

**DISCLOSURE DOCUMENT**  
**TABLE OF CONTENTS**

<b><u>ITEM</u></b>	<b><u>PAGE</u></b>
1 – THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES .....	1
2 – BUSINESS EXPERIENCE .....	4
3 - LITIGATION .....	4
4 - BANKRUPTCY .....	5
5 – INITIAL FEES .....	5
6 – OTHER FEES .....	7
7 – ESTIMATED INITIAL INVESTMENT .....	12
8 – RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES .....	17
9 – FRANCHISEE’S OBLIGATIONS .....	<del>22</del> <u>23</u>
10 – FINANCING .....	24
11 – FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING .....	24
12 – TERRITORY .....	34
13 – TRADEMARKS .....	36
14 – PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION .....	39
15 – OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS .....	<del>40</del> <u>41</u>
16 – RESTRICTIONS ON WHAT THE FRANCHISEE WILL SELL .....	41
17 – RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION .....	44
18 – PUBLIC FIGURES .....	53
19 – FINANCIAL PERFORMANCE REPRESENTATIONS .....	53
20 – OUTLETS AND FRANCHISEE INFORMATION .....	55
21 – FINANCIAL STATEMENTS .....	58
22 - CONTRACTS .....	58
23 - RECEIPTS .....	58

**EXHIBITS:**

- A – State Administrators/Agents for Service of Process
- B – Franchise Agreement (including State Addenda)
- C – Development Agreement (including State Addenda)
- D – Applicant Confidentiality Agreement and Authorization
- E – Franchise Application
- F – State Addenda to Franchise Disclosure Document
- G – List of Current Franchisees
- H – List of Former Franchisees
- I – Financial Statements
- J – Table of Contents to Brand Standards Manual
- K – State Effective Dates
- L – Receipts

## Development Agreement

If you sign the Development Agreement, you must pay us a separate Development Fee equal to \$5,000 multiplied by the total number of Strong Pilates Studios to be developed under the Development Agreement.

In most cases, you must sign the Franchise Agreement for your first Strong Pilates Studio at the same time you sign the Development Agreement, and you must pay the Development Fee and the full initial franchise fee for your first Strong Pilates Studio at that time.

The Development Fee is not refundable once paid.

### **ITEM 6 OTHER FEES**

The following fees are payable by you to us under the Franchise Agreement. None of these fees are refundable once paid unless expressly noted below:

Type of Fee	Amount	Due Date	Remarks
Franchise Royalty Fee	8% of Revenue (See Note 1).	Payable to us each month (seven days after the last date for each month during the term of the Franchise Agreement in respect of the Revenue for the previous month, payable by direct deposit). Notwithstanding the above, the Franchise Royalty Fee is not payable by you from the date of the Franchise Agreement, for the first 3 months following the opening date of your Strong Pilates Studio.	
Technology Fee	An amount we set for each calendar year based on our then current estimated costs and payable in installments on a monthly basis; currently \$250 per month per Strong Pilates Studio, <u>but capped at \$1,500 per month during the term of the Franchise Agreement.</u>	Payable to us on a monthly basis following the opening date of your Strong Pilates Studio.	The Technology Fee is for technology-based expenditures with respect to the Strong Software and other systems related to the development and operation of Strong Businesses, and may include a lead management system, TV technology, Intranet, Website and other software services.  Strong may increase the Technology Fee with 60 days' notice to reflect changes to the cost of providing Technology to the Network.
Local Marketing Spend	Minimum of 1.5% of Revenue.	Payable by you on a monthly basis.	This is a minimum amount you must spend yourself in your geographic area on approved local marketing and advertising initiatives.

Type of Fee	Amount	Due Date	Remarks
Marketing Fund/ Marketing Fund Contribution	2% of Revenue	Payable to us each month (seven days after the last date for each month during the term of the Franchise Agreement in respect of the Revenue for the previous month, payable by direct deposit).  Your obligation to pay us the Marketing Fund Contribution commences three months following the opening date of your Strong Pilates Studio.	We created the Marketing Fund in September 2024.
New Term Fee	\$10,000, plus our <u>actual</u> out-of-pocket expenses.	Payable to us at time of new term.	
Training and Seminars	If we require your attendance at education programs/training sessions sponsored or held by us, we may charge you a fee for such attendance, <u>up to \$5,000</u> .	Payable at time of training to us and/or third parties.	Training and seminars will be at your cost, including all travel, accommodation and meal expenses. In addition, Franchise must, at your own cost: (i) ensure that your Manager is approved by us prior to commencing management of the Strong Pilates Studio; (ii) ensure that your Manager attends and completes the Initial Training Program, Strong Academy, and any other required training program; (iii) ensure that your Manager obtains any accreditations specified by us; and (iv) train each of your Workers in the operation of the Strong Pilates Studio.
Strong Academy Fee	\$9,000.00 plus any applicable <u>actual</u> tax for a private studio Strong Academy	Payable to us prior to the commencement of the Strong Academy and as invoiced	Your Workers that Strong considers necessary to efficiently operate the Business must, at a time and in the manner we consider necessary complete the Strong Academy to the satisfaction of Strong.  Strong may increase the Strong Academy Fee by giving 60 days' notice to the Franchisee to reflect changes to the cost of providing the Strong Academy.
Meetings and Conferences	Our then current fee, <u>capped at \$1,500 per day per person</u> .	Payable to us and/or third parties at time of meeting.	You or your Manager must, at your cost, attend meetings and conferences, which may be anywhere within the United States.
Minimum	<u>Your actual</u>	Payable to us and/or third parties at time	If you fail to achieve the Minimum

Type of Fee	Amount	Due Date	Remarks
Performance Criteria	Meeting attendance costs plus cost of any additional required training, capped at <u>\$1,500 per day per person</u> .	of meeting/training.	Performance Criteria (as described below in Section 18), you and your Manager must attend a meeting held by Strong, at your cost, to discuss the performance of the Strong Pilates Studio. Strong may also require any or all of you, your Manager and your Workers (as defined below in Section 9.D) to undertake additional training, at your cost.
Maintain and Upgrade the Strong Pilates Studio	Actual cost of upgrades.	From time to time. Payments made to approved contractors and/or third parties.	You must complete any day-to-day maintenance issues and comply with our reinvestment criteria specified in the Brand Standards Manual. You must also complete a Premise Upgrade (as defined in the Franchise Agreement) within two months after receiving a notice from Strong to do so. A complete Fit Out is required as part of the Premises Upgrade.
Purchase of all Equipment, Supplies and Inventory	Actual cost of equipment, supplies and inventory.	Payments made at the time of the purchases to Strong or suppliers approved or designated by Strong.	You must maintain adequate inventory of certain Approved Products, Approved Supplies, and Equipment, as specified by Strong from time to time. You must make upgrades to equipment as required.
Modifications to the Franchise System	Actual cost.	From time to time. Payments will either be made to Strong or third-party suppliers or contractors.	You will abide by all new standards and implementations required by Strong at your expense.
Promotional Programs	Actual cost.	Payable as required.	You must participate in promotional activities and market research programs conducted or reasonably required by Strong and market and promote the Strong Pilates Studio locally at your cost.
Customer Loyalty Programs	Actual cost.	Payable to us as required.	You must participate in any customer loyalty program (“Customer Loyalty Program”) established and operated by Strong and purchase from Strong the cards, application forms and other materials for use in connection with same. We may pay for all or a portion of these programs through the Technology Fee.
Customer Complaints	Actual cost.	Payable to us and/or customers as required.	You must redress, all customer complaints at your own cost. If Strong acts to redress a customer complaint due to the failure of you to satisfactorily redress the complaint, you must pay the reasonable costs incurred by

Type of Fee	Amount	Due Date	Remarks
Indemnity	Actual cost.	Payable to us and other indemnified parties as required.	
Late Fees and Interest Rate	An amount equal to the lesser of 1.5% of overdue balance or the maximum rate allowed by law	Payable to us on demand.	If you fail to pay any amount to Strong, you must pay interest on that amount at the rate of 12% per annum, calculated daily and compounding monthly, from the time the amount should have been paid until it is paid.
Power of Attorney	Actual cost.	Payable as to us on demand.	If you and your Guarantor(s) breach any provision of the Franchise Agreement or any related agreement or at the end of the Strong Pilates Studio the Attorney (as defined in the Franchise Agreement) may, in the name and at the cost of either you or the Guarantor(s), do anything required to be done that you and your Guarantor(s) have not done. This includes the execution and delivery of documents, transfers, assignments, deeds, forms, notices or other instruments.

**Notes:**

[None of these fees are refundable once paid unless expressly noted above.](#)

1. **“Revenue”** means the aggregate of prices charged or chargeable by you and all other income and remuneration received or receivable by you in the operation of the Strong Pilates Studio and: (a) includes the proceeds of your business interruption insurance policy and any promotional fees, commissions or other income received from any suppliers of products or services; but (b) excludes (i) the amount of any tax imposed by any federal, provincial, municipal or governmental authority directly on sales and collected from customers if such tax is added to the selling price and actually paid by you to such governmental authority; and (ii) any sales credits such as the sale price of any products returned by customers of the Strong Pilates Studio where cash or allowances have been refunded or made to the customer.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**Your Estimated Initial Investment**

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Made
Initial Franchise Fee <sup>(1)</sup>	\$59,000	As arranged	On Signing of the Development Agreement or Franchise Agreement	Us

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	1.1(60), 3.2, 3.3, 3.4, Item 14 in Schedule 1	<p>Renewal requirements include: (a) giving us written notice of your option to renew not more than nine months and not less than six months before the end of the initial term; (b) at the date of giving notice and at the end of the initial term of the Franchise Agreement, there is no breach of the Franchise Agreement or any related agreement that has not been remedied; (c) you have not be in repeated breach of the Franchise Agreement or any related agreement (whether remedied or not) during the initial term; (d) you have consistently met the Minimum Performance Criteria during the initial term; you pays all amount owed, including the New Term Fee equal to \$10,000, and reimbursement of all legal costs and other costs and expenses incurred by us incidental to the exercise of the new term; you satisfy your right to occupy the Premises for at least the duration of the new term; (e) you, the Guarantor and any Interested Party must execute and return to us: i) our then standard <a href="#">form of</a> franchise agreement (which may contain materially different terms and conditions from the original franchise agreement <a href="#">you signed</a>); ii) any agreement documenting your right to occupy the Premises; and iii) all other documents required by us for exercise of the new/renewal term, including, without limitation, a release of any and all claims against us and our officers, directors, agents, and employees, excepting any claims under an applicable franchise law statute that are not permitted to be waived or released under the statute; (f) within one month after you have delivered said documents to us, you, your Manager and the key Workers/employees of you must, at your cost, complete the then current initial training program, or other required training; and (g) you must conduct a Premise Upgrade if required by us.</p> <p>If we permit you to continue to operate the Strong Pilates Studio after expiry of the initial term or any New Term then: i) you must continue to operate the Strong Pilates Studio on a monthly basis; ii) Studio continues on the same terms and conditions so far as applicable to a monthly license as are contained in the Franchise Agreement; and iii) the monthly license may be terminated without any cause or reason by either party giving to the other one month’s written notice which may expire on any day.</p>
d. Termination by franchisee	Not Applicable	You may have rights to terminate under applicable law.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	33	We may terminate if you breach the Franchise Agreement.

**FRANCHISEE REVENUE FOR A SINGLE FRANCHISED STRONG BUSINESS DURING THE SEVEN-MONTH PERIOD FROM SEPTEMBER 2024 THROUGH MARCH 2025**

This analysis contains actual, historical Revenue data for the 1 franchised Strong Business that was open and operating during a portion of our 2024 fiscal year and our 2025 fiscal year to date.

The 1 Strong Business included in this analysis was opened in San Antonio, Texas by a third-party franchisee in September 2024 and therefore has operated for 7 full calendar months through March 2025. No other Strong Businesses were open and operating during our 2024 fiscal year or as of the date of this Disclosure Document.

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

<b>Month</b>	<b>Revenue</b>
September 2024	\$40,114.19
October 2024	\$41,211.94
November 2024	\$52,140.88
December 2024	\$58,024.07
January 2025	\$58,066.21
February 2025	\$60,153.11
March 2025	\$69,043
<b>TOTAL REVENUE (7 Calendar Months)</b>	<b>\$378,753.40</b>

\*Of the total Revenue, \$366,025.21 was earned through our CORE membership program and \$12,728.19 was earned through our ClassPass program. See Notes 2 and 3 below.

Notes

1. “Revenue” has the same meaning as in the Franchise Agreement, namely “the aggregate of prices charged or chargeable by the Franchisee and all other income and remuneration received or receivable by the Franchisee in the conduct of the Business and includes the proceeds of the Franchisee’s business interruption insurance policy and any promotional fees, commissions or other income received from any suppliers of products or services; but excludes (i) the amount of any tax imposed by any federal, state, municipal or governmental authority directly on sales and collected from Customers if such tax is added to the selling price and actually paid by Franchisee to such governmental authority, and (ii) any sales credits such as the sale price of any products returned by Customers where cash or allowances have been refunded or made to the Customer.”

~~Revenue data figures for the franchised Strong Business were reported to us. We have not audited or verified the reports, nor have we confirmed that their reports are prepared in accordance with generally accepted accounting principles.~~

2. “CORE” is our current Customer management software that tracks memberships, membership agreements and membership fees.

3. “ClassPass” is a third-party aggregator platform where users can book into a session via the ClassPass app. ClassPass remits fees to the Strong Business based on bookings and attendance.

Some Strong Businesses have ~~achieved the sales and other results in this analysis~~sold this amount. Your individual results may differ. There is no assurance that ~~you will achieve sales and other results at the levels reflected in this analysis~~you'll sell as much.

Except as set forth above, we do 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 Mark Francis Armstrong at Creative Cubes, Level 5/111 Cecil St., South Melbourne, Victoria, Australia, 3205 and 011-3-61-422-096-604, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR FISCAL YEARS 2022 TO 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
<b>Total Outlets</b>	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2024</b>	<b>0</b>	<b>1</b>	<b>1</b>

\*Our fiscal year end is December 31. Therefore, the 2022 fiscal year ended December 31, 2022, the 2023 fiscal year ended December 31, 2023, and the 2024 fiscal year ended December 31, 2024.

\*\*This chart and the other charts in Item 20 only include Strong Pilates Studios in the United States.

**TABLE 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN US)  
FOR YEARS 2022 TO 2024**

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
<b>Total</b>	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>
	<b>2024</b>	<b>0</b>

**Addendum to Disclosure Document  
Pursuant to the Maryland Franchise Registration and Disclosure Law**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of Maryland:

1. Item 5 is amended to add the following:

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

12. Item 17, under the Summary column of parts (c) and (m), is amended to include the following paragraph:

A general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

23. Item 17, under the Summary column of part (h), is amended to include the following sentence:

A provision in the Development Agreement/Franchise Agreement that provides for termination on your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

34. Item 17, under the Summary column of part (v), is modified to include the words “A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

45. Item 17 is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

No statement, questionnaire, or acknowledgment signed or agreed to by Strong 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 Strong. This provision supersedes any other term of any document executed in connection with the franchise.

**MICHIGAN ADDENDUM TO DISCLOSURE DOCUMENT**

**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 Development Agreement/Franchise Agreement, from settling any and all claims.**

Development Agreement/Franchise 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. Specifically, we cannot require you to consent to us obtaining injunctive relief, however, we may seek such relief through the court system.

7. To the extent that any condition, stipulation or provision contained in the Development Agreement/Franchise Agreement (including any choice of law provision) purports 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 with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the nonwaiver provision of the Minnesota Franchises Law.
87. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
8. [Due to the negative financial condition reported in the franchisor's most recent financial statement, the Commissioner of Commerce for the State of Minnesota requires that franchisor defer payment of initial franchise fees until business opens.](#)
9. No statement, questionnaire, or acknowledgment signed or agreed to by Strong 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 Strong. This provision supersedes any other term of any document executed in connection with the franchise.

**Addendum to Disclosure Document  
Pursuant to the New York Franchise Sales Act**

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 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, the following applies to the franchisor, its predecessor, 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.

**AMENDMENT TO STRONG PILATES US, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

The Strong Pilates US, Inc. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “You”) and Strong Pilates US, Inc. (“Franchisor”) dated \_\_\_\_\_ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

**MARYLAND LAW MODIFICATIONS**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. Sections 14-201 - 14-233 (1998 Repl. Vol. & Supp. 2002). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- c. This Agreement requires litigation to be conducted in a forum other than the State of Maryland. The requirement will not be interpreted to limit any rights Franchisee may have under Sec. 14-216 (c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland.
- d. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release will exclude claims arising under the Maryland Franchise Registration and Disclosure Law, and such acknowledgments will be void with respect to claims under the Law.
- e. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law. Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise.
- f. [Section 41.12 entitled “Receipt of Disclosure” is deleted and not applicable in the State of Maryland.](#)
- g. [Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.](#)

2. No statement, questionnaire, or acknowledgment signed or agreed to by Strong 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

Strong. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

~~4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.~~

~~IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby.~~ The parties have duly executed and delivered this Amendment to the Franchise Agreement on \_\_\_\_\_, \_\_\_\_\_.

**FRANCHISOR**

**Strong Pilates US, Inc.,  
a Texas corporation**

By: \_\_\_\_\_  
Print Name: \_\_\_\_  
Its: \_\_\_\_\_

Effective Date: \_

**FRANCHISEE**

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Print Name: \_\_\_\_  
Its: \_\_\_\_\_

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

f. If the Franchise Agreement and/or the Franchise Disclosure Document requires Franchisee to sue Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

g. Minn. Rule 2860.4400J. prohibits Franchisor from requiring You to consent to liquidated damages and prohibits waiver of a jury trial. If the Franchise Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Minn. Rule, the provisions of the Franchise Agreement and/or the Franchise Disclosure Document shall be superseded by the Minn. Rule's requirements and shall have no force or effect.

h. Due to the negative financial condition reported in the franchisor's most recent financial statement, the Commissioner of Commerce for the State of Minnesota requires that franchisor defer payment of initial franchise fees until business opens.

2. No statement, questionnaire, or acknowledgment signed or agreed to by Strong 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 Strong. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Agreement and/or the Franchise Disclosure Document shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on \_\_\_\_\_, \_\_\_\_\_.

<p><b>FRANCHISOR</b></p> <p><b>Strong Pilates US, Inc., a Texas corporation</b></p> <p>By: _____ Print Name: _____ Its: _____</p> <p>Effective Date: _</p>	<p><u>h.</u></p> <p><b>FRANCHISEE</b></p> <p>_____</p> <p>_____</p> <p>By: _____ Print Name: _____ Its: _____</p> <p>Date: _____</p>
--	--

**AMENDMENT TO STRONG PILATES US, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF NEW YORK**

The Strong Pilates US, Inc. Franchise Agreement between \_\_\_\_\_ (“Franchisee” or “You”) and Strong Pilates US, Inc. (“Franchisor”) dated \_\_\_\_\_ (the “Franchise Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Franchise Agreement (the “Amendment”):

**NEW YORK LAW MODIFICATIONS**

IN WITNESS WHEREOF, Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on \_\_\_\_\_, \_\_\_\_\_.

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989). To the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If Franchisee is required in the Franchise Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release will exclude claims arising under the New York General Business Law, Article 33, Section 680 through 695 and the regulations promulgated thereunder, and such acknowledgments will be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.
- b. If the Franchise Agreement requires that it be governed by a state's law, other than the State of New York, the choice of law provision will not be considered to waive any rights conferred upon Franchisee under the New York General Business Law, Article 33, Sections 680 through 695.
- c. Notwithstanding any rights you may have in the Franchise Agreement permitting You to terminate the Franchise Agreement, You may also have additional rights to terminate the Franchise Agreement on any grounds available by law.
- d. With respect to any transfer or assignment by Franchisor, no assignment will be made except to an assignee who, in good faith and judgment of Franchisor, is willing and financially able to assume Franchisor's obligations under the Franchise Agreement.

2. No statement, questionnaire, or acknowledgment signed or agreed to by Strong 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 Strong. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the New York law applicable to the provision are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Franchise Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

i.

**AMENDMENT TO STRONG PILATES US, INC.  
DEVELOPMENT AGREEMENT  
FOR THE STATE OF MARYLAND**

The Strong Pilates US, Inc. Development Agreement between \_\_\_\_\_ (“Developer” or “You”) and Strong Pilates US, Inc. (“Franchisor”) dated \_\_\_\_\_ (the “Development Agreement”) will be amended by the addition of the following language, which will be considered an integral part of the Development Agreement (the “Amendment”):

**MARYLAND LAW MODIFICATIONS**

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. Sections 14-201 - 14-233 (1998 Repl. Vol. & Supp. 2002). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The general release required as a condition of renewal, sale and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b. This Agreement is hereby amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- c. This Agreement requires litigation to be conducted in a forum other than the State of Maryland. The requirement will not be interpreted to limit any rights Developer may have under Sec. 14-216 (c)(25) of the Maryland Franchise Registration and Disclosure Law to bring suit in the state of Maryland.
- d. If Developer is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release will exclude claims arising under the Maryland Franchise Registration and Disclosure Law, and such acknowledgments will be void with respect to claims under the Law.
- e. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. This Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law. Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law resulting from the offer or sale of the franchise.
- f. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, the franchisor agrees to defer all development fees and initial payments by area developers until the first franchise under the development agreement opens for business.

2. No statement, questionnaire, or acknowledgment signed or agreed to by Strong 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 Strong. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Amendment will be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment will have no force or effect if such jurisdictional requirements are not met.

~~4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.~~

~~IN WITNESS WHEREOF, Developer acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby.~~  
The parties have duly executed and delivered this Amendment to the Development Agreement on \_\_\_\_\_, \_\_\_\_\_.

**FRANCHISOR**

**DEVELOPER**

**Strong Pilates US, Inc.,  
a Texas corporation**

\_\_\_\_\_  
\_\_\_\_\_

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

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

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

Act.

e. If the Development Agreement and/or the Franchise Disclosure Document requires that it be governed by a state's law, other than the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

f. If the Development Agreement and/or the Franchise Disclosure Document requires Developer to sue Franchisor outside the State of Minnesota, those provisions shall not in any way abrogate or reduce any rights of Developer as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

g. Minn. Rule 2860.4400J. prohibits Franchisor from requiring You to consent to liquidated damages and prohibits waiver of a jury trial. If the Development Agreement and/or the Franchise Disclosure Document contains a provision that is inconsistent with the Minn. Rule, the provisions of the Development Agreement and/or the Franchise Disclosure Document shall be superseded by the Minn. Rule's requirements and shall have no force or effect.

[h. Due to the negative financial condition reported in the franchisor's most recent financial statement, the Commissioner of Commerce for the State of Minnesota requires that franchisor defer payment of initial development fees and initial franchise fees until the first business opens.](#)

2. No statement, questionnaire, or acknowledgment signed or agreed to by Strong 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 Strong. This provision supersedes any other term of any document executed in connection with the franchise.

3. Each provision of this Agreement and/or the Franchise Disclosure Document shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. As to any state law described in this Amendment that declares void or unenforceable any provision contained in the Development Agreement, Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.