael Dick & Dave Burlington Houston DMA lavonasteward@gmail.com; todddick1@yahoo.com; dave.burlington@massageheights.com (TX0266, TX0297, TX0298 & TX0299) (Note 1)	Franklin Roberto Lashley Houston DMA 1bobbylashley@gmail.com (TX0300) (Note 1)
Luchia Johnson San Antonio DMA luchja@mail.com (TX0315)	Benjamin Callahan & Ashley Callahan Houston DMA bncallahan@gmail.com; ben_callahan@me.com (TX0235)
Eva Neal Dallas-Fort Worth DMA Eva.d.neal@gmail.com (TX0002)	
<b>VIRGINIA</b>	
FOREVER4, Inc. Lance Welch & Helena Welch Washington DC-Hagerstown DMA helenawelch@gmail.com lancefwelch@gmail.com (VA0019)	
<b>WISCONSIN</b>	
BRAVIF LLC Brandon Hoffman & Vickie Hoffman Madison DMA Hoffman.brandon@gmail.com; hutch.precise@gmail.com	Adira Studios LLC Andrea Cowand Green Bay-Appleton DMA andreacowand@yahoo.com (WI0022)



(WI0013, WI0014, WI0015, WI0016, WI0017)	
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If you buy this franchise, your contact information may be disclosed to other prospective or current franchisees when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX®. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Note 1: These franchisees are existing franchisees with open outlet(s) who had additional franchise agreement(s) terminated between January 1, 2025 and March 31, 2025.

**LIST OF EXITED DOMESTIC FRANCHISEES THROUGH TRANSFERS**  
**AS OF DECEMBER 31, 2024 (prior year only)**

<b>ALABAMA</b>	
(AL0020) TRGR Investments LLC Todd Reeves & Leigh Reeves 707 Pine Way Hill Flowood, MS 39232 (601) 906- 7179, (601) 624-8845	
<b>ARKANSAS</b>	
(AR0008) INFRA RED FOR YOU LLC Dawn Bartholomew 455204 E. 1080 Road Sallisaw, OK 74955 (913) 360-1510	
<b>COLORADO</b>	
CO0027 Sparks Enterprises, LLC James Spark & Jillian Spark 7855 Tangleoak Lane Castle Pines, CO 80108 (303) 519-6708, (303) 818-5748	CO0036 & CO0037 TD 2 FITNESS, LLC Emily Galindo 212 Javelina Tr. Bastrop, TX 78602 (512) 785-1314
CO0032 Hot'nstein, LLC Courtney Hartenstein 2122 Day Spring Dr. Windsor, CO 80550 (406) 539-3077	
<b>FLORIDA</b>	
FL0001 Sauna Fitness-Wellington, LLC	FL0034 Fitness Detox LLC

Anastasia Miterin & Andrey Miterin 2031 Bonnie St. Boca Raton, FL 33486 (973) 960-2046	Andrew Saphos 18886 Pampass Grass Lane Lutz, FL 33558 407-913-0748
FL0007 George Fowler, Roger Pino & Mario Pino 9740 SW 3rd St Miami, FL 33174 504-914-3500, 786-262-6785, 504-231-3424	FL0089 K2 FIT LLC Brett Kelley & Kelly Kelley 680 Crane Prairie Way Osprey, FL 34229 (513) 673-5598, (513) 673-8444
<b>GEORGIA</b>	
GA0026 E & M HOTFitness LLC Erin Clay 3328 Knight Road Marietta, GA 30066 (770) 823-0252	GA0035 EE Fitness Holdings, LLC Stephanie Bell & Joshua Hunt 5755 Chestnut Drive Cumming, GA 30040 (205) 292-1780, (210) 788-1757
<b>KENTUCKY</b>	
KY0010 LLD1 Incorporated Lori Dellinger 417 Miramar Place Corpus Christi, TX 78411 (361) 876-7101	
<b>MICHIGAN</b>	
MI0002 3P SHOOTER INVESTMENTS LLC Paul Dudgeon, Rio Dudgeon & Torrice Dudgeon 14867 Sherwood Park Drive Shelby Township, MI 48315 586-212-9975	MI0011 NORTH BALANCE INC. Amber Burnett 2152 N 3rd Street Kalamazoo, MI 49009 (269) 998-2728
<b>MISSOURI</b>	
MO0021 MNJR0912 Inc. Melissa Orrell & Jason Sims 1707 Trellis Lane Columbia, MO 65201 (501) 276-2111, (402) 871-3558	
<b>NEBRASKA</b>	
NE0002, NE0003 & NE0004 ENjoyED, LLC Jacob Whitefoot & Katie Whitefoot & Lyndell White 7411 S 19th St, Lincoln, NE 68516	NE0005 & NE0019 April Campbell 67 Ginger Woods Rd Valley, NE 68064 (402) 510-4604

HOTWORX® Franchising, LLC  
Franchise Disclosure Document 4/1/2025  
Reg states except New York

1401 W Foreman Dr, Lincoln, NE 68523 402-440-3983, 402-617-7406, 402-440-5907	
<b>NEVADA</b>	
NV0005 HWLV3 LLC Tiffany Young & Kenneth Young 1327 Grass Creek Ave. #1 Henderson, NV 89012 (702) 327-9119, (702) 768-6404	
<b>NEW HAMPSHIRE</b>	
NH0005 INFRARED GIRL LLC Franchesca Bussiere & Isabella Bussiere 162 South Mammoth Road Manchester, NH 03109 (603) 533-6146	
<b>NORTH CAROLINA</b>	
NC0008 LAH Studios, LLC Linda Harte 848 Barber Road Southern Pines, NC 28387 910-992-1767	
<b>TENNESSEE</b>	
TN0001 Kyle Merritt & Jeffry Bush 359 Crescent Moone Circle Nolensville, TN 37135 (513) 348-3164, (513) 290-3859	
<b>TEXAS</b>	
TX0045 Sweat Success, LLC Amanda McHugh 2205 Alisa Lane Trophy Club, TX 76262 (678) 576-7148	TX0143 Poncho Place Properties, LLC Matt Bolinger & Shannon Bolinger 6010 Poncho Place Baytown, TX 77523 (832) 837-4624, (832) 784-7345
TX0071 & TX0072 Teresa Grawe & Mark Grawe 11080 Longleaf Lane Argyle, TX 76226 (214) 876-2723	TX0176 KINGHOUSE LLC Diane Lund & Robin Lund 111 Tulip Trail Bend Cedar Park, TX 78613 (512) 468-2413, (847) 373-4501
TX0104 Jeremy Fikac & Jason Scott	TX0230 Zoe Fitness, LLC

22 Red Adler Pl The Woodlands, TX 77382 (512) 844-3014, (703) 989-1679	Wilner Elise 604 National Ave. Terrytown, LA 70056 (504) 264-0120
TX0129 TORO FAMILY ENTERPRISES, L.L.C. Marcus Toal, Brittany Toal, Donna Robinette & Mark Robinette 8615 Vantage Point San Antonio, TX 78251 (601) 624-1686, (601) 331-2330	TX0251 The Gurdian 5 Inc Lexi Gurdian & Virgil Gurdian 20818 Mystic Stone Dr. Tomball, TX 77375 (337) 356-5555
<b>UTAH</b>	
UT0015 SK Blackwell Group, LLC Steven Blackwell & Kimberly Blackwell 14696 Birken St. Herriman, Ut 84096 (801) 647-5544, (801) 560-5842	UT0018 & UT0019 SNS Fitness, L.L.C Stephanie Aerakis, Nick Aerakis & Shelby Johnson 2524 E. Grand Point Circle Sandy, UT 84092 1972 E. Yalecrest Ave. Salt Lake City, UT 84108 (801) 953-4393, (801) 554-9868, (801) 870- 5404

If you buy this franchise, your contact information may be disclosed to other prospective or current franchisees when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with HOTWORX®. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Note 1: These franchisees transferred one or more single franchise outlets but remain in the franchise system operating other franchise outlets.

**EXHIBIT E**

**HOTWORX® FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**

**HOTWORX FRANCHISING, LLC**

**As of December 31, 2024 and 2023 and for  
the years ended December 31, 2024, 2023 and 2022**

**MARRERO, LOUISIANA**

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KPMG LLP  
Suite 2850  
909 Poydras Street  
New Orleans, LA 70112

## Independent Auditors' Report

To the Members  
HOTWORX Franchising, LLC:

### *Opinion*

We have audited the consolidated financial statements of HOTWORX Franchising, LLC and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations and changes in members' deficit, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024 in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

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

KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

KPMG LLP

New Orleans, Louisiana  
March 20, 2025

**HOTWORX FRANCHISING, LLC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	178,176	68,679
Restricted Cash	169,760	172,250
Investment Securities	4,498,993	2,625,335
Receivables, net of allowance for expected credit losses of \$68,000 and \$0, respectively	962,125	549,610
Due from Affiliates	1,362,861	4,782,121
Prepaid Insurance	125,555	10,048
Other Current Assets	44,505	20,845
Current Portion of Deferred Commissions Expense	602,552	518,129
<b>Total Current Assets</b>	<b>7,944,527</b>	<b>8,747,017</b>
Property and Equipment, Net	2,793,752	2,504,212
Lease Right-of-use Assets	-	75,068
Deferred Commission Expense, net of current portion	5,740,105	5,763,768
<b>Total Assets</b>	<b>16,478,384</b>	<b>17,090,065</b>
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
<b>Current Liabilities:</b>		
Accounts Payable	380,463	526,823
Accrued Expenses	434,245	326,397
Insurance Notes Payable	89,769	25,535
Lease Right-of-use Liabilities	56,064	41,501
Due to Affiliates	428,164	19,065
Note Payable	1,710,362	429,022
Notes Payable to Affiliates	-	700,000
Current Portion of Deferred Franchise Fees	1,424,674	1,303,090
<b>Total Current Liabilities</b>	<b>4,523,741</b>	<b>3,371,433</b>
<b>Long-Term Liabilities:</b>		
Deferred Franchise Fees	13,630,980	14,495,833
Notes Payable to Affiliates, net of current portion	-	50,000
Lease Right-of-use Liabilities, net of current portion	28,136	76,299
<b>Total Liabilities</b>	<b>18,182,857</b>	<b>17,993,565</b>
Non-Controlling Interests' of Consolidated Subsidiary	(152,804)	(42,633)
<b>Members' Deficit</b>	<b>(1,551,669)</b>	<b>(860,867)</b>
<b>Total Liabilities and Members' Deficit</b>	<b>16,478,384</b>	<b>17,090,065</b>

See accompanying notes to consolidated financial statements.

**HOTWORX FRANCHISING, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN MEMBERS'**  
**DEFICIT**

	<b>For the years ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Revenue:</b>			
Franchise Fees	3,358,269	2,589,378	2,354,912
Recurring and Other Related Fees	8,236,154	6,035,926	3,439,588
Product Sales	298,403	277,876	321,411
Vendor Rebates	180,631	155,310	29,928
<b>Total Revenue</b>	<b>12,073,457</b>	<b>9,058,490</b>	<b>6,145,839</b>
<b>Expenses:</b>			
Cost of Goods Sold	524,841	303,702	301,922
Operating Expenses	7,748,108	2,079,812	1,487,523
Advertising and Marketing	1,824,671	1,384,987	1,142,828
Payroll and Related Payroll Taxes	1,874,173	1,101,949	852,897
Commissions	1,178,410	775,221	565,277
Long-lived asset and ROU asset impairment	83,118	-	-
Depreciation	147,546	56,007	57,800
<b>Total Expenses</b>	<b>13,380,867</b>	<b>5,701,678</b>	<b>4,408,247</b>
<b>Operating Income (Loss)</b>	<b>(1,307,410)</b>	<b>3,356,812</b>	<b>1,737,592</b>
<b>Other Income (Expense):</b>			
Realized Loss on Equity Securities	(88,106)	(57,679)	(120,075)
Unrealized Gain (Loss) on Equity Securities	703,550	380,064	(181,186)
Interest and Dividends	51,564	64,620	21,873
Interest Expense	(100,433)	(34,497)	-
Other (Loss) Income	(29,478)	505	33,712
<b>Other Income (Expense)</b>	<b>537,097</b>	<b>353,013</b>	<b>(245,676)</b>
<b>Net Income / (Loss)</b>	<b>(770,313)</b>	<b>3,709,825</b>	<b>1,491,916</b>
Net Income (Loss) Attributable to Non-Controlling Interest	(110,171)	(20,272)	7,362
<b>Net Income (Loss) Attributable to HOTWORX Franchising, LLC</b>	<b>(660,142)</b>	<b>3,730,097</b>	<b>1,484,554</b>
<b>Members Deficit Beginning of the Year</b>	<b>(860,867)</b>	<b>(4,332,964)</b>	<b>(5,491,118)</b>
Member's Contributions	4,000	-	-
Member's Distributions	(34,660)	(258,000)	(326,400)
<b>Members Deficit End of the Year</b>	<b>(1,551,669)</b>	<b>(860,867)</b>	<b>(4,332,964)</b>

See accompanying notes to consolidated financial statements.

**HOTWORX FRANCHISING, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>For the years ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities</b>			
Net Income / (Loss)	(770,313)	3,709,825	1,491,916
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation	147,546	56,007	57,800
Non-cash lease expense	21,672	28,118	26,996
Amortization of contract assets	1,178,410	775,221	565,277
Amortization of contract liabilities	(3,358,269)	(2,589,378)	(2,354,912)
Realized losses on equity securities	88,106	57,679	120,075
Unrealized (Gains) losses on equity securities	(703,550)	(380,064)	181,186
Impairment of Property & Equipment and ROU Lease Assets	83,118	-	-
Provision for expected credit losses	87,429	-	-
Change in Operating Assets and Liabilities			
Receivables	(499,944)	(187,875)	(180,402)
Prepaid Insurance and Other Current Assets	(142,988)	233,608	1,634
Deferred Commissions	(1,239,170)	(2,115,402)	(1,985,610)
Accounts Payable	(146,362)	259,236	(20,825)
Accrued Expenses	107,847	3,848	44,280
Lease Right-of-use Liabilities	(33,599)	(42,153)	(41,032)
Deferred Franchise Fees	2,615,000	4,404,425	4,473,249
Due (to) / from Affiliates	3,657,294	(2,742,577)	(980,979)
Net Cash Provided by Operating Activities	1,092,227	1,470,518	1,398,653
<b>Cash Flows from Investing Activities</b>			
Purchases of Property and Equipment	(291,921)	(1,861,251)	(5,274)
Purchases of Available-for-Sale Investments	(2,493,496)	(2,825,904)	(1,248,120)
Proceeds from Maturities of Available-for-Sale Investments	1,235,283	1,502,118	777,069
Net Cash used in Investing Activities	(1,550,134)	(3,185,037)	(476,325)
<b>Cash Flows from Financing Activities</b>			
Proceeds from Notes Payable	2,131,340	1,029,022	-
Payments of Notes Payable	(850,000)	(600,000)	-
Payments of Insurance Notes Payable	(191,284)	(191,531)	(18,482)
Proceeds from Insurance Notes Payable	255,518	45,729	189,819
Proceeds from Notes Payable to Affiliates	-	750,000	-
Payments of Notes Payable to Affiliates	(750,000)	-	-
Members' Contributions	4,000	-	-
Members' Distributions	(34,660)	(258,000)	(326,400)
Net Cash Provided by (Used In) Financing Activities	564,914	775,220	(155,063)
Net (decrease) increase in Cash, Cash Equivalents and Restricted Cash	107,007	(939,299)	767,265
Cash and Cash Equivalents and Restricted Cash at Beginning of Year	240,929	1,180,228	412,963
Cash and Cash Equivalents and Restricted Cash at End of Year	347,936	240,929	1,180,228
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for interest	91,602	31,351	985
<b>Non-Cash Investing Activities</b>			
Capital expenditures in accounts payable	-	134,271	

See accompanying notes to consolidated financial statements.

**HOTWORX FRANCHISING, LLC AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
As of December 31, 2024 and 2023 and for the years ended  
December 31, 2024, 2023 and 2022

**Note 1 – Nature of Business and Basis of Presentation**

Nature of Business

HOTWORX Franchising, LLC is a Wyoming based limited liability company formed on November 26, 2016, to offer and sell franchises throughout the United States of America for the operation of 24-hour studios that offer hot exercise services, fitness products and other related specialty items. HOTWORX Franchising, LLC has a wholly owned corporate studio location, NOLA Sweat, LLC (“NOLA Sweat”) which began operations in 2024 and a consolidated variable interest entity, HWX Chicago, LLC, (“HWX Chicago”, together with HOTWORX Franchising, LLC, and Nola Sweat, the “Company”). During 2024, the Company closed the HWX Chicago corporate studio location.

Basis of Presentation

The consolidated financial statements contained in this report were prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”) for all periods presented and include the accounts of the Company and its variable interest entity.

**Note 2 – Significant Accounting Policies**

Principles of Consolidation and Non-Controlling Interests

The Company assesses all entities with which it is involved for consolidation on a case-by-case basis, depending on the specific facts and circumstances surrounding each entity. Pursuant to ASC 810, *Consolidations* (“ASC 810”), the Company first evaluates whether it holds a variable interest in an entity. The Company considers all economic interests, including proportionate interests through affiliates, to determine if such interests are to be considered a variable interest. For any entity where the Company has determined that it does hold a variable interest, the Company performs an assessment to determine whether it qualifies as a variable interest entity (“VIE”).

Under the variable interest entity model, the Company consolidates those entities where it is determined that the Company is the primary beneficiary of the entity. The Company is determined to be the primary beneficiary when it has a controlling financial interest in the VIE, which is defined as possessing both (a) the power to direct the activities of the VIE that most significantly impact the VIE’s economic performance, and (b) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. If the Company alone is not considered to have a controlling financial interest in the VIE but the Company and its affiliates under common control in the aggregate have a controlling financial interest in the VIE, the Company will be deemed to be the primary beneficiary if it is the party that is most closely associated with the VIE. When the Company and its affiliates not under common control in the aggregate have a controlling financial interest in a VIE, the Company would be deemed to be the primary beneficiary if substantially all the activities of the entity are performed on behalf of the Company.

The Company records non-controlling interests in the HWX Chicago partnership for which the Company’s ownership is less than 100%.

All material intercompany transactions and balances have been eliminated. The subsidiary is fully consolidated from the date the Company obtains control and continue to be consolidated until the date that such control ceases.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents.

#### Restricted Cash

The Company had restricted cash related to escrowed customer franchise deposits in the states of California, Washington and Virginia. As of December 31, 2024 and 2023, the Company had Cash and Restricted cash as follows:

	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash	178,176	68,679
Restricted Cash	169,760	172,250
<b>Total Cash, Cash Equivalents and Restricted Cash</b>	<b>347,936</b>	<b>240,929</b>

#### Allowance for Credit Losses

On January 1, 2023, the Company adopted ASC 326, *Financial Instruments – Credit Losses* (“ASC 326”), which requires the measurement of expected credit losses. ASC 326 resulted in an immaterial adjustment upon adoption.

ASC 326 requires estimated credit losses to be determined for the expected life of the asset, as compared to an incurred loss model which was in effect for periods prior to 2023.

The Company records an allowance for credit losses (“ACL”) for the current expected credit losses (“CECL”) inherent in its financial assets measured at amortized cost and contract assets. The ACL is a valuation account deducted from the amortized cost basis to present the net amount expected to be collected. The estimate of expected credit losses includes expected recoveries of amounts previously written off and amounts expected to be written off.

The estimate of expected credit losses is based on the Company’s historical loss experience, adjusted for current, reasonable and supportable forecasts of economic conditions and other pertinent factors affecting the Company’s customers, such as known credit risk or industry trends. The allowance is estimated over the contractual term of the financial asset adjusted for expected prepayments. The Company does not have any off-balance sheet credit exposures.

### Receivables

Receivables consist primarily of amounts due for franchise fees, recurring fees and product sales, which are carried at original invoice amounts net of the ACL and do not bear interest.

### Investment Securities

The Company owns equity securities through its brokerage accounts, which are accounted for under ASC 321, *Investments – Equity Securities* (“ASC 321”), in current assets as of December 31, 2024 and 2023.

The Company classifies its available-for-sale investments as short-term based on their highly liquid nature and because they represent the investment of cash that is available for current operations. In addition, the Company may sell these investments at any time for use in its current operations or for other purposes. The Company's available-for-sale investments are recorded at fair market value each reporting period.

The fair value of the Company's investments in equity securities as of December 31, 2024 was as follows:

	Mutual Funds	Alternative Investments	Stock and Money Market Securities	<b>Total</b>
Equity Securities	224,961	300,580	3,973,452	<b>4,498,993</b>
<b>Total</b>	<b>224,961</b>	<b>300,580</b>	<b>3,973,452</b>	<b>4,498,993</b>

As of December 31, 2023, the Company owned a bond, which is accounted for under ASC 320, *Investments – Debt Securities* (“ASC 320”), as available-for-sale and recorded at fair value with subsequent changes to fair value recorded on the Consolidated Statement of Operations and Changes in Members' Deficit. The amortized cost of the bond is \$50,000, and the unrealized gain on the bond was \$1,631 as of December 31, 2023.

The fair value of the Company's investments in debt and equity securities as of December 31, 2023 was as follows:

	Corporate Fixed Income	Mutual Funds	Alternative Investments	Stock and Money Market Securities	<b>Total</b>
Equity Securities	-	229,490	271,032	2,073,182	<b>2,573,704</b>
Debt Securities	51,631	-	-	-	<b>51,631</b>
<b>Total</b>	<b>51,631</b>	<b>229,490</b>	<b>271,032</b>	<b>2,073,182</b>	<b>2,625,335</b>

The Company recorded (\$88,106), (\$57,679) and (\$120,075) in realized losses and \$703,550, \$380,064, and (\$181,186) in unrealized gains/(losses) for the years ended December 31, 2024, 2023, and 2022 respectively, related to its investments in debt and equity securities.

The cost basis of equity securities held as of December 31, 2024 and 2023, was \$3,393,695 and \$2,172,903, respectively.

Refer to Note 5 – Fair Value Disclosure for additional information on the fair value input levels hierarchy.

#### Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and investment securities. The Company's cash balance may exceed federally insured limits. The Company's investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the financial statements.

#### Long Lived Assets and Impairment

Property and equipment and leasehold improvements are recorded at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the various classes of depreciable assets, which range from three to 39 years. Leasehold improvements are amortized using the straight-line method over the shorter of their estimated useful lives or the reasonably assured lease term. Routine maintenance, repairs and replacement costs are expensed as incurred and improvements that extend the useful life of the assets are capitalized.

Annually, the Company reviews the carrying value of its property and equipment and ROU Lease assets to determine if facts and circumstances suggest that they may be impaired or that the depreciation period may need to be changed. The Company considers internal factors, such as net operating losses, along with external factors relating to each asset, including contract changes, local market developments, and other publicly available information to determine whether impairment indicators exist.

If an indicator of impairment is identified, recoverability of an asset group is assessed by comparing its carrying amount to the estimated future undiscounted net cash flows expected to be generated by the asset group through operation or disposition, calculated utilizing the lowest level of identifiable cash flows. If this comparison indicates that the carrying amount of an asset group is not recoverable, the Company estimates fair value of the asset group and records an impairment loss when the carrying amount exceeds fair value.

The Company recognized a non-cash impairment charge of \$83,118, consisting of \$29,899 and \$53,219 related to its Property and equipment, net and ROU Lease Assets, respectively, during the year ended December 31, 2024, which related to the closure of the Chicago based corporate owned studio.

#### Revenue Recognition

Revenue is recognized in accordance with ASC 606, *Revenue from Contracts with Customers* ("ASC 606"), using the five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

The Company enters into franchise agreements with each franchised studio. The Company's performance obligation under the franchise license is granting certain rights to access the Company's intellectual property; all other services the Company provides under the franchise agreement are highly interrelated, not distinct within the contract, and are therefore accounted for as a single performance obligation, which is satisfied over the term of each franchise agreement. Those services include initial development, operational



training, preopening support and access to the Company's technology throughout the franchise term. Fees generated related to the franchise license include development fees, royalty fees, marketing fees, technology fees and transfer fees, which are discussed further below. Variable fees are not estimated at contract inception, and are recognized as revenue when earned, which occurs monthly, via bank draw from the franchisee. The Company has concluded that its agreements do not contain any financing components.

*Franchise fee revenue* – The Company's franchise agreements typically operate under ten-year terms with options to renew perpetually, subject to conditions, for five-year successive terms. The Company determined the renewal options are neither qualitatively nor quantitatively material and do not represent a material right. Initial franchise fees are non-refundable and are typically collected upon signing of the franchise agreement. Initial franchise fees are recorded as deferred revenue when received and are recognized on a straight-line basis over the franchise life, which the Company has determined to be ten years, as the Company fulfills its promise to grant the franchisee the rights to access and benefit from the Company's intellectual property and to support and maintain the intellectual property. Recognition of the initial franchise fee begins upon execution of the franchise agreement.

As part of a franchise agreement, the Company may enter into an area development agreement. Under the area development agreement, the Company grants to a developer option(s) to develop and operate a certain number of franchise locations within a specific territory subject to a development schedule and other conditions. Depending on the number of licenses purchased under franchise agreements or area development agreements, the initial franchise fee packages range in price starting at \$19,950 for a single license with increasing volume discounts offered for multiple license purchases. Payments for franchise license purchases are paid to the Company when a franchisee signs the agreement. Area development agreement fees are initially recorded as deferred revenue. The development fees are allocated to the number of options purchased under the area development agreement. The revenue is recognized on a straight-line basis over the franchise life for each studio under the area development agreement beginning when the respective option is exercised and a franchise agreement for the location is executed. Unamortized area development fees and initial franchise fees are generally recognized as revenue upon the termination of franchise agreement or the area development agreement with the franchisee. Initial franchise agreement fees and area development fees recognized as revenue for terminated agreements was \$1,758,162, \$1,135,931 and \$1,268,968 for the years ended December 31, 2024, 2023, and 2022, respectively.

*Franchise royalty fee revenue* – Royalty revenue represents royalties earned from each of the franchised studios in accordance with the franchise disclosure document and the franchise agreement for use of the brands' names, processes and procedures. Royalties are charged monthly. The royalties are entirely related to the Company's performance obligation under the franchise agreement and are charged and recognized as franchisee sales occur. Franchise royalty fees are \$4,460,880, \$3,307,585 and \$2,138,845 for the years ended December 31, 2024, 2023 and 2022, respectively.

*Technology fees* – The Company provides access to third-party or other proprietary technology solutions to the franchisees for a fee. The technology solution includes various software licenses for statistical tracking, scheduling, allowing club members to record their personal workout statistics, music and technology support. The Company charges and recognizes the technology fee as earned each month as the technology solution service is performed. Technology fees are \$1,299,900, \$1,086,948 and \$338,410 for the years ended December 31, 2024, 2023 and 2022, respectively.

*Virtual Instructor (VI) fees* – Franchisees are required to pay a VI fee per sauna per month. The fees are charged by the Company on a monthly basis and the Company recognizes VI fees as revenue each month once a studio has opened.

*Dynamix fees* – Franchisees are required to pay a fixed Dynamix fee each month. The fees are charged by the Company on a monthly basis and are for the Dynamix program and was launched mid-year in 2023.

*Marq fees* – Franchisees are required to pay a marq fee each month. The marq fees are collected by the Company on a monthly basis and are used for brand management, content design and templating platform. The Company charges and recognizes marq fees as revenue each month as gross sales occur.

*Transfer fees* – Transfer fees are paid to the Company when one franchisee transfers a location to a different franchisee. Transfer fees are recognized as revenue on a straight-line basis over the term of the new or assumed franchise agreement.

*Secret Shopper fees* – The Company performs secret inspections of franchisee stores. The fees are collected from the franchisee in the month after the inspection.

*Computer-Aided Design (“CAD”) fees* – Franchisees are required to pay a CAD fee for the layout of the saunas in the studio. An additional CAD fee is charged for any additional designs provided to the franchisee by the Company.

#### Deferred Commission Expense

The Company has recorded deferred commission expense in connection with the sale of franchise locations. Following the guidance in ASC 606, the Company capitalized these commissions and amortizes the commissions over the contract period, generally 10 years. In the event of an early termination of an agreement, any unamortized deferred commissions associated with the franchise location are charged to commissions expense in the period of termination.

Deferred commission amortization recognized for the years ended December 31, 2024, 2023 and 2022 were \$1,178,410, \$775,221 and \$565,277, respectively.

	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
Deferred Commissions at beginning of period	6,281,897	4,941,716
Additions	1,239,170	2,115,402
Amortization	(1,178,410)	(775,221)
<b>Deferred Commissions at end of period</b>	<b>6,342,657</b>	<b>6,281,897</b>

#### Deferred Franchise Fees

Deferred franchise fees relate to up-front franchise fees billed at or around the initial execution of a franchise agreement. The terms of the contract require the franchise licensee to pay an up-front fee at contract inception. The non-refundable up-front fees are typically billed in advance of services provided and are recorded as a contract liability on the consolidated balance sheets. These fees are amortized ratably over the term of the agreement and recognized as revenue.

Deferred franchise fees for the years ended December 31, 2024 and 2023 were as follows:

	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
Deferred Franchise Fees at beginning of period	15,798,923	13,983,876
Additions	2,615,000	4,404,425
Franchise Fee Revenue	(3,358,269)	(2,589,378)
<b>Deferred Franchise Fees at end of period</b>	<b>15,055,654</b>	<b>15,798,923</b>
Current Portion of Deferred Franchise Fees	1,424,674	1,303,090
Long-Term Portion of Deferred Franchise Fees	13,630,980	14,495,833

Of the \$15,055,655 of deferred franchise fees at December 31, 2024, amounts will recognized as follows:

	<b>Deferred Franchise Fees</b>
2025	1,424,675
2026	1,424,675
2027	1,414,850
2028	1,368,747
2029	1,275,266
Thereafter	8,147,441
<b>Total Deferred Franchise Fees</b>	<b>15,055,654</b>

#### Income Taxes

On the date of formation, the Company elected to be treated as a partnership for federal and state income tax purposes, and thus no federal or state income tax expense has been recorded in these financial statements. Accordingly, the income and loss of the Company is passed through to its members and taxed depending on their personal tax situation.

The Company evaluates all significant tax positions. As of December 31, 2024 and 2023, the Company does not believe that it has taken any positions that would require the recording of any tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

The Company is no longer subject to federal and state income tax examinations by tax authorities for the years prior to 2020 and 2021. Planet Beach Franchising Corporation received an examination letter in February 2024 from the Internal Revenue Service (the "IRS") with respect to Planet Beach Franchising Corporation for the tax returns filed for the tax year 2020 and 2021. By virtue of the Planet Beach Franchising Corporations consolidated income tax returns, the Company is currently under this IRS audit for the 2020 tax year. Any interest and penalties assessed by income taxing authorities are not readily determinable at this time.

#### Advertising and Marketing

The Company expenses advertising and marketing costs as incurred. Advertising and marketing expense for the years ended December 31, 2024, 2023 and 2022 were \$1,824,671, \$1,384,987 and \$1,142,828 respectively.

### Leases

The Company accounts for leases under ASC 842, *Leases* (“ASC 842”) which requires that right-of-use assets and lease liabilities be recorded on the balance sheet. The Company made accounting policy elections for the exclusion of short-term leases (leases with an initial term of 12 months or less and which do not include a purchase option that the Company is reasonably certain to exercise) from the balance sheet presentation.

### **Note 3 – Variable Interest Entity**

In 2018, the Company, along with four other investors, formed HWX Chicago, LLC located in the urban area of Chicago, Illinois. The Company holds a 31% ownership and voting interest in this entity. HWX Chicago’s operating agreement may require its members to make additional contributions when HWX Chicago has working capital requirements. If a member is unable to make an additional capital contribution, the other members will be required to make contributions to offset the amount that member cannot contribute. The Company provides substantially all of the working capital to fund operations in the form of affiliate transfers and a capital loan. It was determined that the Company holds current and potential rights that give it the power to direct activities of HWX Chicago that most significantly impact HWX Chicago’s economic performance, receive significant benefits, or the obligation to absorb potentially significant losses, resulting in the Company having a controlling financial interest in HWX Chicago. As a result, the Company was deemed to be the primary beneficiary of HWX Chicago and has consolidated HWX Chicago under the risk and reward model of ASC 810.

Assets recognized as a result of consolidating HWX Chicago do not represent additional assets that could be used to satisfy claims against the Company’s general assets. Conversely, liabilities recognized as a result of consolidating HWX Chicago do not represent additional claims of the Company’s general assets; they represent claims against the specific assets of HWX Chicago.

In October 2024, the Company closed the HWX Chicago corporate studio location. As a result the Company recognized a non-cash impairment charge of \$83,118, consisting of \$29,899 and \$53,219 related to its Property and equipment, net and ROU Lease Assets, during the year ended December 31, 2024.

The balances related to the VIE that are consolidated and included on the consolidated balance sheet as well as the Company's net interest in the VIE are as follows:

	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Current Assets:</b>		
Cash and Cash Equivalents	48	1,638
Other Current Assets	-	3,821
Total Current Assets	48	5,459
Property and Equipment, Net	-	37,885
Lease Right-of-use Assets	-	75,068
<b>Total Assets</b>	<b>48</b>	<b>118,412</b>
<b>Current Liabilities:</b>		
Accounts Payable	-	-
Due to Affiliates (HOTWORX Franchising, LLC)	235,703	137,100
Accrued Expenses	-	5,699
Lease Right-of-use Liabilities	56,064	41,501
Total Current Liabilities	291,767	184,300
<b>Long-Term Liabilities:</b>		
Lease Right-of-use Liabilities, net of current portion	28,136	76,299
Total Liabilities	319,903	260,599
Non-Controlling Interests' of Consolidated Subsidiaries	(152,804)	(42,633)
<b>Members' Deficit</b>	<b>(167,051)</b>	<b>(99,554)</b>
<b>Total Liabilities and Members' Deficit</b>	<b>48</b>	<b>118,412</b>

**Note 4 – Property and Equipment**

Property and Equipment consist of the following:

	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
Leasehold Improvements	-	98,248
Furniture and Fixtures	203,643	36,106
Building	2,826,952	2,558,138
<b>Total</b>	<b>3,030,595</b>	<b>2,692,492</b>
Less: Accumulated Depreciation	(236,843)	(188,280)
<b>Total Property and Equipment</b>	<b>2,793,752</b>	<b>2,504,212</b>

**Note 5 – Fair Value Disclosures**

The Company's fair value hierarchy for investments measured at fair value on a recurring basis are as follows:

	<b>Fair Value as of December 31, 2024</b>		
	<b>Quoted Market Prices in Active Markets</b>	<b>Other Observable Inputs</b>	<b>Unobservable Inputs</b>
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
Equity Securities	4,198,413	-	300,580
<b>Total</b>	<b>4,198,413</b>	<b>-</b>	<b>300,580</b>

  

	<b>Fair Value as of December 31, 2023</b>		
	<b>Quoted Market Prices in Active Markets</b>	<b>Other Observable Inputs</b>	<b>Unobservable Inputs</b>
	<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
Equity Securities	2,302,672	-	271,032
Debt Securities	-	51,631	-
<b>Total</b>	<b>2,302,672</b>	<b>51,631</b>	<b>271,032</b>

The fair value measurement accounting literature provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels.

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets, and Level 3 inputs are based primarily on management's assumptions about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

The Company uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. When available, valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The Company's investment in equity securities consists of stock and mutual funds that are traded in an active market and valued using Level 1 inputs. The bond's fair value is determined using Level 2 inputs. The Company also holds equity securities in alternative investments which are valued using primarily Level 3 inputs by the respective funds. All investments in equity securities are accounted for at fair value with subsequent changes in fair value recorded on the Consolidated Statement of Operations and Changes in Members' Deficit.

#### **Note 6 – Affiliate Transactions**

The Company operates directly with a number of affiliates. The Company advances and receives money to and from affiliates under common ownership for the purpose of funding the operations of those entities or purchasing equipment or other related studio products.

PBFC is the minority owner of HOTWORX Franchising, LLC. From time to time, the Company provides working capital transfers to PBFC.

All employees are employed by PBFC and the Company reimburses PBFC for direct and allocated payroll costs. The Company reimbursed PBFC for payroll and related expenses for \$2,731,696, \$3,217,351 and \$2,838,507 for the years ended December 31, 2024, 2023 and 2022 respectively. During the year ended December 31, 2024, the Company reimbursed PBFC \$5,012,174 for professional accounting and audit related services and \$91,458 for legal expenses with no comparative reimbursements in the years ended December 2022 and 2021.

From time to time, the Company provides working capital transfers related parties or Corporate studios.

The Company had the following due to and from affiliate balances at December 31, 2024 and 2023:

<b>Due from / (to):</b>	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
Planet Beach Franchising Corporation	723,146	3,616,999
HWX, LLC	519,832	1,129,439
HOT Tech, LLC	-	14,849
Sol Spa Franchising, LLC	29,648	19,615
HOTWORX International, LLC	90,235	1,219
<b>Total Due From Affiliates</b>	<b>1,362,861</b>	<b>4,782,121</b>
Diet Trax	(30,170)	(19,065)
HOT Tech, LLC	(373,650)	-
Other related parties	(24,344)	-
<b>Total Due To Affiliates</b>	<b>(428,164)</b>	<b>(19,065)</b>

During the year ended December 31, 2023, the Company entered into a note payable to HWX, LLC payable in monthly installments beginning in June 2024 and bearing an interest rate of 0%. During the year ended December 31, 2024, the Company repaid the loan in full. The balance of the loan at December 31, 2024 and 2023 was as follows:

<b>Notes Payable to Affiliate</b>	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
HWX, LLC	-	(750,000)
<b>Total Notes Payable to Affiliate</b>	<b>-</b>	<b>(750,000)</b>
Less: Current portion	-	(700,000)
<b>Total Long-Term Notes Payable to Affiliate</b>	<b>-</b>	<b>(50,000)</b>

#### **Note 7 – Leases**

On January 18, 2019, HWX Chicago entered into a seven and one-half year lease with third parties for the location of its HOTWORX studio in an urban area of Chicago. The lease has an option to renew for five years, but management is not reasonably certain to exercise the lease renewal. Management elected to use the 2.7% risk-free rate for a seven-year security as of the lease start date to determine the incremental borrowing rate. Lease costs are included within operating expenses on the consolidated statements of operations and member's deficit.

Total components of lease costs were as follows:

	<b>Year ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Operating Lease Cost	23,861	31,814	31,814
Variable Lease Cost	32,288	35,680	36,391
<b>Total Lease Cost</b>	<b>56,149</b>	<b>67,494</b>	<b>68,205</b>



Supplemental consolidated cash flow information related to leases is as follows:

	Year ended December 31,		
	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	35,610	45,850	45,850

The weighted average lease term remaining is 1.5 years and 2.5 years as of December 31, 2024 and 2023, respectively. The weighted average discount rate is 2.7% for both December 31, 2024 and 2023.

The total remaining lease payments as of December 31, 2024 were as follows:

	Operating Lease
2025	61,898
2026	24,759
<b>Total Lease Payments</b>	<b>86,657</b>
Less: Imputed Interest	2,457
<b>Total Lease Liabilities</b>	<b>84,200</b>

#### Note 8 – Note Payable

In June 2023, the Company entered into a Liquidity Access Line of Credit (the “LOC”) with Morgan Stanley (the “Lendor”) using investment securities as collateral. The LOC can be called due at any time at the Lendor’s discretion; as a result, the LOC is classified as short term on the Company’s balance sheet. The LOC bears interest at a variable rate and for the year ended December 31, 2024, the loan had an effective interest rate of 6.91%.

The following table shows the total outstanding balance of the LOC at December 31, 2024 and 2023:

	As of December 31,	
	2024	2023
Liquidity Access Line of Credit	\$1,710,362	\$429,022
<b>Total Notes Payable</b>	<b>\$1,710,362</b>	<b>\$429,022</b>

As of December 31, 2024 and 2023, the Company had \$9,696 and \$3,146, respectively, of accrued interest, which is included in accrued expenses on the Company’s balance sheets.

At December 31, 2024, the LOC had \$1,193,416 of available borrowing. The LOC has a restrictive covenant that precludes the use of the proceeds to fund the purchase of certain investments.

#### Insurance Financing Agreements

The Company entered into a short-term insurance financing agreement in July 2024 in the amount of \$29,237 with a finance company to finance certain insurance policies. The note is payable in 6 monthly installments of \$5,036, effective interest rate of 11.46%. As of December 31, 2024, the outstanding balance of the note is \$4,989.

The Company entered into a short-term insurance financing agreement in June 2024 in the amount of \$157,793 with a finance company to finance certain insurance policies. The note is payable in 11 monthly installments of \$15,052, effective interest rate of 9.73%. As of December 31, 2024, the outstanding balance of the note is \$73,464.

The Company entered into a short-term insurance financing agreement in March 2024 in the amount of \$68,488 with a finance company to finance certain insurance policies. The note is payable in 11 monthly installments of \$6,568, effective interest rate of 10.8%. As of December 31, 2024, the outstanding balance of the note is \$11,316.

The Company entered into a short-term insurance financing agreement in July 2023 in the amount of \$45,729 with a finance company to finance certain insurance policies. The note is payable in 11 monthly installments of \$4,394, effective interest rate of 11.21%. As of December 31, 2023, the outstanding balance of the note is \$25,535.

#### **Note 9 – Litigation**

The Company is subject to various claims arising in the normal course of its business. While the resolution of such issues is not presently determinable with certainty, the Company is insured for such claims. Management believes that the ultimate resolution of any such matters will not have a significant effect on the Company's financial position or results of operations.

As of December 31, 2024 and 2023, the Company had a \$72,150 accrued liability for both periods related to a contingency for pending litigation.

#### **Note 10 – Members' Deficit**

The Company has one series of limited partnership interests, referred to as Ownership Interests. According to the terms of the Operating Agreement, the Members may determine, as they agree by majority vote, from time to time whether to issue distributions based on available funds. These distributions to the Members are for income taxes and other purposes. The Company expects to continue to pay distributions in the future for member income taxes and other purposes. Although the future amounts have not been determined, these distributions could be material to the financial statements.

The Company distributed \$34,660, \$258,000 and \$326,400, respectively, to the shareholders in the years ended December 31, 2024, 2023 and 2022. During the year ended December 31, 2024, the Company received a contribution from \$4,000 shareholders with no contributions in the years ended December 31, 2023 or 2022.

**Note 11 – Franchisee-Owned and Corporate-Owned Stores**

The following table shows changes in franchisee-owned and related party and corporate-owned stores for the years ended December 31, 2024 and 2023:

	<b>As of December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Franchisee-owned stores:</b>		
Stores operated at beginning of period	576	405
New stores opened	141	171
Stores closed	(5)	-
<b>Stores operated at end of period</b>	<b>712</b>	<b>576</b>
<b>Related party and Corporate-owned stores:</b>		
Stores operated at beginning of period	6	4
New stores opened	2	2
Stores closed	(1)	-
<b>Stores operated at end of period</b>	<b>7</b>	<b>6</b>
<b>Total stores:</b>		
Stores operated at beginning of period	582	409
New stores opened	143	173
Stores closed	(6)	-
<b>Stores operated at end of period</b>	<b>719</b>	<b>582</b>

There were no related party or corporate-owned stores sold during the years ended December 31, 2024 and 2023.

**Note 12 – Subsequent Events**

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through March 20, 2025, the date which the financial statements were available to be issued.

**EXHIBIT F**

**HOTWORX® FRANCHISING, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
SINGLE UNIT FRANCHISE AGREEMENT**

[PAGE INTENTIONALLY LEFT BLANK.  
SINGLE UNIT FRANCHISE AGREEMENT TO FOLLOW]

**HOTWORX® FRANCHISING, LLC**  
**FRANCHISE AGREEMENT DATA SHEET**

1.Name of Franchisee: \_\_\_\_\_ SS No. \_\_\_\_\_

Spouse (if not franchisee): \_\_\_\_\_ SS No. \_\_\_\_\_

Spouse email address: \_\_\_\_\_

2.Name of Franchisee: \_\_\_\_\_ SS No. \_\_\_\_\_

Spouse (if not franchisee): \_\_\_\_\_ SS No. \_\_\_\_\_

Spouse email address: \_\_\_\_\_

3.Name of Franchisee: \_\_\_\_\_ SS No. \_\_\_\_\_

Spouse (if not franchisee): \_\_\_\_\_ SS No. \_\_\_\_\_

Spouse email address: \_\_\_\_\_

4.Franchisee's Address: \_\_\_\_\_

\_\_\_\_\_

5.Licensing Agent: \_\_\_\_\_

6.Franchisee's Territory: \_\_\_\_\_

7.Franchisee's Telephone Number: \_\_\_\_\_

8.Franchisee's Cell Number: \_\_\_\_\_

9.Franchisee's Email Address: \_\_\_\_\_

10.Initial Franchise Fee: \_\_\_\_\_

11.Amount Paid: \_\_\_\_\_

12.Effective Date: \_\_\_\_\_

13.Driver's License Number: \_\_\_\_\_

Agreement Exceptions:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

The information contained in the Data Sheet is incorporated by reference into the HOTWORX® Franchising, LLC Single Unit Franchise Agreement.

**HOTWORX® Franchising, LLC**  
**SINGLE UNIT FRANCHISE AGREEMENT**

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Exhibits to HOTWORX® Franchising, LLC's Single Unit Franchise Agreement

- Exhibit 1 — Schedule of Authorized and Approved Products and Services
- Exhibit 2 — Approved Location and Territory Addendum
- Exhibit 3 — Guaranty Agreement and Acknowledgment by Guarantor
- Exhibit 4 — Rider to Lease
- Exhibit 5 — Software License Agreement
- Exhibit 6 — Confidentiality and Non-Competition Agreement
- Exhibit 7 — Conditional Assignment of Franchisee's Telephone Numbers, Email Addresses, Social Media and Other URLs
- Exhibit 8 — Statement of Prospective Franchisee

**HOTWORX® FRANCHISING**  
**SINGLE UNIT FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the "Agreement") is made as of the Effective Date set forth on the Data Sheet of this Agreement between HOTWORX® Franchising, LLC, a Wyoming limited liability company with an address at 5161 Taravella Road, Marrero, Louisiana 70072 ("HOTWORX®" or "Franchisor"), and the Franchisee identified in the Data Sheet ("Franchisee" or "You"). The information contained in the Data Sheet is incorporated into this Agreement.

**BACKGROUND**

- A. Through the expenditure of money, time and effort, Franchisor has developed a distinct and proprietary business format for the development and operation of studios (the "System"), the distinguishing characteristics of which include proprietary development and operating procedures and standards and specifications for products and services, as amended from time to time in Franchisor's sole discretion.
- B. The System is identified by proprietary trademarks, service marks, trade dress, logos and other indicia of origin including, without limitation, the trade name and service mark "HOTWORX®" (the "Proprietary Marks").
- C. Franchisor offers franchises to qualified individuals for the right to use the System and Proprietary Marks at a single approved location (the "Studio").
- D. You have applied to Franchisor for the right to operate a Studio pursuant to the terms of this Agreement, and Franchisor has approved your application in reliance upon all of the representations made in your application, including those concerning your financial resources, your business experience and interests, and the manner in which the franchise will be owned and operated.
- E. You acknowledge that you have read this Agreement and Franchisor's Franchise Disclosure Document and that you have been given an opportunity to obtain clarification of any provision that you did not understand. You also understand and agree that the terms and conditions in this Agreement are necessary to maintain Franchisor's and its affiliates' high standards of quality and service and the uniformity of those standards at all HOTWORX® studio locations. Franchisor's affiliates include but are not limited to Planet Beach Franchising Corporation, SOL SPA Franchising, LLC, HOT Brands, LLC, HOT TECH, LLC, and HWX, LLC (hereinafter "Affiliates").

**AGREEMENT**

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties to the Agreement, intending to be legally bound, mutually agree as follows:

**1. FRANCHISE GRANT**

Franchisor grants to you, and you hereby accept, a non-exclusive franchise license to establish and operate one HOTWORX® studio pursuant to the terms of this Agreement within a geographic area mutually agreed to by the parties. This Agreement does not give you the right to establish additional studios.

## 2. LOCATION AND SITE DEVELOPMENT

- 2.1 Approved Location. Once you have completed site selection as set forth in Section 2.2 below, you shall operate your Studio only from the Approved Location identified in the Approved Location and Territory Addendum, attached as Exhibit 2 of the Agreement. A map will be attached to the Approved Location and Territory Addendum, which will become part of Exhibit 2 and this Agreement upon signing of a location lease.
- 2.2 Site Selection. Your Approved Location will be accomplished through the site selection process and in accordance with Franchisor's Location Selection Policy. You must obtain a site for the Studio within 120 days from the Effective Date set forth on the Data Sheet ("Site Selection Period") either by (i) entering into a lease or sublease with the owner of a site or the prime tenant having possession of a site which is mutually acceptable to you and Franchisor; or (ii) purchasing real estate which is mutually acceptable to you and Franchisor. In the event that Franchisee purchases or owns real estate, Franchisee must also enter into a lease for the Approved Location that is mutually acceptable to you and Franchisor.
- 2.3 Lease. You must submit a copy of your proposed lease for Franchisor's approval prior to execution. You must deliver an executed copy of the lease to Franchisor within fifteen (15) days after the execution of the lease. Franchisor's acceptance of the lease terms does not constitute an expression of Franchisor's opinion regarding the terms of the lease or the viability of the location.
- 2.4 Relocation. Franchisor will permit you to relocate your Studio to a new approved location within the Protected Territory as defined in Section 3.1 of this Agreement, at your expense, if you lose the right to possess the premises through no fault of your own or if the Studio is destroyed by vandalism, fire or act of God. Franchisor will approve the new site if it meets Franchisor's site selection criteria. You have no right to relocate the Studio without Franchisor's prior written consent.

## 3. TERRITORY

- 3.1 Territory. We grant a franchise based on our expectation that you will continuously and diligently follow all System requirements. Subject to the exclusions below, Franchisor grants to you the right to establish and carry on a business within a protected territory that consists of a radius or boundary surrounding your studio's Approved Location (the "Protected Territory"). Your Protected Territory generally will be a circle, the center of which will be your Approved Location as identified by your signed lease. The actual size and dimensions of your Protected Territory may be less than stated below and will depend upon the specific variables of your Studio site, including population density, marketing and development trends, traffic flow and natural and man-made boundaries. A map plotting the Protected Territory will be attached to the Approved Location and Territory Addendum and made part of this Agreement as Exhibit 2 upon execution of a lease for your Studio location.

If a radius is used to determine your Protected Territory, then the radius of the circle will be based on where the Approved Location is located and will be either:

1. A radius ranging from one third of a mile (.3 miles) up to one and nine tenths of a mile (1.9 miles) if your Studio is located in a densely populated area which may include suburbs;
- or
2. A two-mile (2.0 miles) radius if your Studio is located in any other area.

Your Protected Territory shall exclude: (i) any area that is across a state line, river, navigable



waterway, interstate, highway or other natural or man-made boundary; and (ii) regional shopping malls, professional or collegiate athletic facilities, residences, resorts and airports. The final determination of the radius of Your Protected Territory will be decided by the Franchisor in its sole discretion.

- 3.2 Modification of Protected Territory. During the term of this Agreement, so long as you are in compliance with the terms and conditions of this Agreement, Franchisor will not establish or locate, or grant any third party the right to establish or locate, another HOTWORX® studio franchise location using the System and Proprietary Marks within the Protected Territory identified, excluding residential HOTWORX® saunas, as identified in Exhibit 2 to this Agreement except as set forth in Sections 3.3, 3.4 and 3.5 below. If you are in breach of this Agreement, or are otherwise in default, Franchisor may reduce, eliminate or otherwise modify your rights in the Protected Territory or any right of first refusal under the then-applicable policy regarding site selection. Franchisor does not make any representation or assurance that you can or will achieve any performance minimums. This Agreement does not grant you any other territorial rights.
- 3.3 Reservation of Rights. Franchisor will not establish (and will not authorize any other party in our system to establish) a HOTWORX studio within your Protected Territory subject to the following exclusions:
- 3.3.1. Franchisor may conduct any business in professional or collegiate athletic facilities, residences, resorts or airports in which your Studio is not located;
- 3.3.2. Franchisor may use the Proprietary Marks in connection with offering ancillary or dissimilar products and services at any location inside or outside your Protected Territory;
- 3.3.3. Franchisor may conduct and transact business with customers, and/or companies operating in your Protected Territory by means of the internet as well as other electronic media that are known now or developed in the future, toll-free telephone numbers, and any other manner we determine;
- 3.3.4. Franchisor may engage in any other activities not expressly prohibited by this Agreement; and
- 3.3.5. Franchisor's Affiliates may establish, locate, grant, or sell to any third party the right to establish or locate a studio, spa, or other franchise outlet, other than a HOTWORX® studio, within your Protected Territory.
- 3.4 Additional Exclusions. Your grant of a franchise does not include (i) exclusive marketing rights; (ii) any right to offer any product or service via e-commerce; (iii) any right to establish an independent website or to establish a URL incorporating the Proprietary Marks or any variation thereof; or (iv) any right to distribute, market, or implement HOTWORX® studio's products and services in any channel of distribution not specifically identified in this Agreement.
- 3.5 Franchisor reserves the right to sell and distribute its products and equipment within your Protected Territory.
- 3.6 Franchisor accepts no liability for any aftermarket HOTWORX® sauna sales that may occur,

therefore you accept the risk that a competing, unauthorized HOTWORX® sauna may compete in an unauthorized location inside or outside of your Protected Territory. Franchisor will make a reasonable effort, upon notice, to require unauthorized operators to de-brand the sauna and to cease any unauthorized use. In the event Franchisor is unsuccessful in its efforts to have such sauna de-branded, Franchisee agrees to hold Franchisor harmless. Franchisor will not allow unauthorized HOTWORX® sauna owners to have access to any proprietary software including the VI Software, The Burn Off App and DIET TRAX®.

#### **4. TERM AND RENEWAL**

- 4.1 Term. The initial term of this franchise shall begin on the Effective Date set forth on the Data Sheet by Franchisor and shall expire at midnight on the tenth anniversary of the Effective Date.
- 4.2 Obligation of Franchisor. In the event that any of the conditions to renewal set forth in the Operational Systems Checklist or below have not been met, Franchisor shall have no obligation to renew this Agreement. In such case, the right to renew right shall be deemed to have been waived by Franchisee, is void, and is of no force and effect.
- 4.3 Operations Beyond Term. If Franchisee continues to operate as a Franchisee after the term of this Agreement without exercising its option to renew, Franchisee shall be deemed to be operating on a month-to-month basis (terminable by either party on thirty (30) days' written notice) and will be bound by the terms and conditions of the franchise agreement then being offered to new franchisees, which may have economic and other material terms different from the terms of this Agreement.
- 4.4 Renewal. You have the right to renew this Agreement for perpetual consecutive additional 5-year terms, if you meet the following conditions:
- 4.4.1 You are in compliance with all the terms and conditions of this Agreement at the time of renewal and have substantially complied with the terms of this Agreement and with the operating standards and criteria established by Franchisor throughout the initial term and any renewal term of this Agreement;
  - 4.4.2 You have satisfied all monetary obligations owed to Franchisor and its Affiliates;
  - 4.4.3 You are in compliance with all other agreements between you and Franchisor and/or its Affiliates;
  - 4.4.4 You have provided Franchisor with written notice of your intention to renew the Franchise Agreement at least 90 days but not more than 180 days prior to expiration of the then-current term;
  - 4.4.5 You have the right to remain in possession of the studio Approved Location, or you have secured other premises acceptable to Franchisor for the renewal term;
  - 4.4.6 At Franchisor's request, you effectuate, at your expense, any changes in services, facility, items offered or business system so as to reflect HOTWORX® studio's then-current image including interior and exterior design or offerings of HOTWORX®;
  - 4.4.7 You execute Franchisor's then-current form of franchise agreement, which may vary materially from the terms of this Agreement and may include, without limitation,

higher royalty and marketing fees. The renewal franchise agreement, when executed, will supersede this Agreement in all respects; and

- 4.4.8 You sign a general release in the form prescribed by Franchisor, in favor of Franchisor and its Affiliates and their respective officers, directors, agents, members, successors, insurers, assigns and employees, for all claims arising out of or related to this Agreement or any related agreements with Franchisor or its Affiliates.

## **5. CONFIDENTIAL OPERATIONAL SYSTEMS CHECKLIST**

You must develop your Studio location and operate your Studio in accordance with Franchisor's confidential operations checklist (the "Operational Systems Checklist"), which contains policies, procedures, standards, specifications and methods of operating a HOTWORX® studio, including but not limited to the Location Selection Policy, pricing policies and sauna safety protocols. Franchisor has the right to amend and supplement the Operational Systems Checklist from time to time in its discretion. You will make, at your sole expense, changes necessary to conform to the Operational Systems Checklist, including, but not limited to, upgrading and remodeling the Studio, including leasehold improvements, furniture, fixtures, equipment, signs, and software. You acknowledge these requirements are necessary and reasonable to preserve the identity, reputation and goodwill Franchisor has developed and the value of the franchise. You agree to make repairs and updates and to pay all reasonable required costs within reasonable time periods that may be established. You will adhere to quality control standards prescribed in the Operational Systems Checklist or elsewhere with respect to the character or quality of the products sold and services performed in association with the Proprietary Marks. The Operational Systems Checklist, as amended from time to time, is intended to further the purposes of this Agreement and is specifically incorporated into this Agreement. The contents of the Operational Systems Checklist are protected by the Copyright law of the United States and may not be disclosed to any person or entity not affiliated with Franchisor and may not be duplicated, copied, reproduced or altered in any way.

## **6. CONSTRUCTION OF STUDIO**

- 6.1 After executing a lease for your Approved Location, you will construct and equip your Studio to the specifications required by Franchisor and then open for business. You will remain responsible for all costs of and connected with design and construction, including, but not limited to construction drawings, architectural and/or engineering drawings, including stamps and seals, fees associated with obtaining building permits, leasehold improvements, equipment, furniture fixtures and signs, and you must bear the cost and responsibility for compliance with state or local ordinances, rules and regulations, including those related to zoning.

You will be required to make annual minor improvements identified by the Franchisor to your Studio at your sole expense. These expenses will cost a minimum of \$2,500 but no more than \$15,000 and may include redecorating, refurbishment, replacement of signs, fixtures or materials, and upgrading of equipment. The Franchisor may require major improvements to your Studio only after five (5) years of the Effective Date of this Agreement.

## **7. TRAINING**

- 7.1 Initial Training Program. Franchisee(s) and any Manager must attend and complete all required training conducted virtually, prior to 30 days of opening your Studio in order to allow for properly timed pre-sale. Required training programs are outlined in Sections 7.1, 7.2, 7.3, 7.4

and 7.5 below and as more specifically defined in the Operational Systems Checklist. Each of your additional or replacement managers are required to successfully complete all required manager training programs to Franchisor's satisfaction immediately upon hiring. You are solely responsible for full payment of all training-related expenses including, without limitation, salaries for your employees. Franchisor will provide you with a Franchise Performance Coach who will provide assistance using online or video technology in connection with the opening of your studio. Should Franchisee request on-site consultation before second week of studio operations, Franchisee shall be responsible for all travel-related expenses and a \$200.00 per day consultant fee. In the event that you acquire an existing location pursuant to a sale or transfer, you will be required to undergo training, including but not limited to shadow training and guidance on the transfer process, all of which will be conducted virtually. In the event of on-site training, you will be responsible for all expenses, including \$200 per day for Franchise Performance Coach consulting plus travel and lodging.

- 7.2 HOTWORX® University Online Franchise and Manager Curriculum. Each Franchisee and their employee(s) must successfully complete all required courses and certifications of HOTWORX® University Online, a web-based training and certification program, according to the training schedule provided to you. Each Franchisee must attend and complete Franchisee and Manager curriculum. Each studio manager must complete Franchisee and Manager curriculum immediately upon hiring. Each Franchisee and manager must attend and complete such school annually.
- 7.3 Training Programs and Seminars. Franchisor has the right, but is not obligated, to provide continuing education training programs or seminars for previously-trained franchisees and managers. Franchisor will require you to attend and successfully complete these programs or seminars. You are solely responsible for your and your manager's tuition, if applicable, and all training-related expenses including, without limitation, travel expenses, living and dining accommodations, and salaries.
- 7.4 Secret Shopper/Inspection Report. You are required to pay all fees associated with secret shopper inspections. You are also responsible for attending the periodic review of the Secret Shopper/Inspection report with the Franchise Performance Coach via video technology.
- 7.5 Attendance at Annual Conventions. You must attend all HOTWORX® Annual Conventions unless exigent circumstances exist and you receive Franchisor's prior written approval not to attend yourself. You will also be required to send a studio manager from each of your locations. All costs related to the Annual Convention, including but not limited to, travel expenses, lodging and entertainment shall be your sole responsibility. If you do not request and obtain prior written approval for absence, then Franchisor will automatically draft the convention registration fee for two attendees in two monthly installments prior to the convention. This will automatically register you and your studio manager(s).

## **8. OPENING**

- 8.1 Opening for Business. You must open the Studio within 275 days of the effective date of this Agreement. If you do not open within 275 days, Franchisor may at its discretion grant an extension. If you cannot open within 275 days due to vandalism, fire, act of God or other circumstances beyond your control, you must request an extension from Franchisor immediately, which extension will not be unreasonably withheld. It is your sole responsibility to ensure that your Studio opens within 275 days of the Effective Date of this Agreement.

- 8.2 Pre-Sale Marketing. During the development of your Studio and through the initial opening of your Studio, you must expend a minimum of \$10,000 on advertising and marketing within your Protected Territory. After opening, you are required to spend 10% of gross revenue or \$2,000 per month, whichever is greater, on Local Advertising per Section 13.2 below. These sums currently include fees that Franchisor collects on behalf of Marq, \$85 start-up fee and \$15 monthly fee, and SOCI, \$35 monthly fee. Marq and SOCI fees commence following completion of the marketing onboarding call. You shall make such expenditure in accordance with Franchisor's written requirements and specifications. Within 60 days of the Studio's opening, you shall supply Franchisor with written evidence (by means of cancelled checks, paid invoices, copies of advertisements) of the purchase and publication of such opening advertising and marketing. You have the right, but are not required, to spend additional sums with respect to opening marketing so long as such marketing has been approved by the marketing department.
- 8.3 Opening Approval Process. You may not open the Studio for business until you have received written consent from Franchisor. Franchisor may withhold written consent if Franchisee fails to satisfy all pre-opening checklist requirements. You will be required to schedule a live video walkthrough with a Franchisor executive prior to opening the Studio. The walkthrough must include clear visual of the inside and outside including exterior signage in order to determine that the Studio is in compliance with required and authorized trade dress. Franchisor may also request digital photos of the Studio in order to approve and provide written consent for opening the Studio.
- 8.4 Initial Inventory. Franchisor requires you to offer and sell as part of your initial inventory all goods that Franchisor has approved.

## **9. YOUR OBLIGATIONS**

- 9.1 Operations. You must operate your Studio in accordance with the Operational Systems Checklist, which contains policies, procedures, standards, specifications and methods of operating a HOTWORX® studio. Policies include but are not limited to:
- 9.1.1 You must comply with HOTWORX® studio's hours of operation policy of 24 hours a day, 7 days a week, every day of the year;
  - 9.1.2 HOTWORX® studio's Membership Policy; Reciprocity Policy; pricing policies; etc. You must honor all memberships that are assigned or awarded by the Franchisor, including but not limited to corporate employee memberships, the annual top seven (7) Virtual Instructor memberships, and other memberships that Franchisor reasonably assigns or awards;
  - 9.1.3 You are responsible for addressing any and all customer service issues that arise from and/or at Your HOTWORX® Studio. Franchisee's failure to timely resolve customer service issues after receiving notice such that Franchisor finds it necessary to intervene will result in a fine of \$1,000.00 per incident;
  - 9.1.4 You are prohibited from retaining or utilizing any third-party collections agency; and
  - 9.1.5 You shall refrain from engaging in any marketing, conduct, or communications that, if publicized, may adversely affect the Franchise system, its intellectual property,

brand, goodwill and/or Franchisor's interest therein as determined by Franchisor in its sole discretion.

- 9.2 Compliance with Applicable Laws. You shall operate your Studio in strict compliance with all applicable laws, regulations and ordinances including, without limitation, laws and regulations applicable to or affecting health and safety, registering your Studio with the appropriate authority where and when applicable, taxation issues, membership agreements, and employee contracts. You must obtain and maintain all permits, licenses, and registrations required for the lawful operation of your Studio and comply with all health and safety codes. If you are a corporation, partnership or limited liability company, then the name of your entity shall not include any portion of any of the Proprietary Marks, there should be no confusion and there must be complete distinction from HOTWORX® or Franchisor's name or marks; provided, however, you shall register for fictitious name usage in the jurisdiction in which the Studio is located and promptly provide Franchisor a copy of the registration. Franchisor is neither responsible nor liable for researching, knowing, acting on behalf of, and/or advising you and/or anyone on any state, city, county, parish, and/or local laws that will apply to the Studio's operations in that specific area. Franchisor cannot provide you with any advice, legal or otherwise, on local issues. You must provide Franchisor with copies of all permits, licenses and registrations within 30 days of opening your Studio. You must also provide Franchisor with applicable state and local taxes, including but not limited to applicable sales and use taxes, for input into the required POS system. You have a continuing obligation to verify that all applicable taxes are charged.
- 9.3 Authorized Products and Services and Approved Suppliers. You shall not conduct any business or sell any products at the Studio other than the business and products approved by Franchisor. Franchisor has the right to require you to purchase products and/or services from designated or approved suppliers as well as to enter into service agreements with approved vendors. A description of currently authorized products and services is attached as Exhibit 1 to this Agreement (the "Schedule of Authorized and Approved Products and Services"). Franchisor has the right to add, eliminate, modify and substitute any of the Authorized Products and Services or the designated suppliers in its sole discretion. If you wish to offer any product or service that Franchisor has not authorized or to acquire items or services from an unapproved supplier, you must request Franchisor's approval in writing and provide Franchisor all information it may reasonably need to evaluate the proposed product, service or supplier. Franchisor will make a good faith effort to notify you of its approval within 15 days of receiving such information. Franchisor's failure to approve a product, service or supplier within this 15-day period will constitute disapproval of the proposed product, service or supplier. If Franchisor approves your request to offer a new product or service or to acquire items from a new supplier, such approval will be only for the specific product, service or supplier for which approval was granted. Despite the existence of this approval process, Franchisor reserves the right to be the only approved supplier of a product or service. In that situation, you will be required to purchase the product or service from Franchisor and no one else. The price you will pay for the product or service will be the price then in effect, and Franchisor may make a profit on the sale of the product or service. **YOU MAY NOT INSTALL ANY UNAUTHORIZED EQUIPMENT AT ANY TIME. YOU MAY NOT USE UNAUTHORIZED VIDEOS FOR ANY PURPOSE INSIDE THE STUDIO OR SAUNA AT ANY TIME.**
- 9.4 Required Inventory and Services. Franchisor requires you to offer and sell all services that Franchisor has approved. Franchisor requires you to offer and sell as part of your initial inventory all goods that Franchisor has approved. At Franchisor's discretion, you may be required to continue to offer and sell certain or all goods that Franchisor has approved.

- 9.5 Computer Software and Hardware. You shall purchase and use any and all hardware, including but not limited to the computer itself (“Hardware”) and computer software programs (“Software”), which Franchisor designates for use for the System. You must also establish a high-speed internet and network connection prior to the opening of your Studio. The computer must be capable of running the most current Windows, Mac or Chrome operating system. The required computer must be able to run the following software: a web browser, software capable of creating and editing Microsoft Word and Excel documents, a PDF reader, anti-virus, and Java. You are responsible for obtaining and maintaining onsite cabling systems and switches, routers, uninterrupted power supplies, and wireless access points. The POS/studio Management Software is provided to you by a third-party vendor. The monthly fee shall be paid directly to that vendor upon installation of the software for pre-sale. You agree to update or upgrade computer Hardware components and/or Software as Franchisor deems necessary. In addition, Franchisor has the right to require you to enter into a separate maintenance agreement at your sole expense for such computer Hardware and/or Software in the form Franchisor prescribes. You acknowledge and agree that Franchisor may deny you access to the Software if you fail to meet your obligations under this Agreement or the Operational Systems Checklist.
- 9.6 Collection of Data. You shall collect and maintain such data relating to the business as Franchisor may require from time to time, including but not limited to, the names, addresses and purchase history of all customers. You shall provide such data to Franchisor in the form Franchisor specifies. Any such data shall be Franchisor’s sole property and shall not be disclosed or distributed to any person or entity for any reason. However, you have a license to use any such data solely for internal marketing and accounting purposes in accordance with all applicable laws and regulations.
- 9.7 Debts and Obligations. You shall promptly pay all the debts and obligations relating to the operation of the Studio and shall not fail to pay any debts to third parties that may result in claims of liability to Franchisor.

**FRANCHISOR RESERVES THE RIGHT TO WITHHOLD FROM YOU ANY PRODUCTS, SERVICES, MAINTENANCE, INFORMATION, ADVICE, CONSULTATION AND TRAINING, DIRECT SUPPLIERS NOT TO OFFER SYSTEM DISCOUNTS, DELETE YOUR STUDIO FROM THE HOTWORX® WEBSITE, AND DENY YOU ACCESS TO THE HOTWORX® COMPUTER SYSTEM IF YOU ARE NOT IN COMPLIANCE WITH THE TERMS OF THIS AGREEMENT OR THE OPERATIONAL SYSTEMS CHECKLIST.**

## **10. INITIAL AND CONTINUING FEES**

- 10.1 Initial Franchise Fee. In consideration of the rights granted under this Agreement, you have paid to Franchisor an initial franchise fee (“Initial Franchise Fee”) in the amount reflected on the Data Sheet. The initial franchise fee is deemed fully earned upon payment and non-refundable. If you are a buyer of an existing franchise, you will pay the required transfer fee in lieu of the Initial Franchise Fee in accordance with Section 21.3.9.
- 10.2 Royalty Fee. During the term of this Agreement, you will pay Franchisor a monthly Royalty Fee (“Royalty Fee”) in an amount of \$695.00. The Royalty Fee will commence the month that begins immediately after the month that your HOTWORX® Studio opens. If Franchisor does not receive payment, you will be charged a penalty fee of \$100.00 per week until royalty

payments are made current.

- 10.3 Technology Fee. During the term of this Agreement, a fee will be imposed for additional technology upgrades in an amount of \$150.00 per month. The Technology Fee will commence the month following the Effective Date of this Agreement.
- 10.4 POS Software Fee. During the term of this Agreement, you will pay to Franchisor and/or its designated vendor a monthly POS Software Fee of \$129.00. POS Software Fee will commence upon installation of software for pre-sale. Thereafter, payment will be due the 5th of every month for services rendered during the previous month.
- 10.5 Credit Card Processing Fee. You shall pay to Franchisor a 3% credit card processing fee for any payments made by you to Franchisor and/or any purchases made by you from Franchisor.
- 10.6 Payment Procedures. You must make all payments to Franchisor through the AUTODRAFT system. You must provide your bank account information to Franchisor for use by the AUTODRAFT system immediately upon signing this Agreement and provide updated bank account information for your corporate entity to Franchisor within thirty (30) days of signing this Agreement. Unless otherwise stated, all payments are due on the 1st and deemed late on 5th of every month for the preceding month. In the event that any payments are due on a national holiday, payment will be due on the first business day following such holiday. A late fee of \$100.00 will be assessed for each week that payment is delinquent. An insufficient funds fee of \$30.00 will be assessed for any AUTODRAFT payment rejected as a result of insufficient funds. In addition to the late fee and the overdue amount, interest will accrue on such amount from the date it was due until paid at 18% per annum or the maximum rate permitted by state law, whichever is less. Interest will be compounded monthly and shall be in addition to any other remedy Franchisor may have under this Agreement or applicable law.
- 10.7 Convention Fee. During the term of this Agreement, you will pay to Franchisor an annual Convention Fee in an amount of \$790.00. The Convention Fee is automatically drafted in two monthly installments prior to convention. The Convention Fee includes registration for 2 attendees. It does not include the cost of travel, lodging, food or entertainment.
- 10.8 Virtual Instructor Software Fee. During the term of this Agreement, you will pay the Franchisor a monthly fee of \$20.00 per sauna. The software fee will commence the month that begins immediately after the month that your HOTWORX® Studio opens. Thereafter, payment will be due the 5th of every month for services rendered during the previous month.
- 10.9 DIET TRAX® Fee. During the term of this Agreement, you will pay the Franchisor a monthly fee of \$65.00 per studio location. This DIET TRAX® fee will commence the first month after Franchisee's HOTWORX Studio opens. Payment will be due the 5th of every month for services rendered the current month.
- 10.10 "SAIL" – Customer Relations Management (CRM) Fee. During the term of this Agreement, you will pay the Franchisor a monthly fee of \$125.00 per studio location. This software fee will commence upon installation of software for pre-sale. Payment will be due the 5th of every month for services rendered the previous month.
- 10.11 Secret Shop Inspections. During the term of this Agreement, you will pay a fee of \$100.00 to \$150.00 per inspection. This fee will be due the month after the inspection occurs.



10.12 Site Visit Fee. You will pay a training fee of \$200 per day when You request Franchisor provide additional training which you must request and which must occur no later than Your second week of studio operations. This fee does not include travel expenses for which You are also obligated.

10.13 Refunds. All fees are fully earned when they become due and are non-refundable.

10.14 Non-Compliance Fees.

10.14.1 Real Estate Non-Compliance Fee. Immediately upon notice to Franchisor, Franchisor may impose a \$5,000 fee when Franchisee fails to sign a new, current franchise agreement before any lease negotiations for additional HOTWORX® locations or prior to commencing site selection of additional HOTWORX® locations.

10.14.2 Accounting Non-Compliance Penalty Fee. On the sixth day of each month, a \$250.00 per day fee may be imposed for when Franchisee fails to timely submit its monthly expense report.

10.14.3 Insurance Handling Fee. If You fail to obtain the required insurance, Franchisor has the option to obtain insurance coverage for You. In such event, You will be charged a \$250.00 administrative fee. This fee does not include the insurance premiums for which you must also reimburse HOTWORX.

10.14.4 Customer Service Non-Compliance Fee. You will be charged up to \$1,000 per incident if you fail to timely resolve customer service disputes after receiving notice of dispute such that Franchisor finds it necessary to intervene.

10.14.5 Improper or Unauthorized Use of Trademarks. You may be charged a fee of \$1,000 per incident upon notice from Franchisor if you improperly or without authorization use Franchisor's trademarks.

10.14.6 Non-Compliance of Prohibition of Advertising on Daily Deal Sites. You will be charged \$500 per day when You post promotions on daily deal sites in violation of the terms of this Franchise Agreement. This fee will be assessed until You demonstrate the promotion is completely removed, including from any search engines.

10.14.7 Late Payment Fee. You will be charged \$100.00 per week until such time that delinquent fees are paid. Interest of 18% per annum or the maximum rate permitted by state law, whichever is less, will also be charged.

10.14.8 NSF Fee. You will be charged \$30.00 when there are insufficient funds to make payment, which is made through the AUTODRAFT system.

10.14.9 Non-Compliance of Operations Policies. You will be charged a fee of up to \$1,000 per incident upon notice from Franchisor if you violate any HOTWORX policy governing operations of Franchisee's Studio, including but not limited to Marketing and Branding Guidelines, HOTWORX Operations Policies & General Operational Procedures, Price Integrity Policy, Customer Service Oath, Membership Policies, Vending & Rental Policies, In Studio Signage Policy & Guidelines. This per violation fee may be continuously assessed until compliance is confirmed.

- 10.15 CAD Fee. Before opening your studio, you must pay Franchisor a \$1,200 computer-aided design fee for the layout of the saunas in your studio. To the extent that Franchisee requests more than one revision, to the computer-aided design, Franchisee will incur a revision fee of \$100 per revision. This fee is deemed fully earned when paid and is non-refundable.
- 10.16 DYNAMIX Fee. You will be charged a fee of \$99 per month. This software fee will commence during pre-marketing. Payment will be due the 5th of every month for services rendered the current month.

## 11. PROPRIETARY MARKS AND COPYRIGHTS

- 11.1 License. During the term of this Agreement, you are granted a non-exclusive license to use the Proprietary Marks in connection with the operation of your Studio. You shall display the Proprietary Marks only in the manner that Franchisor directs or permits. Your license to use the Proprietary Marks shall automatically cease upon termination or expiration of this Agreement.
- 11.2 **You are prohibited from selling or reselling any products, equipment or other materials containing any Proprietary Marks and/or any intellectual property of HOTWORX or its affiliates without our express written consent.** HOTWORX, its affiliate or its assignee also have the option, but are not obligated, to purchase any products, equipment or other materials subject to any trademark, patent, trade secret, or other proprietary or confidential information containing any Proprietary Marks and/or any intellectual property of HOTWORX or its Affiliates used in connection with the operation of your Studio by providing you written notice of its election within six (6) months after termination or expiration of this Agreement and paying you the book value, subject to the condition of such products, equipment or other materials. For purposes of this Section, “book value” means the amount you actually paid for the products, equipment or other materials less depreciation (calculated by using the straight-line depreciation method on a 10-year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Where such option is exercised, Franchisee is responsible for all costs associated with securely disassembling, where applicable, storing and/or shipping or otherwise delivering in good condition and working order such personal property to a site determined by Franchisor.
- 11.3 Patented Devices and Methods. During the term of this Agreement, Franchisee may receive, through purchase or otherwise, certain devices or methods subject to patents owned by Franchisor. To the extent that any such devices or methods are subject to registered patents, either by the USPTO, WIPO, or any other such entity, Franchisor expressly grants Franchisee a license to use and/or market said devices or methods only during the term of this Agreement. Should this Agreement be terminated for any reason by either Party, any and all licenses granted to Franchisee by Franchisor or its Affiliates with respect to any patented devices and/or methods are considered revoked at the time of termination.
- 11.4 No Implied License. Franchisee acknowledges that the rights and licenses granted in this Agreement are limited to the scope expressly granted. Accordingly, except for the rights expressly granted under this Agreement, no right, title, or interest of any nature whatsoever is granted whether by implication, estoppel, reliance, or otherwise, by Franchisor to Franchisee. All rights with respect to any know-how, patent or other intellectual property rights that are not specifically granted herein are reserved to the Franchisor.

- 11.5 Ownership. You acknowledge that the Proprietary Marks are valid, subject to a valid license and are Franchisor's sole property. You will not, nor will you assist any other person to, do anything which would infringe upon, harm or contest HOTWORX® Franchising, LLC's rights in any of the Proprietary Marks.
- 11.6 Goodwill. You acknowledge that all goodwill which may arise from your use of any of the Proprietary Marks is and shall at all times remain Franchisor's sole and exclusive property and shall inure to Franchisor's sole benefit.
- 11.7 Modification. You acknowledge that Franchisor has the right to add, modify, substitute or discontinue use of any of the Proprietary Marks in its sole discretion. You agree to make any additions, deletions and modifications on all interior and exterior signs, packaging materials, printed materials and advertising to your HOTWORX® Studio at your own expense.
- 11.8 Internet Usage. You may not register or use the words "HOTWORX®" in any domain name. You shall not use the Proprietary Marks, or any part thereof, as part of any website domain name without Franchisor's prior written consent. An individual website for your Studio may only be operated and maintained through Franchisor's website.
- 11.9 Infringement. You shall promptly notify Franchisor of any infringement of, or challenge to, the Proprietary Marks and Franchisor shall, in its discretion, take such action, as it deems appropriate. HOTWORX® Franchising, LLC and/or Affiliates will indemnify and hold you harmless from any suits, proceedings, demands, obligations, actions or claims, including costs and reasonable attorneys' fees, for any alleged infringement under federal or state trademark law arising solely from your use of the Proprietary Marks according to this Agreement and Franchisor's other written directives if you have promptly notified Franchisor of such claim. If Franchisor undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks, you must execute any and all documents and do such acts and things as, in the opinion of Franchisor's counsel, are necessary to carry out such defense or prosecution. Trademarks, patents, copyrights and proprietary information are protected under both state and federal law. Any violations may be pursued to the fullest extent of the law.
- 11.10 Franchisee Developments. Franchisor shall own and have the exclusive right to use and incorporate Franchisee developments in the HOTWORX® studio Franchise System, for the benefit of other franchisees and Franchisor. You acknowledge that Franchisor owns any modifications, changes and improvements to the System, in whole or in part, developed or discovered by you or your employees or agents in connection with the System or the operation of your Studio, without any liability or obligation to you. This includes, but is not limited to, discoveries or development of products, systems or techniques, management practices or procedures, architectural designs and philosophies and names or groups of words relating to the System or describing the services offered by HOTWORX® studios.

## 12. CONFIDENTIAL INFORMATION

You acknowledge and agree that the Operational Systems Checklist, training material, Franchisor's trade secrets, methods and other techniques, which Franchisor provides to you in confidence, are Franchisor's exclusive and confidential property ("Confidential Information"). You agree to use the Confidential Information only for the purposes and in the manner Franchisor authorizes in writing, which use will inure exclusively to Franchisor's benefit. Franchisor's trade secrets consist of, without limitation, sales techniques, merchandising and display techniques, studio layout, advertising formats, accounting systems, operations systems, software, maps, policies, procedures, systems, compilations of information, records, specifications, manuals and other confidential information which Franchisor

and its Affiliates have developed for use in the development and operation of studios. You may not contest, directly or indirectly, Franchisor's ownership of its trade secrets, methods or after the term of this Agreement, do anything that might hinder Franchisor's right to register, use or license others to use any such trade secrets, methods and procedures. Your representatives (including your spouses, partners, officers, members, directors, shareholders, as applicable), your employees, and their respective heirs, successors and assigns, are prohibited from using and/or disclosing any Confidential Information in any manner other than as Franchisor permits and must execute a Confidentiality and Non-Competition Agreement(s) in the form attached as Exhibit 6.

### 13. MARKETING

- 13.1 General Marketing. You must participate in all corporate-marketing programs and/or campaigns required by Franchisor in writing or contained in the Operational Systems Checklist. This includes but is not limited to posting marketing materials relevant to a specific period of time in the Studio and promoting the same campaigns throughout your social media efforts. You may place or display at your Studio (interior and exterior) only the signs, emblems, lettering, logos and displays and marketing materials as Franchisor approves in writing from time to time. You must submit to Franchisor, at least 10 days prior to your use, samples of all sales promotional and marketing materials you desire to use for approval. Franchisor's failure to approve or disapprove the materials within 10 days of receipt will be deemed disapproval. You may not use any marketing or promotional materials for which Franchisor has not given its prior written approval.
- 13.2 Local Advertising. After opening your Studio, you will be required to spend 10% of gross revenue or \$2,000 per month whichever is greater. Your required monthly spend will decrease to 5% of your gross revenue once your NET EFT reaches a monthly minimum of \$30,000.00 USD. Should your monthly NET EFT drop below \$30,000.00 USD, the monthly spend will increase to 10% of gross revenue or \$2,000 per month, whichever is greater. You agree to adhere to the Franchisor's system for local advertising. All advertising must be approved by Franchisor. This advertising spend must include monthly fees for SAIL, DYNAMIX, and approved vendors for marketing/advertising, some of whose fees are collected by Franchisor.
- 13.3 Territorial Marketing Restriction. You are not permitted to solicit customers and/or market outside your Protected Territory, except through the use of indirect advertising and marketing through such channels as the internet, social media, e-mail, and other electronic communications. However, **YOU ARE NOT PERMITTED TO PROMOTE YOUR STUDIO OR SERVICES THROUGH "DAILY DEAL" SITES, i.e., Groupon, Living Social, MindBody, GymPass and/or similar sites or other media that offer redeemable vouchers for goods and services. In addition to liability for any damages for which Franchisee is legally liable under the law, Franchisee will be assessed a daily fee of \$500.00 per day when Franchisee posts any promotions on daily deal sites, such as Groupon, Living Social, MindBody, GymPass and/or other similar sites or other media that offer redeemable vouchers for goods and services. This daily fee will be assessed until Franchisee demonstrates that the promotion is completely removed, including from any internet search engines.** While you are generally not permitted to solicit customers and/or market outside your Protected Territory, Franchisor, on limited occasions, may permit you to solicit and/or market outside your Protected Territory upon your agreement to offer System franchisees who are operating studios in contiguous territories the opportunity to participate in, and share the expense of, such solicitation and/or marketing.

## 14. INSURANCE

You must obtain and maintain at your sole expense at all times during the term of your Franchise Agreement all such insurance coverage as Franchisor from time to time shall specify, and/or any other insurance coverage required by law. The insurance you are required to obtain and maintain includes but is not limited to comprehensive general liability insurance, complete operations coverage, property liability and professional liability coverage all with current annual limits \$1,000,000 per occurrence and annual aggregate limits of \$3,000,000. You will also need business interruption coverage with annual limits of at least \$300,000. You will also need tenant improvement and betterment coverage each sufficient to cover the cost of build-out and any landlord participation. You will also need to obtain contents coverage. The amount of contents coverage depends on the number of HOTWORX saunas and equipment mix you have in your studio. The minimum amount of contents coverage (which should also include the coverage for tenant improvement and betterment) is as follows:

- 10 - sauna studio - \$325,000
- 9 - sauna studio - \$305,000
- 8 - sauna studio - \$285,000
- 6/7 sauna studio - \$265,000

If you own the building in which your HOTWORX Studio is located, you shall be required to obtain replacement cost coverage on real property in the amount to cover the full building value. For each required policy, Franchisee must ensure that the policy is primary and non-contributory and includes a waiver of subrogation provision. You are also required to have worker's compensation insurance for your employees and as required by law.

Although not required, Franchisor recommends that Franchisee obtain an umbrella/excess policy with annual occurrence and aggregate limits of \$1,000,000 and \$3,000,000 or \$2,000,000 and \$4,000,000, respectively. Additionally, flood contents coverage and commercial automobile liability coverage are highly recommended but not required by Franchisor.

Insurance must be written through an approved vendor. You must also purchase any insurance required by law. Before you make a decision to purchase the franchise, you should confirm that insurance is available for a studio of the type you intend to operate, given that you will not staff the premises at all times.

- 14.1 Other insurance requirements. Each policy shall be written by an insurance company acceptable to Franchisor and shall name Franchisor and its Affiliates, managers, officers, members, directors, agents, attorneys, and employees as additional insureds exactly as follows: "HOTWORX® Franchising, LLC and its managers, officers, members, directors, agents, attorneys, employees and Affiliates, 5161 Taravella Road, Marrero, LA 70072." You shall promptly deliver to Franchisor original certificates evidencing that all insurance required by Franchisor is in full force and effect prior to opening the Studio for business. You shall deliver to Franchisor your initial certificates and renewal certificates each year. All policies must provide that the policy may not be cancelled, terminated, modified or reduced in terms of coverage, without 30 days' prior written notice to Franchisor. You must promptly report to Franchisor any claims made against you or against any policy you obtain.
- 14.2 No coverage exclusions for equipment or services. You may not exclude coverage for any equipment and/or services provided at your Studio.
- 14.3 No assurances. There is no assurance that minimum insurance requirements will be adequate to satisfy your needs. It is the Franchisee's responsibility to determine if insurance coverage is

adequate.

- 14.4 Insurance Handling Fee. If you fail to obtain or maintain the required insurance, Franchisor has the right, but is not obligated, to obtain suitable insurance on your behalf and you will be required to reimburse us the insurance premium paid on your behalf. We also reserve the right to charge an additional \$250.00 administrative fee.

## **15. BOOKS, RECORDS AND REPORTS**

Books and Records. You must use Franchisor's designated accounting software vendor, which is currently QuickBooks Online. You will be provided with such an account. You must use the QuickBooks Online master chart of accounts feature. You are prohibited from amending or modifying this QuickBooks Online account. You are further required to choose a financial institution that permits any Franchisee bank account to sync directly to QuickBooks Online. Franchisor further requires you to utilize Greenlite/Cantaloupe and/or Nayax for cashless transactions and online reporting services relating to vending machine transactions or other designated software for cashless transactions. Your records should disclose all transactions relating to or involving the operation of the Studio. You will be required to populate expenses into Studio Central on or before the 5th of each month. A penalty of \$250.00 per day will be assessed through AUTODRAFT until Franchisee has complied with the requirement to populate expenses. Franchisor shall have access to examine, inspect and copy all such books, accounts, records, memoranda, computer files and systems to review, inspect and poll such data. Financial records and statements must be accurate, on time and maintained in conformity with generally accepted accounting principles or such other accounting method that is acceptable for tax reporting purposes.

## **16. ACCOUNTING**

- 16.1 Application of Payments. Franchisor has the right to apply all payments as it deems appropriate in its discretion, regardless of the purpose for which such payment is designated; provided, however, Franchisor shall not apply payment to any indebtedness that you have identified in writing as a disputed charge.
- 16.2 Interest. You must pay all bills, fees, charges and other obligations to Franchisor in strict accordance with the applicable payment and credit terms. Any amount not paid when due, will bear interest from the due date at the rate of 18% per annum, or the maximum allowed by law, whichever rate shall be less. Interest will be compounded monthly. The payment of such interest or other amounts due shall not be deemed to constitute a waiver of any other rights available to Franchisor.

## **17. INSPECTIONS**

- 17.1 Franchisor or its designee has the right at any time and without prior notice, to conduct a reasonable inspection of the Studio which may include use of the Studio for workouts to ensure quality of the experience. Any such inspection that is necessary beyond the secret shop program will be at Franchisor's expense, unless Franchisor is required to make any additional inspections in connection with your failure to comply with this Agreement. In such event, Franchisor has the right to charge you for the costs of making the additional inspections, including without limitation travel expenses, room and board and compensation of employees. You must promptly remedy at your sole expense any deficiency found during any inspection.

- 17.2 Annual Compliance Inspections. Annually and on the anniversary of Franchisee's Studio's soft opening, the Franchise Performance Coach will perform a mandatory video inspection to ensure Franchisee's on-going compliance with Franchisor's policies and this Agreement. Should the Franchise Performance Coach determine that your Studio is non-compliant, you will have thirty (30) days to cure as provided for in Section 23.3 below.

## 18. COVENANTS

- 18.1 During the Term of this Agreement. During the term of this Agreement, neither you nor any of your principals shall, directly or indirectly, through corporations, partnerships, limited liability companies, trusts, associations, joint ventures, or other unincorporated businesses, perform any services for, engage in or acquire, participate or have any financial or other interest in any other business or other entities offering the same or similar services and products offered by HOTWORX® studio locations, provided, however, that this provision shall not apply to the operation of any other HOTWORX® studio franchised business or an Affiliate's franchised business pursuant to a valid franchise agreement with Franchisor.
- 18.2 After the Term of this Agreement. For a period of 2 years following termination or expiration of this Agreement, or the termination of any principal's interest in the Studio and/or this Franchise Agreement, neither you nor any of your principals shall, directly or indirectly, through corporations, partnerships, limited liability companies, trusts, associations, joint ventures, or other unincorporated businesses, perform any services for, engage in or acquire, participate or have any financial or other interest in any other business or other entities offering similar services or products offered by HOTWORX® studio locations within (1) the municipality and parish/county in which your Approved Location(s) and Protected Territory are located; (2) the parishes/counties where other HOTWORX® franchises in Franchisee's state are located on the Effective Date of this Agreement and in the future; and (3) any one of Louisiana's 64 parishes. The aforesaid 2-year period shall be tolled during any period of noncompliance.

## 19. INDEPENDENT CONTRACTOR; INDEMNIFICATION

- 19.1 Independent Contractor. You are an independent contractor responsible for full control over the internal management and daily operation of your Studio, and neither Franchisor nor you are the agent, principal, partner, employee, employer or joint venture of the other. You must not act or represent yourself, directly or by implication, as an agent, partner, employee or joint venture of Franchisor, nor may you incur any obligation on Franchisor's behalf or in its name. This Agreement does not create a fiduciary relationship between you and Franchisor. Although Franchisor will impose restrictions and specifications related to our Proprietary Marks and our brand, you alone will be responsible for the day-to-day operation of your business, including management of employees, oversight of other employment-related conditions, and safety conditions. Franchisor will not control matters related to labor and employment, and Franchisor cannot advise you about these issues. If you have questions about your legal obligations, you should contact an independent attorney. Prior to opening your studio, you must install and display prominently a sign within your studio that reads: "This HOTWORX® studio is independently owned and operated by, [your company], a franchisee of HOTWORX® Franchising, LLC."
- 19.2 Indemnification. You alone will be responsible for any claim, action, loss, damage, liability, injury or death arising out of or relating to, the development and/or operation of your HOTWORX® Studio or arising out of, or relating to, your acts or omissions, or the acts or

omissions of any of your agents, employees or contractors in connection with the development and/or operation of your Studio. You must defend, indemnify and hold Franchisor and its managers, officers, members, directors, agents, attorneys, employees, successors and its Affiliates harmless from all fines, actions, losses, liabilities, lawsuits, proceedings, including administrative proceedings, claims, damages, exemplary damages, demands, obligations or actions of any kind (including costs, penalties, assessments, and attorneys' fees) arising in whole or in part from training, the construction, development and/or operation of your Studio, or the performance of your obligations under this Agreement that exist upon execution or that may arise in the future, except as otherwise provided in this Agreement.

## **20. NOTICES**

Except for Your monthly financial reporting obligations under the Agreement, all notices, requests and reports to be given under this Agreement by You shall be both by e-mail with a confirming receipt and in writing to Franchisor's address by either prepaid overnight or certified mail return receipt requested. Any required notices by Franchisor under this Agreement will be sent to the address or email address set forth in the Data Sheet (which may be changed by written notice to Franchisor) and/or Your designated HOTWORX® email address.

## **21. SALE OR ASSIGNMENT**

21.1 Assignment by Franchisor. Franchisor has the right to assign this Agreement and to delegate its obligations under this Agreement in whole or in part in its sole discretion. Franchisor is not obligated to provide you with prior notice of such assignment.

21.2 Assignment by You. Your rights under this Agreement are personal, and you shall not sell, transfer, assign or encumber your interest in the franchised business, including in this Agreement, without our prior written consent. Unless with Franchisor's prior written approval, You are prohibited from changing Your bank account information for AUTODRAFT when the new account information is in the name of a or belongs to a person(s) other than You as Franchisee. Before granting such written approval, Franchisor may require that the person(s) whose name appears on or who owns the new bank account will be added to this Agreement and sign a personal guaranty.

21.3 Conditions for Transfer. Franchisor is not obligated to assist in any marketing efforts related to the transfer of your Studio. Franchisor will not approve any transfer unless the following items have been completed prior to execution of the purchase agreement between you and the buyer:

21.3.1 Franchisor's approval of buyer as a franchisee for the subject studio;

21.3.2 The satisfaction of all monetary and non-monetary obligations under this Agreement and any other agreement between you and Franchisor or its Affiliates, which includes but is not limited to Your obligations under Section 15 above;

21.3.3 Franchisor is provided with a copy of the purchase agreement between you and the buyer as well as a valid location lease and proof of insurance for the operation of the studio;

21.3.4 Your execution (or your principals' execution, as applicable) of a general release, in a form prescribed by Franchisor, of all claims against Franchisor and its officers, directors, members, shareholders, successors, managers, agents, employees, and



Affiliates. Notwithstanding such release, you shall remain obligated under those provisions of this Agreement that expressly extend beyond the term hereof;

21.3.5 There is no transfer fee when an individual transfers the franchise to his/her corporation or LLC;

21.3.6 Franchisee's buyer agrees to upgrade the Studio according to then-current HOTWORX system standards;

21.3.7 Franchisee's buyer completes all training required by Franchisor; and

21.3.8 Franchisee's buyer executes a then-current franchise agreement with Franchisor

21.3.9 Franchisee's buyer pays a transfer fee of \$10,000 if they are an existing franchisee or \$19,950 if they are a third-party entering the franchise system.

21.4 Death or Disability. In the event of your death, disability or incapacitation (or the death, disability or incapacitation of your principals or personal guarantors if you are a partnership, corporation or limited liability company), your legal representative (or your principal's or guarantor's respective legal representative, as applicable) shall have the right to continue the operation of the studio under this Agreement, without payment of a transfer fee, if, within 90 days from the date of death, disability or incapacitation (the "90-day period"):

21.4.1 Such person has obtained Franchisor's prior written approval;

21.4.2 Such person is added to the existing Franchise Agreement;

21.4.3 Such person signs a guaranty;

21.4.4 Such person provides legal documentation demonstrating their rights to act on behalf of the former Franchisee and/or principal(s) or personal guarantor(s) or, alternatively, provides legal documentation demonstrating their legal and possessory rights and interests in the Franchise Agreement; and

21.4.5 Such person successfully completes Franchisor's required training programs. Such assignment by operation of law will not be deemed a violation of this Agreement, provided such heirs or legatees accept the conditions imposed by this Agreement and the conditions are acceptable to Franchisor.

21.4.6 In the event that Franchisee's legal representatives fail to undertake the obligations of the Franchise Agreement, including but not limited to operation of the Studio, within 7 days of the Franchisee's death, incapacitation, or disability, Franchisor shall have the right, but not the obligation, to take measures to maintain Studio operations. Further, Franchisor shall be entitled to reimbursement for any sums expended necessary to maintain such Studio operations.

21.5 Right of First Refusal. Franchisor shall have the irrevocable first right and option to purchase your business on the same terms and conditions as any bona fide purchaser who wishes to become a HOTWORX® studio franchisee. You are required to provide Franchisor with any third party offers to purchase your business. Franchisor may exercise this right of first refusal by notifying you of Franchisor's decision to do so in writing within 30 days after receipt of any

third party offers that you provide. Any sale or attempted sale without first giving Franchisor the right of first refusal shall be void and of no force or effect.

21.6 Transfer to a Corporation or Limited Liability Company. Within 30 days of executing this Agreement, you shall assign your rights under this Agreement to a corporation or limited liability company provided:

21.6.1 The entity is newly organized and its activities are exclusively confined to operating only the single-unit HOTWORX® Studio franchise governed by this Agreement;

21.6.2 You must, and at all times, remain the owner of 51% of the outstanding shares of the corporation or a controlling interest in the limited liability company;

21.6.3 The new entity delivers to Franchisor a written assumption of your obligations under this Agreement, the legal documentation evidencing organization and registration of the corporate entity and bank account information for required payment procedures;

21.6.4 All shareholders, members and/or managers of the new entity sign Franchisor's Guaranty Agreement; and

21.6.5 The entity must adhere to the requirements set forth in this Agreement relating to management of the Studio.

21.7 Transfer of Designated Marketing Area. In the event that You elect to transfer Your license from one DMA to another DMA and Franchisor approves said transfer, then a \$5,000 transfer fee will be assessed.

## **22. CHANGES AND MODIFICATIONS**

Franchisor reserves and shall have the sole right to make changes in the Operational Systems Checklist, the System, policies and procedures, and the Proprietary Marks at any time and without prior notice to Franchisee. Franchisee understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the System must not remain static in order to best serve the interest of Franchisor, Franchisees, and the System. Accordingly, Franchisee expressly understands and agrees that Franchisor may from time to time change the components of the System, including but not limited to, altering the programs, services, methods, standards, forms, policies and procedures of the Operational Systems Checklist or System; adding to, deleting from or modifying those programs, products and services which the Franchised Business is authorized to offer; and changing, improving or modifying the Proprietary Marks. Subject to other provisions of this Agreement, Franchisee expressly agrees to abide by any such modifications, changes, additions, deletions and alterations at its sole expense.

## **23. TERMINATION**

23.1 Automatic Termination. This Agreement will automatically terminate, without notice and without an opportunity to cure, if:

23.1.1 You make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated as bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state

bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or for the Studio; or

23.1.2 You purport to sell, transfer or assign your rights under this Agreement, including the sale of the franchise assets, without HOTWORX's consent, in violation of Section 21.

23.2 Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination shall become effective upon delivery of notice of termination, without providing you an opportunity to cure, if:

23.2.1 Proceedings are commenced to have you adjudicated as bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or for the Studio without your consent, and the appointment is not vacated within 60 days;

23.2.2 A levy or writ of attachment or execution or any other lien is placed against you or any of your principals, as applicable, or any of your assets or your principal's assets which is not released or bonded against within 30 days;

23.2.3 In the sole and absolute discretion of Franchisor, you fail to successfully complete all required Franchisor training programs at least 60 days following the opening of your Studio;

23.2.4 You or any of your principals or owners are insolvent;

23.2.5 You or any of your principals or owners are convicted of or plead no contest to a felony or criminal misconduct and/or are found liable for fraud or any claim involving moral turpitude at any time, including but not limited to claims arising out of the performance of your duties under this Agreement;

23.2.6 You have misrepresented any material information to Franchisor given in connection with this Agreement including, but not limited to information in your franchise application, or you falsify any material information provided to Franchisor;

23.2.7 You or your principals or owners commit any fraud or engage in any illegal conduct in connection with the Studio, or intentionally underreport or misstate any information you are required to report to Franchisor;

23.2.8 You misuse any of the Proprietary Marks, Copyrights or Confidential Information and fail to immediately cease or correct such use after receiving written or oral notification from Franchisor;

23.2.9 You fail to satisfy all requirements for Site Selection under Section 2.2 within 120 days of the effective date of this Agreement, and you fail to request and obtain an extension of the Site Selection Period;

23.2.10 You abandon your Studio (for purposes of this provision, the term "abandon" shall mean your failure to operate the Studio for 3 or more consecutive days);

23.2.11 You fail to cure any default of your lease or sublease for your Studio's location within the relevant cure period, if any, or to remedy any default under any note, lease, or sublease for the Studio's location, or for the equipment or inventory therein, or lose the right to possession of the Studio's location, provided however, that if any such loss of possession results through no fault of your own, and the premises are damaged or destroyed by fire, flood or other natural disaster such that they cannot, in Franchisor's sole judgment, reasonably be restored, or you are not permitted under the lease or sublease to restore, then this Agreement shall not be terminated for that reason for a period of 60 days thereafter, provided that Franchisor has approved (i) a site within that time to which you will relocate for the remainder of the term of this Agreement; and (ii) your schedule for reopening the Studio, which approval shall not be unreasonably withheld;

23.2.12 You violate the confidentiality/non-disclosure obligations of this Agreement;

23.2.13 The provisions contained in this Agreement upon death, disability or incapacity are not strictly followed;

23.2.14 You violate the covenant not to compete;

23.2.15 You fail to obtain Franchisor's approval or consent as required by this Agreement, except as required by Section 21 which shall resort in an automatic termination;

23.2.16 You violate any of the provisions of this Agreement, any other agreement with Franchisor, and/or any of Franchisor's policies, procedures or system standards on 2 or more occasions within any 12-month period (notwithstanding the cure of any individual violation);

23.2.17 You fail to open your Studio or request and obtain an extension of time to open your studio within 275 days of the effective date of this Agreement; or

23.2.18 You, or any of your owners as applicable, engage in conduct that in Franchisor's sole discretion is reasonably likely to adversely affect the franchise System, Proprietary Marks, brand, and/or Franchisor's interest(s) therein.

23.3 Termination by Franchisor After a Thirty (30) Day Cure Period. Franchisor has the right to terminate this Agreement, after providing you a 30-day cure period, if you fail to comply with any term of this Agreement not listed in Section 23.2.

23.4 Cross-Default. If you or one of your owners are the owner of more than 25% of another HOTWORX® studio franchise or corporate or limited liability company franchisee, then any breach of the franchise agreement for such additional franchise will constitute a breach of this Agreement and be grounds for Franchisor to terminate this Agreement. Moreover, a breach of this Agreement is grounds for termination of any other agreement you have with Franchisor or its Affiliates.

## **24. YOUR OBLIGATIONS UPON TERMINATION**

24.1 Upon termination or expiration of this Agreement, you shall:

24.1.1 Promptly pay to Franchisor and/or its Affiliates any sums due and owing, and to other

persons or entities sums which may result in a claim of liability to Franchisor.

24.1.2 Upon termination of this Agreement at any time and for any reason, You must also promptly pay Franchisor:

- (1) Royalty fees,
- (2) Virtual Instructor software fees,
- (3) POS software fees,
- (4) SAIL fees,
- (5) Tech fees,
- (6) Convention fees,
- (7) DIET TRAX fees,
- (8) DYNAMIX fees, and
- (9) projected sales of wholesale goods based on the Studio's average performance since the opening of the Studio

that would otherwise be due for the remaining term of this Agreement, discounted to present value using an interest rate of 8% and using the annuity valuation method. These fees shall be accelerated and payable even where Franchisee's obligation to pay said fees have not yet commenced under Sections 10.2, 10.4, 10.8 and 10.9 of this Agreement. In the event that the franchise studio has not yet opened, 24.1.2(9) shall be calculated based on the average of all franchise outlets retail sales of wholesale goods for the 12 months prior to the date of termination. Nothing in this section shall limit Franchisor's right to claim other damages arising out of your breach of the Agreement. This Section shall not apply in the event the Agreement expires by its own Term;

24.1.3 Immediately cease using the Proprietary Marks, Software, Copyrights and Confidential Information and refrain from referencing any past association with a HOTWORX® studio;

24.1.4 Immediately discontinue all marketing under the name "HOTWORX®" or any similar name;

24.1.5 Immediately discontinue use of all HOTWORX® equipment. You will not be permitted to sell any HOTWORX® equipment that is trademarked, patented or patent pending;

24.1.6 Promptly transfer to Franchisor, its Affiliates or Franchisor's designee any and all registrations and/or telephone listings, email addresses, social media and other URLs under the name "HOTWORX®" or any similar designation and execute such instruments and take such steps as Franchisor may require to accomplish the transfer of any such registration or listing. You hereby grant to Franchisor power of attorney to cancel any fictitious name registration under the name referenced above, or any similar name;

24.1.7 If directed by Franchisor, promptly make such changes and modifications in your business methods, Studio, and otherwise as Franchisor directs so as to effectively distinguish the franchise location from any appearance as a HOTWORX® studio;

24.1.8 Promptly destroy or surrender to Franchisor all signs, stationery, letterhead, forms and other printed materials containing any of the Proprietary Marks or any other similar name or mark;

- 24.1.9 Promptly return to Franchisor any materials related to the Operational Systems Checklist and other materials provided by Franchisor or containing Confidential Information or trade secrets, or other information which relates to the System or the development and/or the operation of the Studio, including but not limited to computer files, customer data, log in credentials, passwords, programs and other materials provided to you by Franchisor;
  - 24.1.10 Maintain all books, records and reports Franchisor requires for a period of not less than 1 year, and permit Franchisor to inspect such documents;
  - 24.1.11 Deliver to Franchisor a complete list of all persons employed by you during the 3 years immediately preceding termination, together with all employment files for each person on the list;
  - 24.1.12 Provide Franchisor, within 30 days after the effective date of termination or expiration, evidence satisfactory to Franchisor of your compliance with the foregoing obligations;
  - 24.1.13 Comply with all provisions of this Agreement that by their nature survive the termination or expiration of this Agreement; and
  - 24.1.14 Promptly provide Franchisor with an inventory list of all products, equipment or other materials containing any Proprietary Marks and/or intellectual property of Franchisor or its affiliates.
- 24.2 Security Interest in Personal Property. Franchisor shall have a security interest in any equipment, supplies and other personal property on the site if Franchisor has not received all funds due and owing from you and if Franchisor is entitled by law to possession and a lien against such property.
- 24.3 Option to Purchase Personal Property. Franchisor, its Affiliates or its assignee also has the option, but is not obligated, to purchase any property, including any products, equipment or other materials, and personal property used in connection with the operation of your Studio by providing you written notice of its election within six (6) months after termination or expiration of this Agreement and paying you the book value for such personal property within 30 days of such notice. For purposes of this Section, “book value” means the amount you actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a 10-year depreciation schedule irrespective of the depreciation method or schedule you use for accounting purposes). Where such option is exercised, Franchisee is responsible for all costs associated with securely disassembling, where applicable, storing and/or shipping or otherwise delivering in good condition and working order such personal property to a site determined by Franchisor. Notwithstanding the foregoing, to the extent that Franchisor exercises its right to purchase any property that is subject to a lease or finance agreement, the purchase price of such property shall equal the amount of your remaining obligations under the lease or finance agreement, as applicable. In the event that the amounts due are in excess of book value, then the purchase price shall be equal to the lesser of the amount due under the lease or finance agreement or book value. Franchisor shall be entitled to offset the purchase price by the amount of money owed by you to Franchisor for any payments necessary to acquire clear title to property or for any other amounts owed under this Agreement. If Franchisor exercises its option to purchase, pending the closing of such purchase, Franchisor has the right

to appoint a manager to maintain operation of the Studio, or Franchisor may require that you close the Studio during such period without removing any assets. You are required to maintain in force all insurance policies required under this Agreement until the date of such closing.

## **25. CHOICE OF LAW; DISPUTE RESOLUTION**

25.1 Governing Law. This Agreement shall be deemed to have been made in the State of Louisiana and shall be construed according to the laws of Louisiana without regard to its conflict of laws, La. Civ. Code Arts. 3515 et seq., and any amendments and/or revisions thereto.

25.2 Internal Dispute Resolution. Before commencing any legal action against Franchisor or its Affiliates with respect to any such claim or dispute, you must submit a notice of dispute which specifies, in detail, the precise nature and grounds of such claim or dispute to Franchisor. If your claim or dispute cannot be resolved, you must agree to a face-to-face meeting between you, your attorney if you have retained one, a corporate representative from Franchisor and the Franchisor's counsel prior to engaging in mediation. This meeting may occur via Skype or another virtual face-to-face platform. You must exhaust these internal dispute resolution procedures before proceeding to mediation.

25.3 Mediation. In the event any claim or dispute is not resolved under Section 25.2 and at Franchisor's option, all claims or disputes between you and Franchisor or its Affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation, in Jefferson Parish, Louisiana. The parties shall equally share the costs of mediator's fees. Franchisor may elect to establish a Peer Compliance Committee (PCC) to review certain claims Franchisor or you may make against each other.

25.4 Arbitration. At Franchisor's option, all disputes and claims relating to this Agreement or any ancillary agreement entered into between the parties, the rights and obligations of the parties, or any other claims or causes of action of either party relating to the making, interpretation, or performance of this Agreement, shall be settled by arbitration in Jefferson Parish, Louisiana in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association effective September 1, 2022 or as thereafter amended, including but not limited to Rule R-7. Any discovery to be conducted under any proceeding hereunder shall be conducted pursuant to the Rules of Federal Procedure. The following shall supplement and, in the event of a conflict, shall govern any arbitration: If the claim is for less than \$35,000 then the matter shall be heard before a single arbitrator. If the claim, or a counterclaim, is for \$35,000 or more, the matter shall be heard before a panel of three (3) arbitrators and each party shall appoint its own arbitrator, and the appointed arbitrators shall appoint a "neutral" arbitrator from the AAA's list of arbitrators. Arbitrability will be decided by the arbitrator. Any arbitration proceeding, or any claim in arbitration (including any defense and any claim of setoff or recoupment), must be brought or asserted before the expiration of the earlier of (1) the time period for bringing an action under any applicable state or federal statute of limitation; (2) one (1) year after the date upon which a party discovered or should have discovered, the facts giving rise to an alleged claim; or (3) two (2) years after the first act or omission giving rise to an alleged claim. Claims of Franchisor attributable to the underreporting of sales and claims of the parties for indemnification shall be subject only to the applicable state or federal statute of limitation.

25.4.1 Neither party shall pursue class claims and/or consolidate the arbitration with any

other proceeding to which the Franchisor or its Affiliates are a party. This includes the consolidation/joiner of claims arising out of or related to separate Agreements. Each party must bear its own costs of arbitration including the fee for their respective arbitrator; provided, however, that the neutral or the single arbitrator's fee shall be shared equally by Franchisor and you.

25.4.2 If Franchisor is the prevailing party, the arbitrator's award shall include all fees, costs and attorneys' fees, notwithstanding the foregoing. The arbitrators shall have no authority to amend or modify the terms of the Agreement. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration, except to the extent such issue may have been determined in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the Eastern District of Louisiana and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

25.5 Third-Party Beneficiaries. Franchisor's managers, officers, members, directors, shareholders, agents, employees, successors and/or Affiliates are express third-party beneficiaries of this Agreement and the mediation and arbitration provisions contained herein, each a third-party beneficiary having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.

25.6 Injunctive Relief. Nothing contained in this Agreement herein shall prevent the Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect the Franchisor's interests prior to the filing of any legal proceeding or pending the trial or handing down of a decision or award pursuant to any legal proceeding conducted hereunder.

25.7 Jurisdiction and Venue. With respect to any proceeding not subject to arbitration and excepting provision in Section 25.6 regarding injunctive relief, the parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced only in the 24th Judicial District Court for the Parish of Jefferson, Louisiana or the United States District Court for the Eastern District of Louisiana at Franchisor's discretion.

25.8 Jury Trial Waiver. With respect to any proceeding, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties to the Agreement which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from Franchisor of the franchise and/or any goods or services.

25.9 Waiver of Punitive Damages. You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against Franchisor, its Affiliates, successors or assigns, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, this provision shall continue in full force and effect, including, without limitation, the waiver of any right to



claim any consequential damages.

- 25.10 Class Action Waiver. You hereby agree to waive any class action proceeding or counterclaim against Franchisor, its Affiliates, officers, directors, managers, members, shareholders, successors or assigns, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties to the Agreement which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from Franchisor, its Affiliates, successors or assigns of the franchise and/or any goods or services.
- 25.11 Attorneys' Fees. If either party institutes any judicial or arbitration proceeding to enforce any obligations under or to interpret the terms of this Agreement and Franchisor prevails in the action or proceeding, you shall be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.
- 25.12 Non-waiver. Franchisor's failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

## 26. CONSTRUCTION

- 26.1 Entire Agreement. This Agreement contains the entire agreement between the parties concerning the Franchisee's franchise; no promises, inducements or representations not contained in this Agreement have been made, or shall any be of any force or effect, nor binding on the parties. Modifications of this Agreement must be in writing and signed by both parties. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's discretion. Nothing in the Agreement or in any related agreement is intended to disclaim the representation we made in the Franchise Disclosure Document.
- 26.2 Survival. Any provisions of this Agreement which may be reasonably interpreted to impose any obligation after termination or expiration hereof, shall survive such termination or expiration and be binding upon the parties.
- 26.3 Severability. The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Agreement.

- 26.4 Construction. The terms “Franchisee” and “you” shall be construed to refer to the male or female gender in all cases where the Franchisee is an individual, masculine or feminine modifiers and pronouns notwithstanding. The term “Franchisee” and “you” include all persons or entities identified as “Franchisee” in the Data Sheet. The term “principals” shall include your general and limited partners if you are a partnership; your officers, directors and shareholders if you are a corporation; and your members and managers if you are a limited liability company. The Section captions are inserted only for convenience and reference, and are not intended to define, limit or describe the scope, intent or language of this Agreement or any provisions hereof.
- 26.5 Binding Agreement. This Agreement shall be binding upon the parties and their heirs, executors, personal representatives, successors and assigns. All Franchisee signatories to this Agreement and all partners of a partnership Franchisee, all officers, directors and shareholders of a corporate Franchisee, and all members and managers of a limited liability company Franchisee, shall be jointly and severally liable for the performance of all terms, covenants and conditions hereof.

## **27. PERSONAL GUARANTY OF SHAREHOLDERS, PARTNERS, MEMBERS AND MANAGERS**

You acknowledge that all partners in a limited partnership Franchisee, shareholders in a corporate Franchisee, or members and managers in a limited liability company Franchisee are obligated to execute a Guaranty Agreement in which each agrees to personally abide by all of the terms and conditions of this Agreement and guarantees to Franchisor your performance of this Agreement and your financial obligations. Unless all such partners, shareholders, or members and managers execute such Guaranty Agreement concurrently herewith, this Agreement shall, at Franchisor’s option, become null and void and confer no rights upon you nor any partner, shareholder, member or manager. All guarantors shall be jointly and severally liable for the performance of all of the terms, covenants and conditions hereof. If you are an individual(s), or subsequent to execution hereof, you assign this Agreement to an individual(s), such individual’s spouse hereby personally and unconditionally guarantees without notice, demand or presentment of the payment of all of your monetary obligations under this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses further agree to be bound by the restrictions upon your activities upon transfer, termination or expiration of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such spouses shall execute the Guaranty Agreement in the form attached as Exhibit 3 to this Agreement.

## **28. REPRESENTATIONS AND ACKNOWLEDGEMENTS**

- 28.1 No Warranties. Franchisor makes no warranties, express or implied, nor any representation whatsoever other than as expressly set forth herein.
- 28.2 No Authority. NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT AN AUTHORIZED OFFICER OF FRANCHISOR BY WRITTEN DOCUMENT.
- 28.3 Receipt. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF HOTWORX® FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT, FINANCIAL STATEMENTS AND CONTRACTS FOR THE HOTWORX® STUDIO FRANCHISE AT

LEAST 14 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT OR PAYMENT OF ANY MONIES FOR THE FRANCHISE. THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST 7 CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT.

28.4 Your Business Efforts. THERE ARE ECONOMIC HAZARDS IN CONNECTION WITH THE OPERATION OF ANY BUSINESS, INCLUDING THE TYPE CONTEMPLATED BY YOU PURSUANT TO THIS AGREEMENT.

28.5 Execution of Agreement. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, MEMBER OR MANAGER, AS APPLICABLE, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MEMBERS AND MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY.

28.6 Execution in Duplicate. THIS AGREEMENT MAY BE EXECUTED IN DUPLICATE, EACH OF WHICH SHALL BE DEEMED AN ORIGINAL.

The parties to the Agreement, intending to be legally bound, have here executed this Agreement the day and year first above written in the Data Sheet.

Franchisee: \_\_\_\_\_

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

Franchisee: \_\_\_\_\_

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

HOTWORX® Franchising, LLC

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

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

This Agreement is not fully executed until signed by an authorized representative of HOTWORX® Franchising, LLC

## EXHIBIT 1

### HOTWORX® FRANCHISING, LLC SINGLE UNIT FRANCHISE AGREEMENT

#### **SCHEDULE OF AUTHORIZED AND APPROVED PRODUCTS AND SERVICES**

For purposes of the Franchise Agreement, the following products and services are currently “Authorized and Approved Products and Services” as described in Section 9.3.

**HWX, LLC:** HOTWORX® infrared sauna and Thunder Row®, private labeled products, accessories, fixtures, weights and FX Zone equipment

**Ice Shaker:** HOTWORX labeled ice shaker

**Cure Oils:** Essential oils, mat sprays, and yoga mat sprays

**Muscle Foods USA:** Food and drink items

**Keiser:** Total Body Trainers

**Core Health and Fitness:** Cycles, Nautilus Cable Machine, and FX Zone items

**Cinematic:** Lighting and flooring, Interior Building Components

**S&F Fabrication:** Lighting and flooring, Interior Building Components

**Build Point USA:** Lighting and flooring, Interior Building Components.

**Local Signage Company to our Specifications:** Exterior signage

**BizChair.com:** Lobby chairs

**Motors & Controls Inc.:** Hand dryer

**Rockbot:** Music Streaming Services

**Zogics, Envirochem or MARQ labs:** Studio cleaning, sanitizing and disinfecting products and services

**CardioPartners:** Defibrillator

**Best Buy:** Chrome boxes, music hardware and speakers, and TVs

**Home Park Maintenance:** Security System

**Morrow Hill:** National Real Estate Portfolio Manager

**Fransite:** National Real Estate Portfolio Manager

**SocialMadeSimple:** Social Media Advertising

**Drive:** Social Media Advertising, Search Engine Optimization and Google Advertising

**Higher Visibility:** Search Engine Optimization (SEO) & Google Advertising

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**Marq:** Brand Management, Content Design & Templating Platform.

**SoCi:** Organic social, reviews, and listings

**Wrapmate:** Window and car wrap advertising

**Emily Hsu Designs:** HOTWORX® gear and apparel

**GS American Holdings:** HOTWORX® gear and apparel

**Faux Pas:** HOTWORX® gear and apparel

**Fabletics:** HOTWORX® co-branded gear and apparel

**LeadBox.com:** HOTWORX Lead Boxes

**VistaPrint:** Printed Marketing and Advertising Material, Branded Promotional Items Signage, and Accessories

**Name Tag Pros:** Name tags

**Paychex:** Payroll Services and Worker's Compensation Insurance

**Whirks:** Payroll Services

**Daniel and Henry:** Insurance

**Lockton Affinity:** Insurance

**Intuit:** QuickBooks Online accounting software

**Block (formerly Square) / SquareUp:** Square Terminal Reader for credit card swipe, dip, and tap card processing and merchant services

**360 Relay:** Mystery Shopper Program

Franchisee: \_\_\_\_\_

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

Franchisee: \_\_\_\_\_

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

HOTWORX® Franchising, LLC

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

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

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EXHIBIT 2

HOTWORX®FRANCHISING, LLC

SINGLE UNIT FRANCHISE AGREEMENT

**APPROVED LOCATION AND TERRITORY ADDENDUM**

The undersigned Franchisee has the right to establish one HOTWORX® studio at the following Approved Location (as defined in Section 2 of the Franchise Agreement):\_\_\_\_\_

Your Protected Territory generally will be a circle, the center of which will be your location as defined by your signed lease. The actual size and dimensions of your Territory may be less than stated below and will depend upon the specific variables of your Site, including population density, marketing and development trends, traffic flow and natural and man-made boundaries. A map plotting the Protected Territory will be attached hereto upon execution of an approved lease for your location.

If a radius is used to determine your Territory, then the radius of the circle will be based on where the studio site is located and will be either:

1. A radius ranging from one third of a mile (.3 miles) up to one and nine tenths of a mile (1.9 miles) if your studio is located in a densely populated area which may include suburbs; or
2. A two-mile (2.0 miles) radius if your studio is located in any other area.

Your Protected Territory shall exclude: (i) any area that is across a state line, river, navigable waterway, interstate, highway or other natural or man-made boundary; and (ii) regional shopping malls, professional or collegiate athletic facilities, residences, resorts and airports.

The final determination of the radius of Your Protected Territory will be decided by the Franchisor in its sole discretion.

Franchisee: \_\_\_\_\_

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

Franchisee: \_\_\_\_\_

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

HOTWORX® Franchising, LLC

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

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

EXHIBIT 3

HOTWORX® FRANCHISING, LLC  
SINGLE UNIT FRANCHISE AGREEMENT

**GUARANTY AGREEMENT**

WHEREAS, a Franchise Agreement dated \_\_\_\_\_ has been entered into between HOTWORX® Franchising, LLC (referred to as “Franchisor”) and \_\_\_\_\_ (referred to as “Franchisee”) for the operation by Franchisee of a HOTWORX® studio; and

WHEREAS, the undersigned guarantor desires to guaranty the obligations of Franchisee to HOTWORX® Franchising, LLC;

NOW, THEREFORE, the parties hereto, intending to be legally bound, do hereby agree as follows:

The undersigned, as a person with an interest in a HOTWORX® studio franchise, agrees to personally and unconditionally guaranty the obligations of Franchisee to Franchisor and shall personally be subject to and bound by all terms, conditions, restrictions and prohibitions contained in the HOTWORX® Franchising, LLC’s Single Unit Franchise Agreement including, without limitation, the confidentiality provisions, covenants, and indemnification provisions contained in Sections 12, 18 and 19.2, respectively. Further, the undersigned agrees to personally act as surety for the full and faithful performance of all of the financial obligations, commitments and payments required of the Franchisee in any such subject Franchise Agreement. The undersigned agrees that Franchisor does not have to pursue any remedies it may have against the Franchisee or any other individual guarantor; but, rather, it may proceed directly and primarily against the undersigned with or without joining the Franchisee or other guarantors as principals or as named parties in any such proceeding. The undersigned is jointly and severally liable for such obligations, commitments and payments required of the Franchisee.

Witness: \_\_\_\_\_ Guarantor, Individually: \_\_\_\_\_

Witness: \_\_\_\_\_ Guarantor, Individually: \_\_\_\_\_

### **ACKNOWLEDGMENT BY GUARANTOR**

WHEREAS, a Guaranty Agreement dated \_\_\_\_\_ is being entered into between HOTWORX® Franchising, LLC and \_\_\_\_\_ (“Guarantor”), whereunder Guarantor has guaranteed the obligations of Franchisee to HOTWORX® Franchising, LLC (“Guarantee”).

WHEREAS, HOTWORX® Franchising, LLC and Guarantor desire to clarify the relationship between them.

NOW, THEREFORE, Guarantor acknowledges that Guarantor has conducted an independent investigation of the HOTWORX® studio franchise program and recognizes that the business venture contemplated by the Franchisee involves business risk and success will be largely dependent upon the ability of the Franchisee, Guarantor and other persons with an interest in the franchise as independent business persons. HOTWORX® Franchising, LLC expressly disclaims the making of, and Guarantor acknowledges not receiving, any guaranty or warranty, express or implied, nor any representation as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement. Guarantor further represents that Guarantor is not a party to any agreement which might interfere with the performance required of persons with an interest in the franchise under the HOTWORX® Franchising, LLC’s Single Unit Franchise Agreement, and that entering into such agreement shall not in any way interfere with or constitute a breach of any prior existing contract to which Guarantor is a party.

Witness: \_\_\_\_\_ Guarantor, Individually: \_\_\_\_\_

Witness: \_\_\_\_\_ Guarantor, Individually: \_\_\_\_\_



## EXHIBIT 4

### HOTWORX® FRANCHISING, LLC

#### SINGLE UNIT FRANCHISE AGREEMENT

#### **RIDER TO LEASE**

THIS RIDER TO LEASE made this \_\_\_\_\_ day of \_\_\_\_\_ 202\_\_, by and between \_\_\_\_\_, with principal offices at \_\_\_\_\_ (hereinafter “Landlord”); and \_\_\_\_\_, with principal offices at (hereinafter “Tenant”); and HOTWORX® Franchising, LLC, a Wyoming limited liability company, with its principal address at 5161 Taravella Road, Marrero, Louisiana 70072 (hereinafter “Franchisor”).

This Rider supplements and forms a part of that certain lease between Landlord and Tenant, dated \_\_\_\_\_ of 202\_\_, (the “Lease”) for leased premises located at \_\_\_\_\_ (the “Premises”). This Rider is entered into in connection with Franchisor’s grant of a franchise to Tenant to operate a franchised business at the Premises. It is intended to provide Franchisor the opportunity to preserve the Premises as a studio operated under Franchisor’s brand in the event of any termination of the lease or any franchise agreement between Franchisor and Tenant. Landlord acknowledges and agrees that Franchisor will have the right, but not the obligation, to assume the Lease of the Premises attached as Exhibit A, on the terms, covenants and conditions hereinafter set forth.

#### **1. DEFAULT BY TENANT UNDER THE LEASE**

- 1.1 Landlord will send Franchisor copies of all notices of default it gives to Tenant at the same time it gives such notices to Tenant. If Tenant fails to cure any default within the period specified in the Lease, Landlord will promptly give written notice to Franchisor, specifying the default Tenant has failed to cure. Franchisor will have the right and option, but not the obligation, to assume the Lease by giving written notice to Landlord and Tenant within thirty (30) days after the date of receipt of Landlord’s notice that Tenant has failed to cure a default under the Lease.
- 1.2 Landlord will deliver possession of the Premises to Franchisor promptly after Landlord receives Franchisor’s written notice exercising its option to assume the Lease. Franchisor, upon taking possession of the Premises, will cure the defaults specified by Landlord and will execute and deliver to Landlord an assumption of the Tenant’s rights and obligations under the Lease.
- 1.3 Franchisor will not be required to cure defaults and/or begin paying rent until Landlord delivers possession of the Premises to Franchisor. If it becomes necessary for Landlord to pursue legal action in order to evict Tenant and deliver possession of the Premises to Franchisor, Franchisor will, upon written request by Landlord, pay into an escrow account with Landlord’s attorney, such amounts as are necessary to cure Tenant’s defaults. If Landlord is unable to deliver possession of the Premises to Franchisor within nine (9) months after the date of Franchisor’s exercise of its option to assume the Lease, Franchisor will have the right, at any time until Landlord delivers possession of the Premises, to rescind the option exercise, by written notice to Landlord, whereupon all amounts in escrow shall be returned to Franchisor.

2. **TENANT'S FAILURE TO EXTEND THE LEASE TERM**

2.1 If the Lease contains the term renewal or extension right(s) and if Tenant allows the term to expire without exercising said right(s), Landlord will give Franchisor written notice thereof, and Franchisor will have the right and option, but not the obligation, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease by giving written notice to Landlord within thirty (30) days of receipt of Landlord's notice. If Franchisor exercises such right(s), Landlord and Franchisor will promptly execute a lease assumption agreement that will provide for Franchisor's assumption of the Lease effective at the commencement of the extension or renewal term.

3. **TERMINATION OF FRANCHISE AGREEMENT**

3.1 Franchisor will have the right and option, but not the obligation, to assume the Lease if any franchise agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease. If any franchise agreement between Franchisor and Tenant is terminated and Franchisor desires to assume the Lease, it may give written notice to Landlord requesting that Landlord specify any existing defaults by Tenant under the Lease. Within fifteen (15) days after receipt of such notice, Landlord will give Franchisor written notice specifying any existing defaults by Tenant under the Lease.

3.2 If any franchise agreement between Franchisor and Tenant is terminated, Tenant shall, within ten (10) days after written demand by Franchisor, assign all of its right, title and interest in the Lease to Franchisor. If Tenant fails to do so, Tenant hereby designates Franchisor as its agent to execute any and all documents, agreements and to take all action that may be necessary or desirable to effectuate the assignment of the Lease and the relinquishment of any and all of Tenant's right there under. Landlord consents to such assignment, subject to Franchisor executing an assumption of the Lease in form reasonably satisfactory to Landlord and curing all defaults of Tenant under the Lease before taking possession of the Premises. Tenant further agrees to promptly and peaceably vacate the Premises and to remove its personal property at the written request of Franchisor. Any property not so removed by Tenant within ten (10) days following receipt of such written request shall be deemed abandoned by Tenant.

3.3 Tenant agrees that termination of any franchise agreement for the Premises shall, at the option of Landlord, be a default under the Lease.

4. **ADDITIONAL PROVISIONS**

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

4.2. Notwithstanding anything to the contrary contained elsewhere in the Lease, Tenant (including Franchisor as the current "Tenant" if Franchisor has assumed this Lease as provided herein), shall have the right upon at least thirty (30) days prior written notice to Landlord, to assign this Lease to a franchisee ("Franchisee") of Franchisor, provided that all of the following

conditions are satisfied:

- (a) Tenant is not in default of any of the terms, covenants or conditions of the Lease or, if Tenant is in default, Tenant shall cure or shall cause Franchisee to cure all Tenant's default on or prior to the effective date of the assignment;
- (b) Franchisee shall operate the same franchise business in the Premises pursuant to a valid franchise agreement with Franchisor;
- (c) Franchisee shall assume in writing, in a form reasonably acceptable to Landlord, all of Tenant's obligations under the Lease and deliver a copy of such assignment and assumption agreement to Landlord. In the event that the assignment is between Franchisor and a Franchisee, Franchisor shall be released from all liability as tenant under the Lease accruing after the date of the effective date of the assignment by the Franchisee.
- (d) Franchisee shall execute and deliver to Landlord any personal guaranty(ies) required by the Lease; and
- (e) The tangible net worth of Franchisee and any new guarantors shall not be less than of the original Tenant.

4.3. After Franchisor assumes Tenant's interest in the Lease, Franchisor will not be subject to any provision of the Lease that requires the Tenant to continuously operate a business in the Premises during any period that the business in the Premises is closed for remodeling or while the Franchisor is seeking to obtain and train a new franchisee to operate a franchised business in the Premises.

4.4. In the event that Franchisor assumes Tenant's interests in the Lease, Franchisor may, with Landlord's consent; sublet the Premises to a franchisee of Franchisor provided the Franchisor remains primarily liable under the Lease.

4.5. If the Lease or Franchise Agreement for the Premises is terminated and Franchisor does not exercise its option to assume the Lease, Tenant agrees, upon written demand by Franchisor, to promptly remove signs, décor and other items which Franchisor reasonably requests be removed as being distinctive and indicative of Franchisor's trademarks and trade dress. Franchisor may enter upon the Premises without being guilty of trespass or tort to affect such de-identification if Tenant fails to do so within ten (10) days after receipt of written demand from Franchisor. Franchisor will have five (5) days to perform such de-identification. Tenant shall pay Franchisor for its reasonable cost and expenses in effecting de-identification. Franchisor shall defend, indemnify and hold Landlord harmless from and against any claims arising from Franchisor's de-identification of the Premises. Landlord shall not be responsible to Tenant for any damages Tenant might sustain as a result of action Franchisor takes in accordance with this provision and Tenant expressly releases Landlord for any liability arising from such actions by Franchisor.

BY EXECUTING THIS RIDER TO THE LEASE, FRANCHISOR DOES NOT HEREBY ASSUME ANY LIABILITY WITH RESPECT TO THE PREMISES OR ANY OBLIGATION AS TENANT UNDER THE LEASE, UNLESS AND UNTIL FRANCHISOR EXPRESSLY ASSUMES SUCH LIABILITY AND/OR OBLIGATION, AS HERE IN ABOVE DESCRIBED.

All notices hereunder shall be delivered by certified mail to the addresses described in the Lease or to such other address as any party hereto may, by written notice instruct that notices be given. In the case of

Franchisor, notices should be sent to: [legal@hotworx.net](mailto:legal@hotworx.net) and Legal Development Department at 5161 Taravella Road, Marrero, Louisiana, 70072, until further notice.

**[SIGNATURES ON FOLLOWING PAGE]**

**IN WITNESS WHEREOF**, THE PARTIES HERETO HAVE CAUSED THIS LEASE OPTION RIDER TO BE EXECUTED AS OF THE DATE FIRST ABOVE WRITTEN.

Witness/Attest:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Landlord

\_\_\_\_\_  
President

\_\_\_\_\_  
Individually

\_\_\_\_\_  
Tenant

\_\_\_\_\_  
President

\_\_\_\_\_  
Individually

**HOTWORX® Franchising, LLC:**

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

EXHIBIT 5  
HOTWORX® FRANCHISING, LLC

SINGLE UNIT FRANCHISE AGREEMENT

**SOFTWARE LICENSE AGREEMENT**

**THIS AGREEMENT** (“Agreement”) is entered into as of \_\_\_\_\_ (“Effective Date”) by and between **HOT TECH, LLC**, a Louisiana limited liability company (“**HOT TECH**”), and \_\_\_\_\_ (“**LICENSEE**”) located at \_\_\_\_\_.

WHEREAS, LICENSEE wishes to license software for the purpose of point of sale, EFT drafting and data management and HOT TECH desires to license this software to LICENSEE.

NOW THEREFORE, the parties hereto agree as follows:

**1. GRANT OF LICENSE**

Subject to the terms and conditions of the Agreement, HOT TECH grants to LICENSEE a non-exclusive, revocable, non-transferable license to use the software identified in Exhibit A (the “Licensed Programs”) for the purpose of point of sale, EFT drafting and data management. LICENSEE may use the Licensed Programs in executable format for its own use. LICENSEE may not, however, transfer or sublicense the Licensed Programs to any third party, in whole or in part, in any form, whether modified or unmodified.

**2. CONSIDERATION OF HOT TECH**

LICENSEE shall pay, upon delivery of the Licensed Programs, the license fees set forth in Exhibit A attached here.

**3. COPIES**

LICENSEE may make copies of the Licensed Program in executable code form as necessary for use by LICENSEE and for backup or archive purposes. LICENSEE agrees to maintain records of the location and use of each copy, in whole or in part, of the Licensed Programs. Each Licensed Program is copyrighted but unpublished by HOT TECH. LICENSEE agrees to reproduce and apply the copyright notice and proprietary notice of HOT TECH to all copies made hereunder, in whole or in part and in any form, of Licensed Programs.

**4. OWNERSHIP**

The original and any copies of the Licensed Programs, made by LICENSEE, including translations, compilations, partial copies, modifications, and updates, are the property of HOT TECH.

**5. PROPRIETARY RIGHTS**

LICENSEE recognizes that HOT TECH regards the Licensed Programs as its proprietary information and as confidential trade secrets of great value. LICENSEE agrees not to provide or to otherwise make available in any form the Licensed Programs, or any portion thereof, to any person other than employees of LICENSEE without the prior written consent of HOT TECH, LLC. LICENSEE further agrees to treat the Licensed Programs with at least the same degree of care with which LICENSEE treats its own confidential information and in no event with less care than is reasonably required to protect the confidentiality of the Licensed Programs

## **6. TERM**

The license granted hereunder shall continue unless and until terminated pursuant to Section 7 hereof and subject to LICENSEE's proper performance of its obligations hereunder.

## **7. TERMINATION**

HOT TECH may terminate this Agreement if LICENSEE is in default of any of the terms and conditions of this Agreement and fails to correct such default within ten (10) days after written notice thereof from HOT TECH.

HOT TECH may terminate this Agreement if LICENSEE the terms and conditions of the Single Unit Franchise Agreement executed by and between LICENSEE (and/or its affiliates) and HOTWORX® Franchising, LLC ("Franchise Agreement") is terminated or expires.

This Agreement may also be terminated in the event LICENSEE is required by contract to purchase or license some other software for the same or similar purpose of point of sale, EFT drafting and data management. By way of clarification, at the time this Agreement is executed, it is understood and agreed that LICENSEE has the right and obligation to use the software licensed by HOT TECH, pursuant to the Franchise Agreement.

## **8. TERMINATION CERTIFICATE**

In the event of termination, LICENSEE will immediately discontinue use of the Licensed Programs. Within one (1) month after termination of this Agreement, LICENSEE will furnish to HOT TECH a certificate which certifies with respect to each of the Licensed Programs that, through its best effort and to the best of its knowledge, the original and all copies, in whole or in part and in any form, of each of the Licensed Programs have been destroyed. The provisions of Sections 4, 5, 8, 11, and 13 hereof shall survive any termination of this Agreement

## **9. MAINTENANCE SUPPORT**

HOT TECH will provide to LICENSEE the following support with respect to the Software:

- (i) In the case that LICENSEE has technical questions in the use of the Software, LICENSEE may submit those questions to HOT TECH via support ticket. HOT TECH shall provide consulting to answer such questions.
- (ii) LICENSEE shall pay to HOT TECH the software fee(s) set forth in Exhibit A.
- (iii) LICENSEE must have a HARDWIRED Local Area Network connection enabled to the Main Front Podium computer, (NOT a WIRELESS LAN) and the computer must be online at all times. If the connection is inactive for 10 consecutive days, access to your data may become limited.
- (iv) HOT TECH will install TeamViewer on the LICENSEE's computer. TeamViewer will be used to provide technical support and any software updates to the LICENSEE. TeamViewer must be active at all times.

## **10. DELIVERY OF LICENSED PROGRAMS**

HOT TECH shall use its best efforts to deliver the Licensed Programs promptly after receipt of the purchase order and export license (if required).

## **11. WARRANTY DISCLAIMER**

TO THE FULLEST EXTENT PERMITTED BY LAW, THE LICENSED SOFTWARE IS PROVIDED “AS IS” AND HOT TECH SPECIFICALLY DISCLAIMS ALL WARRANTIES AND REPRESENTATIONS OF ANY KIND, WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING ANY WARRANTY OF NON-INFRINGEMENT, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, FUNCTIONALITY, TITLE AND ALL WARRANTIES ARISING FROM COURSE OF DEALING, USAGE OR TRADE PRACTICE. HOT TECH MAKES NO WARRANTY OF ANY KIND THAT THE SERVICES, THE LICENSED SOFTWARE OR ANY PRODUCTS OR RESULT(S) OF THE USE THEREOF, WILL MEET YOUR REQUIREMENTS OR EXPECTATIONS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, BE COMPATIBLE OR WORK WITH ANY OF YOUR OR ANY THIRD PARTY’S SOFTWARE, HARDWARE, SYSTEM, DATA, OR OTHER SERVICES, OR BE SECURE, ACCURATE, COMPLETE, FREE OF HARMFUL CODE OR COMPONENTS, VIRUSES, OR ERROR-FREE, OR THAT ANY ERRORS OR DEFECTS CAN OR WILL BE CORRECTED.

LICENSEE FURTHER EXPRESSLY WAIVES THE WARRANTY AGAINST REDHIBITORY VICES AND DEFECTS, WHETHER APPARENT OR LATENT, UNDER LOUISIANA CIVIL CODE ARTICLES 2520 THROUGH 2548, INCLUSIVE, AND ANY OTHER APPLICABLE STATE OR FEDERAL LAW AND THE JURISPRUDENCE THEREUNDER.

## **12. PATENT AND COPYRIGHT INDEMNITY**

HOT TECH will defend at its own expense any action brought against LICENSEE to the extent it is based on a claim that the Licensed Programs used within the scope of the license granted hereunder infringe a United States patent, copyright or other proprietary right of a third party. HOT TECH will pay any costs, damages or attorney fees finally awarded against LICENSEE in such action which are attributable to such claim, provided HOT TECH is promptly notified in writing of such claim, may control the defense and/or settlement of such claim, and is provided with all requested assistance, information and authority. In the event that a Licensed Program becomes, or in HOT TECH’s opinion is likely to become, the subject of a claim of infringement of a United States patent, copyright or trade secret, HOT TECH may at its option either secure LICENSEE’s right to continue using the Licensed Programs, or replace or modify the Licensed Programs to make them not infringing.

## **13. LIMITATION OF LIABILITY**

HOT TECH’S LIABILITY TO LICENSEE UNDER ANY PROVISIONS OF THIS AGREEMENT FOR DAMAGES FINALLY AWARDED SHALL BE LIMITED TO THE AMOUNTS ACTUALLY PAID HEREUNDER BY LICENSEE TO HOT TECH. EXCEPT WHERE PROHIBITED BY LAW, LICENSEE ACKNOWLEDGES AND AGREES THAT IN NO EVENT WILL HOT TECH BE LIABLE UNDER THESE TERMS, ANY LEGAL OR EQUITABLE THEORY, INCLUDING BREACH OF CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE FOR ANY:

- (A) CONSEQUENTIAL, INCIDENTAL, INDIRECT, EXEMPLARY, SPECIAL, OR PUNITIVE DAMAGES;
- (B) INCREASED COST, DIMINUTION IN VALUE OR LOST BUSINESS, PRODUCTION, REVENUES OR PROFITS;
- (C) LOSS OF GOODWILL OR REPUTATION;

(D) USE, INABILITY TO USE, LOSS, INTERRUPTION, DELAY, MODIFICATION, ALTERATION OR RECOVERY OF ANY DATA OR SYSTEMS, HACKING EVENT, OR BREACH OF DATA OR SYSTEM SECURITY; AND/OR

(E) COST OF REPLACEMENT PRODUCTS, GOODS OR SERVICES

IN EACH CASE REGARDLESS OF WHETHER OR NOT HOT TECH ALLEGEDLY CAUSED, DIRECTLY OR INDIRECTLY SUCH LOSSES OR DAMAGES AND/OR WAS ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES.

#### **14. NOTICES**

All notices to HOT TECH in connection with this Agreement shall be in writing and may be given by certified, registered, or first-class mail at 5145 Taravella Rd., Marrero, Louisiana 70072. All notices to LICENSEE in connection with this Agreement shall be either via e-mail or by mail and may be given by certified, registered, or first-class mail at LICENSEE'S address as set forth in its Franchise Agreement.

#### **15. SUCCESSORS**

This Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective representatives, successors and assigns except as otherwise provided herein.

#### **16. SEVERABILITY**

The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning, which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

#### **17. GOVERNING LAW/FORUM**

This Agreement shall be deemed to have been made in the State of Louisiana and shall be construed according to the laws of Louisiana without regard to its conflict of laws, La. Civ. Code Arts. 3515 et seq., and any amendments and/or revisions thereto. The parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced only in the 24th Judicial District Court for the Parish of Jefferson, Louisiana or the United States District Court for the Eastern District of Louisiana and LICENSEE hereby consents to jurisdiction of the foregoing courts.

#### **18. NON-ASSIGNMENT**

This Agreement and the licenses granted by it may not be assigned, sub-licensed, or otherwise transferred by LICENSEE without the prior written consent of HOT TECH.

#### **19. EXPORT REGULATIONS**

LICENSEE understands that HOT TECH is subject to regulation by agencies of the U.S. Government, including the U.S. Departments of Commerce and State, which prohibit export or diversion of certain technical products to certain countries. LICENSEE warrants that it will comply in all respect with the export



and re-export restrictions set forth in the export license for the Licensed Programs and all other applicable export regulations. LICENSEE agrees to indemnify and hold HOT TECH harmless from any loss, damages, liability or expenses incurred by HOT TECH as a result of LICENSEE's failure to comply with any export regulations or restrictions.

## **20. ENTIRE AGREEMENT**

This Agreement sets forth the entire understanding between the parties with respect to the subject matter hereof, and merges and supersedes all prior agreements, discussions and understandings, express or implied, concerning such matters. This Agreement shall take precedence over any additional or conflicting terms, which may be contained in LICENSEE's purchase order or HOT TECH's order acknowledgment forms.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date.

### **LICENSEE:**

By: \_\_\_\_\_ (Signature)

Name: \_\_\_\_\_ (Print or Type)

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

### **HOT TECH, LLC:**

By: \_\_\_\_\_ (Signature)

## **EXHIBIT A**

### **LICENSED PROGRAMS**

<b>PROGRAM</b>	<b>Advanced Version Software/EFT Access Fee</b>
HOT TECH	\$129.00 / month

EXHIBIT 6

HOTWORX® FRANCHISING, LLC

SINGLE UNIT FRANCHISE AGREEMENT

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

(for Franchisee's spouse and managers of Franchisee's studio(s))

In consideration of my being a spouse and/or manager of the studio of the designated franchisee, \_\_\_\_\_ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Franchisee, has acquired the right and license from HOTWORX® Franchising, LLC (the "Company") to establish and operate a HOTWORX® studio (the "Studio" or "Franchised Business") and the right to use in the operation of such Studio, the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), and the Company's unique and distinctive format and system relating to the establishment and operation of HOTWORX® studios (the "System"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the authorized and approved location pursuant to Franchisee's franchise agreement (the "Approved Location").

2. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques that the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Confidentiality and Non-Competition Agreement ("Agreement").

4. The Franchisee will disclose the Confidential Information belonging to the Company or Franchised Business to me in providing training on the Company's Operational Systems Checklist and/or the Franchised Business and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company and/or Franchised Business, and is disclosed to me solely on the condition that I agree that I shall hold in strict confidence all Confidential Information and all other Information designated by the Company and/or Franchised Business as confidential. Unless the Company and/or Franchised Business otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as to the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position.

7. Except as otherwise approved in writing by the Company and/or Franchised Business, I shall not, while in my position with the Franchisee and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for cessation or termination,

and continuing for 2 years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business selling any products or services which are the same as, or substantially similar to, any of the products or services offered by a HOTWORX® studio location (except at a HOTWORX® studio location), which is or is intended to be, located within: (1) the municipality and parish/county in which Franchisee's Approved Location(s) and Protected Territory are located as identified in Exhibit A of this Agreement; (2) the parishes/counties where other HOTWORX® franchises in Franchisee's state are located on the last date signed below ("Effective Date") of this Agreement and in the future; and (3) any one of Louisiana's 64 parishes, including those parishes/counties and/or municipalities identified in Exhibit A.

8. I agree that each of the foregoing covenants shall be constructed as independent of any other covenant or provision of this Agreement. If any provisions of this Agreement shall be declared to be invalid or unenforceable, in whole or in part, such invalidity or unenforceability shall not affect the remaining provisions hereof, which shall remain in full force and effect.

9. The Company is an intended beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction without bond preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, attorneys fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement. Nothing within this Agreement shall be construed as creating an employer-employee relationship between the Company and the undersigned.

10. This Agreement shall be construed under the laws of the State of Louisiana without regard to its conflict of laws, La. Civ. Code Arts. 3515 et seq., and any amendments and/or revisions thereto.

11. Modifications of this Agreement must be in writing and signed by both parties.

[SIGNATURES TO CONFIDENTIALITY AND NON-COMPETITION AGREEMENT ON  
FOLLOWING PAGE]

[SIGNATURES TO CONFIDENTIALITY AND NON-COMPETITION AGREEMENT]

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

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

Address: \_\_\_\_\_  
\_\_\_\_\_

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

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

Witness: \_\_\_\_\_

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

ACKNOWLEDGED BY FRANCHISEE

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

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

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

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

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

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

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

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

## EXHIBIT A TO CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**The covenants contained in paragraph 7 of the foregoing Confidentiality and Non-Competition Agreement shall apply to the following parishes/counties and/or municipalities:**

- (1) \_\_\_\_\_ (municipality(ies)) – Municipality(ies) in which Franchisee's Protected Territory and Approved Location as defined in the franchise agreement are located;
- (2) \_\_\_\_\_ (Parish(es)/County(ies)) – Parish(es)/County(ies) in which Franchisee's Protected Territory and Approved Location as defined in the franchise agreement are located;
- (3) \_\_\_\_\_  
(Current Parish(es)/County(ies)) – Those parish(es)/county(ies) where other HOTWORX® franchises in Franchisee's state are currently located, as well as any Parish(es)/County(ies) in Franchisee's state that are opened in the future; and
- (4) The following parishes in Louisiana: Acadia Parish, Allen Parish, Ascension Parish, Assumption Parish, Avoyelles Parish, Beauregard Parish, Bienville Parish, Bossier Parish, Caddo Parish, Calcasieu Parish, Caldwell Parish, Cameron Parish, Catahoula Parish, Claiborne Parish, Concordia Parish, DeSoto Parish, East Baton Rouge Parish, East Carroll Parish, East Feliciana Parish, Evangeline Parish, Franklin Parish, Grant Parish, Iberia Parish, Iberville Parish, Jackson Parish, Jefferson Parish, Jefferson Davis Parish, Lafayette Parish, Lafourche Parish, LaSalle Parish, Lincoln Parish, Livingston Parish, Madison Parish, Morehouse Parish, Natchitoches Parish, Orleans Parish, Ouachita Parish, Plaquemines Parish, Pointe Coupee Parish, Rapides Parish, Red River Parish, Richland Parish, Sabine Parish, St. Bernard Parish, St. Charles Parish, St. Helena Parish, St. James Parish, St. John the Baptist Parish, St. Landry Parish, St. Martin Parish, St. Mary Parish, St. Tammany Parish, Tangipahoa Parish, Tensas Parish, Terrebonne Parish, Union Parish, Vermillion Parish, Vernon Parish, Washington Parish, Webster Parish, West Baton Rouge Parish, West Carroll Parish, West Feliciana Parish, and Winn Parish.

EXHIBIT 7

HOTWORX® FRANCHISING, LLC  
SINGLE UNIT FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, E MAIL  
ADDRESSES, SOCIAL MEDIA AND OTHER URLs**

\_\_\_\_\_ (“Franchisee/Assignor”), in exchange for valuable consideration provided by HOTWORX® Franchising, LLC (“Assignee”), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, email addresses, social media accounts and other URLs, including but not limited to online marketing pages or accounts utilized by Assignor in the operation of its studio. During the term of Assignor’s franchise agreement, Assignor agrees to provide Assignee all credentials and passwords needed to access the foregoing accounts.

The conditional assignment as set forth in Section 1 shall become effective automatically upon cessation or termination of Assignor's franchise. Upon the occurrence of that condition, Assignor shall do all things required by the respective provider to assure the effectiveness of the assignment of telephone numbers, email addresses, social media accounts and other URLs, including but not limited to online marketing pages or accounts as if the Assignee had been originally issued such telephone numbers, email addresses, social media accounts and other URLs and the usage thereof.

Assignor agrees to pay the respective provider on or before the effective date of assignment all amounts owed for the use of the telephone number(s), email addresses, social media accounts and other URLs, including but not limited to online marketing pages or accounts. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the respective provider to effectuate this assignment and agrees to fully cooperate in effectuating this assignment.

FRANCHISEE/ASSIGNOR: \_\_\_\_\_ DATE: \_\_\_\_\_

FRANCHISEE/ASSIGNOR: \_\_\_\_\_ DATE: \_\_\_\_\_

ASSIGNEE:

HOTWORX® Franchising, LLC

BY: \_\_\_\_\_

DATE: \_\_\_\_\_

EXHIBIT 8

HOTWORX® FRANCHISING, LLC  
SINGLE UNIT FRANCHISE AGREEMENT

**STATEMENT OF PROSPECTIVE FRANCHISEE**

(Note: Dates and answers must be completed in the Prospective Franchisee's own handwriting.)

- (1) The date of my first face-to-face meeting with a HOTWORX® studio Franchise Marketing Representative to discuss the possible purchase of a Franchise.

\_\_\_\_\_, 20\_\_\_\_

Franchisee's Initials \_\_\_\_\_

- (2) The date on which I received a Franchise Disclosure Document about the HOTWORX® studio Franchise.

\_\_\_\_\_, 20\_\_\_\_

Franchisee's Initials \_\_\_\_\_

- (3) The date when I received a fully completed copy (other than signatures) of the Franchise Agreement I later signed.

\_\_\_\_\_, 20\_\_\_\_

Franchisee's Initials \_\_\_\_\_

- (4) The earliest date on which I signed the Franchise Agreement or any other binding document (not including the Receipt page).

\_\_\_\_\_, 20\_\_\_\_

Franchisee's Initials \_\_\_\_\_

- (5) The earliest date on which I delivered cash, check or other consideration to the Franchise Marketing Representative, broker, HOTWORX® Franchising, LLC ("Franchisor") or any other person or company.

\_\_\_\_\_, 20\_\_\_\_

Franchisee's Initials \_\_\_\_\_

**The Statement is not to be signed or used if the franchisee resides within, or if the franchised business will be located within the State of California, State of Maryland, State of Washington or the State of New York**

**FRANCHISEE(S):**

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

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

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

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

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

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

All of the above is true, correct and complete to the best of my knowledge, information and belief.

\_\_\_\_\_  
Franchise Marketing Representative

**APPROVED:**

HOTWORX® Franchising, LLC

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



## EXHIBIT G

### HOTWORX® FRANCHISING, LLC

#### AREA DEVELOPMENT AGREEMENT

This Area Development Agreement ("Agreement") is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ ("Effective Date"), between HOTWORX® Franchising, LLC, a Wyoming limited liability company, with an address at 5161 Taravella Road, Marrero, Louisiana 70072 (hereafter "HOTWORX®" or "Franchisor"), and \_\_\_\_\_ (hereafter "you" or "Franchisee" or "Developer").

#### Background

- A. Contemporaneous with or prior to the execution of this Agreement, you and HOTWORX® Franchising, LLC have entered into a Single Unit Franchise Agreement (the "First Franchise Agreement") for the right to establish and operate a single HOTWORX® studio (the "First Studio") and paid the Initial Franchise Fee.
- B. HOTWORX® offers certain franchisees the right and option to open and operate additional HOTWORX® studios (the "Additional studios") during the term of the option period (defined below) and otherwise upon the terms and conditions of this Agreement.
- C. You wish to purchase an option to establish and operate additional studios under the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

#### Agreement

- 1. **Grant of Option.** In consideration of your payment to HOTWORX® of a \$\_\_\_\_\_ option fee (the "Option Fee"), which is due and payable upon your execution of this Agreement, HOTWORX® grants you an option(s), which must be timely exercised as set forth herein, to establish and operate \_\_\_\_\_ additional studios under the terms and conditions of this Agreement (the "Option"). This Option Fee is deemed fully earned upon payment and is nonrefundable.
- 2. **Eligibility.** You may purchase this Option when you execute the First Franchise Agreement or at such time as Franchisor in its sole discretion permits.
- 3. **Option Period.** Time is of the essence for development. If you fail to meet any of the development deadlines listed in Appendix A and/or the development deadlines in any franchise agreement, such as site selection and/or opening, any and all remaining options shall be forfeited. The forfeiture of option(s) becomes effective immediately and without written notice of forfeiture by Franchisor.
- 4. **Exercise of Option.** In order to exercise your option for each additional studio you must satisfy all of the following conditions, upon the exercise of each Option:
  - A. You submit a written request to Franchisor advising that Developer wishes to exercise their option and provide Franchisor with Developer's written plan for financing subsequent license;

- B. Execute a new and current franchise agreement ("Additional Franchise Agreement(s)") for each of your additional studios, each with its own Data Sheet and Approved Location and Territory Addendum;
- C. You are not in default under this Agreement, or any other agreement with HOTWORX® Franchising, LLC and/or its affiliates, including any other franchise agreement or development agreement and have fully and faithfully performed all of your obligations under any such agreements throughout their respective terms;
- D. Neither this Agreement, the First Franchise Agreement or any other agreement with you has expired or been terminated by HOTWORX® and/or its affiliates;
- E. You have timely paid any fees or other monies due to HOTWORX® as they become due under the terms of the First Franchise Agreement or any other agreement with HOTWORX®;
- F. If Developer is a legal entity, there has been no change in the effective control of you (by way of change in share ownership, membership or partnership interest, or otherwise) without HOTWORX®'s written consent; and
- G. You and your designated manager have successfully completed HOTWORX® University On-line certifications and have successfully completed all required training.

Your Options may be applied only to opening a new studio and may not be applied to already existing locations that you may acquire through an approved transfer.

- 5. **Sale or Assignment.** Your rights under this Agreement are personal and you may not sell, transfer, or assign any right granted herein. Notwithstanding the foregoing, if you are an individual or a partnership, you have the right to assign your rights under this Agreement to a corporation or limited liability company upon the same terms and conditions as provided in Section 21.6 of the First Franchise Agreement. HOTWORX® has the right to assign this Agreement in whole or in part in its sole discretion.
- 6. **Transfer of Development Area.** In the event that You elect to transfer and Franchisor approves the transfer of Your Option(s) from one development area to another development area, then a \$5,000 transfer fee will be assessed per Option.
- 7. **Time of the Essence.** Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.
- 8. **Policies and Procedures.** Developer understands and agrees that this Agreement incorporates by reference Franchisor's policies, procedures, standards, specifications or manuals as set forth under the Operational Systems Checklist, including but not limited to the Location Selection Policy. Developer agrees to comply with all such policies, procedures, standards, specifications or manuals. Franchisor reserves the right to change Franchisor's policies, procedures, standards, specifications or manuals at Franchisor's sole discretion. Additionally, if You fail to sign an Additional Franchise Agreement(s) before any lease negotiations for additional HOTWORX® locations or prior to commencing site selection for consideration of additional HOTWORX® locations, you will incur a non-compliance fee of \$5,000.

9. **Acknowledgment.** You acknowledge that this Agreement is not a franchise agreement and does not confer upon you any rights to use the HOTWORX® Proprietary Marks or the System.
10. **Notices.** All notices, requests and reports to be given under this Agreement shall be both by e-mail with a confirming receipt and in writing to Franchisor's address by either prepaid overnight or certified mail return receipt requested. Any required notices by Franchisor under this Agreement will be sent to the address or email address set forth in the First Franchise Agreement Data Sheet (which may be changed by written notice to Franchisor).
11. **Governing Law.** This Agreement shall be deemed to have been made in the State of Louisiana and shall be construed according to the laws of Louisiana without regard to its conflict of laws, La. Civ. Code arts. 3515 et seq., and any amendments and/or revisions thereto.
12. **Internal Dispute Resolution.** Before commencing any legal action against HOTWORX® Franchising, LLC or its Affiliates with respect to any claim or dispute relating to this Agreement, you must submit a written notice of dispute which specifies, in detail, the precise nature and grounds of such claim or dispute to HOTWORX®. If your claim or dispute cannot be resolved, you must agree to a face-to-face meeting between you, your attorney if you have retained one, a corporate representative from HOTWORX® and HOTWORX®'s counsel prior to engaging in mediation as set forth below. This meeting may occur via a virtual face-to-face platform. You must exhaust these internal dispute resolution procedures before proceeding to mediation.
13. **Mediation.** In the event any claim or dispute is not resolved under Section 12 and at HOTWORX®'s sole discretion, all claims or disputes between you and HOTWORX® and/or its Affiliates arising out of, or in any way relating to, this Agreement, or any of the parties' respective rights and obligations arising out of this Agreement, shall be submitted first to mediation, in the Parish of Jefferson, Louisiana. The parties shall equally share the costs of the mediator's fees.
14. **Arbitration.** In the event any claim or dispute is not resolved under Sections 12 and/or 13 and at HOTWORX®'s sole discretion, all disputes and claims relating to this Agreement or any other agreement entered into between the parties, the rights and obligations of the parties, or any other claims or causes of action relating to the making, interpretation, or performance of either party under this Agreement, shall be settled by arbitration in Jefferson Parish, Louisiana in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association ("AAA"), effective September 1, 2022 or as thereafter amended, including but not limited to Rule R-7. The right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed by the Federal Arbitration Act, as amended. Any discovery to be conducted under any proceeding hereunder shall be conducted pursuant to the Rules of Federal Procedure. The following shall supplement and, in the event of a conflict, shall govern any arbitration: If the claim is for less than \$35,000, then the matter shall be heard before a single arbitrator. If the claim, or a counterclaim, is for \$35,000 or more, the matter shall be heard before a panel of three (3) arbitrators and each party shall appoint its own arbitrator, and the appointed arbitrators shall appoint a "neutral" arbitrator from the AAA's list of arbitrators. Arbitrability will be decided by the arbitrator. Neither party shall pursue class action claims, mass action claims and/or consolidate the arbitration with any other proceeding to which HOTWORX® and/or its Affiliates are a party. Each party must bear its own costs of arbitration including the fee for their respective arbitrator; provided, however, that the neutral or the single arbitrator's fee shall be shared equally by HOTWORX® and you.

Whether the matter is heard by a single arbitrator or three, the arbitrator's award shall be rendered within 7 days of the close of the hearing. If Franchisor is the prevailing party, the arbitrator's award shall include all fees, costs and attorneys' fees. The arbitrators shall have no authority to amend or modify the terms of this Agreement. To the extent permitted by applicable law, no issue of fact or law shall be given preclusive or collateral estoppel effect in any arbitration, except to the extent such issue may have been determined in another proceeding between the parties. Judgment upon the award of the arbitrator shall be submitted for confirmation to the United States District for the Eastern District of Louisiana and, if confirmed, may be subsequently entered in any court having competent jurisdiction. This agreement to arbitrate shall survive any termination or expiration of this Agreement.

15. **Third Party Beneficiaries.** HOTWORX®'s officers, members, directors, shareholders, agents, employees, successors, managers, and/or affiliates are express third-party beneficiaries of this Agreement and the mediation and arbitration provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.
16. **Injunctive Relief.** Nothing contained in this Agreement herein shall prevent HOTWORX® from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect HOTWORX®'s interest prior to the filing of any arbitration proceeding or pending the trial or handing down of a decision or award pursuant to any arbitration proceeding conducted hereunder.
17. **Jurisdiction and Venue.** With respect to any proceeding not subject to arbitration and excepting the provisions contained in Section 16 regarding injunctive relief, the parties agree that any action at law or in equity instituted against either party to this Agreement shall be commenced only in the 24<sup>th</sup> Judicial District Court for the Parish of Jefferson, Louisiana or the United States District Court for the Eastern District of Louisiana.
18. **Jury Trial Waiver.** With respect to any proceeding not subject to arbitration, the parties hereby agree to waive trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this Agreement, the performance of either party, and/or your purchase from HOTWORX® Franchising, LLC of the franchise, Option and/or any goods or services.
19. **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits), which you may have against HOTWORX®, its affiliates, successors or assigns, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, recovery shall be limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.
20. **Class Action Waiver.** You hereby agree to waive any class action proceeding, mass action proceeding or counterclaim against HOTWORX®, its affiliates, successors or assigns, whether at law or equity, regardless of which party brings suit. This waiver shall apply to any matter whatsoever between the parties hereto which arises out of or is related in any way to this

Agreement, the performance of either party, and/or your purchase from HOTWORX®, its affiliates, successors or assigns of the franchise and/or any goods or services.

- 21. Attorneys' Fees.** If either party institutes any judicial or arbitration proceeding to enforce any monetary or non-monetary obligation or interpret the terms of this Agreement and HOTWORX® prevails in the action or proceeding, you shall be liable to HOTWORX® for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.
- 22. Nonwaiver.** HOTWORX®'s failure to insist upon strict compliance with any provision of this Agreement shall not be a waiver of HOTWORX®'s right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by HOTWORX® respecting any breach or default shall not affect HOTWORX®'s rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. HOTWORX®'s election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.
- 23. Severability.** The parties agree that if any provisions of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to fair meaning and not strictly construed against either party. The provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Agreement shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, HOTWORX® reserves the right to terminate this Agreement.
- 24. Construction of Language.** Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise Agreement. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as "you," their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.
- 25. Successors.** References to "HOTWORX® studio" or "you" include the respective parties' successors, assigns or transferees, subject to the limitations of Section 5 of this Agreement.
- 26. Additional Documentation.** You must from time to time, subsequent to the date first set forth above, at HOTWORX®'s request and without further consideration, execute and deliver such other documentation or agreement and take such other action as HOTWORX® may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that you fail to comply with the provisions of this Section, you hereby appoint HOTWORX® as your attorney-in-fact to execute any and all documents on your behalf reasonably necessary to effectuate the transactions contemplated herein.
- 27. No Right to Offset.** You may not withhold all or any part of any payment to HOTWORX® or any of its affiliates on the grounds of the alleged nonperformance of HOTWORX® or any of its affiliates or as an offset against any amount HOTWORX® or any of its affiliates may owe or allegedly owe you under this Agreement or any related agreements.

**28. Entire Agreement.** This Agreement contains the entire agreement between the parties concerning the purchase and exercise of the Option; no promises, inducements or representations (other than those in the Franchise Disclosure Document) have been made, nor shall any be of any force or effect, or binding on the parties. Nothing in this or any related agreement, however, is intended to disclaim the representations HOTWORX® made in the Franchise Disclosure Document that HOTWORX® furnished the Franchisee. Modifications of this Agreement must be in writing and signed by both parties. In the event of a conflict between this Agreement and any Additional Franchise Agreement(s), the terms, conditions and intent of the Additional Franchise Agreement shall control.

**IN WITNESS WHEREOF,** AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

HOTWORX® Franchising, LLC

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

Its: \_\_\_\_\_

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

This Agreement is not fully executed until signed by an authorized representative of HOTWORX® Franchising, LLC:

FRANCHISEE:

Witness: \_\_\_\_\_ Franchisee: \_\_\_\_\_

Witness: \_\_\_\_\_ Franchisee: \_\_\_\_\_

## APPENDIX “A”

### AREA DEVELOPMENT AGREEMENT ADDENDUM

1. Development Area:

Your above-described development area (“Development Area”) represents the geographic area within which your future HOTWORX® studio(s), provided you timely exercise your option to develop such studios(s), will be located.

The Development Area is non-exclusive. HOTWORX shall have the right to develop and operate HOTWORX® studio(s) in the Development Area and to grant franchise licenses to others (including through area development agreements), who will operate HOTWORX® studio(s) in the Development Area. HOTWORX reserves the right to, at any time, re-assess development areas, including the number of licenses to be granted within any development area.

The scope of any protected territory for your studio location(s) shall be determined upon the execution of your future lease and defined in accordance with each applicable Franchise Agreement.

2. Number of HOTWORX® Studios to be opened in the Development Area, inclusive of studio under the First Franchise Agreement: \_\_\_\_\_
3. Principal trademark: HOTWORX®
4. Development Fee: \_\_\_\_\_
5. Development Schedule: You acknowledge and agree that a material provision of this Area Development Agreement is that the following number of HOTWORX® Studios must be opened and continuously operated by you in the Development Area in accordance with the following Development Schedule:

HOTWORX® Studio Number	Date by Which Franchise Agreement Must Be Signed	Date by Which the HOTWORX® Studio Must Be Opened and Operated by You in the Development Area	Cumulative Number of HOTWORX® Studio to be Opened and Operated by You in the Development Area as of the Date in Proceeding Column
1	(Date of this Agreement)	275 days from the effective date of the First Franchise Agreement	1
2	272 days from opening the first location	275 days from the effective date of the Second Franchise Agreement	2
3	272 days from opening the second location	275 days from the effective date of the Third Franchise Agreement	3


For purposes of determining compliance with this Development Schedule, only the HOTWORX® Studio(s) you actually open and continuously operate in the Development Area for at least the first six (6) months after opening will be counted toward the number of HOTWORX® Studios required to be open and operated by you.

IN WITNESS WHEREOF, we and you have signed this Agreement as of the Effective Date set forth above.

**FRANCHISOR:**

HOTWORX® Franchising, LLC

\_\_\_\_\_

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

Its: \_\_\_\_\_

**DEVELOPER:**

\_\_\_\_\_

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

Its: \_\_\_\_\_ Its: \_\_\_\_\_ Its: \_\_\_\_\_



**PERSONAL GUARANTY AND AGREEMENT TO BE BOUND PERSONALLY BY THE  
TERMS AND CONDITIONS OF THE AREA DEVELOPMENT AGREEMENT**

In consideration of the execution of the Area Development Agreement (the "Agreement") between HOTWORX® Franchising, LLC ("we" or "us") and \_\_\_\_\_ (the "Developer"), dated \_\_\_\_\_, and for other good and valuable consideration, the undersigned, surety and guarantor for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby agree to unconditionally guarantee the performance of the above-named Developer for all obligations under the Agreement ("Personal Guaranty").

Further, the undersigned, individually and jointly, hereby agrees to be personally bound by each and every condition and term contained in the Agreement and agrees that this Personal Guaranty will be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of this Agreement.

The undersigned waives (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Developer or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Developer.

In addition, the undersigned consents and agrees: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Developer or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or enforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty will apply to all modifications to the Agreement of any nature agreed to by Developer with or without the undersigned receiving notice thereof. It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

**DEVELOPER:** \_\_\_\_\_

**PERSONAL GUARANTORS:**

\_\_\_\_\_  
Individually

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

\_\_\_\_\_  
Address

\_\_\_\_\_  
City    State Zip    Code

\_\_\_\_\_  
Telephone

\_\_\_\_\_  
Individually

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

\_\_\_\_\_  
Address

\_\_\_\_\_  
City    State Zip    Code

\_\_\_\_\_  
Telephone

## **EXHIBIT H**

### **HOTWORX® FRANCHISING, LLC**

#### **FRANCHISE DISCLOSURE DOCUMENT**

#### **TERMINATION OF FRANCHISE AGREEMENT AND RELEASE UPON TRANSFER TO AN AUTHORIZED FRANCHISEE**

This Termination of Franchise Agreement and Release (the "Agreement") is made effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between HOTWORX® Franchising, LLC, a Wyoming limited liability company, with its principal offices at 5161 Taravella Road, Marrero, Louisiana 70072 ("Franchisor") and \_\_\_\_\_ ("Transferor(s)") and \_\_\_\_\_ ("Transferee(s)").

#### **BACKGROUND**

On or about \_\_\_\_\_, Transferor(s) entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to develop and operate a HOTWORX® studio (the "Studio").

Pursuant to the Franchise Agreement, Transferor(s) developed and operated a HOTWORX studio located at \_\_\_\_\_ (the "Studio").

Transferor(s) has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the Studio to Transferee(s), who has been approved by Franchisor as authorized.

Transferor(s) agrees to pay all royalties, fees and any and all open invoices relating to the Studio incurred while under its ownership upon execution of this Agreement. Furthermore, Transferee(s) agrees to assume all obligations of the Studio as of the effective date of this Agreement.

#### **AGREEMENT**

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor(s) arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.
2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor(s) shall remain bound by all of the post-termination covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to the Confidential Operational Systems Checklist, Confidential Information, Covenants, Confidentiality, Non-Competition Agreement, and Indemnification Agreement (Sections 5, 12, 18, 19, and 24 and Exhibit 6).
3. Transferor(s) represents and warrants that all of Transferor(s)'s monetary obligations to Franchisor and its subsidiaries and affiliates will be satisfied immediately upon execution of this Agreement.
4. Transferee(s) agrees to assume all obligations of the Studio as of the effective date of this Agreement.

5. Transferor(s), for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Franchisor and its present and former officers, members, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees including but not limited to any claims arising out of or in any way related to the Franchise Agreement, including but not limited to the sale of the Franchise Agreement, the development or operation of any HOTWORX® studio, Franchise Fees, and/or Franchisee's association with Franchisor and the HOTWORX® franchise system. This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.
6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and may not be subject to any modification without the written consent of the parties.
7. This Agreement shall be construed under the laws of the State of Louisiana, which laws shall control in the event of any conflict of law.
8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.
9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.
10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.
11. Transferor(s) agrees that it has and had a relationship with HOTWORX® Franchising, LLC at its offices in Louisiana and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Louisiana pursuant to the mediation, arbitration, venue, and jurisdiction provisions of the Franchise Agreement.
12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed electronic and facsimile copies of this Agreement shall be deemed to be effective as original signatures.

*THE NEXT PAGE IS THE SIGNATURE PAGE*

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS.**

**HOTWORX® Franchising, LLC:**

Witness: \_\_\_\_\_

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

**TRANSFERORS:**

Witness: \_\_\_\_\_

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

Witness: \_\_\_\_\_

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

**TRANSFEREES:**

Witness: \_\_\_\_\_

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

Witness: \_\_\_\_\_

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

**EXHIBIT I**

**HOTWORX® FRANCHISING, LLC**

**FRANCHISE DISCLOSURE DOCUMENT**

**CONFIDENTIALITY AGREEMENT**

I, \_\_\_\_\_, in consideration of the approval of HOTWORX® Franchising, LLC ("Franchisor"), in acknowledging that I will be provided access to certain confidential information, including, without limitation, certain manuals and/or other information relating to the operation of a HOTWORX® studio franchise ("Confidential Information") before completing my contemplated purchase of such franchise, hereby agree to maintain the confidentiality of all such Confidential Information. In the event that I am unable to consummate the contemplated purchase of the HOTWORX® studio franchise or to otherwise become a HOTWORX® studio franchisee, I shall not disclose any of this Confidential Information to any other person. I further represent and warrant that I shall not use such Confidential Information in any other capacity except as an authorized HOTWORX® studio franchisee. I hereby acknowledge that I shall not reproduce any of the Confidential Information being entrusted to me, nor shall I make any oral or written notes regarding any of the information contained therein.

I acknowledge and agree that disclosure or unauthorized use of any of the Confidential Information presented to me is likely to cause Franchisor immediate and irreparable harm, which is not compensable in money damages. I hereby consent, in the event of my unauthorized use or disclosure of such Confidential Information, to the entry of injunctive relief in favor of Franchisor, including temporary restraining orders and preliminary injunctions, without the requirement of bond.

**I HAVE READ THE ABOVE CONFIDENTIALITY AGREEMENT AND UNDERSTAND ITS TERMS.**

Dated: \_\_\_\_\_

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

Dated: \_\_\_\_\_

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

## EXHIBIT J

### HOTWORX® FRANCHISING, LLC

#### FINANCING AGREEMENT

##### PROMISSORY NOTE

THIS PROMISSORY NOTE (the "Note" or "Agreement") is made as of the last date signed below ("Effective Date") by and among HOTWORX Franchising, LLC a Wyoming limited liability company ("HOTWORX"), with principal offices located at 5161 Taravella Road, Marrero, Louisiana 70072, or at such other place or places as it or the holders hereof may from time to time hereafter designate in writing, and \_\_\_\_\_ ("Franchisee"). FRANCHISEE and HOTWORX shall collectively be known herein as "the Parties". In determining the rights and duties of the Parties under this Agreement, the entire document must be read as a whole.

##### RECITALS

WHEREAS, effective \_\_\_\_\_, HOTWORX and Franchisee entered into a single unit franchise agreement wherein HOTWORX granted Franchisee one (1) license to develop a HOTWORX® Studio ("Studio") in the \_\_\_\_\_ designated marketing area ("Franchise Agreement") in exchange for a nonrefundable franchise fee of \_\_\_\_\_ ("Franchise Fee");

WHEREAS, Franchisee subsequently opened the Studio;

WHEREAS, in connection with the development and/or operation of the Studio, Franchisee has become indebted to HOTWORX in the amount of \$ \_\_\_\_\_ ("Debt");

WHEREAS, Franchisee desires to acknowledge his/its debt to HOTWORX in the amount of \$ \_\_\_\_\_ and agrees to repay the foregoing Debt to HOTWORX in accordance with the terms herein;

##### AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement and intending to be legally bound, the Parties agree as follows:

1. Payment: Franchisee shall have \_\_\_\_\_ days from the Effective Date of this Agreement to \_\_\_\_\_, whereupon Franchisee shall repay HOTWORX the amount of \_\_\_\_\_ and 00/100 (\$ \_\_\_\_\_) ("Debt") with any accrued and unpaid interest with the proceeds resulting from the \_\_\_\_\_. Payment shall be applied first to accrued interest and then to the Debt.
2. Security: Franchisee acknowledges that this is a secured note. Franchisee agrees that until the Debt, together with accrued interest, is paid in full, this Note will be secured by the Studio equipment and other assets, which are further identified at Exhibit A ("Collateral"), and Franchisee hereby grants to HOTWORX a security interest in and to such property.
3. Interest: The Debt shall bear interest at the rate of seven percent (7%) per annum, accruing daily from the effective date of this Agreement ("Interest"). Notwithstanding, the total Interest charged

on the Debt shall not exceed the maximum amount allowed by law and Franchisee shall not be obligated to pay any interest in excess of such amount.

4. Penalty for Late Payment: If Franchisee fails to make payment due under this Note within five (5) days after the due date, Franchisee agrees to pay HOTWORX a late payment fee of a two percent (2%) penalty of the amount then due.
5. Studio Operations: Franchisee agrees to maintain the Studio as fully operational and compliant with HOTWORX's policies and procedures during the term of this Note.
6. Prepayment: Franchisee has the right to prepay all or any part of the Debt at any time without any penalty of any kind.
7. Costs and Fees: In the event that HOTWORX retains the services of legal counsel to enforce the terms of this Agreement, whether or not involving litigation, collecting upon any judgment and/or bankruptcy proceedings for compromise or other action, or otherwise to protect the interest of the holder or holders, the makers, endorsers, guarantors and sureties agree, jointly and severally, to pay all attorneys' fees incurred for that purpose, or any portion hereof, including Interest.
8. Events of Default: Upon an Event of Default, as defined herein, the entire Debt and accrued Interest, and all other obligations of the Franchisee under this Note, shall be immediately due and payable without any action on the part of HOTWORX, and HOTWORX shall be entitled to seek and institute any and all remedies available to it. No remedy conferred under this Note upon HOTWORX is intended to be exclusive of any other remedy available to HOTWORX, pursuant to the terms of this Note or otherwise. An Event of Default shall be deemed to have occurred upon the occurrence of any of the following:
  - (i) Franchisee's failure to pay any amount due on the date required under this agreement and failing to cure such default within five (5) days of receipt of written notice of such default.
  - (ii) Franchisee seeks an order of relief under the federal bankruptcy laws.
  - (iii) A federal tax lien is filed against the assets of Franchisee; and/or
  - (iv) Franchisee's failure to satisfy any other obligations or requirement of Franchisee under this Note and fails to cure such default within five (5) days of receipt of written notice of such default.
9. Waiver: The makers, endorsers, guarantors and sureties of this Note hereby severally waive presentation for payment, demand, notice of nonpayment and protest, all pleas of division and discussion, and consent to any and all extensions of payment.
10. Confession of Judgment: For the purposes of enforcing a privilege in property under the Louisiana executory process procedures, Franchisee confesses judgement and acknowledges to be indebted to and in favor of HOTWORX up to the full amount of the Debt, including principal, interest, default interest, costs, expenses, collection of attorney's fees and any additional sums that HOTWORX may advance as provided under this Agreement. In the event of Default under this Agreement, it shall be lawful for HOTWORX, without making demand, notice, or putting in default, to cause all and singular collateral herein to be seized and sold by the executory process issued by a competent court.

To the extent applicable under Louisiana law, Franchisee additionally waives: (a) the benefit of

appraisal as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723, 2724, and all other laws with regard to appraisal upon judicial sale; (b) the notice of seizure as provided under Louisiana Code of Civil Procedure Articles 2293 and 2721; (c) the three (3) days' delay provided under Louisiana Code of Civil Procedure Articles 2331 and 2722; and (d) all other benefits provided under Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723 and all other articles not specifically mentioned above. Franchisee agrees that HOTWORX shall have all of the additional enforcement rights and remedies of a secured party under the Louisiana Commercial Laws (La.R.S. Title 10) and under the Uniform Commercial Code of any applicable state with respect to the UCC Collateral wherever located. Franchisee further agrees that any declarations of fact made under an authentic act before a Notary Public in the presence of two witnesses by a person declaring such facts to lie within their knowledge, shall constitute authentic evidence for purposes of executory process and also for purposes of La.R.S. 9:3509.1, 9:3504(D)(6), and 10:9-508. Except as otherwise expressly provided in this Agreement, Franchisee is herein and hereby bound and obligated not to sell, alienate, mortgage or encumber the Collateral, or any part thereof, to the prejudice of this agreement, and not to permit or suffer the same to be so sold, alienated, deteriorated or encumbered.

11. Guaranty: Franchisee acknowledges that the Personal Guaranty located at Exhibit 3 to the Franchise Agreement as executed by Franchisee extends to Franchisee's obligations under this Agreement.
12. Assignment: Franchisee may not assign its rights or delegate its duties under this Note without HOTWORX's prior written consent.
13. Governing Law and Venue: This Agreement shall be governed by the laws of Louisiana, without regard to its conflict of laws, La. Civ. Code arts. 3515 *et seq.*, and any amendments and/or revisions thereto. Franchisee agrees that he/it has had a relationship with HOTWORX® Franchising, LLC at its offices in Louisiana and that, with the exception of HOTWORX's right to seek injunctive relief in any appropriate jurisdiction, any action arising out of or relating to this Agreement shall be commenced and concluded in the State of Louisiana.
14. Severability: If any provision of this Agreement is, for any reason, invalid or unenforceable, the remaining provisions of this Agreement will nevertheless be valid and enforceable and will remain in full force and effect. Any provision of this Note that is held invalid or unenforceable by a court of competent jurisdiction will be deemed modified to the extent necessary to make it valid and enforceable and as so modified will remain in full force and effect.
15. Further Assurances: Both parties hereto will execute all documents and take such other actions as the other Party may reasonably request in order to consummate the transactions provided for herein and to accomplish the purposes of this Note.
16. It is further understood and agreed that the terms of this Agreement are contractual and are not mere recitals, and the Parties state and warrant that they have discussed this Agreement with their attorneys, the Parties are not relying upon any statements or representations not embodied in this Agreement, that they have read all of the terms of this Agreement, they understand them, and they intend to be legally bound thereby. This Agreement is a complete and final agreement between the Parties as to the matters set forth herein.
17. Counterparts: This Agreement may be executed in multiple counterparts by the various Parties and the failure to have the signatures of all Parties on a single Agreement shall not affect the



validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile and electronic copies of this Agreement shall be deemed to be effective as original signatures.

18. Franchisee shall make all payments called for under this Agreement by sending check or other negotiable instrument made payable to HOTWORX at the address indicated above.
19. This Agreement is conditioned on Franchisee warranting it will not express, communicate or transmit, in any form, remarks that could be construed by HOTWORX, in its sole discretion, as disparaging or damaging to the reputation and good name of HOTWORX or its affiliate, officers, directors, members, shareholders, employees, agents and/or business, products, equipment, brand or operations.
20. Franchisee agrees to keep the terms and conditions of this Agreement confidential. It shall not be a violation of this provision for the Parties to disclose the information concerning this Agreement to their respective accountant/tax adviser, for whom each party assumes full responsibility, provided that all such disclosures are made subject to governing privilege(s), for Franchisor to comply with any regulatory obligations or where required by law. The Parties and their respective counsel understand and agree that this confidentiality and non-disclosure agreement was a material inducement for both Parties to enter into this Agreement, and that it has value to both Parties.
21. All other terms and conditions of the Franchise Agreement between the Parties, exhibits or amendments thereto, remain in full force and effect.
22. Electronic signatures shall be deemed as original signatures.

"NE VARIETUR"

Signed, sealed and delivered in the presence

of: \_\_\_\_\_

NOTARY PUBLIC

DATE: \_\_\_\_\_

**HOTWORX Franchising, LLC**

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

Stephen P. Smith

CEO

DATE: \_\_\_\_\_

**FRANCHISEE:**

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

DATE: \_\_\_\_\_

**FRANCHISEE:**

**EXHIBIT A – COLLATERAL**

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## **EXHIBIT K**

### **HOTWORX® FRANCHISING, LLC FRANCHISE DISCLOSURE DOCUMENT**

#### **STATE SPECIFIC ADDENDA**

Important Notice: HOTWORX® Franchising, LLC's Franchise Disclosure Document ("FDD") contains information required by the Federal Trade Commission and the states included in the following addenda. This information is being provided to you at the same as the FDD and must be reviewed in conjunction with the FDD.

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF 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.

THISE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

This addendum includes numerous disclosures required by the State of California. To the extent these disclosures are preempted by federal law or any other law, these disclosures may not be enforceable. Therefore, prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws to any provisions of a franchise agreement, including but not limited to those restricting venue to a forum outside the State of California and those limiting the use of arbitration.

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000 *et seq.* the Franchise Disclosure Document for HOTWORX® Franchising, L.L.C. for use in the State of California shall be amended as follows:

The “Special Risks to Consider About *This* Franchise” page is supplemented to include the following:

1. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist 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 and ask them about their experience with the franchisor.
2. There may be other risks concerning this franchise.

Items 2 and 3 of the FDD are supplemented to include the following:

Neither the franchisor, 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.

Item 17 of the FDD shall be supplemented to include the following:

California Business and Professions Code sections 20000 through 20043 establish the rights of 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 provided for under California Business & Professions Code Sections 20000 through 20043 will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code 16600.

To the extent the franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages may be unenforceable.

The franchise agreement may require binding arbitration if other methods of resolution are unsuccessful.

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 provision of any franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of Louisiana and that the venue for any dispute shall be in the State of Louisiana. This provision may not be enforceable under California law.

Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.

The franchise agreement requires you sign a release if you transfer your franchise. This franchise agreement provision may not be enforceable under California law. California Corporations Code 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business Professions Code 20000 through 20043).

The franchise agreement contains a waiver of punitive damages and jury trial, these provisions may not be enforceable.

Item 19:

To the extent that the Franchised Outlets Financial Performance Representations of the franchise disclosure document contain financial representations that do not reflect the cost of sales, operating expenses or other costs of expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit compared to the franchised outlets, you should conduct an independent investigation of the costs and expenses you will include in operating your HOTWORX® Franchising, L.L.C. outlet. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker, or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

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 (DFPI) at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

For franchises and franchisees subject to the California Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the HOTWORX® Franchising, L.L.C. Franchise Agreement attached thereto.

This Amendment shall pertain to franchises sold in the State of California and shall be for the purpose of complying with California statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) and/or the Area Development Agreement (“ADA”) to the contrary, the Agreement shall be amended as follows:

For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

\_\_\_\_\_  
Franchisee’s Initials/Date

\_\_\_\_\_  
Franchisor’s Initials/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF HAWAII**

**THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

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

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

For franchises and franchisees subject to the Hawaii Franchise Disclosure Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the HOTWORX® Franchising, L.L.C. Franchise Disclosure Document.

Items 5 and 7:

Items 5 and 7 of the disclosure document are amended to include the following disclosure:

The State of Hawaii may require 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 and the HOTWORX® studio has opened.

Item 8:

Item 8 of the disclosure document is amended to include the following disclosure:



The Hawaii Franchise Investment Law, HI Rev. Stat. § 482E-6(2)(B), governing the relationship between a franchisor or subfranchisor and its franchisee, makes an unfair or deceptive act or practice or an unfair method of competition for a franchisor or subfranchisor to require a franchisee to purchase or lease goods or services of the franchisor or from designated sources of supply unless such restrictive purchasing agreements are reasonably necessary for a lawful purpose justified on business grounds. Suppliers suggested or approved by a franchisor as meeting its standards and requirements shall not be deemed designated sources of supply. To the extent any provisions of the Franchise Agreement or business practices of HOTWORX® Franchising, L.L.C. conflict with Hawaii law, Hawaii's laws will control.

The Hawaii Franchise Investment Law, HI Rev. Stat. § 482E-6(2)(D), governing the relationship between a franchisor or subfranchisor and its franchisee, makes an unfair or deceptive act or practice or an unfair method of competition for a franchisor to obtain money, goods, services, anything of value, or any other benefit from any other person with whom the franchisee does business on account of such business unless the franchisor advises the franchisee in advance of the franchisor's intention to receive such benefit. To the extent any provisions of the Franchise Agreement or business practices of HOTWORX® Franchising, L.L.C. conflict with Hawaii law, Hawaii's laws will control.

Item 12:

Item 12 of the disclosure document is amended to include the following disclosure:

The Hawaii Franchise Investment Law, HI Rev. Stat. § 482E-6(2)(E), governing the relationship between a franchisor or subfranchisor and its franchisee, makes an unfair or deceptive act or practice or an unfair method of competition for a franchisor to establish a similarly business or to grant a franchise for the establishment of a similar business at a location within a geographic area specifically designated as the exclusive territory in a franchise previously granted to another franchisee in a currently effective agreement, except under the circumstances or conditions prescribed in such agreement. To the extent any provisions of the Franchise Agreement or business practices of HOTWORX® Franchising, L.L.C. conflict with Hawaii law, Hawaii's laws will control.

Item 17:

Item 17 of the disclosure document is amended to include the following disclosure:

The Hawaii Franchise Investment Law, HI Rev. Stat. § 482E-6(2)(E), governing the relationship between a franchisor or subfranchisor and its franchisee, makes an unfair or deceptive act or practice or an unfair method of competition for a franchisor to refuse to permit a transfer of ownership of a franchise, or of a proprietorship, partnership, corporation or other business entity that is a franchisee or subfranchisor, except for good cause. For purposes of this paragraph good cause shall include, but not be limited to:

- (i) The failure of a proposed transferee to meet any of the franchisor's or subfranchisor's reasonable qualifications or standards then in effect for a

franchisee or subfranchisor;

- (ii) The fact that the proposed transferee or any affiliated person of the proposed transferee is a competitor of the franchisor or subfranchisor;
- (iii) The inability or unwillingness of the proposed transferee to agree in writing to comply with and be bound by all lawful obligations imposed by the franchise, including without limitation all instruction and training obligations, and to sign the current form of franchise agreement used by the franchisor or subfranchisor; and
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor and to cure any default in the franchise agreement or other agreements with the franchisor existing at the time of the proposed transfer.

A franchisor or subfranchisor shall have thirty days (30 days) after being notified in writing of a proposed transfer to approve or disapprove in writing a proposed transfer of ownership or control of a franchise, or of a proprietorship, partnership, corporation or other business entity that is a franchisee or subfranchisor, stating its reason for disapproval. If a franchisor or subfranchisor fails to approve or disapprove a proposed transfer in writing within such period, the franchisor or subfranchisor shall be deemed to have approved such transfer.

To the extent any provisions of the Franchise Agreement or business practices of HOTWORX® Franchising, L.L.C. conflict with Hawaii law, Hawaii's laws will control.

The Hawaii Franchise Investment Law, HI Rev. Stat. § 482E-6(2)(F), governing the relationship between a franchisor or subfranchisor and its franchisee, makes an unfair or deceptive act or practice or an unfair method of competition for a franchisor to require a franchisee at the time of entering into a franchise to assent to a release, assignment, novation, or waiver which would relieve any person from liability imposed by the Hawaii Franchise Investment Law. Any condition, stipulation or provision binding any person acquiring any franchise to waive compliance with any provision of the Hawaii Franchise Investment Law or a rule promulgated hereunder shall be void. This paragraph shall not bar or affect the settlement of disputes, claims or civil suits arising or brought under this chapter.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND AREA  
DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

For franchises and franchisees subject to the Illinois Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the HOTWORX® Franchising, L.L.C. Franchise Disclosure Document, the Franchise Agreement, and Area Development Agreement attached thereto.

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the franchise agreement and/or area development agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement and/or area development agreement may provide for arbitration to take place outside of Illinois.

Your 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 laws of Illinois** is void.

The “Special Risks to Consider About *This* Franchise” page is supplemented to include the following:

1. **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.
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.

Item 5:

The Illinois Attorney General’s Office requires that HOTWORX® Franchising, LLC post a surety bond due to HOTWORX® Franchising, LLC’s financial condition. The surety bond is posted in accordance with Section 200.505 of the Rules under the Illinois Franchise Disclosure Act.

Item 17:

Item 17 of the disclosure document is amended to include the following disclosure:

- (a) It shall be a violation of the Illinois Franchise Disclosure Act to terminate a franchise of a franchised business located in the State of Illinois prior to the expiration of its term exception for “good cause” as is provided for in Illinois Franchise Act, 815 Ill. Comp. Stat. Ann. 705/19 and may be affected by Illinois law, 815 ILCS 7051-44:
- (b) “Good cause” shall include, but not be limited to, the failure of the franchisee to comply with any lawful provisions of the franchise or other agreement and to cure such default after being given notice thereof and a reasonable opportunity to cure such default, which in no event need be more than 30 days.
- (c) “Good cause” shall include, but without the requirement of notice and an opportunity to cure, situations in which the franchisee:
  - a. makes an assignment for the benefit of creditors or a similar disposition of the assets of the franchise business;
  - b. voluntarily abandons the franchise business;
  - c. is convicted of a felony or other crime which substantially impairs the good will associated with the franchisor's trademark, service mark, trade name or commercial symbol; or
  - d. repeatedly fails to comply with the lawful provisions of the franchise or other agreement.

Item 17 of the disclosure document is amended to include the following disclosure:

It shall be a violation of the Illinois Franchise Disclosure Act for a franchisor to refuse to renew a franchise of a franchised business located in the State of Illinois without compensating the franchisee either by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise where:

- (a) the franchisee is barred by the franchise agreement (or by the refusal of the franchisor at least 6 months prior to the expiration date of the franchise to waive any portion of the franchise agreement which prohibits the franchisee) from continuing to conduct substantially the same business under another trademark, service mark, trade name or commercial symbol in the same area subsequent to the expiration of the franchise; or
- (b) the franchisee has not been sent notice of the franchisor's intent not to renew the franchise at least 6 months prior to the expiration date or any extension thereof of the franchise.

Illinois Franchise Act, 815 Ill. Comp. Stat. Ann. 705/20.

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. Illinois Franchise Act, 815 Ill. Comp. Stat. Ann. 705/41. This prohibition against waiver includes, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability. 14 Ill. Adm. Code 200.609.

To the extent that the disclosure document is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply.

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

**AMENDMENT TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

For franchises and franchisees subject to the Illinois Franchise Disclosure Act, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the HOTWORX® Franchising, L.L.C. Franchise Agreement attached thereto.

This Amendment shall pertain to franchises sold in the State of Illinois and shall be for the purpose of complying with Illinois statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) and/or the Area Development Agreement (“ADA”) to the contrary, the Agreement shall be amended as follows:

1. Sections 25.1 of the Agreement entitled “Governing Law” and 25.4 entitled “Arbitration” are both supplemented by the following provision:

Illinois franchisees are allowed access to Illinois courts. Any provision in this Agreement that provides for a choice of law provision for any state other than Illinois is void. 14 Ill. Adm. Code 200.608. Any provision in this Agreement that designates jurisdiction or venue in a forum outside the State of Illinois is void, provided that a franchise agreement may provide for arbitration in a forum outside of the State of Illinois. Illinois Franchise Act, 815 Ill. Comp. Stat. Ann. 705/4.

2. Section 25.7 of the Agreement and Section 17 of the ADA shall be replaced with the following:

Any provision of the Franchise Agreement which designates jurisdiction or venue outside of Franchisee’s state is void with respect to any cause of action which otherwise is enforceable in Franchisee’s state, provided that Franchise Agreement may provide for arbitration outside of Franchisee’s state.

3. The Agreement is supplemented with the following:

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provisions of the Illinois Franchise Disclosure Act or any other law of the State of Illinois is void. Illinois Franchise Act, 815 Ill. Comp. Stat. Ann. 705/41. This prohibition against waiver includes, but is not limited to, statements involving unregistered earnings claims, timely disclosure, warranty, material misrepresentations or limitation of liability. 14 Ill. Adm. Code 200.609.

4. The Agreement and ADA are supplemented with the following:

The Illinois Attorney General’s Office requires that HOTWORX® Franchising, LLC post a surety bond due to HOTWORX® Franchising, LLC’s financial condition. The surety bond is posted in accordance with Section 200.505 of the Rules under the Illinois Franchise Disclosure Act.

5. To the extent that the Agreement is inconsistent with Illinois law, the inconsistent terms of the Franchise Agreement will not be enforced and the terms of the applicable Illinois law shall apply.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**AMENDMENT TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF INDIANA**

This Amendment shall pertain to franchises sold in the State of Indiana and shall be for the purposes of complying with Indiana statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Section 1 of the Franchise Agreement entitled “Franchise Grant” is supplemented by the following provision:

Ind. Code §§ 23-2-2.7-1(2) and 23-2-2.7-2(4) prohibit both any provision in a franchise agreement allowing the franchisor to and the practice of a franchisor in establishing franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area. To the extent any provisions of the Franchise Agreement or any business practices of HOTWORX® Franchising, L.L.C. conflict with Indiana law, Indiana’s laws will control.

2. Section 21.3 of the Franchise Agreement entitled “Conditions for Transfer” is supplemented by the following provision:

To the extent you are required to execute a release in favor of HOTWORX® Franchising, LLC, such release shall exclude liabilities arising under the Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1 (5).

3. Ind. Code § 23-2-2.7-1(10) prohibits any provision in the Franchise Agreement with limit litigation brought for breach of the Agreement in any manner whatsoever. To the extent that any provision of the Franchise Agreement conflicts with Indiana Code § 23-2-2.7-1 (10), Indiana law will control.

4. Section 19.2 of the Agreement entitled “Indemnification” is supplemented, to the extent required by the laws of the State of Indiana, by the following provision:

provided, however, such indemnification obligations shall exclude liability caused by your proper reliance on or use of procedures or materials provided by HOTWORX® Franchising, L.L.C. or HOTWORX® Franchising L.L.C.’s negligence.

5. Section 18.2 of the Agreement entitled “After the Term of this Agreement” is supplemented by the following provision:

Notwithstanding the above, the covenant not to compete is limited to your Protected Territory under this agreement.



6. Section 21.4 of the Agreement entitled “Death or Disability” is supplemented by the following provision:

Ind. Code § 23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs or estate maintain all standards and obligations of the franchise.

Further, the term “6 months” shall replace any shorter term in Section 21.4.

7. Section 25.1 of the Agreement entitled “Governing Law” is supplemented by the following provision;

However, the foregoing choice of law should not be considered a waiver of any right conferred upon you by the provisions of the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practice Law with respect to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in this Agreement to the contrary, this Agreement shall be governed by the Indiana Franchise Disclosure Law and the Indiana Franchise Deceptive Franchise Practices Law, Ind. Code §§ 23-2-2.5 and 23-2-2.7.

8. Sections 25.1 of the Agreement entitled “Governing Law” and 25.4 entitled “Arbitration” are both supplemented by the following provision:

Indiana franchisees are allowed access to Indiana courts. Any provision in this Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Franchise Disclosure Law, Ind. Code § 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7, are void.

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Franchisee’s Initials/Date

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Franchisor’s Initials/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF INDIANA**

For franchises and franchisees subject to the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practice Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the HOTWORX® Franchising, L.L.C. Disclosure Document.

Item 8:

Item 8 of the Franchise Disclosure Document is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1(4) makes it unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain a provision which allows the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relating to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-2(6) makes it unlawful for a franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transactions between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee. To the extent any provisions of the Franchise Agreement or business practices of HOTWORX® Franchising, L.L.C. conflict with Indiana law, Indiana's laws will control.

Item 9:

Item 9 of the Franchise Disclosure Document is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1(3) makes it unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain a provision which allows substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee. To the extent any provisions of the Franchise Agreement conflict with Indiana law, Indiana's laws will control.

Item 12:

Item 12 of the Franchise Disclosure Document is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1(2) makes it unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain a provision which allows the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-2(4) makes it unlawful, with limited exception, for any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement. To the extent any provisions of the Franchise Agreement or any business practices of HOTWORX® Franchising, L.L.C. conflict with Indiana law, Indiana's laws will control.

Item 17:

Item 17 of the Franchise Disclosure Document is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1(9) makes it unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain a provision which requires a franchisee covenant not to compete with the franchisor in an area greater than the exclusive area granted by the franchise agreement. To the extent any provisions of the Franchise Agreement conflict with Indiana law, Indiana's laws will control.

The post term covenant not to compete is limited to your non-exclusive area under the Franchise Agreement pursuant to Ind Code §23-2-2.7-1(9).

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-1(10) makes it unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain a provision which limits litigation brought for breach of the agreement in any manner whatsoever. To the extent any provisions of the Franchise Agreement conflict with Indiana law, Indiana's laws will control.

The choice of law provisions contained in the Franchise Agreement should not be considered a waiver of any right conferred upon you by the provisions of the Indiana

Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Law with response to the offer and sale of a franchise and the franchise relationship. Notwithstanding anything in the Agreement to the contrary, the Franchise Agreement shall be governed by the Indiana Franchise Disclosure Law, Ind. Code § 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7.

Indiana franchisees are allowed access to Indiana courts. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of Indiana with respect to any matter governed by the Indiana Franchise Disclosure Law, Ind. Code § 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7, are void.

The Indiana Franchise Disclosure Law, Ind. Code § 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7, make it unlawful for a Franchise Agreement to contain provisions which require franchisee's prospective consent to automatic injunctive relief for the franchisor and those providing that the franchisor may obtain injunctive relief without the necessity of post a bond. To the extent any provisions of the Franchise Agreement conflict with Indiana law, Indiana's laws will control.

The Indiana Deceptive Franchise Practices Law, Ind. Code § 23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise. To the extent any provisions of the Franchise Agreement conflict with Indiana law, Indiana's laws will control.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**AMENDMENT TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

This Amendment shall pertain to franchises sold in the State of Maryland and shall be for the purposes of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Pursuant to Code of Maryland Regulations section 02.02.08.16L, any general release required of the franchisee as a condition of renewal, sale, assignment and/or transfer shall not apply to any release from liability under the Maryland Franchise Registration and Disclosure Law. Section 4.2.8 of the Franchise Agreement is amended accordingly.
2. Section 25.1 of the Agreement entitled “Governing Law” is supplemented by the following provision;

However, the foregoing choice of law should not be considered a waiver of any right conferred upon you by the provisions of Maryland Franchise Law. Pursuant to Md. Code Regs. 02.02.08.16, the franchisor may not require the franchisee to waive the franchisee’s right to file a lawsuit alleging a cause of action under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

3. The franchise agreement is so amended such that any provision that, as a condition of sale of a franchise, requires a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability is void under Md. Code Ann., Bus. Reg. § 14.
4. Section 14-227 of the Maryland Franchise Registration and Disclosure Law provides that any action brought under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.
5. Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires the franchisor to file an irrevocable consent to be sued in Maryland. Accordingly, section 25.1 of the Franchise Agreement is amended to provide that you may file a lawsuit alleging a cause of action arising under the Maryland Franchise Registration and Disclosure Law in any court of competent jurisdiction within the State of Maryland.
6. Section 23.2.1 of the Franchise Agreement provides that HOTWORX® Franchising, LLC may terminate you if you file a petition in bankruptcy or bankruptcy proceedings are commenced naming you the debtor. These provisions may not be enforceable under federal bankruptcy law.
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 (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchisee.

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Franchisee(s) Signature/Date

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Franchisor Signature/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MARYLAND**

This Addendum shall pertain to franchises sold in the State of Maryland and shall be for the purposes of complying with Maryland statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Disclosure Document to the contrary, the Franchise Disclosure Document shall be amended as follows:

Registration with the Securities Commissioner in the Office of the Maryland Attorney General is not approval, recommendation, or endorsement by the Commissioner. Md. Code Ann., Bus. Reg. § 14-216(b)

**Item 17:**

The following is added to Item 17 of the Franchise Disclosure Document in accordance with the Md. Code Regs. 02.02.08.04(B)(3):

To the extent the Franchise Agreement provides for the termination of the franchise upon bankruptcy of the franchisee, this provision may not be enforceable under federal bankruptcy law.

**Items 17 and 19:**

The following is added to Items 17 and 19 of the Franchise Disclosure Document in accordance with the Md. Code Regs. 02.02.08.04(B)(3):

The franchisor may not require the franchisee to assent to a period of limitations for causes of action under the Maryland Franchise Law, Business Regulations Article, § 14-226, Annotated Code of Maryland, other than the period of limitations set forth in that statute.

**Items 17(v) and 19:**

Any lawsuit permitted under the Maryland franchise law shall be brought in the federal or state courts located in the State of Maryland.

The Franchise Disclosure Document is further amended such that,

Any provision that, as a condition of sale of a franchise, requires a prospective franchisee to agree to a release, assignment, novation, waiver, or estoppel that would relieve a person from liability is void under Md. Code Ann., Bus. Reg. § 14.

The Securities Commissioner in the Office of the Maryland Attorney General is authorized to examine the franchisor's/applicant's financial records that related to the sale of franchises pursuant to Md. Code Ann., Bus. Reg. § 14-216(c)(24).

The franchisor provides its irrevocable consent to be sued in the State of Maryland pursuant to Md. Code Ann., Bus. Reg. § 14-216(c)(25).

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

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Franchisee's Initials/Date

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Franchisor's Initials/Date



**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MICHIGAN**

This Addendum shall pertain to franchises sold in the State of Michigan and shall be for the purposes of complying with Michigan statutes and regulations. Notwithstanding anything which may be contained in the body of the Franchise Disclosure Document to the contrary, the Franchise Disclosure Document shall be amended as follows:

1. No person(s) identified in the Franchise Disclosure Document:
  - a. Has been convicted of a felony or pleaded nolo contendere to a felony charge, or held liable or enjoined in a civil action by final judgment if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property.
  - b. Is subject to a currently effective order of the United States securities and exchange commission or the securities administrator of a state denying registration of, or barring or suspending the registration or license of, the person as a securities broker, dealer, securities agent, or registered representative or investment advisor or is subject to a currently effective order of a national securities association or national securities exchange, as defined in the securities exchange act of 1934,<sup>1</sup> suspending or expelling the person from membership in the association or exchange.
  - c. Is subject to a currently effective order or ruling of the federal trade commission.
  - d. Is subject to a currently effective injunctive or restrictive order relating to business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or salesperson. The statement shall set forth the court, date of conviction or judgment, the penalty imposed or damages assessed, or the date, nature, and issuer of the order.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

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

A franchise shall not be sold in the State of Michigan without first providing to the prospective franchisee, at least 10 business days before the execution by the prospective franchisee of any binding franchise or other agreement or at least 10 business days before the receipt of any consideration, whichever occurs first, a copy of the disclosure statement, the following notice, and a copy of all proposed agreements relating to the sale of the franchise. Mich. Comp. Laws Ann. § 445.1508.

**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.**

**The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.**

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

- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - b. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
  - d. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

Mich. Comp. Laws Ann. § 445.1527.

The fact that the Notice of Intent is on file with the Attorney General in Michigan does not constitute approval, recommendation, or endorsement by the Attorney General of the franchise offering. Questions regarding the notice should be directed to the Department of Attorney General for Michigan:

State of Michigan Attorney General  
G. Mennen Williams Building  
525 W. Ottawa Street  
P.O. Box 30212  
Lansing, MI 48909  
(517) 373-1110

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**AMENDMENT TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

To the extent the Franchise Agreement has any provisions to the contrary, the applicable Minnesota Law to follow governs:

It shall be unfair and inequitable for any person to:

A. restrict or inhibit, directly or indirectly, the free association among franchisees for any lawful purpose;

B. discriminate between franchisees in the charges offered or made for royalties, goods, services, equipment, rentals, advertising services, or in any business dealing, unless any classification of or discrimination between franchisees is based on franchises granted at different times, geographic, market, volume, or size differences, costs incurred by the franchisor, or other reasonable grounds considering the purposes of Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22;

C. compete with the franchisee in an exclusive territory or grant competitive franchises in the exclusive territory previously granted to another franchisee if the terms of the franchise agreement provide that an exclusive territory has been specifically granted to a franchisee;

D. require a franchisee to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes 1973 Supplement, sections 80C.01 to 80C.22; provided, that this part shall not bar the voluntary settlement of disputes;

E. terminate or cancel a franchise unless:

(1) that person has given written notice setting forth all the reasons for termination or cancellation to the franchisee at least 90 days in advance of termination or cancellation; and

(2) the recipient of the notice fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of the notice, except that the notice shall be effective immediately upon receipt where the alleged grounds are:

(a) voluntary abandonment of the franchise relationship by the franchisee;

(b) the conviction of the franchisee in a court of competent jurisdiction of an offense directly related to the business conducted pursuant to the franchise; or

(c) failure to cure a default under the franchise agreement that materially impairs the good will associated with the franchisor's tradename,

trademark, service mark, logotype, or other commercial symbol after the franchisee has received written notice to cure of at least 24 hours in advance thereof;

F. terminate or cancel a franchise except for "good cause," which shall be defined as failure by the franchisee substantially to comply with those reasonable requirements imposed by the franchise, including but not limited to:

- (1) the bankruptcy or insolvency of the franchisee;
- (2) assignment for the benefit of creditors or similar disposition of the assets of the franchise business;
- (3) voluntary abandonment of the franchise business;
- (4) conviction or a plea of guilty or no contest to a charge of violating any law relating to a franchise business; or
- (5) any act by or conduct of the franchisee which materially impairs the good will associated with the franchisor's trademark, tradename, service mark, logotype, or other commercial symbol;

G. impose on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable;

H. unreasonably withhold consent to any assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets the present qualifications and standards required of the franchisees of the particular franchisor;

I. enforce any unreasonable covenant not to compete after the franchise relationship ceases to exist;

J. require a franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause;

K. require a security deposit except for the purpose of securing against damage to property, equipment, inventory, or leaseholds;

L. require or prohibit any change in management or personnel of any franchisee unless the current or potential management or personnel fails to meet the present qualifications and standards required by the particular franchisor;

M. fail to renew a franchise unless the franchisee has been given written notice of the intention not to renew at least 180 days in advance thereof and has been given an opportunity to operate the franchise over a sufficient period of time to enable the

franchisee to recover the fair market value of the franchise as a going concern as determined and measured from the date of the failure to renew. This item does not apply if the failure to renew a franchise is for good cause and the franchisee has failed to correct the reasons for termination; or

N. restrict, restrain or prohibit 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.

Minnesota Department of Commerce, Rule 2860.4400, found at <https://www.revisor.mn.gov/rules>

To the extent the Franchise Agreement includes any contrary provisions, Section 23, “Termination”, of the Franchise Agreement is amended according to the following:

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 states) 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.

Section 25.1 of the Franchise Agreement entitled “Governing Law” is supplemented by the following provision:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Section 11.6 of the Franchise Agreement with respect to the use of trademarks shall be supplemented by the following provision:

The franchisor will protect the franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Sections 4.4.8 of the Franchise Agreement with respect to your execution of a general release shall be supplemented by the following provision:

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Section 25.6 of the Franchise Agreement with respect to your injunctive relief shall be supplemented by the following provision:

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400(J). Also, court will determine if a bond is required.

To the extent the Franchise Agreement includes any contrary provisions, the Franchise Agreement is amended according to the following:

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

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Franchisee's Initials/Date

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Franchisor's Initials/Date



**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MINNESOTA**

**The registration of this franchise with the State of Minnesota does not constitute approval or recommendation of the franchise by the Commissioner of Commerce.**

To the extent Minnesota franchise law (Minn. Stat. § 80C.01 to 80C.22 and the rules promulgated thereunder by the Minnesota Commissioner of Commerce) applies to any contract that we enter into with you, then we amend each of the applicable sections of the Franchise Disclosure Document to reflect the following where appropriate:

State Cover Page or “Special Risks to Consider About *This Franchise*” Page:

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

The “Special Risks to Consider About *This Franchise*” page is supplemented to include the following:

1. The franchise agreement states that Louisiana law governs the agreement, and this law may not provide the same protection and benefits as local law. You may want to compare these laws.
2. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist 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 and ask them about their experience with the franchisor.

3. There may be other risks concerning this franchise.

Items 2 and 3:

Items 2 and 3 of the Franchise Disclosure Document is amended to include the following disclosure:

No person(s) identified in the Franchise Disclosure Document:

- a. has during the ten-year period immediately preceding the date of the public offering statement been convicted of a felony, pleaded nolo contendere to a felony charge, or been held liable in a civil action by final judgment if such felony or civil action involved fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property;
- b. is subject to any currently effective order of the United States Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the license or registration of such person as a securities broker, dealer, agent, or investment adviser, or 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, suspending or expelling such person from membership in such association or exchange;
- c. is subject to any currently effective order or ruling of the Federal Trade Commission;
- d. is subject to any currently effective injunctive or restrictive order relating to the business which is the subject of the franchise offered or any other business activity as a result of an action brought by any public agency or department; or
- e. has any civil or criminal actions pending against that franchisor or person involving fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices or misappropriation of property.

Item 13:

Item 13 of the Franchise Disclosure Document is supplemented to include the following express language:

The franchisor will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

Item 17:

Item 17 of the Franchise Disclosure Document is amended to include the following disclosure, which is incorporated in the Amendment to the Franchise Agreement above:

Pursuant to Minn. Stat. Ann. § 80C.14, Subdivisions 3-5 and to the extent the Franchise Agreement includes any contrary provisions, the Section 23, “Termination”, of the Franchise Agreement is amended according to the following:

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 states) 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.

Pursuant to Minn. Stat. Ann. § 80C.21 and Minnesota Rule 2860.4400(J) and to the extent the Franchise Agreement includes any contrary provisions, Section 25.1, “Governing Law”, of the Franchise Agreement is amended according to the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Pursuant to Minnesota Rule 2860.4400(D) and to the extent the Franchise Agreement includes any contrary provisions, Section 4.4.8, “Term and Renewal”, of the Franchise Agreement with respect to your execution of a general release shall be supplemented by the following provisions:

Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

Pursuant to Minnesota Rule 2860.4400(J) and to the extent the Franchise Agreement includes any contrary provisions, Section 25.6 “Injunctive Relief”, of the Franchise Agreement with respect to your execution of a general release shall be supplemented by the following provisions:

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400(J). Also, a court will determine if a bond is required.

Pursuant to Minn. Stat. Ann. § 80C.17, Subd. 5 and to the extent the Franchise Agreement includes any contrary provisions, the Franchise Agreement with respect to any limitation of claims shall be supplemented by the following provisions:

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Additional Addenda to Franchise Disclosure Document:

Minn. Stat. Sec. §80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of §§80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit HOTWORX® Franchising, L.L.C. from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement 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.

To the extent you are required to execute a general release in favor of HOTWORX® Franchising, L.L.C. such release shall exclude liabilities arising under the Minnesota Franchises Act, Minn. Stat. §80C.01 *et seq.* as provided by Minn. Rule 2860.4400J.

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

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK**

For franchisees and franchises subject to the New York statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the HOTWORX® FRANCHISING, L.L.C. Franchise Disclosure Document:

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, any predecessor disclosed in Item 1, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of Forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

7. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## VERIFICATION

I, \_\_\_\_\_, in my professional capacity and as \_\_\_\_\_ of franchisor, HOTWORX® FRANCHISING, LLC, based on my personal knowledge, make the following verification:

I have read the foregoing NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT and know its contents. Based on my personal knowledge, I believe that the matters stated in the foregoing document are true and correct.

Executed on \_\_\_\_\_(month) \_\_\_\_ (day), 20\_\_, at \_\_\_\_\_, Louisiana.

\_\_\_\_ Authorized Representative  
of HOTWORX® FRANCHISING, LLC

**AMENDMENT TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, the parties to the attached HOTWORX® Franchising, LLC Agreement (the “Agreement”) agree as follows:

- 1.) Sections 4.4.8 of the Agreement with respect to your execution of a general release shall be supplemented by the following provisions:

Provided that all rights you enjoy and any caused of action arising in your favor from the provisions of Article 33 of the GBL of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of Sections 687.4 and 687.5 of the New York’s GBL be satisfied.

- 2.) Section 19.2 of the Agreement shall be supplemented to include the following provision: Notwithstanding the above, you shall indemnify HOTWORX® Franchising, LLC and hold HOTWORX® Franchising, LLC harmless from liabilities resulting from your breaches and civil wrongs only.

- 3.) Section 21.1 of the Agreement shall be supplemented to include the following provision: In the event of such an assignment, HOTWORX® Franchising, LLC will ascertain that its assignee, in HOTWORX® Franchising, LLC reasonable judgment, possesses the economic resources to fulfill HOTWORX® Franchising, LLC’s obligations to its franchisees.

- 4.) Section 25.1 of the Agreement shall be supplemented by the following provision: However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

- 5.) The first sentence of Section 25.6 of the Agreement, shall have no further force or effect and the following shall be substituted in lieu thereof:

Nothing herein contained in this Agreement shall bar either party’s right to seek to obtain injunctive relief against threatened conduct that will cause a loss or damage, under the usual equity rules, including the applicable rules for seeking to obtain restraining orders and preliminary injunctions. Except as otherwise provided in this Agreement, any dispute between HOTWORX® Franchising, LLC and Franchisee arising out of or relating to this Agreement shall, shall at HOTWORX® Franchising, LLC’s option, be determined by arbitration.

- 6.) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under New York law.



- 7.) HOTWORX® Franchising, LLC's termination of the Franchisee Agreement because of your insolvency or bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 *et. seq.*).
- 8.) No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 9.) Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NORTH CAROLINA**

This page serves as the Cover Page for all North Carolina disclosures:

**DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NORTH CAROLINA**

In accordance with N.C. Gen. Stat. Ann. § 66-96, neither a surety bond nor a trust account is applicable to this submission.

**AMENDMENT TO THE HOTWORX® FRANCHISING CORPORATION  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

This Amendment pertains to franchises sold in the State of North Dakota and is for the purpose of complying with North Dakota statutes and regulations. Notwithstanding anything, which may be contained in the body of the Franchise Agreement to the contrary, the Franchise Agreement is amended as follows:

1. Section 18 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants not to compete may not be enforceable under North Dakota law.

2. Section 25.7 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.

3. Section 25.1 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants specifying that the agreement is governed by the laws of a state other than North Dakota may not be enforceable in North Dakota.

4. Section 24 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants requiring North Dakota franchisees to consent to termination penalties or liquidated damages may not be enforceable in North Dakota.

5. Section 25.4 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants requiring arbitration at a location that is remote from the site of the franchisee's business may not be enforceable in North Dakota.

6. Section 25.8 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants requiring North Dakota franchisees to consent to waiver of trial by jury may not be enforceable in North Dakota.

7. Section 25.9 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears therein:

Covenants requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages may not be enforceable in North Dakota.

8. Section 21.3.4 of the Franchise Agreement is hereby amended by the addition of the following language that appears therein:

Requiring a North Dakota franchisee to execute a general release of claims as a condition of renewal or transfer of a franchise may not be enforceable under North Dakota law.

9. Section 25 of the Franchise Agreement is hereby amended by the addition of the following language that appears therein:

Requiring a North Dakota franchisees to pay all costs and expenses incurred by the Franchisor in enforcing the agreement may not be enforceable under North Dakota law. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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**Franchisee's Initials/Date**

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**Franchisor's Initials/Date**

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA**

Registration with the State of North Dakota does not constitute approval, recommendation, or endorsement by the North Dakota Securities Commissioner.

For franchisees and franchises subject to the North Dakota statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the HOTWORX® FRANCHISING, L.L.C. Franchise Disclosure Document:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees:

A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration / Litigation Proceedings: Franchise agreements providing that the parties must agree to arbitrate / litigate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

I. Limitation of Claims: Requiring that North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Requiring that North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. No person(s) identified in the Franchise Disclosure Document:

- a. Has been convicted of a felony or pleaded nolo contendere to a felony charge or held liable in a civil action by final judgment if such felony or civil action involved fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, or misappropriation of property;
- b. Has pending against the person any indictment or information or complaint relating to a felony or is the subject of a civil action involving fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, or misappropriation of property;
- c. Is subject to any currently effective order of the securities and exchange commission or the securities administrator of any state denying registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment adviser, or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange;
- d. Is subject to any currently effective order or ruling of the federal trade commission; or
- e. Is subject to any currently effective injunctive or restrictive order relating to business activity as a result of an action brought by any public agency or department, including, without limitation, actions affecting a license as a real estate broker or salesman.

N.D. Cent. Code Ann. § 51-19-06 (West)

3. Any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the North Dakota Franchise Investment Law is void. N.D. Cent. Code Ann. § 51-19-16.
4. The “Special Risks to Consider About *This* Franchise” page is supplemented to include the following:
  1. The franchise agreement states that Louisiana law governs the agreement, and this law may not provide the same protection and benefits as local law. You may want to compare these laws.

2. **Use of Franchise Brokers.** The franchisor uses the services of

franchise brokers to assist 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 and ask them about their experience with the franchisor.

3. There may be other risks concerning this franchise.

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Franchisee's Initials/Date

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Franchisor's Initials/Date



**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

For franchisees and franchises subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the HOTWORX® FRANCHISING, L.L.C. Franchise Disclosure Document:

The “Special Risks to Consider About *This* Franchise” page is supplemented to include the following:

1. The franchise agreement states that Louisiana law governs the agreement, and this law may not provide the same protection and benefits as local law. You may want to compare these laws.
2. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist 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 and ask them about their experience with the franchisor.
3. There may be other risks concerning this franchise.

Item 17:

A provision in the franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

19 R.I. Gen. Laws Ann. § 19-28.1-14

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Franchisee’s Initials/Date

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Franchisor’s Initials/Date

**AMENDMENT TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

For franchisees and franchises subject to the Rhode Island statutes and regulations, the following information supersedes or supplements, as the case may be, the Franchise Agreement, to the extent the Franchise Agreement contains corresponding provisions:

A condition, stipulation or provision requiring a franchisee to waive compliance with or relieving a person of a duty of liability imposed by or a right provided by the Rhode Island Franchise Investment Act or a rule or order under the Rhode Island Franchise Investment Act is void.

An acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentations or action that would violate the Rhode Island Franchise Investment Act or a rule or order under the Rhode Island Franchise Investment Act.

This section shall not affect the settlement of disputes, claims or civil lawsuits arising or brought under the Rhode Island Franchise Investment Act.

R.I. Gen. Laws Ann. § 19-28.1-14

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Franchisee's Initials/Date

\_\_\_\_\_  
Franchisor's Initials/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF SOUTH DAKOTA**

For franchisees and franchises subject to the South Dakota statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the HOTWORX® FRANCHISING, L.L.C. Franchise Disclosure Document:

Item 17:

A written provision in a franchise contract evidencing a transaction involving commerce to settle by arbitration a controversy thereafter arising out of the contract or transaction, or the refusal to perform the whole or any part thereof, or an agreement in writing to submit to arbitration an existing controversy arising out of the contract, transaction, or refusal, is valid, irrevocable, and enforceable except upon such grounds as exist at law or in equity for the revocation of any contract. However, any condition, stipulation, or provision requiring a franchisee to waive compliance with or relieving a person of a duty or liability imposed by or a right provided by this chapter or a rule or order under this chapter is void.

S.D. Codified Laws § 37-5B-21

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**AMENDMENT TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF SOUTH DAKOTA**

For franchisees and franchises subject to the South Dakota statutes and regulations, the following information supersedes or supplements, as the case may be, the Franchise Agreement, to the extent the Franchise Agreement contains corresponding provisions and to the extent the following are enforceable:

Covenants not to compete upon termination or expiration of a franchise agreement are generally unenforceable in South Dakota, except in certain instances as provided by law.

In the event that either party shall make demand for arbitration, such arbitration shall be conducted in a mutually agreed upon site in accordance with Section 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of the state where the franchise is located.

Any provision of the franchise agreement which requires you to agree to jurisdiction and venue outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

Notwithstanding any term of the franchise agreement, the franchisor does not terminate the franchise agreement upon default without first affording you thirty (30) days notice with an opportunity to cure the default within that time.

To the extent required by South Dakota law, all provisions giving any party a right to liquidated damages are hereby deleted from the franchise agreement and the parties shall be entitled to their actual damages instead.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF VIRGINIA**

For franchisees and franchises subject to the Virginia statutes and regulations, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the HOTWORX® FRANCHISING, L.L.C. Franchise Disclosure Document:

The “Special Risks to Consider About *This* Franchise” page is supplemented to include the following:

1. The franchise agreement states that Louisiana law governs the agreement, and this law may not provide the same protection and benefits as local law. You may want to compare these laws.
2. **Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist 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 and ask them about their experience with the franchisor.
3. There may be other risks concerning this franchise.

Item 5:

The Virginia State Corporation Commission requires that HOTWORX® Franchising, LLC deposit into an escrow account with a national bank located in the Commonwealth of Virginia. The initial franchise fee will be held in an escrow account with Zions Bancorporation, National Association until the opening of the HOTWORX® Franchising, LLC location.

Item 17:

The provision in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law.

Item 17(h):

It is unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise.

Va. Code Ann. § 13.1-564.

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims

under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

**AMENDMENT TO HOTWORX FRANCHISING, L.L.C.  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF VIRGINIA**

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

Section 13.1-564 of the Virginia Retail Franchising Act, which may supersede the franchise agreement in your relationship with the franchisor regarding the area of cross default terminations (Franchise Agreement Section 22.4). There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the area of cross default terminations.

In the event of a conflict of laws, the provisions of the Virginia Retail Franchising Act, Section 13.1- 564 shall prevail.

The undersigned does hereby acknowledge receipt of this addendum.

\_\_\_\_\_  
Franchisee’s Initials/Date

\_\_\_\_\_  
Franchisor’s Initials/Date

**AMENDMENT TO HOTWORX® FRANCHISING LLC FRANCHISE AGREEMENT,  
AREA DEVELOPMENT AGREEMENT, FRANCHISE DISCLOSURE DOCUMENT  
AND RELATED AGREEMENTS REQUIRED BY THE STATE OF WASHINGTON**

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW provisions will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectible only to the extent that they reflect the Franchisor's reasonable, estimated or actual costs in effecting a transfer.



7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflict with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
19. The “Special Risks to Consider About *This Franchise*” is supplemented to include the following:

**Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist 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 and ask them about their experience with the franchisor.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Signature of Franchisor Representative

\_\_\_\_\_  
Signature of Franchisee Representative

\_\_\_\_\_  
Title of Franchisor Representative

\_\_\_\_\_  
Title of Franchisee Representative

**ADDENDUM TO HOTWORX® FRANCHISING, L.L.C.  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF WISCONSIN**

For franchises and Franchisees subject to the Wisconsin Franchise Investment Law and/or Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the HOTWORX® Franchising, LLC's Wisconsin Franchise Disclosure Document.

Item 17:

Franchisor must provide franchisee at least 90 days prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that franchisee has 60 days in which to cure any claimed deficiency. If the deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, franchisee will have 10 days to cure the deficiency.

For Wisconsin Franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provision of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with the Law.

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Franchisee's Initials/Date

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Franchisor's Initials/Date

**AMENDMENT TO HOTWORX® FRANCHISING LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF WISCONSIN**

This Amendment shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law and Wisconsin Franchise Investment Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the Agreement shall be amended as follows:

1. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and Franchisee inconsistent with the Law.

\_\_\_\_\_  
Franchisee's Initial/Date

\_\_\_\_\_  
Franchisor Initials/Date

### **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.

<b>REGISTRATION STATE</b>	<b>Effective Date</b>
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Not Submitted
North Dakota	April 1, 2025
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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

**EXHIBIT L**  
**HOTWORX® FRANCHISING, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**ITEM 23 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 HOTWORX® Franchising, 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 a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York requires that Franchisor provide you with this disclosure document at the earlier of the first personal meeting to discuss our franchise; or ten business days before the signing of a binding agreement; or ten business days before a payment to franchisor or its agent.]

[Iowa requires that Franchisor provide you with this disclosure document fourteen days and Connecticut and Michigan require that Franchisor provide you with this disclosure document ten business days before you sign a binding agreement with, or make payment to, Franchisor or one of its affiliates in connection with the proposed sale.]

[Minnesota requires that Franchisor provide you this disclosure document together with a copy of all proposed agreement relating to the sale of the franchise at least seven days prior to the execution by the prospective franchisee of any franchise or other agreement, or at least seven days prior to the payment of any consideration by the franchisee, whichever occurs first. You shall be permitted to retain the disclosure document prior and subsequent to the execution of any franchise or other agreement.]

[North Dakota requires that Franchisor provide you this disclosure document, together with a copy of all proposed agreements relating to the sale of the franchise, at least seven days prior to the execution by you of any binding franchise or other agreement or at least seven days prior to the receipt of any consideration, whichever occurs first. You must be permitted to retain the disclosure document prior and subsequent to the execution of any franchise or other agreement.]

If HOTWORX® Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit A.

The franchisor is HOTWORX® Franchising, LLC, located at 5161 Taravella Road, Marrero, Louisiana, 70072. Its telephone number is (504) 297-1HOT.

Issuance date: April 1, 2025.

The franchise seller for this offering is: \_\_\_\_\_

(Name)

(Position)

[Page 1 of 3]

HOTWORX® Franchising, LLC, 5161 Taravella Road, Marrero, LA 70072, (504) 297-1HOT.

Franchisor authorizes the respective state agencies identified in Exhibit B to receive service of process for it in the particular state.

I received a disclosure document dated April 1, 2025 that included the following Exhibits:

- Exhibit A - List of State Administrators
- Exhibit B - Agents for Service of Process
- Exhibit C - List of Franchisees
- Exhibit D - List of Terminated Franchise Agreements
- Exhibit E - Financial Statements
- Exhibit F – Single Unit Franchise Agreement
  - Exhibit 1 – Schedule of Authorized and Approved Products and Services
  - Exhibit 2 - Approved Location and Territory Addendum
  - Exhibit 3 - Guaranty Agreement and Acknowledgment by Guarantor
  - Exhibit 4 - Rider to Lease
  - Exhibit 5 – Software License Agreement
  - Exhibit 6 - Confidentiality and Non-Competition Agreement
  - Exhibit 7 - Conditional Assignment of Franchisee’s Telephone Numbers, Email Addresses, Social Media and Other URLs
  - Exhibit 8 - Statement of Prospective Franchisee
- Exhibit G – Area Development Agreement
- Exhibit H –Termination of Franchise Agreement and Release Upon Transfer to An Authorized Franchisee
- Exhibit I – Confidentiality Agreement
- Exhibit J – Financing Agreement
- Exhibit K- State Specific Addenda
- Exhibit L – Receipt

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

[The State of New York requires the completion of an Effective Date upon notification of effectiveness by the New York State Department of Law.]

\_\_\_\_\_ (Signature)                      \_\_\_\_\_ (Signature)

\_\_\_\_\_ (Printed Name)                      \_\_\_\_\_ (Printed Name)

[Page 2 of 3]

Complete Below for a Partnership, Corporation or Limited Liability Corporation:

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

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

Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

You may return the signed receipt either by signing, dating, and mailing it to the Attention of Franchise Sales Department at HOTWORX® Franchising, LLC at 5161 Taravella Road, Marrero, LA 70072, or by emailing a copy of the signed and dated receipt page to Franchisor at [legal@hotworx.net](mailto:legal@hotworx.net).





HOTWORX® Franchising, LLC, 5161 Taravella Road, Marrero, LA 70072, (504) 297-1HOT.

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- Exhibit L – Receipt

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

[The State of New York requires the completion of an Effective Date upon notification of effectiveness by the New York State Department of Law.]

\_\_\_\_\_ (Signature)

\_\_\_\_\_ (Signature)

\_\_\_\_\_ (Printed Name)

\_\_\_\_\_ (Printed Name)

[Page 2 of 3]

**Complete Below for a Partnership, Corporation or Limited Liability Corporation:**

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

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Name of Company: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

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