

FRANCHISE DISCLOSURE DOCUMENT



Water Babies US Franchise LLC
a Delaware limited liability company
115 E Pennsylvania Ave, Suite 16
Southern Pines, NC 28387
833-268-5650
waterbabiesusa.com

Water Babies US Franchise LLC (“**Water Babies**”) is offering franchises for the use of the design mark WATER BABIES® and related trademarks and service marks for the operation of a business offering swimming and water survival instruction services to babies, toddlers, and children and the sale of underwater photographic services and retail product sales from one or more rented pools (“**Water Babies Business**”).

The total investment necessary to begin operation of a Water Babies franchised business is ~~\$102,650~~102,375 to ~~\$164,217~~163,742, including ~~\$77,625~~77,350 to ~~\$88,745~~88,270 that must be paid to the franchisor.

The total investment necessary to enter into a Multi-Unit Development Agreement for the right to develop three (3) Water Babies franchised businesses and to begin operations as a Multi-Unit Developer is ~~\$181,540~~181,375 to ~~\$243,132~~242,742. This includes ~~\$156,515~~156,350 to ~~\$167,660~~167,270 that must be paid to the franchisor.

The disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Carl Higgins at 115 E Pennsylvania Ave, Suite 16, Southern Pines, NC 28387 at carl.higgins@waterbabies.co.uk, 833-268-5650.

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. Information comparing franchisors is available. Call your state agency or your public library for sources of information. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” is available from the FTC. You can contact the FTC at 1-877-FTCHELPHelp or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

The issuance date: April 3, 2026

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit development agreement requires you to resolve disputes with the franchisor by arbitration or litigation only in North Carolina. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in North Carolina than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if you r franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than the prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
5. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer. _
6. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
7. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services to support you.
8. **Unopened Franchises.** The Franchisor has signed a significant number of Franchise Agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

ITEM 2
BUSINESS EXPERIENCE

CFO – Pete Grimes: Pete Grimes has served as CFO of Water Babies US Franchise LLC since its inception in January 2025. He has served as the CFO of Water Babies Group Limited in Devon, England since September 2012.

President of North America – Carl Higgins: Carl Higgins has served as the President of North America of Water Babies US Franchise LLC since January 2026. He previously served as our VP of North America for Water Babies US Franchise LLC from January 2025 through December 2025. Mr. Higgins previously served as the Associate Director of International of Water Babies Group Limited in Devon, England from February 2024 to December 2024 and as the International Business Manager of Water Babies Group Limited in Devon, England from June 2023 to February of 2024. Prior to June 2023, Mr. Higgins served as the Franchise Business Manager of Water Babies Group Limited in Devon, England from October 2020 to June 2023.

Vice President of Operations – Mike Conlon: Mike Conlon has served as Vice President of Operations of Water Babies US Franchise LLC, [in Boynton Beach, Florida](#), since February 2026. He has served as a Consultant for Conlon Corp in Boynton Beach, FL since August 2024. Mr. Conlon previously worked as General Manager/Integrator at Florida Construction Connection from July 2025 through November 2025 in Deerfield Beach, FL and as Operations Manager for Accelerated Services Franchising from April 2025 through July 2025 in Boynton Beach, FL. Mr. Conlon previously served as Chief Operating Officer at Kidcreate Studio Franchising from October 2019 through October 2024, [in Boynton Beach, Florida](#).

Chief Marketing Officer – Natasha Khojasteh: Natasha Khojasteh has served as our Chief Marketing Office since January 2026. From January 2025 through December 2025, she served as the the VP of Brand and Marketing of Water Babies US Franchise LLC. Ms. Khojasteh has served as the Director of Brand and Marketing of Water Babies Group Limited in Devon, England since April 2018.

Director International Marketing - Katie Herridge: Katie Herridge has served as the Director of International Marketing of Water Babies US Franchise LLC since January 2025. Ms. Herridge has served as the Director of International Marketing of Water Babies Group Limited in Devon, England since September 2024, as its Senior Brand Manager from June 2021 to September 2024, and Brand Manager d from January 2019 to June 2021.

Marketing Manager - Chukwuemeka Diayi:

Chukwuemeka Diayi has served as US Marketing Manager of Water Babies US Franchise LLC since March 2026, [in Boca Raton, Florida](#). Mr. Diayi previously served as Marketing Manager for The ID Fund, [in Boca Raton, Florida](#) from November 2022 to February 2026, as Head of Digital Marketing and Social Media for Central Bark USA, [in Boca Raton, Florida](#) from June 2019 to November 2022 and as Marketing & Social Media Manager for a British Swim School Franchise Business, from March 2018 to May 2019, [in Boca Raton, Florida](#).

Chief Product Officer - Aine Halton-Hanley: Aine Halton-Hanley has served as our Chief Product Officer since January 2026. She previously served as our VP of Aquatics from January 2025 until December 2025. Ms. Halton-Hanley has served as Director of Aquatics of Water Babies Group Limited in Devon, England since January 2024 and, from January 2023 to January 2024, as its Project Manager Ms. Halton-Hanley previously served as an instructor, franchisee, and Director of Water Babies Wiltshire, Bath and Bristol Ltd, in Wiltshire, England from May 2014 to January 2023.

Managing Director of Technology - Dan Brimmicombe: Dan Brimmicombe has served as Managing Director of Technology of Water Babies US Franchise LLC since its January 2025. Mr. Brimmicombe served as Associate Director of Technology of Water Babies Group Limited in Devon, England since August 2024 and as its Head of Technology from September 2018 to August 2024.

Director of Strategic Partnerships - Elyse Kelly: Elyse Kelly has served as the Director of Strategic Partnerships of Water Babies US Franchise LLC since February 2025. Ms. Kelly has been the owner and operator of Oakshade Events in Tallahassee, Florida since November 2023. She previously served as the Director of Location Services for British Swim School in Virginia Beach, Virginia from May 2017 through October 2023.

developed. At the time of signing, you must also pay a reduced Initial Franchise Fee of \$44,000 for the second Water Babies Business, and a reduced Initial Franchise Fee of \$35,000 for each additional Water Babies Business to be opened under the Multi-Unit Development Agreement. All Initial Franchise Fees are fully earned by us at the time you sign the Multi-Unit Development Agreement and are not refundable for any reason.

Additional Fees Due Prior to Opening

You will be required to pay between \$16,350 and \$21,270 prior to the opening of your Water Babies Business. These fees will cover the cost of the following: (i) \$1,500 Technology Fee to cover website maintenance and services for the first 3 months of operation, (ii) between \$200 and \$285 for the Cloud Services Subscription Fee, (iii) between \$5,500 and \$8,000 for the Right Start Franchise Kit, (iv) \$9,150 for the Right Start Digital Marketing, and (v) between \$0 and \$2,335 for the Opening Retail Kit. These fees are paid prior to opening and are fully earned upon execution of the franchise agreement, and are non-refundable for any reason.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty † (1)	10% of Gross Revenue per month (per territory) for \$0 - \$400,000; an effective rate of 9% per month for Gross Revenue from \$400,001 - \$600,000; an effective rate of 8% for Gross Revenue over \$600,000.	Payable monthly on or before the 10th of each month or at source	We reserve the right to require you to pay your Royalty on a more frequent basis, including weekly. You may be eligible to receive a rebate of certain Royalties at the end of the year depending on the Gross Revenue you generate in each Territory operated by you.
Minimum Royalty†	\$3,000 per month	Payable monthly on or before the 10th of each month or at source	There is no minimum royalty for the first 12 months from signing the franchise agreement. \$1,000 Payable per month from months 13 to 18 from the date of signing the franchise agreement, \$2,000 payable during months 19 to 30, \$3,000 per month payable from month 31 through the end of the term of your Franchise Agreement.
Brand Fund Contribution† (2)	2% of Gross Revenue	Payable monthly on or before the 10th of each month or at source.	This contribution will be paid to Us and utilized for a system-wide marketing fund (" Brand Fund ") for our use in promoting and building the Water Babies brand.
Local Digital Marketing (3) †	A minimum of \$1,800 per month (\$21,600 per annum) or 3% of Gross Revenue, whichever is greater.	Monthly.	Payable to us or our approved suppliers.
Local Traditional Marketing (4)	\$300 per month or a minimum of \$3,600 per annum.	Monthly or as incurred	Payable to our approved suppliers.
Training for	\$700 for full day training	Payable before the	The cost of travel, lodging, meals and

monthly thereafter for so long as the Territory remains an Active Territory. If you have signed a Multi-Unit Development Agreement with us, and operate more than one Territory, an additional monthly Technology Fee for each additional Active Territory, will be charged, as set forth in the fee table above. We will not charge the additional Territory Technology Fee for any additional Territory until that Territory becomes an Active Territory.

- 7) Cloud Services Subscription Fee. You will pay a Cloud Services Subscription Fee to us, which covers the cost, maintenance, security administration, and support of access to our designated cloud-based communication, productivity, and collaboration systems. These systems may include, but are not limited to, (i) email and calendaring services, (ii) file storage and sharing tools, (iii) office productivity applications, (iv) collaboration tools (including chat and online meetings), and (v) a designated VoIP/telephone system for users who require voice calling as part of their role. Cloud Services Subscription Fees are charged on a per-user, per-month basis and vary depending on the number of users and the type of user access required for their role (for example, instructors may be provisioned with limited-access accounts and office users may require additional voice calling functionality). The Cloud Services Subscription Fee begins when your user accounts are provisioned and activated for your business (the “Cloud Services Activation Date”) and will continue monthly thereafter. We may change the systems we designate from time to time and, if we do, your fees may increase or decrease. We reserve the right to access communications, data, files, or other information stored, transmitted, or processed through these systems in connection with your Water Babies Business, to the extent permitted by applicable law.

- 8) Two-Way SMS Messaging Service Fee. For purposes of the Two-Way SMS Messaging Service Fee, an “Active Office” means an office that is open to the public and has begun handling customer enquiries and/or bookings in the applicable Territory. “Messaging Activation Date” means the date the designated two-way SMS messaging platform is enabled for that Active Office.

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**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT
SINGLE UNIT**

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (2)	\$55,000	\$55,000	Lump sum	Upon signing the Franchise Agreement	Us
Training Fee (3)	\$6,000	\$12,000	Lump sum	Upon signing the Franchise Agreement	Us
3 rd Party Staff Training Fees (4)	\$1,000	\$3,000	As incurred	As specified by 3 rd Party Provider	3 rd Party Provider
Background Check (5)	\$40	\$300	As incurred	As incurred	3 rd Party Provider
Travel and Living Expenses while Training (6)	\$2,000	\$10,000	As incurred	As incurred during training	Airlines, hotels, restaurants, rental car agency
Pool Deposit (7)	\$0	\$8,000	As incurred	As specified in lease	3 rd Party Provider
Pool Usage Fee (8)	\$300	\$13,500	As incurred	As specified in lease	3 rd Party Provider
Cloud Services Subscription Fee (First Three Months) (9)	\$200	\$285	As incurred	Monthly, beginning when your user accounts are provisioned and activated following signing the franchise agreement	Us
Technology Fee (First Three Months After Technology Activation Date) (10)	\$1,500	\$1,500	As incurred	Charged in full on the next regularly scheduled monthly recharge following the Technology Activation Date and monthly thereafter	Us
Computer Hardware and Software (11)	\$1,500	\$3,000	As incurred	As incurred	3 rd Party Provider
Right Start Franchise Kit (12)	\$5,500	\$8,000	As incurred	Before Opening	Us & Approved 3rd Party Provider
Right Start Digital Marketing (13)	\$9,150	\$9,150	As incurred	Before opening	Us & Approved 3rd Party Providers
Opening Retail Kit (14)	\$0	\$2,335	As incurred	Before opening	Us & Approved 3rd Party Providers

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Insurance (15)	\$2,000	\$4,000	As incurred	Before opening	Approved supplier
Additional Funds (First Three Months) (16)	\$15,085	\$30,572	As incurred	As incurred	Employees, suppliers, 3 rd Party Providers
Ada SMS Usage Fees- (17)	\$0	\$200	As-incurred	Payable monthly-based on usage-commencing from the date your Ada-account is activated. Actual costs will vary depending on the volume of SMS-messages sent.	Us
Two Way SMS-Messaging Service Fee-(Estimated First Month)-(18)	\$275	\$275	As-incurred	Payable beginning-when the office is active and enabled-for two-way SMS-messaging.	Us
Local Traditional Marketing(19)	\$3,100	\$3,100	As incurred	As incurred	3rd Party Provider
TOTAL	\$102,650 102,375	\$164,217 163,742			

Notes:

- (1) Type of Expenses. All fees imposed by us are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them. Neither Water Babies nor any agent or Affiliate of ours offers direct or indirect financing of your initial investment.
- (2) Initial Franchise Fee. The Initial Franchisee Fee payable to us.
- (3) Training Fee. The training fee covers the initial training for you and your Aquatics Director, provided you both attend the training simultaneously. If you and your Aquatics Director are trained at different times, an additional training fee of \$6,000 may apply.
- (4) 3rd Party Staff Training Fees. The following courses are required to remain qualified and knowledgeable to run a Water Babies franchise. These courses require recertification at each courses own terms. Course costs vary in price from state to state and at the providers cost discretion. Courses are as follows and costs reflect at time of publishing: Certified Pool Operators Course (ranging from \$350 per person to \$450 per person), Safesport Course (\$20 per person), Shallow Water Lifeguard Qualification (ranges from \$285 per person to \$385 per person), Sexual Harassment Course (\$30 per person), USSSA Swim Instructor Course (\$300 per person).
- (5) Background Check. You and all employees must complete a Background Check to help ensure child safety, build parental trust, and protect your business legally by screening for past offenses

- (14) Opening Retail Kit. You are able to sell a full range of products in accordance with the Water Babies system. During the business launch phase you will have the ability to choose which retail stock you wish to purchase to sell at a profit. Some of these products must be purchased from us.
- (15) Insurance. You must obtain and maintain certain types and amounts of insurance through our approved vendor. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, revenue, number of employees, wages paid, location, business contents and other factors bearing on risk exposure. This estimate contemplates that your Water Babies business will pay an annual fee before you begin teaching swim lessons.
- (16) Additional Funds (First Three Months). These amounts represent our estimate of the amount needed to cover your expenses, based on the experience of Affiliates for opening a Water Babies Business, for the initial three (3) month start-up phase of your Franchised Business. They include an estimate of the funds for a three (3) month period needed to cover start-up costs such as Aquatics Director salary, support staff, payroll & human resources, accountancy & bookkeeping, and bookkeeping software. We estimate that the amount stated will be sufficient to cover ongoing expenses for the first three months of the business, although actual amounts may vary. It is not compulsory for the Franchisee to recruit an Aquatics Director at the commencement of the business but it is recommended that within 12 months this role is in place.
- ~~(17) Ada SMS Usage Fees. Payable monthly, starting from the date your Ada account is activated, and based on usage (SMS credits) for SMS communications sent via Ada, including one-way broadcast messages and other automated or manual outbound SMS messages. SMS costs are usage-based and may vary by message volume, carrier fees, and the rate per message/segment charged by the applicable SMS provider~~
- ~~(18) Two-Way SMS Messaging Service Fee (Estimated First Month). Payable monthly, beginning when the office is active and enabled for two-way SMS messaging. This fee covers access to a designated two-way SMS platform used to send and receive SMS messages for customer enquiries and other customer communications.~~
- (17) Local Traditional Marketing. During the first three months after signing the Franchise Agreement, you are required to spend a minimum of \$3,100 on local traditional marketing activity within your Territory. This includes press releases, community or partnership events, and printing of collateral.

**YOUR ESTIMATED INITIAL INVESTMENT
MULTI-UNIT DEVELOPMENT
(For the right to develop the first of 3 Water Babies Businesses)**

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee for three Water Babies Businesses (2)	\$134,000	\$134,000	Lump sum	Upon signing the Franchise Agreement	Us
Training Fee (3)	\$6,000	\$12,000	Lump sum	Upon signing the Franchise Agreement	Us
3 rd Party Staff Training Fees (4)	\$1,000	\$3,000	As incurred	As specified by 3 rd Party Provider	3 rd Party Provider
Background Check (5)	\$40	\$300	As	As incurred	3 rd Party Provider

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
			incurred		
Travel and Living Expenses While Training (6)	\$2,000	\$10,000	As incurred	As incurred during training	Airlines, hotels, restaurants, rental car agency
Pool Deposit (7)	\$0	\$8,000	As incurred	As specified in lease	3 rd Party Provider
Pool Usage Fee (8)	\$300	\$13,500	As incurred	As specified in lease	3 rd Party Provider
Cloud Services Subscription Fee (9)	\$90 <u>200</u>	\$200 <u>285</u>	As incurred	Monthly beginning when your user accounts are provisioned and activated following signing of the Franchise Agreement	Us
Technology Fee (First Three Months After Technology Activation Date) (10)	\$1,500	\$1,500	As incurred	Charged in full on the next regularly scheduled monthly recharge following the Technology Activation Date and monthly thereafter	Us
Computer Hardware and Software (11)	\$1,500	\$3,000	As incurred	As incurred	3 rd Party Provider
Right Start Franchise Kit (12)	\$5,500	\$8,000	As incurred	Before opening	Us & 3rd Party Provider
Right Start Digital Marketing (13)	\$9,150	\$9,150	As incurred	Before Opening	Us 3rd Party Provider
Opening Retail Kit (14)	\$0	\$2,335	As incurred	Before Opening	Us 3rd Party Provider
Insurance (15)	\$2,000	\$4,000	As incurred	Before opening	Approved supplier
Additional Funds (First Three Months) (16)	\$15,085	\$30,572	As incurred	As incurred	Employees, suppliers, 3 rd Party Providers
Local Traditional Marketing (17)	\$3,100	\$3,100	As incurred	As incurred	3 rd Party Provider
Ada SMS Usage Fees- (Estimated First Month)- (18) <u>TOTAL (20)</u>	\$0 <u>181,375</u>	\$200 <u>242,742</u>	As incurred	Payable monthly based on usage commencing from the date your Ada account is activated. Actual costs will vary depending o the volume of SMS messages sent.	Us
Two Way SMS-	\$275	\$275	As-	Payable monthly-	Us

Type of Expenditure (1)	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is Made
Messaging Service Fee (Estimated First Month)(19)			incurred	beginning on the Messaging Activation Date for your Active Office and monthly thereafter	
TOTAL (20)	\$181,540	\$274,132			

Notes:

- (1) Type of Expenses. All fees imposed by us are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them. Neither Water Babies nor any agent or Affiliate of ours offers direct or indirect financing of your initial investment.
- (2) Initial Franchise Fee. The Initial Franchisee Fee for the first three franchised businesses payable to us.
- (3) Training Fee. The training fee covers the initial training for you and your Aquatics Director, provided you both attend the training simultaneously. If you and your Aquatics Director are trained at different times, an additional training fee of \$6,000 may apply.
- (4) 3rd Party Staff Training Fees. The following courses are required to remain qualified and knowledgeable to run a Water Babies franchise. These courses require recertification at each courses own terms. Course costs vary in price from state to state and at the providers cost discretion. Courses are as follows and costs reflect at time of publishing: Certified Pool Operators Course (ranging from \$350 per person to \$450 per person), Safesport Course (\$20 per person), Shallow Water Lifeguard Qualification (ranges from \$285 per person to \$385 per person), Sexual Harassment Course (\$30 per person), USSSA Swim Instructor Course (\$300 per person).
- (5) Background Check. You and all employees will complete a Background Checks to help ensure child safety, build parental trust, and protects your business legally by screening for past offenses or red flags in employees. It's a vital step for any company working closely with infants and young children.
- (6) Travel and Living Expenses While Training. We provide training, for one trainee, at our location in Renton, Washington or at another location designated by us. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all training program attendees and for airfare, meals, transportation costs and your share of lodging for our representative to provide the on-site training. The low end of the range assumes you live locally to the training facility and travel home each night. The high end of the range assumes you will travel to the location of training.
- (7) Pool Deposit. You will negotiate the pool deposit when you enter an agreement with the owner or operator of the Pool. Your actual costs may vary from our estimates due to location, demand and availability of other swimming pools in your Territory.

as Aquatics Director salary, support staff, payroll & human resources, accountancy & bookkeeping, and bookkeeping software. We estimate that the amount stated will be sufficient to cover ongoing expenses for the first three months of the business, although actual amounts may vary.

- (17) Local Traditional Marketing. During the first three months after signing the Franchise Agreement, you are required to spend a minimum of \$3,100 on local traditional marketing activity within your Territory. This includes press releases, community or partnership events, and printing of collateral.
- ~~(18) Ada SMS Usage Fees. Payable monthly, starting from the date your Ada account is activated, and based on usage (SMS credits) for SMS communications sent via Ada, including one-way broadcast messages and other automated or manual outbound SMS messages. SMS costs are usage based and may vary by message volume, carrier fees, and the rate per message/segment charged by the applicable SMS provider~~
- ~~(19) Two Way SMS Messaging Service Fee (Estimated First Month). Payable monthly, beginning when the office is active and enabled for two-way SMS messaging. This fee covers access to a designated two-way SMS platform used to send and receive SMS messages for customer enquiries and other customer communications.~~
- (20) Total Estimated Initial Investment. These figures represent the costs to establish the first of three Water Babies Businesses under an Area Development Agreement. You will incur all of the costs in the table apart from the Initial Franchise Fee for each Business that it establishes. You should review these figures carefully with a business advisor before making any decision to purchase any Water Babies Business. You may incur additional expenses starting your Water Babies Business. Your costs depend on several factors, including how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and sales levels reached by your Water Babies Business during the initial period.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must establish and operate your Water Babies Business in compliance with your Franchise Agreement and the standards and specifications contained in the Water Babies confidential operations manual (“**Operations Manual**”). We will provide you electronic access to the Operations Manual.

You must provide specified services and sell specified products. The services include providing swimming instruction to children nine and under and provide underwater photography services to customers (“**Services**”). The products include products related to the Services, including but not limited to swim diapers, swimwear, changing mats, swim float boards and swim mirrors (“**Products**”).

We have standards and specifications for your Water Babies Business, equipment, uniforms, supplies, forms, Products, Services, advertising materials and most other services and products used in, sold or provided through your Water Babies Business. We will notify you of our specifications and standards. To maintain our standards of consistent, high quality Products, customer recognition, advertising support, value and uniformity in Water Babies Businesses, you must purchase or lease all of your required equipment, supplies, fixtures, inventory, goods, services and Products used in or sold through your Water Babies Business, per our specifications and standards, only from us or our approved or designated suppliers and distributors. The names of our approved suppliers will be provided in the confidential Operations Manual. We are not, nor are any persons affiliated with us, an approved supplier.

(7) Royalty is calculated at 10% of aggregated Gross Revenue per Territory.

(8) The Marketing Fee (Brand Fund Fee) is calculated at 2% of aggregated Gross Revenue per Water Babies Business.

(9) Net Operating Income is calculated before payment of any compensation or dividend to the owner of the business.

General Notes:

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

(2) **Some Water Babies Businesses have sold or earned this amount. Your individual results may differ. There is no assurance that you'll sell or earn as much.**

(3) Other than the preceding financial performance representation, Water Babies US Franchise LLC 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 Carl Higgins at Water Babies USA Franchising, LLC, 115 E Pennsylvania Ave., Suite 16, Southern Pines, NC 28387, telephone 833-268-5650, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

TABLE NO. 1

Systemwide Outlet Summary
For Fiscal Years 2023, 2024, 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	0	2	+2
	2024	2	2	0
	2025	2	2	0
Total Outlets	2023	0	2	+2
	2024	2	2	0
	2025	2	2	0

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TABLE NO. 2

Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor or an Affiliate)
For Fiscal Years 2023, 2024, 2025

State	Year	Number of Transfers
All States	2023	0
	2024	0
	2025	0
Totals	2023	0
	2024	0
	2025	0

TABLE NO. 3

Status of Franchised Outlets
For Fiscal Years 2023, 2024, 2025

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
All States	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

TABLE NO. 4

Status of Company-Owned Outlets
For Fiscal Years 2023, 2024, 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Washington	2023	0	2	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2

TABLE NO. 5

Projected Openings as of December 31, 2025

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets in Next Fiscal Year	Projected New Company-Owned Outlets in Next Fiscal Year
Alabama	1	0	0
Arkansas	1	0	0
Florida	0	1	0
Georgia	1	1	0
Idaho	1	0	0
Illinois	0	2	0
Michigan	2	1	0
New Jersey	0	1	0
Pennsylvania	1	0	0
North Carolina	0	1	0
South Carolina	1	1	0
Texas	3	3	0
Washington	0	0	0
Totals	11	11	0

During the last three (3) fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak opening about their experience with the Water Babies business.

Exhibit D includes a list of current franchisees and Affiliate-owned Water Babies Businesses, as well as a list of any franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ended December 31, ~~2024~~2025 and any franchisee who has failed to communicate with us within ten weeks of the issuance date of this Franchise Disclosure Document.

If you buy a franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

Section 22 of the Franchise Agreement is hereby deleted in its entirety.

Section 23 of the Multi-Unit Development Agreement is hereby deleted in its entirety.

[The California Department of Financial Protection and Innovation has determined that we, the franchisor, have not demonstrated that we are adequately capitalized and/or that we must rely on franchise fees for our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligation and you are open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.](#)

**ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT**

Illinois law governs the Agreements.

Item 5 of the FDD, Section 5 of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are hereby amended to state:

Payment of the Initial Franchise Fee will be deferred until Franchisor has met its initial obligations to franchisee and franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a form outside of the state of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

FRANCHISOR:

FRANCHISEE:

WATER BABIES FRANCHISING LLC

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. The Franchisee cannot consent to the Franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

10. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contact or rule, whether written or oral, any standard of conduct that is unreasonable.

11. NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.

12. No statement, questionnaire, or acknowledgement signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by Franchisor, any franchise seller, or any other person acting on Franchisor's behalf. This provision supersedes any other term of any document executed in connection with the franchise.

13. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

**VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT**

The following information applies to franchises and franchisees subject to the Virginia retail Franchising Act. Item numbers correspond to those in the main body of the Franchise Disclosure Document:

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

[The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until it has completed its pre-opening obligations under the development agreement.](#)

Item 17

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

Further, any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

[The undersigned does hereby acknowledge receipt of this addendum.](#)

[Dated this _____ day of _____, 20____.](#)

[Franchisor Name](#)

[Prospective Franchisee](#)

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	
Hawaii	Not Registered
Illinois	
Indiana	April 29, 2026
Maryland	
Michigan	April 14, 2026
Minnesota	
New York	
North Dakota	Not Registered
Rhode Island	
South Dakota	Not Registered
Virginia	
Washington	Not Registered
Wisconsin	April 11, 2026

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.