

FRANCHISE DISCLOSURE DOCUMENT



STUDIO PILATES INTERNATIONAL USA CORP.,
a Delaware corporation
251 Little Falls Drive
Wilmington, Delaware 19808
Tel. (917) 310-3883
Email: franchising@studiopilates.com
www.studiopilates.com

As a Studio Pilates International franchisee, you will operate a Studio Pilates International fitness studio that provides Pilates and other exercise classes.

The total investment necessary to begin operation of a Studio Pilates International franchise is ~~\$486,950 to \$860,150~~ \$510,150 to \$874,150. This includes ~~\$208,750~~ \$231,950 to ~~\$272,286~~,550 that must be paid to the franchisor or affiliates. If you elect to enter into a Multi-Unit Option Addendum to establish one or two additional studios, you will also pay the franchisor a \$35,000 option fee for one additional studio, or a \$60,000 option fee for two additional studios, when you sign the Multi-Unit Option Addendum, in addition to the estimated initial investment and initial fee for the first outlet.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Jade Winter at (917) 310-3883 or at franchising@studiopilates.com.

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

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

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

Issuance date: March 14, 2025 (amended ~~June 10~~ October 15, 2025)

Reformers

You must pay us a non-refundable fee of ~~\$55,200 to \$64,400, 5,600~~ for ~~12~~ each reformer. A typical studio will require 14 reformers, for your studio, at a total cost of \$4,600 per reformer. 78,400, as we strongly recommend 14 reformers with a minimum of 12. The number of required reformers depends on the size of your studio. The fee includes the cost of the reformer, and delivery to your studio including up to 2 weeks storage if required.

The customized reformers which you are required to buy are manufactured and shipped from ~~China. As of early May 2025, the U.S. government's tariffs on goods imported from China into the U.S. were about 145%. Australia or China.~~ The amount of customs duties will vary within the estimated range depending on the number of reformers you order and the level of U.S. tariffs at the time of shipment.

Opening Package Fee

The Opening Package Fee is a \$25,000 non-refundable lump sum fee which covers the Initial Instructor Training for up to 8 people, the Initial Business Operations Training for the initial sales, administrative, and management staff, the design and development of the studio page on the brand's website and Marketing and Business Operations support. This fee is due and payable in full when you have entered into a letter of intent with a landlord.

Architectural Location Design and Delivery Support Package Fee

The ~~Architectural~~ Location Design and Delivery Support Package Fee is a \$23,500 non-refundable lump sum fee ~~which covers. Franchisor will support the Studio Design, construction Franchisee during the site identification phase by assessing the viability of the sites proposed by the Franchisee to confirm whether they meet brand standards. The ultimate selection of the site, among any proposed sites that meet brand standards, is the Franchisee's responsibility. As part of this process, Franchisor will prepare a reasonable quantity of test fits to determine optimal use of the space. Incorporating accurate as-built site details, including photographs, lease plans and architectural services for your Studio. It includes the services of Studio Pilates, and other existing condition documentation provided by the Franchisee, Franchisor will prepare Design Intent documents, including detailed preliminary plans, elevations, finishes, signage, plumbing/equipment layouts, and site specific interior/exterior details in accordance with franchise standards. Franchisor may coordinate design meetings, define scopes of work, support permitting and bidding processes, review contractor bids, provide value engineering, and manage approved third-party vendors (including AV/CCTV). Franchisor may conduct progress meetings across the duration of the buildout between the Franchisee and their contractors. The Franchisor's approved architectural team to prepare plans ("Architect") will conduct zoning, building code, and accessibility analyses; coordinate MEP consultants; ensure compliance with franchise standards; and issue revisions, addenda, and clarifications as required. The Architect will prepare, stamp, and seal construction documents and liaise with regulatory authorities for permitting and related approvals.~~

Once a location has been approved, Franchisor and its approved architectural team will design and provide to you formal build-out plans for the design of the studio ready for submission

to the local government agency ~~to obtain required for~~ permits. ~~It does not include the permit fees charged by local~~Our fee for providing these plans and services is included in the Location Design and Delivery Support Package Fee. The build-out plans will include standard mechanical, electrical, and plumbing engineering documentation, drawings and specifications, including quality levels and performance criteria of materials and systems, and other requirements for tenant improvement. The build-out plans will incorporate the design requirements of governmental authorities having jurisdiction over the project ~~and to obtain a building permit~~. The plans may be subject to exclusions that extend above and beyond the standard scope such as sound engineering, traffic reports and access consultation, extensive structural engineering, and underground plumbing or electrical outside of the tenancy boundaries.

The Location Design and Delivery Support Package Fee does not include construction administration services undertaken by the Architect, such as site inspection, review & evaluation, 3D renderings, submittal and shop drawings, attendance and participation in owner-architect-contractor meetings, responses to requests for information, observation reports and work evaluations, making revisions in drawings, specifications or other documents when such revisions are inconsistent with approvals or instructions previously given, and “as built” drawings of any modifications made during construction. This fee does not include fees payable to the city for the permits, the administration fees relating to the application process itself, fees payable to construction teams or service providers, or travel expenses by the Franchisor’s team during site visits.

This fee is due and payable when you have entered into a letter of intent with a landlord. Additional fees may apply if you abort a site after the letter of intent with the landlord has been executed.

Marketing Launch Package Fee

You must pay us or one of our affiliates the non-refundable sum of \$12,000 which we or our affiliates will use for pre-opening initial promotion expenses for your initial promotion. This payment, which is non-refundable, is due in full when you have entered into a letter of intent with a landlord.

Technology Subscription

You must pay us a non-refundable monthly technology subscription fee, to cover the cost for: (i) the cost of your license to use the required Computer Software and Services during the term of the franchise agreement; and (ii) our cost for monitoring your business activities, including any bookkeeping and payroll functions performed in connection with such monitoring. From time to time during the franchise agreement, we can change the cost of the Technology Subscription. The first invoice issued when you open will be a nonrefundable fee of \$1,950 for the services that have been activated prior to launch. After you open, you will have to continue paying a monthly subscription fee, which ranges from \$1,600 to \$1,800 per month, and the first monthly payment will be invoiced on the 1st day of the month post opening.

Audio-Visual Equipment (including CCTV)

You must pay us a non-refundable fee for the audio-visual equipment, as well as our proprietary SPTV system before opening. The cost is estimated between \$35,000 to \$45,000. The costs will vary depending on the configuration of your premises.

Initial Inventory

You must pay us or one of our affiliates a non-refundable lump sum fee before opening for a portion of the costs of the initial inventory of products and supplies to be used or offered for sale at your studio. The amount of the fee will vary depending on the size of the studio and the type of products and supplies which we decide or you request.

The total cost of the required Initial Inventory will normally range between \$14,000 to \$18,000 for a typical size location and typical types of products or supplies.

About 40% of this cost of the Initial Inventory, or \$5,600 to \$7,200, must be purchased from us or one of our affiliates. The remaining 60% of the cost of the Initial Inventory, or \$8,400 to \$10,800, must be purchased from local suppliers approved by us.

The price and list of your required initial inventory of products and supplies will be specified in Schedule 3 and Schedule 4 of your Franchise Agreement.

Uniforms

You must pay us or one of our affiliates a non-refundable fee for the uniforms for your employees before opening. The estimated cost will be between \$500 to \$1,500.

<u>Summary of Initial Fees Payable to Franchisor or Affiliates</u>	<u>Amount</u>
<u>Before Opening</u>	
Franchise Fee	\$50,000
Reformers	\$55,200 to \$6478,400
Customs Duties	\$0 to \$42,000
Opening Package Fee	\$25,000
Architectural <u>Location Design and Delivery Support</u> Package Fee	\$23,500
Marketing Launch Package Fee	\$12,000
Technology Subscription – initial lump sum for services activated prior to launch	\$1,950
Audio-Visual Equipment (including CCTV)	\$35,000 to \$45,000
Initial Inventory	\$5,600 to \$7,200
Uniforms	\$500 to \$1,500
Total	\$208,750 <u>\$231,950</u> to \$272286,550

Item 6
OTHER FEES

Fee (See Note 1)	Amount	Due Date	Remarks
Royalty Fees (Note 2)	8% of Gross Sales	Weekly	Fees will be deducted automatically from your account.
Marketing Fund Fee (Note 2)	2% of Gross Sales	Monthly	Fees will be deducted automatically from your account.
Cooperative Advertising Program Fee (Note 3)	Up to 4% of Gross Sales	Monthly	Only applies if we have established a Cooperative Advertising program in your area, and the council for the Cooperative Advertising program has established a fee. Fees will be deducted automatically from your account, and then remitted to the council for the Cooperative Advertising program. (See Note 3).
On-Going Instructor Training Post-Launch Costs (Note 4)	\$16,000 for up to eight people if paid by franchisee, or \$1,000 - \$2,500 per instructor depending on prior experience if paid by instructors	When you schedule an on-going instructor training session	On-going instructor training is normally a five or six day face-to-face course (40-42 hours) attended after online modules (40 hours) have been completed
Transfer Fee	Fifty percent (50%) of our then current initial Franchise Fee, subject to state law.	Prior to transfer of franchise	Transfer Fee must be paid <u>by the seller franchisee</u> if franchisee sells, encumbers, assigns or transfers any of its rights or interests in Franchise Agreement, or (if Franchisee is an entity) the Franchisee owners sell, encumber, assign or transfer their interest in the franchisee
<u>Training Fees for a Transferee in the Transfer of an Existing Franchise</u>	<u>\$2,500 for the Business Operations Training (online modules), plus \$1,000 - \$2,500 for instructor training per instructor depending on prior experience</u>	<u>Prior to transfer of franchise</u>	<u>Buyer or transferee of an existing franchise must agree to pay these Training Fees</u>

have to continue paying a monthly subscription fee, which ranges from \$1,600 to \$1,800 per month, and the first monthly payment will be invoiced on the 1st day of the month post opening.

Note 6: Branded Merchandise:

Stocking approved branded merchandise is a requirement of operational studios. \$2,500 is the recommended minimum value of the total on-hand stock held in the studio at any point in time. The stock is comprised of apparel and accessories. The recommended minimum value may be changed from time to time with notice in writing. An initial stock of branded merchandise is supplied pre-launch as part of the Initial Inventory.

Item 7
ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise Fee (Note 2)	\$50,000	Lump sum	Upon signing Franchise Agreement	Us
Opening Package Fee (Note 3)	\$25,000	Lump sum	Upon signing of letter of intent with the landlord. Before Opening	Us
Architectural Location Design and Delivery Support Package Fee (Note 4)	\$23,500	Lump sum	Upon signing of letter of intent with the landlord. Before Opening.	Us
Marketing Launch Package Fee (Note 5)	\$12,000	Lump sum	Upon signing of letter of intent with the landlord. Before Opening	Us
Technology Subscription – Initial Lump Sum (Note 6)	\$1,950	Lump sum	Upon Opening the Studio	Us
Lease Expense (Note 7)	\$7,100 - \$76,500	As arranged	Before Opening	Landlord
Utility Deposit (Note 8)	\$1,000 - \$2,000	As arranged	Before Opening	Landlord and other vendors
Buildout Costs (Note 9)	\$220,000 – \$380,000	As arranged	Before Opening	Landlord, vendors and contractors

<u>Type of Expenditure</u> (Note 1)	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be made</u>
Audio- Visual Equipment (including CCTV) (Note 10)	\$35,000 - \$45,000	As arranged	Before Opening	Us
Reformer Equipment (Note 11)	\$55,200 - \$6478,400	As invoiced or otherwise agreed	Upon signing of letter of intent with the landlord, and before Opening	Us
Reformer Storage Pre-Launch (Note 12)	\$0 - \$4,000	As arranged	Before Opening	Vendors
Reformer Customs Duties (Note 13)	\$0 - \$42,000	Lump sum	Upon reformers arrival into the United States	Us
Initial Inventory (Note 14)	\$5,600 - \$7,200	As arranged	Before Opening	One of our affiliates
Additional Initial Inventory (Note 12)	\$8,400 - \$10,800	As arranged	Before Opening	Local suppliers approved by us
Merchandise Stands (Note 15)	\$600	As invoiced or otherwise agreed	Upon signing the letter of intent with the landlord, and before Opening	Approved supplier.
Computer Hardware	\$2,500 - \$4,000	As arranged	Before Opening	Vendors
Insurance (Note 16)	\$3,000 - \$4,500	As arranged	Varies with supplier	Vendors
Permits & Licenses (Note 17)	\$1,500 - \$30,000	As arranged	Before Opening	Municipality
First aid and CPR employee training expenses	\$100 - \$200	As arranged	Before Opening	First aid and CPR certification
Uniforms	\$500 - \$1,500	As arranged	Before Opening	Us or our affiliates
Professional Fees (Note 18)	\$4,000 - \$10,000	As arranged	Varies with supplier	Professionals (Accountant, attorney, etc.)
Pre-Launch Wages (Note 19)	\$20,000 - \$40,000	As arranged	Before Opening	Employees
Additional Funds/Working Capital (Note 20)	\$10,000 - \$25,000	As arranged	Varies with supplier	Vendors
Total (Note 21)	\$486,950 \$860510,150 - \$874,150			

Note 1. We do not offer direct or indirect financing for any part of the initial investment. Each of the payments in this table are not refundable.

Note 2. The initial franchise fee is \$50,000. You must pay \$2,000 of this fee to reserve a location while you are considering whether to sign the Franchise Agreement. This \$2,000 is refundable if you or we decide not to sign the Franchise Agreement. You should not pay any portion of the franchise fee until at least 14 days after you received this disclosure document. You must pay the remaining balance of the franchise fee when you sign the franchise agreement. The initial franchise fee is non-refundable after you and we sign the franchise agreement.

If you enter into an option agreement to open one additional location, you will pay us a non-refundable additional option fee of \$35,000 for one additional location when you sign the multi-unit option addendum, which gives you the option to open an additional studio under the terms of our then-current form of franchise agreement within the agreed territory, provided that you enter into the lease and the franchise agreement for the additional studio within one year after your initial location franchise agreement term commencement date. If the option expires, you must pay an extension fee of \$2,500 per month to extend the option up to 12 months. The initial franchise fee for the additional location will be \$35,000, and the \$35,000 option payment will be treated as full payment of this fee.

If you enter into an option agreement to open two additional locations, you will pay us a non-refundable additional option fee of \$60,000 when you sign the multi-unit option addendum, which gives you the option to open the first additional location, under the terms of our then-current form of franchise agreement within the agreed territory, provided that you enter into the lease and franchise agreement for the additional studio within one year after your initial location franchise agreement term commencement date, and you enter into the franchise agreement and lease for the second additional studio within one year later. If the option expires, you must pay an extension fee of \$2,500 per month to extend the option up to 12 months. The initial franchise fee for the first additional location will be \$35,000, and the initial franchise fee for the second additional location will be \$25,000, and the option payment will be applied as full payment of these fees.

Note 3. The Opening Package Fee covers the Initial Instructor Training for up to 8 people, the Initial Business Operations Training for the initial sales, administrative, management, and pre-launch Marketing and Business Operations support. In addition, you must pay the wages or salary to your own employees and instructors for the time they spend attending the training.

Note 4. The ~~Architectural~~Location Design and Delivery Support Package Fee is a \$23,500 non-refundable lump sum fee which covers the Studio Design ~~and construction plans for your Studio, including architectural,~~ Location Design and Delivery Support services ~~by Studio Pilates Architectural affiliate. The Architectural services include the preparation of plans ready for submission to the city to obtain the required permits described in Item 5 above.~~ This fee does not include fees due and payable to the city for the permits or the administration fees relating to the application process itself, or travel expenses by the Franchisor's team during site visits when you

have entered into a letter of intent with a landlord. Additional fees may apply if you abort a site after the letter of intent with the landlord has been executed.

Note 5. You must pay us or our affiliates this payment of \$12,000, which we or our affiliates will use for pre-opening initial promotion expenses for your opening. This does not include the costs of office supplies which are listed separately.

Note 6. This estimate is based upon Computer Software and Services active prior to opening. You are expected to activate the Computer Software and Services about three months before Opening.

Note 7. A typical location will be in the range of 1,076 to 1,700 square feet. The location might be in a suburban location or in a high-rent high-density location.

The Lease Expense estimate covers the security deposit (which may be equal to one to three months' rent) and the first three months of rent. This estimate assumes that your leased studio premises will be in the range of 1,076 to 1,700 square feet. This estimate assumes that your base monthly rental rate will be anywhere in the range of \$1.65 to \$7.5 per square foot. This estimate also includes common area maintenance charges, your pro rata share of the real estate taxes and insurance, and your pro rata share of HVAC and trash removal, which your landlord may require you to pay. You will be required to pay an advance security deposit equal to 1 to 3 month's rent.

Note 8. Utility companies, such as electricity, water, gas, telephone and internet service providers, typically require you to pay a deposit to open a new utility service account. These deposits may be refundable in accordance with the agreements made with the utility companies.

Note 9. This Buildout Costs estimate includes the costs for the build-out of the premises, construction materials and labor, furniture and fixtures, general contractor fees, and signage. The cost of your build-out and leasehold improvement will vary widely depending on many factors, including (i) the size and configuration of the premises; (ii) whether the premises require demolition and removal of existing walls and fixtures; (iii) the local rates charged by building contractors and workers in your local area; and (iv) the cost of materials in your local area. Leasehold improvement costs may increase outside of this range due to factors such as (v) whether you need to install new plumbing, fire service systems or HVAC system, or make significant modifications to an existing HVAC system, and (vi) whether there are any requirements to install sound proofing, which are not considered normal improvements. These amounts may also vary depending on whether certain of these costs will be incurred by the landlord and allocated over the term of the lease. You must follow our required design, which may require major demolition in the existing premises, and major construction of new interior walls and fixtures in the premises. You must make any required changes to our required design in order to comply with any legal requirements such as disability access, and to comply with any requirements of your landlord. The standard reasonable cost of such compliance-related changes has been factored into this estimate. You should investigate all of these issues with your contractor and your advisors, and you should discuss and negotiate all of these issues with the landlord, before you make any commitment to rent any particular location.

Estimated costs for a suburban location range from \$220,000 to \$380,000 for cost for a high-density high-rent location. These estimates are based on historical construction costs. Inflation and other supply chain issues may increase these costs. These costs exclude the cost of union labor.

Note 10. This estimate includes the cost which you must pay to the Franchisor for the audio-visual equipment, as well as the costs you must pay to us for our proprietary SPTV system. The costs will vary depending on the configuration of your premises. The Franchisor will arrange the ordering and installation of the audio visual and CCTV equipment with the approved vendor during the buildout process.

Note 11. You must purchase the required reformers from us. A typical studio will require ~~12–14~~ reformers, as the Franchisor strongly recommends 14 reformers with a minimum of 12, and the cost is \$45,600 per reformer. This cost includes delivery to your studio including up to 2 weeks local storage if required, but does not include customs duties, which you are responsible to pay under the Franchise Agreement. The reformers are customized for our studios and they are currently manufactured in and shipped from Australia or China. A larger studio may require up to 20 - 25 reformers, but such studios will normally not order all of the reformers during the first few months of operation.

If you determine not to follow our system-recommended practice of purchasing the equipment, you do have the option to lease the equipment instead, however, this may increase the overall costs of the equipment. Leasing this equipment, the estimated cost to purchase this equipment outright will be substantially more and will be paid to us or our designated supplier of such equipment before you open.

Note 12. You may need to store the reformers for a short time if they arrive to the destination prior to the Studio buildout being completed. This estimate assumes that you use a short-term local storage facility to store the reformers for four weeks, and includes the costs of unloading the reformers into the storage facility and transporting the reformers from the storage facility to the studio when ready.

Note 13. You must pay or reimburse us for the customs duties on all products including the reformers. The customized reformers which you are required to buy are currently manufactured and shipped from Australia or China. ~~As of early May 2025, the U.S. government's tariffs on goods imported much as possible your reformers will be shipped from China into the destination that has the U.S. were about 145% lowest customs duties payable.~~ The amount of customs duties will vary within the estimated range depending on the number of reformers you order and the level of U.S. tariffs at the time of shipment.

Note 14. You are required to purchase an initial inventory of products, specified on a schedule to your franchise agreement. This may include various items such as small office furniture, laptop computer, head cushions, mats, vacuum cleaner, and other items, depending on the size of the studio. About 40%, or \$5,600 to \$7,200 must be purchased from us or one of our affiliates. The remaining 60%, or \$8,400 to \$10,800 must be purchased from local suppliers approved by us. Included in this range is an initial supply of branded merchandise to stock the studio before launch.

ninety days means that your request is denied. The criteria we consider for approving suppliers include quality and consistency, financial stability, compliance with laws and regulations, reputation and reliability, cost-effectiveness, compliance with our brand guidelines, and our exclusive supplier relationships. We do not make available to franchisees our criteria for approving any particular supplier. We can charge you our then current fee for evaluating any proposed alternative product, service, or supplier, and you must reimburse us for our reasonable costs including travel and lodging costs associated with considering any such request, even if we do not approve the proposed new supplier. Our current fee for evaluating proposed alternative products, services, or suppliers, is \$1,500 per day each person engaged in such evaluation. We have the right to revoke our prior approval of a previously authorized supplier, product or service.

You will receive a list of our approved standards and approved suppliers in our Operations Manual or in other written communications from us. We may amend the list from time to time. We will provide you notice in the Operations Manual or by other methods (such as email) of any changes in the standards and specifications.

You are required to purchase an initial inventory of products from us or an approved supplier, prior to the opening of your studio. The specific items, and the cost, will be specified in the schedules to your franchise agreement. About 40%, or \$5,600 to \$7,200, must be purchased from us or one of our affiliates. The remaining 60%, or \$4,400 to \$10,800, must be purchased from local suppliers approved by us. We will derive a mark-up on the cost of the products. It is recommended to maintain a minimum stock of approved branded merchandise during the operation of your Studio, equal to \$2,500 in value. The stock includes apparel and accessories.

You must purchase the required reformers from us, at a cost of ~~\$45,600~~ per reformer. This cost includes delivery to your studio and up to 2 weeks local storage if required. A typical studio will require ~~12—14~~ reformers, **as we strongly recommend 14 reformers with a minimum of 12**. A larger studio may require up to 20-25 reformers, but such studios will normally not order all of the reformers during the first few months of operation. If you decide not to follow our system-recommended practice of purchasing the equipment you do have the option to lease the equipment from a third party equipment finance company, however this may increase the overall costs of the equipment.

You are required to purchase your audio visual and CCTV equipment from us, prior to the opening of your studio. The cost will vary depending on the configuration of the location. We are the only approved supplier of this equipment. We do not derive a mark-up on the costs of the audio visual and CCTV equipment which you are required to purchase.

You will be required to operate during the days and times specified in our Operations Manual, which may be amended from time to time.

You will be required to build out and equip your studio to the specifications required by us, including but not limited to: studio layout and design, leasehold improvements, specific design elements, fitness equipment packages, audio/video equipment packages and computer hardware and software.

(Franchise Agreement Sections 2.2 and 12.1[e]). We may, but we are not required to, visit proposed sites with you. We retain the right to disapprove a proposed site based on factors such as neighbourhood, traffic patterns, access, parking, size, layout, design, length of availability, the terms of any proposed lease or purchase contract and other factors. We will approve or refuse to approve a proposed site within 30 days after the receipt of all information that we may reasonably require. If we disapprove a site, you must locate another site.

You must locate your site, secure our approval, sign your lease, and open your studio before the opening deadline, which will be specified in the schedules to the Franchise Agreement. The opening deadline will be 12 months from the date of signing the Franchise Agreement. If you demonstrate that you are actively working toward commencing operations, and you are otherwise in compliance with your obligations, we may grant you a six-month extension of time. If we fail to agree on a site and if you fail to open by the opening deadline, then we can terminate the Franchise Agreement.

You bear the responsibility for selecting a location and negotiating a lease for your Studio Pilates International studio. Should you choose to engage our preferred team of real estate brokers they will provide assistance to search for the location and negotiate the letter of intent with the landlord. Generally we do not own the premises and lease it to you. You must provide us with a copy of the lease for any potential location before you enter the lease. You are not permitted to relocate your business or open additional studios within your territory without our prior written approval. (Franchise Agreement Section 2.2).

If you sign a multi-unit option addendum, you must find a suitable location for the additional studio before the end of the 12-month option period. We must approve the location. We will approve a site for the additional studio using our then-current site criteria. We retain the right to disapprove a proposed site based on factors such as neighbourhood, traffic patterns, access, parking, size, layout, design, length of availability, the terms of any proposed lease or purchase contract and other factors. We will approve or refuse to approve a proposed site within 30 days after the receipt of all information that we may reasonably require. If we disapprove a site, you must locate another site. If we fail to agree on a site within the required time limit, then we can terminate the multi-unit option addendum.

4. Studio Build-Out Design Plans

Once a location has been approved, the Franchisor and the approved Architectural Location Design and Delivery Support team will design and provide to you formal build-out plans for the design of the studio ready for submission to the local government agency for permits. Our fee for providing these plans and services is included in the Architectural Location Design and Delivery Support Package Fee. (Franchise Agreement Section 13.3).

The build-out plans will include standard mechanical, electrical, and plumbing engineering documentation, drawings and specifications, including quality levels and performance criteria of materials and systems, and other requirements for tenant improvement. The build-out plans will incorporate the design requirements of governmental authorities having jurisdiction over the project, to obtain a building permit. The plans may be subject to exclusions that extend above and

beyond the standard scope such as sound engineering, traffic reports and access consultation, extensive structural engineering, and underground plumbing or electrical outside of the tenancy boundaries. ~~The Architectural~~The Location Design and Delivery Support Package Fee does not include construction administration services undertaken by the Architect, such as site inspection, review & evaluation, 3D renderings, submittal and shop drawings, attendance and participation in owner-architect-contractor meetings, responses to requests for information, observation reports and work evaluations, making revisions in drawings, specifications or other documents when such revisions are inconsistent with approvals or instructions previously given, and “as built” drawings of any modifications made during construction.

5. Furniture, Fixtures, and Equipment (including Audio Visual and CCTV Systems)

Before you open your studio, we will provide you with the written specifications for the initial supplies, equipment, audio visual and CCTV systems and exterior and interior signs required for the studio. You will be responsible for purchasing such items to equip the studio according to our requirements for fixtures, furnishings, equipment, audio visual and CCTV systems, interior and exterior signage, artwork and graphics. If we have selected approved vendors and suppliers from whom we require or recommend you purchase such items, we will provide you names of such suppliers. In many cases, such as the initial inventory, reformer equipment, and audio-visual and CCTV systems, we require you to purchase such items from us or our affiliates. (Franchise Agreement Sections 1.1, 13.3, and 14). We do not directly deliver or install the equipment, but we do coordinate the delivery and the installation of the audio-visual and CCTV systems. We will not help coordinate the delivery and installation of any equipment which we have not authorized you to purchase and install.

6. Computer system requirements

We will provide you with the hardware and software requirements for your computer system. (Franchise Agreement Section 15.1). You must purchase a PC with a keyboard, mouse, and high-speed internet access. We estimate the cost of the computer systems to be \$2,500 to \$4,000. You must install our required software on your computer system, which will give us remote access to your computer system. We currently use a cloud-based system. We currently require franchisees to use Xero small business and bookkeeping software, Gusto payroll processing Xero plug-in and Workforce staff rostering and on-boarding software. The cloud-based systems are comprised of World Manager, Google Enterprise, Mindbody and custom built KPI reporting dashboard. The computer system is used to collect and store data regarding your bookkeeping. At your sole expense, you must maintain and upgrade your computer system, to meet our requirements. We will update these requirements from time to time. We will monitor your business activities and perform certain basic bookkeeping functions remotely using this system.

You must pay us a monthly Technology Subscription, in return for the license to use the required software, and for monitoring your business activities remotely. Our current monthly fee for the cloud computing software and monitoring your business activities remotely range from \$1,600 to \$1,800. Apart from this monthly Technology Subscription, we do not expect that you will have any other regular annual costs for any optional or required maintenance, updating, upgrading or

The typical length of time between the signing of the franchise agreement and the time you open your studio to the public is about ~~six to nine~~ to twelve months. Your total time may be shorter or longer depending on a number of factors, such as the time it takes you to find an acceptable location, the commercial real estate market, the time it take you to obtain any financing that you need to obtain, the time it take you to obtain the necessary permits or license, the time it takes for the build-out and construction of the studio, as may be affected by labor issues, weather conditions, material availability and other factors.

In the event that you do not open within the required time frame, we have the option to terminate your franchise agreement. (Franchise Agreement, Section 27.1).

During the operation of your Studio Pilates International studio, we will provide you with:

1. Ongoing Training.

We will offer and conduct face-to-face on-site training to you, by a single instructor, at your location, in return for our then current fees. (Franchise Agreement, Section 16.1). The training is mandatory for any new instructors, provided on an as-needed basis. The current fees are as follows:

If you pay for the training session yourself, then you must pay us a flat 16,000 on-going training fee, which will cover instructor training for up to six people. The cost for each additional person is \$1,000 - \$2,500 per person depending on prior experience.

If you ask the individual instructors to pay for it themselves, then the instructors must pay us \$1,000 - \$2,500 per person, depending on prior experience. We keep the full amount of the per person fees paid, even if it exceeds \$16,000. If you have less than six individual instructors who are paying for their own initial training, then you will have to pay us the shortfall below \$15,000, so that we receive at least \$16,000.

We also provide an annual conference, normally in Hawthorne, Queensland, Australia, but which may also be held in different countries, which you will be required to attend. There is a fee to attend, currently projected to range between \$1,500 - \$2,500 depending on the location, and you will be required to pay for the transportation, meals, lodging, and salaries for you and any of your employees to attend the conference. (Franchise Agreement, Section 16.9).

2. Ongoing Advice

We may provide you with on-going advice, from time to time, as often as we decide with respect to the methods and procedures for marketing and sale of the services, administrative, book-keeping, accounting and general operating procedures, updates on equipment and fitting requirements, and general management and administrative guidance and assistance. (Franchise Agreement, Sections 4.4, 6(f), and 16.4).

3. Monitoring

(u) Dispute resolution by mediation	29.1	Except for certain claims, all disputes must be mediated under the JAMS mediation rules, at the JAMS office nearest to franchisee’s studio, subject to state law.
(v) Choice of forum	29.2	Subject to applicable state law, except for certain claims, arbitration conducted by a single arbitrator under JAMS Rules at the JAMS office in New York, New York, or the JAMS office nearest the franchisor’s principal office in the United States. Arbitration demand must be made within one year after the claim arises.
(w) Choice of law	33.22	Subject to applicable state law, Delaware law applies.

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 discloses the historical financial information regarding the ~~five~~ seven (7) United States franchised Studio Pilates International studios that (a) were open and continuously operating during the twelve-month period beginning ~~January~~ September 1, 2024 and ending ~~December~~ August 31, ~~2024~~ 2025 (the “**Measurement Period**”), and (b) use at least ~~12~~ 14 Pilates Reformer exercise machines as ~~required by our current~~ the Franchisor strongly recommends 14 or more, with the minimum System requirements for new franchisees being 12 (referred to as “**Representative Studios**”).

This information was provided to us by the owners of the Representative Studios.

Written substantiation of the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you’ll sell as much.

~~AVERAGE MONTHLY GROSS REVENUE AND PERFORMANCE INDICATORS FOR THE REPRESENTATIVE STUDIOS DURING THE MEASUREMENT PERIOD~~

~~The average Monthly Gross Revenue for the Representative Studios during the Measurement Period was \$54,101. The average number of monthly visits for each location was 2,168, and the median number of monthly visits was 1,730. The average revenue earned per visit (not including tax) was \$24.96, and the median revenue earned per visit (not including tax) was \$20.63. The highest reported Monthly Gross Revenue was \$196,588. The median reported Monthly Gross Revenue was \$40,744. The lowest reported Monthly Gross Revenue was \$12,393 which was for the month of August.~~

<u>Measurement Period</u>	<u>Sept 1, 2024 to August 31, 2025</u>
<u>Average Annual Gross Revenue</u>	<u>\$888,774</u>
<u>Highest Annual Gross Revenue</u>	<u>\$1,428,255</u>
<u>Median Annual Gross Revenue</u>	<u>\$962,519</u>
<u>Lowest Annual Gross Revenue</u>	<u>\$537,031</u>
<u>Average Monthly Gross Revenue</u>	<u>\$74,065</u>
<u>Highest reported Monthly Gross Revenue</u>	<u>\$280,971</u>
<u>Median Monthly Gross Revenue</u>	<u>\$64,218</u>
<u>Lowest Monthly Gross Revenue</u>	<u>\$11,690</u>
<u>Average Gross Revenue earned per visit</u>	<u>\$27.42</u>
<u>Median Gross Revenue earned per visit</u>	<u>\$23.67</u>
<u>Average monthly visits</u>	<u>2,805</u>
<u>Median monthly visits</u>	<u>2,780</u>

-

Explanatory Notes to the Figures Above

1. Gross Revenue. The term “Gross Revenue” means the total revenue of a franchised Studio, including all membership and class packages revenue and retail sales, excluding taxes. Gross Revenue may not include certain income that the Studio may have generated from third-party vendors by virtue of promotions run by the Studio through those third-party vendors because these vendors were not able to provide us with the full reports detailing the income at issue as of the Issue Date of this Disclosure Document.

2. Average ~~Gross~~ Monthly Gross Revenue; Median ~~Gross~~ Monthly Gross Revenue. The “Average ~~Gross~~ Monthly Gross Revenue” was calculated by taking the sum of the ~~Gross~~ Monthly Gross Revenue generated by the Representative Studios over the Measurement Period, and dividing that figure by twelve and then dividing that figure by ~~four~~seven. We determined the median ~~by taking based on~~ the ~~two numbers in figure that is~~ the ~~middle center number~~, after the figures have been sorted from smallest to largest, ~~adding them together, and dividing by two~~.

3. Low Reported Monthly Gross Revenue. The Low Reported Monthly Gross Revenue in the Measurement Period was for the month of May.

4. ~~OneFour~~ (4) of the ~~fourseven~~ (7) Representative Studios, or ~~2557~~% of the Representative Studios, had Average Monthly Gross Revenues over the Measurement Period which surpassed the Average Monthly Gross Revenue of all of the Representative Studios during the Measurement Period.

5. The average monthly visits per location was calculated by taking the total number of visits for all ~~fiveseven~~ locations during the Measurement Period and dividing it by twelve and then dividing that figure by ~~fiveseven~~. The median number of monthly visits was taken by taking the “middle value” amongst the averages for each location separately.

6. The Average Gross Revenue earned per visit was calculated by taking the Average ~~Gross~~ Monthly Gross Revenue and dividing it by the average number of monthly visits. The Median Monthly Gross Revenue earned per visit was calculated by taking the Median ~~Gross~~ Monthly Gross Revenue and dividing it by the median number of monthly visits.

Other than the preceding financial performance representation, Studio Pilates International 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 Jade Winter at (011) (61) 412031550 or at franchising@studiopilates.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Outlet Summary
For Years 2022 to 2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	3	4	1
	2023	4	5	1
	2024	5	12	7
Company-Owned or Affiliate Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	3	4	1
	2023	4	5	1
	2024	5	12	7

Table No. 5
Projected Openings for the Next Fiscal Year

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchise Outlet in the Next Fiscal Year	Column 4 Projected New Company-Owned or Affiliate-Owned Outlet in the Next Fiscal Year
California	1	3	0
Colorado	0	2	0
Florida	1	1	0
Idaho	1	1	0
Illinois	0	1	0
Kentucky	0	1	0
Minnesota	2	2	0
Nevada	1	1	0
New Jersey	0	0	0
New York	2	4	0
North Carolina	0	0	0
South Carolina	0	1	0
Tennessee	0	0	0
Texas	1	1	0
Washington	0	1	0
Total	9	19	0

Attached as Exhibit F is a list of the current franchisees, with address and telephone numbers, as of ~~December 31, 2024~~August 31, 2025.

Attached as Exhibit G is a list of the franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the year 2024 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 buyers when you leave the franchise system.

During the last three (3) fiscal years, there are no current or former franchisees that have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our system.

There are no trademark specific franchisee organizations associated with the Studio Pilates International system.

Item 21
FINANCIAL STATEMENTS

Exhibit D includes our audited financial statements, as of December 31, 2024, December 31, 2023, and December 31, 2022, and unaudited financial statements as of September 30, 2025.

Item 22
CONTRACTS

Exhibit A to this Franchise Disclosure Document includes the Franchise Agreement and all related agreements, as follows:

Franchise Agreement (Exhibit A):

Schedule 1	Franchisee and Guarantor Information
Schedule 2	Data Sheet and Location Addendum
Schedule 3	Fees and Royalties
Schedule 4	Initial Inventory
Annex A	Confidentiality and Non-Solicitation Agreement
Annex B	Form of Consent and Release
Annex C	Multi-Unit Option Addendum

Exhibit H – Compliance Questionnaire

Item 23
RECEIPTS

The last 2 pages of this Disclosure Document are 2 receipts. Please date and sign both copies. Keep one signed copy for your own records, and send one signed copy to us at jade@studiopilates.com.

Agreement means this agreement.

Approved Contractor means the person or company (which may be the Franchisor or a Related Entity) designated in writing by the Franchisor from time to time as the approved contractor to conduct the Build-Out of the Premises.

Approved Supplier means the person or company (which may be the Franchisor or a Related Entity) designated in writing by the Franchisor from time to time as the supplier of the Products, Services or Initial Stock.

~~**Architectural Package Fee** means the fee specified in Schedule 3.~~

Build-Out means the total work to be carried out in preparing the Premises to reflect the Image and enable the operation of the Franchised Business, which must be compliant with the Franchisor's specifications included in the Manual.

Build-Out Plans means the plans and specifications provided by the Franchisor as described in clause 13.3.

Business Day means any weekday other than a federal holiday.

Business Hours means the minimum hours of business that the Franchisee is required to conduct the Franchised Business being such hours specified in the Manual.

Business Name shall be the words "Studio Pilates International" followed by the name of the city, town, municipality, borough, or county, suburb in which the Premises is located, to be specified in Schedule 2.

Business Operations Training means the training in the operation and management of the Business System provided by the Franchisor as part of the Initial Training Program, in accordance with clause 16.1(c).

Business System means the distinct and comprehensive business system owned by, or under licence to, us for the operation of the Franchised Business in accordance with the Manual and utilising the Intellectual Property.

Business Training Costs means the cost of the Business Operations Training specified in Schedule 3 and as altered by the Franchisor from time to time during the Term and specified in the Franchisor's current Disclosure Document.

Collateral means all equipment, furniture, fixtures and fittings and all items used in the Operation of the Studio.

Computer Software means the computer software which may be developed by or under licence to us in connection with the Business System, which may be modified from time to time, and which is or may be licensed to the Franchisor and other members of the Network, including but not limited to SPTV and any accounting or bookkeeping software.

Confidential Information means the following whether written, electronic or in any other form:

- (a) the Business System;

- (b) the Intellectual Property;
- (c) the Manual, including any amendments to it and notices or guidelines issued under it;
- (d) all documents and files created or used in connection with the Business System and the Franchised Business;
- (e) all ideas, concepts, trade secrets, know-how, knowledge, systems, processes, formula, accounting information, financial statements, marketing plans, training programs, customer lists, supplier lists, records, computer data bases, computer systems, website coding, Computer Software and technology created or used in connection with the Business System and Franchised Business;
- (f) this Agreement;
- (g) all information designated by a member of the Network as being confidential;
- (h) copies of Confidential Information; and
- (i) any other information capable of protection in equity as confidential information,

but does not include information which is or becomes public knowledge, unless it became public knowledge through a breach of this Agreement in which case it remains Confidential Information.

Confidentiality and Non-Solicitation Agreement means the form of confidentiality and non-solicitation agreement in Annex A.

CPI or Consumer Price Index refers to the Consumer Price Index for All Urban Consumers (CPI-U) for all items, in the Census Region where the Premises are located, published by the United States Bureau of Labor Statistics.

Compliance Questionnaire means the form of acknowledgment attached as Exhibit H.

Cooperative Advertising means the combined advertising program of two (2) or more franchisees within a common market that Franchisor may require for Studios within a particular local area.

Cooperative Advertising Program Fee means the cooperative advertising program fee set by the council of a Cooperative Advertising program established by the Franchisor for the area in which the Franchisee is located, payable by the Franchisee, under clause 18.5.

Copyright means rights of copyright developed or acquired in relation to the Business System, including but not limited to copyright in the Products and the Manual.

Location Design and Delivery Support Package Fee means the fee specified in Schedule 3.

Designs means any designs created or registered by or for us in relation to the Business System.

Disclosure Document means the franchise disclosure document prepared by the Franchisor and given to the Franchisee.

2.8 Satisfaction of Conditions

- (a) The Franchisor and the Franchisee must immediately give written notice to the other if either one discovers that any of the conditions specified in clause 2.7 becomes incapable of being satisfied.
- (b) If within 6 months from the date of this Agreement any of the conditions in clause 2.7 are not satisfied, and are not waived by the Franchisor, then the Franchisor shall be entitled to terminate this Agreement immediately by notice in writing to the Franchisee, with no refund of the moneys paid by the Franchisee to the Franchisor.
- (c) If this Agreement is terminated by Franchisor under clause 2.8(b) the Franchisor is not liable to the Franchisee for any costs, expenses or losses the Franchisee has incurred in relation to this Agreement or the Franchised Business.

3. FEES AND ROYALTIES

3.1 Payments by Franchisee

In addition to any other obligations to make any payments (whether under this Agreement or otherwise), the Franchisee must pay to the Franchisor or our affiliates the following:

- (a) Initial Franchise Fee;
- (b) Opening Package Fee;
- (c) ~~Architectural~~Location Design and Delivery Support Package Fee;
- (d) Initial Inventory;
- (e) Technology Subscription;
- (f) Royalty;
- (g) Marketing Fund Fee;
- (h) Cooperative Advertising Program Fee (if applicable);
- (i) Annual Conference attendance fee;
- (j) Additional Training Costs, where Additional Training is provided;
- (k) Transfer Fee, where it applies; and
- (l) Renewal Fee, where it applies.

3.2 Interest

If the Franchisee does not pay any amount payable under this Agreement by the due date, the Franchisor may charge interest on the outstanding amount at the lesser of (a) the rate specified in Schedule 3; or (b) the maximum rate allowed by applicable law.

12.4 Franchisee Responsible for all Costs Relating to the Premises

The Franchisee is responsible for all of the costs associated with the lease, locating the Premises, maintaining the Premises, any necessary build-out, and signage. Franchisee is responsible for obtaining any and all governmental approvals necessary to construct and operate the Studio Pilates International studio at the Premises.

13. BUILD-OUT OF PREMISES

13.1 Franchisee to undertake Build-Out

- (a) As soon as practicable following the Lease Effective Date, the Franchisee shall arrange for the Build-Out to be completed at Franchisee's own cost.
- (b) The Franchisee acknowledges and agrees that the Franchisee must engage the Approved Contractor to conduct the Build-Out.
- (c) The Franchisee agrees to cooperate fully with the Approved Contractor, including providing all reasonable assistance and any required consents, to facilitate the Build-Out in a timely manner.
- (d) The Franchisee may be permitted to engage a contractor other than the Approved Contractor to conduct the Build-Out, provided that the Franchisor must first provide its' written consent to the Franchisee's proposed contractor, whose consent shall not be unreasonably withheld. The Franchisee must pay the Franchisor's reasonable costs associated with considering the Franchisee's alternative proposed contractor, regardless of whether the Franchisee's proposed contractor is ultimately approved by the Franchisor. The Franchisor will issue an invoice for its costs, which shall be payable upon execution of this Agreement, or at such later time as specified by the Franchisor.
- (e) Prior to commencing operations the Franchisee must obtain the Franchisor's final approval of the 'as constructed' Build-Out. The Franchisee must pay the Franchisor's reasonable costs associated with the Franchisor's review and approval of the Franchisee's Build-Out. Should the Build-Out not be constructed in accordance with the Franchisor's requirements, the Franchisee acknowledges that it must undertake any further alterations prescribed by the Franchisor at Franchisee's own cost.

13.2 Refurbishment

If, during the Term, the Franchisor considers that the Build-Out of the Premises requires refurbishment or upgrading, then the Franchisee must refurbish or upgrade the Premises to the then current standards of the Franchisor's Build-Out.

13.3 Build-Out Plans

- (a) In consideration of the payment of the Architectural Location Design and Delivery Support Package Fee, Franchisor and its approved architectural team shall prepare the design and construction plans for the Build-Out required for the Premises. The design and construction plans shall be provided to Franchisee in a form that is ready for submission to the local governmental agency by the Franchisee to obtain the required permits. This fee does not include fees payable to the city for the permits or the administration fees relating to the application process itself, fees payable to construction

teams or service providers, or travel expenses by the Franchisor's team during site visits. Additional fees may apply for sites aborted after the letter of intent with the landlord has been executed.

- (b) Franchisee is responsible for reviewing the design and plans prior to submission to the local governmental agency, and for taking all actions necessary prior to and after submission, including any required modifications, in order to obtain approval of the plans and the required permits. Franchisor does not warrant or guarantee that the local government agency will accept the proposed design and plans provided by Franchisor without modification. Franchisee remains solely responsible for ensuring that the Build-Out plans are correct, error-free, practical, that they comply with the landlord's requirements, and that they comply with all federal, state or local rules, laws, regulations or codes.
- (c) The Build-Out Plans will include standard mechanical, electrical, and plumbing engineering documentation, drawings and specifications, including quality levels and performance criteria of materials and systems, and other requirements for tenant improvement. The Build-Out Plans will incorporate the design requirements of governmental authorities having jurisdiction over the project, to obtain a building permit. The plans may be subject to exclusions that extend above and beyond the standard scope, including but not limited to, sound engineering, traffic reports and access consultation, extensive structural engineering, and underground plumbing or electrical outside of the tenancy boundaries. ~~The Architectural~~The Location Design and Delivery Support Package Fee does not include construction administration services undertaken by the Architect, including but not limited to, site inspection, review & evaluation, 3D renderings, submittal and shop drawings, attendance and participation in owner-architect-contractor meetings, responses to requests for information, observation reports and work evaluations, making revisions in drawings, specifications or other documents when such revisions are inconsistent with approvals or instructions previously given, and "as built" drawings of any modifications made during construction.

13.4 Deadline to Commence Operations

Franchisee shall commence operation of the Studio in accordance with this Agreement by no later than the Opening Deadline. At the Franchisor's discretion, provided that the Franchisee demonstrates that it is actively working toward commencing operations, Franchisor shall not unreasonably withhold consent for extensions of the due date under Schedule 2. However, Franchisor may refuse a request for extension of time to commence operations for any reason or for no reason, and may impose any requirements or conditions as a condition for granting any request for such extension, including but not limited to requiring Franchisee, Principals, and the Key People to provide Franchisor and its affiliates and each of their principals with a signed general release, in a form reasonably satisfactory to the Franchisor, of any and all claims against Franchisor and its affiliates, and each of their officers, directors, shareholders, partners, agents, and representatives, including without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations.

13.5 Change of Premises during the Term or Further Term

- (a) If the Franchisee wishes to change the Premises during the Term or a Further Term of this Agreement, the Franchisee acknowledges that the provisions of clause 12 and clause 13 shall apply.

5. OPENING PACKAGE FEE \$25,500

(Clause 3.1)

Fee covers the Initial Instructor Training for up to 8 people, the Initial Business Operations Training for the initial sales, administrative, and management staff, the design and development of the studio page on the brand's website and Marketing and Business Operations support.

Payable as follows: Lump sum upon signing the letter of intent with the landlord.

6. ~~ARCHITECTURAL~~ LOCATION DESIGN AND DELIVERY SUPPORT PACKAGE FEE \$23,500

(Clause 3.1)

7. INITIAL INVENTORY (Specified in Schedule 4)

Initial Inventory Price: _____

8. TRANSFER FEE

(Clauses 3.1, 25)

Transfer Fee: Fifty percent (50%) of our then current initial Franchise Fee.

Payable on the date of transfer of the Franchise in accordance with clause 27.

9. RENEWAL FEE

(Clauses 3, 26)

Renewal Fee: Twenty-five percent (25%) of our then current Initial Franchise Fee

Payable on renewal of this Agreement in accordance with clause 26.

10. INTEREST

(Clause 3.2)

Rate: 12% per annum from the date the relevant payment was due until it is paid.

11. TECHNOLOGY SUBSCRIPTION

(Clauses 3, 15.2)

Technology Subscription: \$1,600 - \$1,800 per month

Payable monthly within seven (7) days of receiving an invoice from the Franchisor, in the amount as amended from time to time in accordance with clause 16.3

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES AND SELLERS OF FRANCHISES ARE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED THEIR OPINION WITH REGARD TO THE CONTENT OR FORM.

Balance Sheet

Studio Pilates International USA Corporation As of September 30, 2025

SEP 30, 2025

Assets

Current Assets

Cash and Cash Equivalents

SPI USA - CAD Airwallex	14.60
SPI USA - GBP Airwallex	135.49
SPI USA - GoCardless	686.48
SPI USA - USD Airwallex	450,644.38
Total Cash and Cash Equivalents	451,480.95

Accounts Receivable	1,285,519.08
Commission Amortizable	68,712.53
Loan - Industries Ltd	178,072.91
Prepayments	13,465.91
Total Current Assets	1,997,251.38

Total Assets	1,997,251.38
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Liabilities and Equity

Liabilities

Current Liabilities

Accounts Payable	302,227.61
Deferred Income	917,477.54
Deferred Tax Liability	(179,801.00)
Federal Income Tax Payable	(34,395.31)
Other Payroll Liability	5.74
Rounding	(0.10)
Sales Tax	20,870.32
Sales Tax Rounding & Variance	(114.95)
SPI USA - AUD Airwallex	322.79
SPI USA - Chase	1,002.84
State Income Tax Payable	301.00
State Income Tax Payable - Colorado	(353.00)
State Income Tax Payable - Kentucky	(644.00)
State Income Tax Payable - Minnesota	(1,736.00)
State Income Tax Payable - New Jersey	87.00
State Income Tax Payable - New York	(2,765.00)
State Income Tax Payable - North Carolina	(907.00)
Suspense	(17,914.21)

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Balance Sheet

SEP 30, 2025

Territory Deposits	21,941.70
Total Current Liabilities	1,025,605.97
Total Liabilities	1,025,605.97
Equity	
Current Year Earnings	985,060.17
Owner's Capital	1.00
Owner's Capital: Owner's Investment	(2,067.00)
Retained Earnings	(11,348.76)
Total Equity	971,645.41
Total Liabilities and Equity	1,997,251.38

● Exchange rates used to convert foreign currency into USD are shown below. Rates are provided by XE.com unless otherwise stated.

• Sep 30, 2025

-  1.51586 AUD (Australian Dollar)
-  1.39275 CAD (Canadian Dollar)
-  0.743945 GBP (British Pound)

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES AND SELLERS OF FRANCHISES ARE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED THEIR OPINION WITH REGARD TO THE CONTENT OR FORM.

Income Statement (Profit and Loss)

Studio Pilates International USA Corporation

For the 9 months ended September 30, 2025

JAN-SEP 2025

Income

Conference Fee Income	15,676.91
Digital Marketing Income - Media	34,155.92
Digital Marketing Income - PM Fee	22,283.65
Education Course Fee Income	75,981.23
Franchise Fee Income	600,000.00
Franchise Launch Package	245,500.00
Marketing Levy Income	151,683.07
Pre-Launch Marketing Income	92,819.08
Sales Product - Architectural	216,160.00
Sales Products - Franchisee AV Setup	299,812.37
Sales Products - Merchandise Racks	7,299.84
Sales Products - Reformers	997,193.74
Service Fee Income	526,878.96
Technology Fee Income	191,632.46
Total Income	3,477,077.23

Cost of Goods Sold

COGS Cloud Fee - Accounting & Bookkeeping	31,937.10
COGS Cloud Fee - MBO	51,344.69
COGS Cloud Fee - Music	13,577.46
COGS Cloud Fee - Wedooh	5,303.01
COGS Cloud Fee - Xero	5,670.09
COGS Prelaunch - Facebook	96,041.49
COGS Prelaunch - Printing & Shipping	8,323.68
COGS Prelaunch - Videographer	6,115.29
COGS Products - Architectural	135,121.48
COGS Products - Franchisee AV Setup	320,774.74
COGS Products - Merchant Racks	5,520.00
COGS Products - Reformers	426,911.15
Course Facilitator - Other	79.46
Course Travel - Meals, Taxis, Ubers	1,058.84
Total Cost of Goods Sold	1,107,778.48

Gross Profit

2,369,298.75

Operating Expenses

Accounting Fees	11,127.31
Accounting Fees - Fed & State Income Tax	37,724.00

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES AND SELLERS OF FRANCHISES ARE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED THEIR OPINION WITH REGARD TO THE CONTENT OR FORM.

Income Statement (Profit and Loss)

JAN-SEP 2025

Accounting Fees - Sales tax	12,871.00
Advertising & Promotions	15,135.00
Audit Fees	77,175.00
Bad and doubtful debts	686.48
Bank Charges	735.00
Bank Revaluations	1,412.81
California State Income Tax	10,400.00
Carriers & Customs	4,146.63
Creative & Production - Photography	1,847.18
Creative & Production - Videography	3,500.00
Domestic Travel - Education	13,209.85
Domestic Travel - Franchise Sales	60,222.94
Domestic Travel - Other	32,244.51
Domestic Travel - Performance Team	(156.05)
Facebook & Instagram	23,251.59
Filing Fees	839.00
Franchise Google Adwords	64,385.10
Franchise Marketing	12,065.00
Franchisee Travel Reimbursement	1,501.00
Franchisor B2B Facebook	6,487.94
Franchisor Subscriptions - Other	1,687.13
Franchisor Subscriptions - Yesware	41.38
Idaho Income Tax	1,400.00
Insurance	9,775.51
Interest Expense	78.52
International Travel - Conference	1,965.10
International Travel - Other	84,402.41
International Travel - Performance Team	(875.81)
Kentucky State Income Tax	215.00
Legal Costs - Other	68,654.11
Membership Fees	3,907.00
Mentor Training Fees	18,357.05
Merchant Fees - Airwallex	53.50
Merchant Fees - Go Cardless	766.00
Merchant Fees - Stripe	7,488.38
MFund - Digital Stack Software Subscription	6,170.69
MFund - Google Adwords	68,767.14
MFund - Paid Digital Advertising	38,215.44
MFund - Photos and Videos	1,847.18
MFund - PR Subscriptions, Media and Events	43,979.91
MFund - Printing	3,940.83

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES AND SELLERS OF FRANCHISES ARE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED THEIR OPINION WITH REGARD TO THE CONTENT OR FORM.

Income Statement (Profit and Loss)

JAN-SEP 2025

MFund - Prizes and Promotions	1,111.62
MFund - Wages	8,492.92
Mileage Reimbursement	2,184.15
Nevada State Income Tax	2,512.50
North Carolina State Income Tax	(11,600.00)
Other Expense	4,878.34
Payroll Insurance	37,136.76
Payroll Tax	9,165.07
Printing & Stationery	18,429.52
Realised Currency Gains	1,479.87
Recruitment Fees	22,000.00
Rent & Outgoings	540.00
Software Expenses	8,380.87
Telephone	1,100.16
Travel - Course Facilitator - Other	5,521.54
Uncoded Expense Items	2,448.20
Unrealised Currency Gains	290.64
Wages	524,712.65
Total Operating Expenses	1,390,432.57
Operating Income	978,866.18
Other Income / (Expense)	
Interest Income	17.94
Other Income	2,122.88
Rebate Income	4,053.17
Total Other Income / (Expense)	6,193.99
Net Income	985,060.17

Exhibit F to Disclosure Document

LIST OF CURRENT FRANCHISEES AS OF ~~DECEMBER~~AUGUST 31,
~~2024~~2025

State	Name	Studio Address	Telephone Number	Email Address
California				
	<u>Lori Beffa* Sharon Mason</u>	<u>Elk Grove, CA (location to be identified) River Street Marketplace, 31896 Paseo Adelanto, Suite #203, San Juan Capistrano, CA 92675</u>	<u>(209) 751-9478 (121) 3700-0456</u>	<u>smason@studiopilates.com</u>
	<u>Sharon Mason Xiyu Liu</u>	<u>River Street Marketplace, 31896 Paseo Adelanto, Suite #203, San Juan Capistrano, CA 92675 100 Grand Lane Suite F, Foster City, CA 94404, USA</u>	<u>(213) 700-0456 (617) 582- 3383</u>	<u>sliu@studiopilates.com</u>
	<u>Xiyu Liu Lori Beffa*</u>	<u>100 Grand Lane 2733-2745 Elk Grove Blvd, Suite F, Foster City 120, Elk Grove, CA 94404, 95758</u>	<u>(617) 582-3383 (209) 751-9478</u>	<u>lbeffa@studiopilates.com</u>
Colorado				
	<u>Laurel Mura</u>	<u>18148 W 92nd Ln, Suite 200, Arvada, CO 80007</u>	<u>(970) 9889088-8022</u>	<u>lmura@studiopilates.com</u>
	<u>Robin Tuck* Sarah Umbach</u>	<u>Castle Rock, Colorado (location to be identified) 2245 Main Street, Building 10, Suite 11, Superior, CO 80027</u>	<u>(719) 338-0523 (720) 517- 1442</u>	<u>sumbach@studiopilates.com</u>

	<u>Sarah Umbach*</u> <u>Robin Tuck</u>	<u>2245 Main Street, Building 10, Suite 11, Superior, CO 80027363 Village Square Dr Suite b105, Castle Pines, Colorado</u>	<u>(720) 517-1442(719) 338-0523</u>	<u>rtuck@studiopilates.com</u>
Florida				
	Jayne Taylor*	<u>Ocala, Florida. (location still to be identified) World Equestrian Center — Ocala, Northwest 80th Avenue, Ocala, FL, USA</u>	<u>(703) 517170) 3517-8062</u>	<u>jtaylor@studiopilates.com</u>
Idaho				
	Stefani Faught*	<u>2263 E Fairview Ave, Meridian, ID 83642, USA</u>	<u>+1 (209) 329-1188</u>	<u>sfaught@studiopilates.com</u>
Kentucky				
	Kathy Abbott	<u>10709 Meeting Street, Prospect, KY 40059</u>	<u>(502) 314-2420</u>	<u>kabbott@studiopilates.com</u>
Massachusetts				
	<u>Karine Baczynski*</u>	<u>Unit 136, The Smith, 89 East Dedham St, Boston, MA</u>	<u>(463) 258-8046</u>	<u>kbczynski@studiopilates.com</u>
Minnesota				
	Tammy Birlew	<u>Suite 432, 420-438 Pond Promenade, Chanhassen, MN 55317</u>	<u>(612) 968-8431</u>	<u>tbirlew@studiopilates.com</u>
	Amber Burrus*	<u>Suite 102, Woodbury Village, 7200 Valley Creek Plaza Suite 102, 1605 Queens Dr,</u>	<u>(502) 314-0830</u>	<u>aburrus@studiopilates.com</u>

		Woodbury, MN 55125		
Nevada				
	Ketti Michele*	279 Los Altos Parkway, Suite 109, Sparks, NV, 89436	(916) 842- 8885	kmichele@studiopilates.com
New Jersey				
	Sekio Santa- Martine Sato- Martini	Shop 16, Pier Village, 50 Chelsea Ave., Long Branch, NJ, 07740	(732) 895- 6120	ssato- martini@studiopilates.com
New York				
	Karine Baczynski*	Brooklyn, NY (location still to be identified)	(463) 258-8046	kbaczynski@studiopilates.com
New York				
	Marisa Fuller	575 4th Avenue, South Slope, Brooklyn, NY	(646) 483- 4748	mfuller@studiopilates.com
	Carla Lewis*	301 W. 110th Street, New York, NY 10026	(917) 627-6369	clewis@studiopilates.com
	Feba Michel	535 Carlton Avenue Ave, Brooklyn, NY, 11238, USA	(631) 793- 5741	fmichel@studiopilates.com
	Jason Wong	653 Metropolitan Avenue, Brooklyn, NY 11211	(551) 232- 1065	jwong@studiopilates.com
	Carla Lewis	301 W 110th St, New York, NY 10026, USA	(917) 627- 6369	clewis@studiopilates.com
	LeAnn Darland*	350 Hudson Street, New York, NY, USA	(415) 713- 8998	ldarland@studiopilates.com
	Magadalen e Romnios*	First Floor, 600 West 57th Street, New York, NY	(917) 474- 4719	mromnios@studiopilates.com
North Carolina				
	Kim Bageant*	Unit 6, Pier 33, 933 Nutt St.	(910) 461- 9168	kbageant@studiopilates.com

		<u>Wilmington, NC</u>		
South Carolina				
	<u>Chantel Graham*</u>	<u>Suite 203, Spears Creek Church Rd & Earth Rd, Columbia, SC 29045, USA</u>	<u>(803) 383-0853</u>	<u>cgraham@studiopilates.com</u>
	<u>Elizabeth Perez-Montes*</u>	<u>Suite 203, Spears Creek Church Rd & Earth Rd, Columbia, SC 29045, USA</u>	<u>(346) 306-6817</u>	<u>eperez-montes@studiopilates.com</u>
Tennessee				
	<u>Naomi Priestley</u>	<u>405 40th Ave N, Nashville, Tennessee TN 37209, USA</u>	<u>(310) 962-9310</u>	<u>npriestley@studiopilates.com</u>
Texas				
	<u>David de Prez*</u>	<u>Lot 11, Suite 111, Coit Marketplace, 9613 Coit Rd, Plano, TX 75025</u>	<u>(469) 388-7689</u>	<u>ddeprez@studiopilates.com</u>
Virginia				
	<u>Kimberley Brown-Mason*</u>	<u>Fredericksburg, VA (site still to be identified)</u>	<u>(210) 264-3328</u>	<u>kbrown-mason@studiopilates.com</u>

* Indicates not yet opened as of ~~December~~August 31, ~~2024~~2025.

EXHIBIT G TO DISCLOSURE DOCUMENT

LIST OF FRANCHISEES THAT LEFT SYSTEM IN THE PAST FISCAL YEAR

None

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>State</u>	<u>Effective Date</u>
California	May 14, 2025
Indiana	May 1, 2025
Illinois	April 29, 2025
Maryland	August 28, 2025
Michigan	May 3, 2025
Minnesota	June 13, 2025
New York	June 2, 2025
Virginia	May 6, 2025
Washington	May 20, 2025

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

RECEIPTS

(Return one signed copy of this receipt to Studio Pilates International USA Corp)

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 Studio Pilates International USA Corp. 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 you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Studio Pilates International USA Corp. 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, D.C. 20580 and the appropriate state agency identified on Exhibit B.

This franchise is offered for sale by Studio Pilates International USA Corp., 246 Hawthorne Road, Hawthorne, Queensland 4171, Australia. Tel. (917) 310-3883. The issuance date of this Disclosure Document is March 14, 2025 (amended ~~June 10~~October 15, 2025). The names and contact information (principal business addresses and telephone number) for the individuals involved in the sale of this franchise are:

_____.

I received a disclosure document from Studio Pilates International USA Corp., dated as of March 14, 2025 (amended ~~June 10~~October 15, 2025), that included the following Exhibits:

- A Franchise Agreement and Related Agreements
- B State Administrators
- C Table of Contents of Operations Manual
- D Financial Statements
- E State Specific Addenda
- F List of Current Franchisees
- G List of Franchisees that Left System in the Past Year
- H Compliance Questionnaire

Prospective Franchisee

Date: _____

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Prospective Franchisee

Date: _____
