

FRANCHISE DISCLOSURE DOCUMENT

	STRONG PILATES US, INC. a Texas corporation ~~Creative Cubes~~ ~~Level~~ 5/111 Cecil St South Melbourne, Victoria, <u>3205</u> Australia, ~~3205~~ 011-3-61-422-096-604 www.strongpilates.co
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The franchise offered is for the development and operation ~~or~~of one or more fitness training studios that offer customers a Pilates-based workout infused with cardio via specially designed Pilates beds that include a built-in rowing machine, together with related services and products, under the name Strong Pilates.

The total investment necessary to begin operation of a single Strong Pilates Studio ranges from ~~\$373,145~~399,995 to ~~\$811,500~~1,007,300. This includes between ~~\$170,025~~196,875 and ~~\$205,165~~260,965 that must be paid to us or our affiliates. The total investment necessary to begin operations under a development agreement ranges from ~~\$11,000 and \$27,000, which is in addition to the total investment necessary to operate a single Strong Pilates Studio. The additional investment necessary to operate under a development agreement~~425,995 to \$1,034,300. This includes between ~~\$10,000 to \$21,875 and \$25,000~~285,965 that must be paid to us or our affiliates. ~~The total investment necessary to sign a development agreement and begin operation of a Strong Pilates Studio under a franchise agreement ranges from \$384,145 to \$838,500.~~

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 the 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 Mark Francis Armstrong at ~~Creative Cubes, Level~~ 5/111 Cecil St., South Melbourne, Victoria 3205, Australia, ~~3205,~~ telephone: 011-3-61-422-096-604.

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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Date of Issuance: ~~May 1~~April 24, 20256

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits G and H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit I includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Strong Pilates Studio business in my area?	Item 12 and the "Development Area" and "Territory" provisions in the Development Agreement and Franchise Agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Strong Pilates Studio franchisee?	Item 20 or Exhibits G and H list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this Disclosure Document to better understand this franchise opportunity. See the table of

	contents.
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What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The Development Agreement and Franchise Agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The Development Agreement and Franchise Agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the Development Agreement or Franchise Agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your Development Agreement or Franchise Agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The Development Agreement or Franchise Agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your Development Agreement or Franchise Agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The Development Agreement and Franchise Agreement require you to resolve disputes with the franchisor by litigation only in Texas. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Texas than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Franchisor's Right to Buy Back Franchise.** The franchise agreement gives the franchisor a unilateral right to buy your business if franchisor changes ownership or undergoes a corporate reorganization or initial public offering before the franchise expires or is terminated. As a result, you may be required to sell your business for a price that might be below the value of the business if you sold to a third party instead.
- ~~4. **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.~~
- ~~54.~~ **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.
- ~~65.~~ **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
- ~~76.~~ **Spousal Liability.** At the Franchisor's request, your spouse must sign a document making your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.

7. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

8. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

— Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Strong is Strong Pilates US, Inc. To simplify the Disclosure Document, Strong Pilates US, Inc. is referred to as “Franchisor,” “Strong,” “we,” “us,” or “our”. “You” means the person or legal entity who buys the development rights and/or franchise, the “Developer” or “Franchisee”. If you are a corporation, limited liability company, partnership or any other type of legal entity, we will require certain equity owners (referred to as “Guarantors”) that we designate to personally guarantee, and be personally bound by, some or all of your obligations under the Development Agreement or the Franchise Agreement.

Us

We are a Texas corporation formed on February 3, 2023. Our principal place of business in the United States is ~~Creative Cubes, Level 5/111 Cecil St., South Melbourne, Victoria 3205, Australia, 3205.~~ We maintain a principal mailing address in the United States at 9901 Brodie Lane, Suite 160, PMB PMB1564, Austin, Texas 78748. We do business under our corporate name and under our trade names “Strong Pilates” and “Strong Pilates Studios”. We do not do business or intend to do business under any other name. Our agents for service of process are listed in Exhibit A.

We do not directly own or operate any Strong Pilates Studios as of the date of this Disclosure Document. We began offering franchises for the operation of Strong Pilates Studios ~~with the issuance of this Disclosure Document~~ in April 2024. We have not offered franchises in any other line of business.

Our Parents, Predecessors and Affiliates

Our parent is Strong Pilates Holdings Pty Ltd., a proprietary limited company formed under the federal laws of Australia with a principal business address of 91 Brighton Road, Elwood, Victoria, Australia 3184. Our parent has never operated or franchised Strong Pilates Studios, and has never offered franchises in any other line of business.

We do not have any predecessors required to be disclosed in this Disclosure Document.

Our affiliate Strong Pilates IP Pty Ltd, a proprietary limited company formed under the federal laws of Australia with a principal business address of 91 Brighton Road, Elwood, Victoria, Australia 3184, owns the Strong Pilates IP (defined below) and has licensed it to ~~we~~us and our affiliates to operate and franchise Strong Pilates Studios around the world. Our affiliate Strong Pilates IP Pty Ltd has never operated or franchised Strong Pilates Studios, and has never offered franchises in any other line of business.

Our affiliate Strong Pilates Franchising Pty Ltd., a proprietary limited company formed under the federal laws of Australia with a principal business address of 91 Brighton Road, Elwood, Victoria, Australia 3184, has offered and sold franchises for Strong Pilates Studios in Australia since ~~2019~~January 2020 and in New Zealand since April 2022. It has never operated any Strong Pilates Studios directly, and it has never offered franchises in any other line of business.

Our affiliate Strong Pilates Canada Ltd., a corporation incorporated under the laws of Ontario with a principal business address of 40 King Street West, Suite 2100, Toronto, Ontario, Canada M5H 3C2, has offered master franchises and franchises for Strong Pilates Studios in Canada since July 2022. It has never operated any Strong Pilates Studios directly, and it has never offered franchises in any other line of business.

Our affiliate Strong Pilates (Singapore) Pte. Ltd., a private company formed under the laws of Singapore with a principal business address of 100 Tras Street, #16-01, 100 AM, Singapore 079027, has offered franchises in Singapore and master franchises in Japan, South Korea, and Malaysia for Strong Pilates Studios since [March 2023](#). [It has never operated any Strong Pilates Studios directly, and it has never offered franchises in any other line of business.](#)

Our affiliate Strong Pilates Franchising UK Limited, a private company formed under the laws of the UK with a principal business address of Farnham Road, Guildford, Surrey, United Kingdom, GU1, has offered franchises in the United Kingdom and certain countries in Europe since [December 2024](#). [It has never operated any Strong Pilates Studios directly, and it has never offered franchises in any other line of business.](#)

[Our affiliate Strong Pilates Global Pty Ltd, a proprietary limited company formed under the federal laws of Australia with a principal business address of 91 Brighton Road, Elwood, Victoria, Australia 3184, sells products and provides related support to Strong Pilates franchisees and affiliated entities in connection with the Strong Pilates system.](#)

The Franchise Offered

The Strong Pilates franchise system (the “System”) relates to the establishment and operation of fitness training studios that offer customers a Pilates-based workout infused with cardio via specially designed Pilates beds that include a built-in biking or rowing machine (each, a “Bikeformer Machine” or “Rowformer Machine”), together with related services and products (each, a “Strong Pilates Studio”) at certain premises approved by us (the “Premises”) and within a specified geographical area (the “Territory”) in association with certain registered and unregistered trademarks, trade names, certification marks and other commercial symbols and related logos, including the trademark “STRONG & Design”, together with such other trade names, trademarks, symbols, logos, distinctive names, certification marks, logo designs, insignia of origin or other intellectual property which may be designated for use in the System from time to time (the “Trade Marks” or “Intellectual Property”).

We are also developing a Pilates-based recovery module that is available for franchisees with space at their Strong Pilates Studio to offer this service. Currently, the Pilates-based recovery module is anticipated to be an optional offering for franchisees.

We offer a franchise agreement (“Franchise Agreement”) which grants you the right to develop and operate a single franchised Strong Pilates Studio at a designated site (the “Premises”) within a designated area (the “Territory”) for an initial term of 10 years. Our form of Franchise Agreement is attached to this Disclosure Document as [Exhibit B](#).

In certain limited instances where you have [experience](#) and a high net worth with available cash on hand, we may offer you a development agreement (the “Development Agreement”) which grants you the right to enter into multiple Franchise Agreements to construct, own and operate multiple Strong Pilates Studios within a particular geographic area (the “Development Area”). Our form of Development Agreement is attached to this Disclosure Document as [Exhibit C](#). You must enter into a separate Franchise Agreement for each Strong Pilates Studio you establish under the terms of a development schedule attached to the Development Agreement (the “Development Schedule”). The number of Strong Pilates Studios to be developed under each Development Agreement varies depending on factors such as the size, income and population density of the Strong Pilates Studio Development Area, which will be determined before you sign your Development Agreement. You must sign the form of Franchise

Agreement attached as Exhibit B for the first Strong Pilates Studio described in the Development Schedule when you sign the Development Agreement. You must sign the then-current form of Franchise Agreement for each additional Strong Pilates Studio described in the Development Schedule.

We typically require you to sign a confidentiality agreement with us before we begin material discussions with you regarding the franchise offering. Our form of confidentiality agreement is attached as Exhibit D. We may also require you to complete a franchise application and provide us with certain information and documentation regarding you and your equity owners that will be Guarantors and guarant~~yee~~ee performance under the Development Agreement or Franchise Agreement. Our form of franchise application is attached as Exhibit E.

Strong Pilates Studios will typically be located in retail strip or in-line shopping centers, and non-traditional locations, in high traffic urban and suburban areas, preferably near large residential communities, office buildings and other commercial areas, and typically need approximately 2,500 to 3,000 square feet.

Prospective Strong Pilates Studio franchisees are typically newly formed entities or individuals wanting to own and operate one or more franchised Pilates studios. Prospective Strong Pilates Studio franchisees typically have some prior experience in the fitness business sector.

Strong Pilates Studio franchisees may offer approved products and services to any potential customer that enters into their Strong Pilates Studios.

Market and Competition

Strong Pilates Studios will mainly compete with other fitness-oriented or Pilates-oriented businesses within the Development Area or Territory. The business of a franchised Strong Pilates Studio will depend heavily on the demand for fitness-oriented exercise in the Development Area or Territory, and may be partly seasonal with fluctuations prior to the summer. You may also compete with Strong Pilates Studios operated by us, our affiliates and our other franchisees.

Industry Specific Laws

The fitness industry is heavily regulated in the United States by federal, state, and local governments.

To operate the Strong Pilates Studio, you will need to determine and understand the laws that apply in the Development Area or Territory and then implement compliance procedures, as needed, to ensure the Strong Pilates Studio fully complies with all applicable laws and regulations.

The fitness business may be regulated at the federal, state and/or local level with respect to health, safety and sanitation, health club business licensing and permits, and in connection with the offering of long term customer memberships. You will need to consider whether applicable state and local agencies will regulate the Strong Pilates Studio, or require you to obtain a permit or license to operate. Some jurisdictions may limit the length of customer contracts, provide for specific provisions to be included in customer contracts, mandate the format or font size for the customer contract, and/or provide customers the right to terminate their contracts for any reason. Certain states may require a surety bond or fee to be paid for health clubs/fitness gyms - these fees vary by state. These bonds~~s~~s are intended to protect consumers from loss of prepaid memberships~~s~~ fees. The amount of the bond varies depending on the revenue of the business and the volume of pre-paid memberships. Bonds are typically year-to-year, and

renewable on an annual basis. Some states and local jurisdictions may also have enacted laws requiring fitness centers to have a staff person available during all hours of operation, and in some cases this person may be required to be certified in basic cardiopulmonary resuscitation, or have other specialized training. In addition, some states have laws requiring a fitness center to have an automated external defibrillator and other first aid equipment on the premises, and some may require you to take other safety measures.

Many of the laws that apply to business generally, like the Americans with Disabilities Act, federal wage and hour laws, and the Occupational ~~and Safety~~ Safety and Health Act, also apply to Strong Pilates Studios and other fitness establishments. Development and operation of the Strong Pilates Studio will also be subject to compliance with applicable zoning, land use and environmental regulations as well as federal and state minimum wage laws governing such matters as working conditions, overtime and other employee matters. It is likely that a significant number of the Strong Pilates Studio's personnel will be paid at rates related to the federal minimum wage and, accordingly, further increases in the federal, state or local minimum wage will affect labor costs.

The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards that limit emissions of ozone, carbon monoxide and particulate matters, including emissions. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

We recommend that you check with ~~their~~your state and local agencies to determine which laws apply to the operation of a Strong Pilates Studio in the Territory. ~~y~~You should consider these laws and regulations when evaluating the purchase of a master franchise or single franchise.

ITEM 2

BUSINESS EXPERIENCE

Michael Peter Ramsey - President:

Michael has been our President since our formation in February 2023. Michael has also been Secretary of our Parent Strong Pilates Holdings Pty Ltd. since November 2019. Since February 2015, Michael has also been Director of The Functional Group Pty Ltd. From January 2018 to January 2020, Michael was Head Melbourne Ambassador for Adidas. From August 2017 to December 2022, Michael was Founder & Director at Surf Yoga HIIT, trading as Journey Retreats. Michael has also provided marketing consultancy services for various businesses as a self-employed consultant since 2017. ~~At~~[Previous](#) positions held in Melbourne, Victoria, Australia. [Michael is currently based in Austin, Texas.](#)

Mark Francis Armstrong – Chief Executive Officer and Secretary:

Mark has been our Chief Executive Officer and Secretary since our formation in February 2023. Mark has also been Secretary of our Parent Strong Pilates Holdings Pty Ltd. since November 2019. Since February 2015, Mark has also been Director of The Functional Group Pty Ltd. ~~At~~[Previous](#) positions held in Melbourne, Victoria, Australia. [Mark is currently based in Boca Raton, Florida.](#)

Heather Ann Christie – Director of Operations:

Heather has been our Director of Operations since February 2023 in Hermosa Beach, California. From January 2020 to November 2022, Heather was Chief Operating Officer for F45 Training in Austin, Texas. From October 2017 to January 2020, Heather was Head of Support for F45 Training in Austin, Texas.

Kat Hegarty, – General Manager:

Kat has been the General Manager of Strong Pilates Franchising Pty Ltd. since June 2022, with principal responsibility for managing the staff and daily operations of the business. From 2017 to 2022, Kat was a Director and then Senior Vice President of Branded Products of F45 Training, where she was responsible for managing F45 Training's corporate partnerships and overseeing the daily operations of the Challenge program. Prior to F45 Training, Kat was a Business Development Manager at Boston Scientific and spent time as a Managing Director of F45 Training Torrensville in Adelaide, Australia. All positions held in Adelaide, South Australia, Australia.

ITEM 3

LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

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

ITEM 5

INITIAL FEES

Franchise Agreement:

Initial Franchise Fee:

Upon execution of the Franchise Agreement for a single Strong Pilates Studio, you must pay to us an initial, nonrecurring, non-refundable initial franchise fee in the lump sum amount of \$59,000 (the “Franchise Fee”). Except in connection with a failure to complete initial training (see below), the Franchise Fee is not refundable once paid. ~~During~~We offer a tiered Franchise Fee discount schedule for multi-unit operators developing Strong Pilates Studios as follows: single Strong Pilates Studio: \$59,000; 2 Strong Pilates Studios: \$55,000 per unit (\$110,000 total); 3 Strong Pilates Studios: \$50,000 per Strong Pilates Studio (\$150,000 total); 4 Strong Pilates Studios: \$45,000 per Strong Pilates Studio (\$180,000 total); 5-9 Strong Pilates Studios: \$40,000 per Strong Pilates Studio; and 10+ Strong Pilates Studios: \$35,000 per Strong Pilates Studio. All 16 franchise agreements executed in our last fiscal year, we 2025 ~~we 2025~~ were sold franchises for a reduced ~~at the standard~~ Franchise Fee of ~~\$25~~59,000 ~~in connection with the execution of a Development Agreement for multiple Strong Pilates Studios.~~

Real Estate Fee:

Upon execution of the Franchise Agreement for a single Strong Pilates Studio, you must pay to us a nonrecurring, non-refundable real estate fee in the lump sum amount of \$5,000 for site selection assistance by our dedicated real estate personnel (the “Real Estate Fee”).

Strong Academy Fee:

Prior to appearing for our Strong Academy initial training program for your Strong Pilates Studio, you must pay to us an initial, nonrecurring, non-refundable Strong Academy Fee in the amount of \$9,000 (the “Strong Academy Fee”). The Strong Academy Fee is payable in a lump sum and not refundable once paid.

Failure to Complete Initial Training under a Franchise Agreement:

Under the Franchise Agreement, if in our opinion, acting reasonably, your participation in the Initial Training Program reveals an inability to adequately manage and operate the Strong Pilates Studio after being provided with a reasonable opportunity to rectify any deficiencies to our satisfaction, we may terminate the Franchise Agreement. If we terminate the Franchise Agreement, we will refund to you 1/2 of the Franchise Fee which will be the only amount(s) to be refunded or paid by us to you. Provided that as a condition of any such refund you will have first delivered to us a release of us, our directors and officers, our respective affiliates and the directors and officers of each of them, to the extent permitted by applicable law, from all obligations under the Franchise Agreement of any such persons, in a form satisfactory to us.

Opening Support Reimbursements:

We do not charge you a fee for our Initial Training Program, but we will send up to 2 of our operations representatives to travel to your Strong Pilates Studio for on-site pre-opening and opening training, supervision and assistance for up to one week in the aggregate immediately before your scheduled opening date and after your Strong Pilates Studio opens for business. We estimate your opening support reimbursement cost for travel, lodging and meals will range from \$2,000 to \$4,000 depending on your location and transportation costs. The opening support reimbursements are payable in a lump sum and are not refundable once paid.

Initial Strong Equipment Purchases:

At least 4 months before you intend to install equipment in your Strong Pilates Studio, you must purchase the Rowformer Machines and Bikeformer Machines from us or our affiliate at a lump sum cost ranging from ~~\$92,000~~ 113,850 to ~~\$123,000~~ 163,800 (low cost based on ~~starting with minimum of 11~~ approximately 18 beds consisting of a combination of Rowformer Machines and ~~4~~ Bikeformer Machines and high cost based on ~~starting with recommended 14 Rowformer Machines and 6 Bikeformer Machines~~ approximately 24 beds, and subject to manufacturer cost changes ~~of approximately 3% to 5% each calendar year~~). The ranges are based on a purchase price of ~~\$6,000~~ 6,325 for each Rowformer Machines and ~~\$6,500~~ 6,825 for each Bikeformer Machine ~~plus shipping, exclusive of applicable~~ taxes, duties, tariffs and ~~duties~~ delivery costs. We will discuss with you the number of Rowformer Machines and Bikeformer Machines for your specific Strong Pilates Studio based on its size and anticipated initial customer volume. These are Nominated Products as described in Item 8.

You must also purchase an initial fitness Equipment package from us or our affiliate in ~~an~~ a lump sum amount ranging from \$2,500 to \$3,000 plus shipping and taxes (actual amount will depend on our third party vendor's costs at that time). The current set of Strong Equipment you purchase from us or our affiliates includes Pilates rings, balance cushions, dumbbell rack, face towel and various sizes of dumbbells from 2kg to 20kg.

You must also purchase certain initial technology Equipment from us or our affiliate in ~~an~~ a lump sum amount of approximately \$1,000 plus shipping and taxes (actual amount will depend on our third party vendor's costs). The current set of technology Equipment you purchase from us or our affiliates includes a Raspberry Pi system, clicker, SD card, and HDMI cable.

The U.S. government has recently instituted new tariffs on certain shipments from overseas, which may also increase prices for these items.

None of the initial Strong equipment purchases are refundable once paid.

Initial Strong Merchandise Purchases:

Before you open your Strong Pilates Studio, you must also purchase certain Strong Merchandise from us or our affiliate in ~~an~~ a lump sum amount ranging from \$4,525 to \$6,165 plus shipping and taxes (actual amount will depend on our third party vendor's costs and whether you select a summer or winter add-on package). The current set of Strong Merchandise you purchase from us or our affiliates includes unisex t-shirts, men's muscle tank shirts, women's cropped ~~t~~ t-shirts, towels, water bottles, long grip socks and short grip socks.

These are all Nominated Products as described in Item 8.

None of the initial Strong merchandise purchases are refundable once paid.

Grand Opening Ad Expenditures:

Beginning 90 days before you open your Strong Pilates Studio and continuing until 30 days after you open your Strong Pilates Studio, you must spend a minimum of \$250,000 on ~~grand opening promotions~~ digital advertising (paid to a provider of our choice) plus \$5,000 on local marketing (and you must cover all agency fees on top of the digital ad spend, which are estimated to be 15% to 25% of the actual spend) (“Grand Opening Ad Expenditures”). The grand opening promotion must be conducted as we require. We may require payment to us for remittance to our agency. If we direct, you must pay us or third parties approved by us, part or all of the Grand Opening Ad Expenditures. If we require that you pay us or third parties all or part of the Grand Opening Ad Expenditures, then we or the third party will conduct grand opening advertising and promotions on your behalf. If we require that you pay us the Grand Opening Ad Expenditures, then you must make payment to us four months before the opening date of your Strong Pilates Studio.

If paid to us, none of the ~~g~~Grand ~~e~~Opening ~~ad~~Ad ~~e~~Expenditures are refundable once paid.

Presales Fee (Optional):

If we manage presales on your behalf, you must pay us a Presales Fee of \$2,500 per month during the presales period before you open your Strong Pilates Studio. Presales typically begin 12 to 16 weeks prior to launching your Strong Pilates Studio and generally do not continue after opening. However, presales may continue for 20 to 24 weeks if member or trial targets are not met. This fee covers our coordination with digital marketing agencies and creation of social media content. This fee is currently optional but may become mandatory. If paid to us, the Presales Fee is not refundable once paid.

Development Agreement

Development Agreements are only available for commitments of 10 or more Strong Pilates Studios. 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— for territories 6 through 10+. The first five Franchise Fees must be paid in full upfront.

In most cases, you must sign the Franchise Agreement for your first Strong Pilates Studio at the same time as 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	8% of Revenue	Payable to us each month (seven days)	<u>All ongoing fees must be paid by ACH/Direct</u>

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	(See Note 1), <u>subject to a minimum monthly royalty fee of the greater of \$2,000 or 8% of Revenue commencing 12 months after the opening date of your Strong Pilates Studio.</u>	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 <u>ACH/dDirect</u> ~~deposit~~ <u>Debit</u>). 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.	<u>Debit at the same time as the Franchise Royalty Fee and Marketing Fund Contribution payments, or at such other time as determined by us by notice in writing.</u>
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~~ <u>\$500</u> per month per Strong Pilates Studio, <u>commencing on the opening date of the Strong Pilates Studio, 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~~ <u>Pilates Studios</u> , 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. <u>The Technology Fee does not currently include Glofox, the required CRM.</u> <u>We may, at our discretion and by providing 60 days' advance notice, revert to a single biller model where you will pay us directly and in turn we pay Glofox.</u>
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.
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 <u>ACH/dDirect</u> ~~deposit~~ <u>Debit at the same time as the Franchise Royalty Fee, or at such other time as determined by us by notice in</u>	We created <u>d</u> the Marketing Fund in September 2024.

Type of Fee	Amount	Due Date	Remarks
		<u>writing</u>). Your obligation to pay us the Marketing Fund Contribution commences three months following the opening date of your Strong Pilates Studio.	
<u>Presales Fee</u>	<u>\$2,500/month (optional)</u>	<u>Monthly during presales period, which may extend until your Strong Pilates Studio has opened.</u>	<u>This fee applies if we manage presales on your behalf. Presales typically begin 12 to 16 weeks prior to launching your Strong Pilates Studio and generally do not continue after opening. However, presales may continue for 20 to 24 weeks if member or trial targets are not met. We coordinate with digital marketing agencies and create social media content to support your pre-opening marketing efforts. This fee is currently optional but may become mandatory upon 60 days' notice.</u>
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, Franchisee you 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

Type of Fee	Amount	Due Date	Remarks
			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 Performance Criteria	~~M~~ <u>Your actual</u> meeting attendance costs plus cost of any additional required training, <u>capped at \$1,500 per day per person.</u>	Payable to us and/or third parties at time of meeting/training.	If you fail to achieve the Minimum 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

Type of Fee	Amount	Due Date	Remarks
			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 Strong in attempting to redress the complaint.
Strong Merchandise	Actual cost.	Payable to us or Approved Suppliers from time to time.	We require that you purchase our branded merchandise from us or Approved Suppliers. We reserve the right to charge fees on the sale of such approved merchandise, including without limitation, Franchise Royalty Fees or a Marketing Contribution.
Bookkeeping, Accounting and Audit	Actual cost.	Payable to us, nominated accountants, or third parties as required.	You will abide by all standards required by Strong for transaction records at your expense. If you fail to provide required financial and other reports, Strong may prepare same at your costs. In addition, Strong may require you to conduct an inventory review of the Strong Pilates Studio at your own cost. If an inspection of your books including an inventory review or solvency audit discloses a breach, error or irregularity, you must pay for the costs of the inspection/audit and pay amounts due in respect of any understatement.
Transfer Fee	40% of the Initial Franchise Fee charged by us to incoming franchisees as at the date of transfer. You must also pay our	Payable to us at the time of transfer.	

Type of Fee	Amount	Due Date	Remarks
	out-of-pocket expenses in connection with the transfer.		
Termination	Actual cost.	Payable to us and our Related Parties, trade creditors, suppliers and other creditors within 5 Business Days after the end of the Strong Pilates Studio.	Payment of all outstanding amounts and costs to fulfill other obligations at the end of the Strong Pilates Studio or incidental to termination of the Franchise Agreement or any related agreement.
Temporary Operation	Actual cost.	Payable to us as required.	If Strong manages the Strong Pilates Studio, you must pay reasonable fees prescribed by Strong for managing the Strong Pilates Studio and any travelling, accommodation or other expenses in relation to management.
Legal and Other Fees	Actual cost.	Reimburse us on demand.	
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 be Made
Initial Franchise Fee ⁽¹⁾	\$59,000	As arranged	On Signing of the Development Agreement or Franchise Agreement	Us
<u>Real Estate Fee⁽¹⁾</u>	<u>\$5,000</u>	<u>As arranged</u>	<u>On Signing of the Franchise Agreement</u>	<u>Us</u>
Strong Academy Fee ⁽²⁾	\$9,000	As arranged	Before Strong Academy	Us
Real Property/Site Lease ⁽³⁾	\$25,000 to \$105,000	As arranged	As agreed	Third Parties
Design/Planning	\$5,000 to \$18,000	As arranged	As arranged	Contractor/ Architect
Leasehold Improvements ⁽⁴⁾	\$75,000 to \$235,000	As arranged	As agreed	Contractor/ Architect
Furniture, Fixtures, and Equipment ⁽⁵⁾	\$25,000 to \$100,000	As arranged	As agreed	Vendors
Rowformer Machines and Bikeformer Machines ⁽⁶⁾	~~\$92,000~~ 113,850 to ~~\$123,000~~ 163,800	As arranged	As agreed	Us or our affiliates

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Signage, Strong Equipment, Strong Merchandise and other Approved Products ⁽⁷⁾	\$9,000 to \$14,000	As arranged	As agreed	Us, or our affiliates, or Vendors
Soft Costs ⁽⁸⁾	\$2,625 to \$5,250	As arranged	As agreed	Vendors
Insurance ⁽⁹⁾	\$2,520 to \$5,250	As arranged	As agreed	Insurance Company
Computer System and Software ⁽¹⁰⁾	\$500 to \$3,000	As arranged	As agreed	Us and Vendors
Initial Training and Opening Assistance Costs and Reimbursements ⁽¹¹⁾	\$7,500 to \$12,500	As arranged	Before training	Us and Vendors
Security and Utility Deposits ⁽¹²⁾	\$1,000 to \$4,500	As arranged	As agreed	Vendors and Utility Companies
Business Licenses, including Bonds for Health and Fitness Clubs ⁽¹³⁾	\$20,000 to \$53,000	As arranged	As agreed	Licensing Authority
Grand Opening Ad Expenditure ⁽¹⁴⁾	\$25,000 <u>plus agency fees (15-25%)</u>	As arranged, but starting 90 days before opening date of the Strong Pilates Studio and continuing for 30 days after the opening date	As agreed	Us or Service Providers
<u>PreSale Fees⁽¹⁵⁾</u>	<u>\$0 to \$2,500 per month</u>	<u>Optional and payable as arranged when you opt to have us provide presales marketing.</u>	<u>Monthly during presales period</u>	<u>Us</u>
Additional Funds – 3 months ⁽¹⁵⁾⁽¹⁶⁾	\$15,000 to \$30,000	As arranged	As Agreed	Vendors
TOTAL FOR A SINGLE FRANCHISE AGREEMENT ⁽¹⁶⁾⁽¹⁷⁾	~~\$373,145~~ <u>\$399,995 to \$811,500</u> <u>1,007,300</u> (excludes ~~costs for the purchase of land~~ <u>agency fees & additional optional presale fees</u>)			

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Agreement				
Development Fee ⁽⁴⁷¹⁸⁾	~~\$10,000 to~~ \$25,000	Cashier's Check or EFT as arranged	Upon Signing Development Agreement	Us
Additional Funds – 3 months ⁽¹⁸⁾	\$1,000 to \$2,000	As Arranged	As Necessary	You Determine
TOTAL FOR A SINGLE FRANCHISE AGREEMENT AND A DEVELOPMENT AGREEMENT	~~\$384,145~~ <u>\$425,995</u> to ~~\$838,500~~ <u>\$1,034,300</u> (amounts are before any credits on Initial Franchise Fees)			

Explanatory Notes related to the Franchise Agreement

*Unless otherwise noted, no amounts are refundable to us or any third-party vendor once paid.

1. Initial Franchise Fee and Real Estate Fee. The initial franchise fee is \$59,000 for each Strong Pilates Studio and is payable in full to us when you sign the Franchise Agreement. The real estate fee is \$5,000 for each Strong Pilates Studio and is payable in full to us when you sign the Franchise Agreement.

2. Strong Academy Fee. The Strong Academy Fee is \$9,000 for each Strong Pilates Studio and is payable to us in full as invoiced by us and prior to the opening date of your Strong Pilates Studio.

3. Site Lease. Preferred locations for the Strong Pilates Studios are in outside strip shopping centers in heavily-populated urban and suburban areas where you will have a small in-line retail store. We expect you will lease the premises for the Strong Pilates Studio. The cost of leasing real estate will vary, depending on location and other factors. The low number estimates initial lease acquisition costs and lease payments for a period of 4 months (consisting of 1 month before the anticipated opening and then an additional 3-month period) for a typical, small to medium sized Strong Pilates Studio located in a suburban area. The high number estimates initial lease acquisition costs and lease payments for a period of 4 months (consisting of 1 month before the anticipated opening and then an additional 3-month period) for a larger sized Strong Pilates Studio located in an urban area. If you sign a lease with lease payment commencement date and you are delayed in opening, you may have to start making lease payments two or more months before opening, which will increase your costs accordingly.

We do not typically recommend that you purchase the land and building for the Strong Pilates Studio. If you purchase land and/or a building, the cost will be substantially higher, and will vary depending on the market for real estate in the area. We do not provide any cost estimates for the purchase of land and/or the building for the Strong Pilates Studio.

4. Leasehold Improvements. The Strong Pilates Studio will be established in accordance with our current Strong Pilates Studio designs. Building costs are for our current in-line or end-cap Strong Pilates Studio designs, and costs will depend on whether you build out an existing premise or undergo new construction, and will vary by building size. Our current Strong Pilates Studio design consists of approximately 2,500 to 3,000 square feet of interior space, and that the lessor will provide a shell space that includes, at a minimum, a level concrete floor suitable for floor covering, demising walls, and air-conditioning, electricity, gas, sewers, bathroom facilities, and water and plumbing suitable for a retail business. Among other things, you will probably need to arrange for the following items to meet our standard plans and specifications: proper wiring and plumbing, floor covering, wall covering, partitions, lighting and fixtures, storefront modifications, painting, cabinetry, and the like. Costs will vary depending upon various factors, including: the geographic location of the business; the size of the premises; the availability and cost of labor and materials; and the condition of the premises and the work that the lessor will do as a result of the lease negotiations. Lessors may, instead of constructing or installing some of the improvements itself, provide you with credits towards future rent payments and/or a tenant improvement allowance. The lower amount assumes a smaller space within our design parameters in a suburban area and the higher amount assumes a larger space within our design parameters in an urban area without the landlord contributing to the build-out.

5. Furniture, Fixtures and Equipment. The furniture, fixtures and equipment costs are based on the current costs charged by our suppliers and vendors for the required or approved furniture, fixtures and equipment set forth in our Brand Standards for the buildout of the Strong Pilates Studio, including (without limitation) a front desk, customer space and lockers, seating, stereo, various trade dress and décor items, small wares, and other fixtures, furnishings and equipment. This estimate also includes the cost of the office furniture, filing cabinet and miscellaneous office supplies, and equipment. We do not currently purchase or resell the required or approved furniture, fixtures and equipment to you, but we may do so in the future. This estimate does not include the Rowformer Machines and Bikeformer Machines.

6. Rowformer Machines and Bikeformer Machines. ~~The low estimate is for 4 Bikeformer Machines and 11 Rowformer Machines for the Strong Pilates Studio and the high estimate is for 6 Bikeformer Machines and 14 Rowformer Machines. This estimate is exclusive of shipping, taxes, tariffs and duties, which can be \$6,000 to \$10,000 depending on the location.~~ Each studio will have approximately 18 beds consisting of a combination of Rowformer Machines and Bikeformer Machines. Larger studios may accommodate up to 24 beds. The low estimate (approximately 18 beds) is \$113,850 to \$122,850 depending on the Rowformer/Bikeformer mix. The high estimate (approximately 24 beds) is \$151,800 to \$163,800 depending on the Rowformer/Bikeformer mix. The current purchase price is \$6,325 for each Rowformer Machine and \$6,825 for each Bikeformer Machine. These amounts are exclusive of applicable taxes, and applicable duties, tariffs and delivery costs. Prices for Rowformer and Bikeformer machines are locked for a year, but are expected to increase between 3% and 5% each calendar year, before any new or amended US tariffs. If you do not order the machines within a year of the execution of the Franchise Agreement, prices will increase. In addition, the U.S. government has recently instituted new tariffs on certain shipments from overseas, which may also increase prices for these items.

7. Signage, Strong Equipment, Strong Merchandise and other Approved Products. Your signage costs will depend on whether you lease a free-standing, endcap or inline location, and whether you have architectural, municipal or lease restrictions on the signage you can use at the Strong Pilates Studio premises. In all cases, you are required to meet or exceed our specifications for signage unless you are restricted by local ordinance from meeting our specifications. Strong Equipment and Strong Merchandise includes the initial Approved Products you purchase from us or our affiliates (see Item 5) as well as other

Approved Products such as disposables, chemicals, cleaning supplies, uniforms, gift cards and other promotional materials, merchandise and supplies. Please see Items 5 and 8 for additional details.

8. Soft Costs. Soft costs include permits; utility connection or “tap” fees plus all other fees imposed by federal, state, and/or local jurisdiction and which are necessary to obtain certificate of occupancy; architecture fees; meeting costs; title reports; legal services; soil analysis; printing of plans; and ancillary items.

9. Insurance. You must carry insurance as required in the Franchise Agreement. The amount in the table represents our best estimate of the premiums required for commercial general liability, business automobile liability, employee benefits liability, property, workers’ compensation and umbrella liability insurance during a Strong Pilates Studio’s first year of operation. However, the costs may vary from those described in the table.

10. Computer System and Software. Computer System and Software covers all of the initial components of our required Hardware and Software, including a laptop computer, printer and router that will run our Hardware and Software. See Items 8 and 11.

11. Initial Training and Opening Assistance Costs and Reimbursements. The amounts shown first include the estimated cost of travel, lodging, meal and incidental expenses for (a) your Manager and Workers to attend a weekend long Induction Program in Austin, Texas or in Los Angeles, California. Expenses will vary depending on the number of persons that attend the Induction Program, the distance traveled, method of travel and choice of accommodations. See Items 5 and 11. The amounts shown also include the estimated reimbursement costs you will pay to us for our opening support team we provide to you in connection with the opening of your Strong Pilates Studio.

12. Security and Utility Deposits. Security and utility deposits include estimated deposits for leased premises and equipment, telephone service and other utilities. The estimate in the chart above includes the first month’s rent payment, security deposits and utility deposits (for example, telephone, electricity, gas and water). We have assumed the security deposit to the landlord will equal one month’s rent, although this may vary from landlord to landlord. The estimates assume that rent commences upon the Strong Pilates Studio’s opening. ~~y~~You, however, will need to lease a space in advance to build-out the Strong Pilates Studio. ~~y~~You may of course attempt to negotiate an abatement from the lessor for this period.

13. Business Permits and Licenses. The range given provides our best estimate of the costs you will incur for business permits and miscellaneous deposits, excluding utility deposits which are included elsewhere herein. Certain states may require a surety bond or fee to be paid for health clubs/fitness gyms - these fees vary by state. These bonds s are intended to protect consumers from loss of prepaid memberships ~~s~~ fees. The amount of the bond varies depending on the revenue of the business and the volume of pre-paid memberships. Bonds are typically year-to-year, and renewable at between \$500 to \$5,000 on an annual basis.

14. Grand Opening. You must carry out a grand opening promotion for the Strong Pilates Studio as we require. You must spend \$250,000 on ~~grand opening promotions, which must be conducted as we require~~ digital advertising (paid to a provider of our choice) plus \$5,000 on local marketing (and you must cover all agency fees on top of the digital ad spend, which are estimated to be 15% to 25% of the actual spend). If we direct, you must pay us, or third parties approved by us, part or all of the ~~g~~Grand ~~e~~Opening Ad ~~e~~Expenditures. If we require that you pay us or third parties all or part of the Grand Opening Ad Expenditures, then we or the required third party will conduct the grand opening promotions on your

behalf. If we require that you pay us all or part of the Grand Opening Ad Expenditures, then you must make such payment to us four months before the scheduled opening date. If we or a required third party do not conduct the opening promotions on your behalf, you must submit the grand opening advertising budget to us for approval at least 60 days before spending the Grand Opening Ad Expenditures. You must submit proof of the Grand Opening Ad Expenditures upon our request.

15. Presales Fee. If we manage presales on your behalf, you must pay us a Presales Fee of \$2,500 per month during the presales period. Presales typically begin 12 to 16 weeks prior to launching your Strong Pilates Studio and generally do not continue after opening. However, presales may continue for 20 to 24 weeks if member or trial targets are not met. This fee covers our coordination with digital marketing agencies and creation of social media content. This fee is currently optional but may become mandatory. If paid to us, the Presales Fee is not refundable once paid.

~~15~~16. Additional Funds. Additional funds include expenses for wages, occupancy costs, professional expenses and other recurring expenses before the opening of the Strong Pilates Studio, and during the first three months of operation. The estimate assumes that you will employ an attorney to help you negotiate the lease for the Strong Pilates Studio premises. In addition, you may choose to employ an attorney, accountant, and other consultants to help you evaluate our franchise offering and the establishment of a new business, and in obtaining all required permits and licenses to establish and operate the Strong Pilates Studio. In addition, you may also form a corporation or other entity to operate the business. In compiling this chart, we relied on our experience and the experience of our affiliate²s and personnel developing and operating 22 Strong Pilates Studios in Australia beginning in 2019. Neither we nor our affiliates have developed and opened a Strong Pilates Studio in the United States.

~~16~~17. Total for a single Franchise Agreement. This total is an estimate of the initial investment and the expenses you will incur during the first 3 months of operations. As stated in Note ~~23~~23, we have not included any real estate purchase costs. In compiling this chart, we relied on our experience and the experience of our affiliate²s and personnel developing and operating 22 Strong Pilates Studios in Australia beginning in 2019. Neither we nor our affiliates have developed and opened a Strong Pilates Studio in the United States. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. You should also consider the then current status of any tariffs on products imported into the United States from Australia.

~~17~~18. Development Agreement. ~~If you enter into a Development Agreement, you will be charged a Development Fee equal to the total of \$5,000 multiplied by the total number of~~ are only available for commitments of 10 or more Strong Pilates Studios ~~to be developed under. The Development Fee is \$5,000 per unit. The Development Fee of \$5,000 per unit for units 1 to 5, which totals \$25,000, must be paid in full upfront at the time you sign the Development Agreement. The estimated low column of the chart shows the Development Fee for a Development Agreement with a Development Schedule that requires you to develop 2 Strong Pilates Studio (\$5,000 times 2). The estimated high column of the chart shows the Development Fee you would pay when signing a Development Agreement with a Development Schedule that requires you to develop 5 Strong Pilates Studios (\$5,000 times 4). For units 6 and after, a Development Fee of \$5,000 per unit is payable at the time you enter into each Franchise Agreement for that unit.~~

~~18.~~ Additional Funds under Development Agreement. Because your primary obligations under the Development Agreement are to develop Strong Pilates Studios under Franchise Agreements and you will likely sign the first Franchise Agreement when you sign the Development Agreement and incur costs under the Franchise Agreement as you develop your first Strong Pilates Studio, your initial investment in connection with the Development Agreement consists of your Development Fee plus any additional

professional and administrative fees and expenses related to reviewing and signing the Development Agreement.

19. No Strong or Affiliate Financing. We do not currently offer you any direct or indirect financing for your initial investment. See Item 10.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

You must develop your Strong Pilates Studio in accordance with the System and all Brand Standards and at all times during the term of the Franchise Agreement operate your Strong Pilates Studio in compliance with the System and all Brand Standards.

The System and Brand Standards may be periodically modified and supplemented by us in our discretion. We will promptly notify you of any such modifications, and you must comply with such modifications or changes. In determining the period within which the modification or change must be implemented, we will take into account the reasons for the modification or change and the extent of any financial impact it may have on you.

Approved Products and Approved Services

Except as stated below, you are not obligated to lease or purchase goods, services, supplies, fixtures, equipment or inventory relating to the establishment or operation of the Strong Pilates Studio from us or our affiliates.

We will specify a list of products that are “Approved Products” and “Approved Services” and suppliers that are “Approved Suppliers” in the Brand Standards Manual, as modified by us from time to time, which Approved Suppliers ~~which~~ may include or be limited to us or our affiliates. “Approved Products” means the range, types and brands of products specified as approved in the Brand Standards Manual, or otherwise approved by us according to the terms of the Franchise Agreement, as amended or modified by us from time to time, for supply in a Strong Pilates Studio and includes the merchandise and any uniforms required to be worn by an employee, contractor or subcontractor engaged by you to work in the Strong Pilates Studio or to perform specific tasks on your behalf. “Approved Services” means the types of services specified as approved in the Brand Standards Manual, or otherwise approved in writing by us, as amended or modified by us from time to time. “Approved Supplier” means a supplier approved by us to supply a particular Approved Product or Approved Service as specified in the Brand Standards Manual or otherwise approved in writing by us from time to time according to the terms of the Franchise Agreement, and which may include or be limited to us or ~~us or~~ our affiliates.

We may at any time by written notice to you, add a product to or remove a product from the list of Approved Products.

We may from time to time specify a list of suppliers that are Nominated Suppliers in the Brand Standards Manual. “Nominated Supplier” means an Approved Supplier nominated by us to supply a particular product as specified in the Brand Standards Manual or otherwise in writing by us from time to time. You must purchase and use only Approved Products and offer and sell Approved Products to Customers as specified in the Brand Standards Manual or otherwise in writing by us. Any product to be supplied by

you that is not an Approved Product must be equal in quality to the product it substitutes, suitable for the purpose for which it is intended and consistent with, and not prejudicial to, the Image or the Brand Standards.

Required Equipment

You must: (a) purchase or lease each item of the furniture, fixtures and equipment (“Equipment”) listed in the Brand Standards Manual prior to the Commencement Date; (b) purchase or lease any item of Equipment subsequently listed in the Brand Standards Manual, or specified in writing by us to you, within 14 days; and (c) reimburse us for the cost of any Equipment supplied by us as part of the Fit Out of your Strong Pilates Studio.

If you wish to purchase or lease a piece of equipment for use in the Strong Pilates Studio and that piece of equipment is not specified in the Brand Standards Manual, you must: (a) provide to us the details of that piece of equipment and the means by which you intend to acquire it; and (e**b**) only acquire the equipment after it has received the written consent of us, which consent must not be unreasonably withheld. Each item of Equipment must be new unless we consent in writing to the purchase of a second-hand item of Equipment, which consent will not be unreasonably withheld. We will also specify a list of Approved Equipment Suppliers, which may include or be limited to us or ~~us or~~ our affiliates. “Approved Equipment Supplier” means a supplier approved by us to supply the Equipment as specified in the Brand Standards Manual or otherwise approved in writing by us from time to time according to the terms of the Franchise Agreement.

Currently, the following Approved Products and Approved Services, including Equipment, are only available from us or a single source supplier (including an Approved Equipment Supplier):

Product or Service	Supplier
Rowformer Machines and Bikeformer Machines (see below)	Us or our Affiliate
Strong Equipment includes Pilates rings, balance cushions, dumbbell rack, face towel and various sizes of dumbbells from 2kg to 20kg.	Us or our Affiliate
Strong Merchandise includes unisex t-shirts, men’s muscle tank shirts, women’s cropped ~~t~~ <u>t</u> -shirts, towels, water bottles, long grip socks and short grip socks	Us or our Affiliate
~~Hapana~~ Glofox CRM software system	*Us or ~~Hapana~~ Glofox

**We typically contract with these Nominated Vendors and pay for the licenses through the Technology Fee, but may require you to contract with these Nominated Vendors and pay them directly for their Approved Products or Approved Services.*

Rowformer Machines and Bikeformer Machines

You must purchase or lease from us or our affiliates the minimum and maximum number of Rowformer Machines and Bikeformer Machines for use in your Strong Pilates Studio only at the Premises as required by us and specified in the Brand Standards Manual and pursuant to such agreement or other documents as may be required by us from time to time.

Currently, unless otherwise agreed to by us as determined on a case-by-case basis and in our discretion, ~~the minimum amount each studio will have approximately 18 beds consisting of a combination of Rowformer Machines and Bikeformer Machines is 15, and there is no maximum amount, both of which may change from time to time. Normally, a Strong Pilates Studio would start with a minimum of 4.~~ Larger studios may accommodate up to 24 beds. The mix of Rowformer Machines and Bikeformer Machines and 11 Rowformer Machines, but may start with up to 8 Bikeformer Machines and 14 Rowformer Machines may vary based on studio size and configuration.

As of the date of this Disclosure Document, we and our affiliates will have the exclusive rights to purchase the Rowformer Machines and Bikeformer Machines from Hardt Fit LLC in the United States and certain other jurisdictions, and we will sell or lease the Rowformer Machines and Bikeformer Machines to you for the sole purpose of operating a Strong Pilates Studio. We add a markup of between 0% to 15% of our actual costs depending on the item.

You must (a) perform, observe and comply with the terms, conditions and covenants of such agreements or other documents as may be required by the Brand Standards Manual from time to time in relation to the purchase or lease of Rowformer Machines and Bikeformer Machines, (b) be responsible for the delivery fees and process associated with the safe transportation of the Rowformer Machines and Bikeformer Machines to the Premises of the Strong Pilates Studio; (c) abide by all instructions for the maintenance and care of the Rowformer Machines and Bikeformer Machines as specified in the Brand Standards Manual or other relevant agreement or document required to be signed in connection with the acquisition of the Rowformer Machines and Bikeformer Machines; (d) immediately notify us in writing of any malfunction or non-performance of any kind whatsoever of the Rowformer Machines and Bikeformer Machines; (e) undertake all actions necessary to assist us or an approved technician to fix any failure of the Rowformer Machines and Bikeformer Machines; and (f) ensure that the Rowformer Machines and Bikeformer Machines remain at the Premises of the Strong Pilates Studio at all times and under your strict control.

Strong Equipment

We require that you purchase branded Strong Equipment from us or from other Approved Suppliers for use in your Strong Pilates Studio and resale to your customers. Currently, our branded Strong Equipment consists of Pilates rings, balance cushions, dumbbell rack, face towel and various sizes of dumbbells from 2kg to 20kg, all of which you may purchase from us. We typically purchase the Strong Equipment from Approved Suppliers and then resell it to you at our cost plus a markup of between 0% to 15% of our actual costs depending on the item. We also charge fees on the sale of such approved Strong Equipment, including without limitation, your Royalty Fees and the Marketing Contribution.

Strong Merchandise

We require that you purchase branded Strong Merchandise from us or from other Approved Suppliers for use in your Strong Pilates Studio and resale to your customers. Currently, our branded Strong Merchandise consists of unisex t-shirts, men's muscle tank shirts, women's cropped ~~t~~t-shirts, towels, water bottles, long grip socks and short grip socks, all of which you may purchase from us. We typically purchase the Strong Merchandise from Approved Suppliers and then resell it to you at our cost plus a markup of between 0% to 15% of our actual costs depending on the item. We also charge fees on the sale of such approved Strong Merchandise, including without limitation, your Royalty Fees and the Marketing Contribution.

Bookkeeping Service

We may, but are not obliged to, appoint a third party to offer bookkeeping and accounting services for Franchisees operating Strong Pilates Studios (“Bookkeeping Services”). Where the Bookkeeping Services are offered, you must use the Bookkeeping Services. Where the Bookkeeping Services are provided to you, you must comply with any terms and conditions for Bookkeeping Services that apply and must pay the costs of the Bookkeeping Services. We may, upon written notice to you, cease to require the use of the Bookkeeping Services. We do not currently have a specific third-party vendor for Bookkeeping Services, but we reserve the right to name a single Authorized Supplier for Bookkeeping Services in the future and require you to use such single Authorized Supplier to the extent they can service your Strong Pilates Studio.

Software & Hardware

You must, at your cost, obtain, maintain and use any retail, e-commerce, or digital technology Software or related Hardware (each as defined in Item 11, and including without limitation any machines, wiring, and other physical components of a computer or other electronic facility to be used by you, in accordance with the Brand Standards), required by us in the operation of a Strong Pilates Studio.

You must acquire, install, use and offer customers the ability to access any software or applications developed or implemented by us (each an Application) or enhancements to any existing Applications as required by the Brand Standards Manual from time to time.

As of the date of this Disclosure Document, we have designated several third party Nominated Suppliers for our Approved Products related to our Software and Hardware, including the following:

Authorized Distributor or Vendor	Goods or Services Offered
~~Hapana~~ Glofox CRM software system	CRM software for ~~M~~ management and customer scheduling. <u>You are required to establish and maintain an account with Glofox as the primary customer relationship management software.</u>
Stripe	POS payment system
POS Terminal hardware and software	POS payment system

We currently anticipate using the proceeds from the Technology Fee to pay for some of your Software and Hardware licenses, but may adjust the Technology Fee and require you to contract with and pay the third-party vendors for then current Software and Hardware directly. The Technology Fee does not currently pay for the ~~Hapana~~Glofox CRM software system (currently ~~\$450~~500 USD a month) or Stripe. We may, at our discretion and by providing 60 days' advance notice, revert to a single biller model where you will pay us directly and in turn we pay Glofox. Glofox may increase the costs of their CRM annually, in which case we will give you advance notice of the increase.

You must, and must ensure that your Workers, comply with the information technology policy set out in the Brand Standards Manual. You must acquire, install and use the accounting software specified in the Brand Standards Manual.

Pricing

We may (a) recommend the retail prices of Approved Products; and (b) ~~and~~ set minimum and maximum prices for your sale or supply of Approved Products having regard to your costs in supplying those things, and subject to applicable law. The foregoing does not impose any obligation on you to accept our recommendation or guidance as to retail prices, and subject to the foregoing, you may determine the retail prices of the Approved Products for sale in the Strong Pilates Studio.

Distributors

We do not currently have any required distributors, but we reserve the right to designate one or more required distributors for required or other items in the future. If we designate an approved or required distributor, you must purchase from the required distributor unless you have first obtained our prior written consent to purchase from another distributor in accordance with our vendor and supplier review process (see below).

Purchasing Cooperatives

We have not arranged for any purchasing cooperatives for our franchisees, but we reserve the right to do so in the future.

Alternative Vendor and Supplier Review Process

We reserve the right to designate other specific distributors, vendors and suppliers in the future. If you desire to purchase any products or services from a supplier that has not already been approved, you must obtain our prior written approval, which may take up to 90 days from our receipt of all requested information, including information regarding the supplier's fiscal strength, demonstrated customer service, product or service quality, product or service safety and a strong regional presence. Additionally, as a condition to granting approval, we may require you to submit samples of the proposed supplier's services or products, and to arrange for us to visit the supplier's facilities. If we elect to test the samples or inspect the proposed supplier's facilities, you will be charged a fee not to exceed the actual cost of such inspection or testing. We reserve the right to reinspect the facilities and products or services of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. We will notify you in writing of any revocation of a supplier or their product or service and provide you a reasonable period of time to cease use of the supplier or their product or service, which period of time we will determine based on the amount of inventory you may have and the underlying reason for the revocation.

Discounts and Rebates

If any cash rebates, mark ups, volume discounts, concessions, advertising allowances, or discount bonuses (collectively "Discounts"), whether by way of cash, kind or credit, are available to or received by us and/or our affiliates from any third party, whether or not on account of purchases made (i) by us and/or our affiliates for our or their own account or for the account of franchisees generally, or (ii) by you directly for your own account, we and/or our affiliates will be entitled to retain the whole of the amount or any part of such Discounts.

We estimate that the purchases described above will equal approximately 40% to 50% of the total cost to establish your Strong Pilates Studio, and approximately 10% to 25% of your ongoing operating expenses.

We and/or our affiliates have the right to realize a profit on any Approved Products or Approved Services that we and/or our affiliates supply to you.

We do not offer you any material benefits based on your purchase of particular goods or services or use of particular approved vendors.

During our 2024⁵ fiscal year, we received ~~\$238,110~~^{\$580,818} from purchases of products or services by our franchisees, which was ~~83.66%~~ of our total revenues of ~~\$285,195~~^{\$875,136} during our 2024⁵ fiscal year. In addition, our affiliate Strong Pilates Global Pty Ltd received \$1,392,000 from equipment sales to US franchisees during its 2025 fiscal year.

Except for their ownership in us and our affiliates, none of our officers own or control any interest in any currently required, approved or designated supplier.

Insurance

You must obtain and maintain with reputable insurers at all times during the term of your Franchise Agreement such insurance policies, in both our name and your name (and in the name of any of our affiliates that we designate as additional insurance parties), in accordance with the requirements specified in the Brand Standards Manual and the Brand Standards from time to time (the “Insurance Policies”).

The current requirements for Insurance Policies are as follows:

1. Comprehensive General Liability \$1,000,000 combined single limit per occurrence, \$2,000,000 general aggregate, \$2,000,000 product liability, \$1,000,000 personal and advertising injury, \$300,000 fire legal liability, and \$5,000 medical payment limits
2. Workers Comp with employer liability limit of bodily injury by accident \$1,000,000 each accident, by disease \$1,000,000 policy limit, and by disease \$1,000,000 each employee
3. Professional Liability \$3,000,000 limit of liability and Abuse and Molestation with a minimum of \$300,000
4. Employment Practices Liability including third-party coverage for not less than \$500,000 aggregate
5. An “umbrella” policy providing excess coverage with limits of not less than \$3,000,000
6. Builder's risk insurance (for fit out / construction)

The Insurance Policies must name us as additional insured, and including a provision that we must receive at least 1 month’s prior written notice of the termination or cancellation of an Insurance Policy. We may require you to produce evidence that each Insurance Policy exists, is current and is on terms and conditions approved by us. We may, from time to time, reasonably determine and increase the minimum insurance limits and require different or additional kinds of insurance as part of the Insurance Policies. If the insurance coverage required by us is not obtained by you, we may obtain the insurance coverage on your behalf and charge you our costs.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Article in Development Agreement	Article in Franchise Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	5	13	7 and 11
(b) Pre-opening purchases/lease	5	14	5, 7, 8 and 11
(c) Site development and other pre-opening requirements	5	13	7 and 11
(d) Initial and ongoing training	Not Applicable	10	6, 7 and 11
(e) Opening	5		11
(f) Fees	2	5	5, 6, 7 and 11
(g) Compliance with standards and policies/Brand Standards Manual	4; 5	26	8, 11, 14 and 16
(h) Trademarks and proprietary information	9	23	13 and 14
(i) Restrictions on products/services offered	7	15; 16; 26	8 and 16
(j) Warranty and customer service requirements	Not Applicable	18	None
(k) Territorial development and sales quotas	5; Exhibit A	8	12
(l) On-going product/service purchases	Not Applicable	15; 16; 18	8
(m) Maintenance, appearance and remodeling requirements	Not Applicable	18	None
(n) Insurance	Not Applicable	28	7 and 8
(o) Advertising	Not Applicable	19	6, 7 and 11
(p) Indemnification	Not Applicable	35	6

Obligation	Article in Development Agreement	Article in Franchise Agreement	Disclosure Document Item
(q) Owner's participation/management/staffing	Not Applicable	7; 35	11 and 15
(r) Records/reports	Not Applicable	20	6
(s) Inspection/audits	Not Applicable	20	6
(t) Transfer	8	31; 32	6 and 17
(u) Renewal	Not Applicable	3	6 and 17
(v) Post-termination obligations	6.2	22; 34	17
(w) Non-competition covenants	Not Applicable	~~24~~ <u>27</u>	17
(x) Dispute resolution	11; 12	37	17
(y) Liquidated Damages	Not Applicable	Not Applicable	6

ITEM 10 **FINANCING**

We do not currently offer you any direct or indirect financing, nor do we receive any payments from any person offering financing to or arranging financing for a prospective Strong Pilates Studio franchisee. We do not guarantee your note, lease or any other financial obligation.

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

Except as listed below, we are not required to provide you with any assistance.

Before you commence operating the Strong Pilates Studio under a Franchise Agreement, we will perform the following services for you:

(1) We will grant to you the right to use the System in the operation of the Strong Pilates Studio. (Franchise Agreement, Section 4.1).

(2) We will assist you to become familiar with the System by providing the: (i) introductory owners program and Initial Training Program to your personnel; and (ii) granting you ~~with~~ access to the Brand Standards Manual (on a temporary basis by way of loan, either in hardcopy or electronic format). (Franchise Agreement, Section 4.2 (1)). The [Brand Standards Manual contains approximately 233 pages and the](#) table of contents of the Brand Standards Manual is attached as [Exhibit J](#) to this Disclosure Document. We neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of Strong Pilates Studio employees, contractors or customers. You will agree in your Development Agreement and Franchise Agreement that we are not joint employers of your employees and other personnel. We do not and will not share or codetermine any of your employees' essential terms and conditions of employment. More specifically, in no case do we have any authority to determine or set your employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the

supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. You alone have sole authority to determine any or all your employees' essential terms and conditions of employment.

(3) We will provide any supplementary training considered necessary by us or reasonably requested by you at any time. (Franchise Agreement, Section 4.2(1)).

(4) We will specify a list of: (i) products that are Approved Products and Approved Services; and (ii) suppliers that are Approved Suppliers in the Brand Standards Manual, as modified by us from time to time, which Approved Suppliers ~~which~~ may include or be limited to us or our affiliates; and we may from time to time specify a list of suppliers that are Nominated Suppliers in the Brand Standards Manual. (Franchise Agreement, Section 4.3).

(5) We will specify a list of Approved Equipment Suppliers. (Franchise Agreement, Section 4.4).

(6) We will sell you the initial Rowformer Machines and Bikeformer Machines, as well as the initial Strong merchandise (Franchise Agreement, Section 4.3; Section 19.7).

After you commence operation of the Strong Pilates Studio under the Franchise Agreement, we will provide the following services and assistance to you:

(1) We will: (i) use our reasonable endeavors to promote the Network and develop and implement a structured marketing program; and (ii) administer the national Marketing Fund. (Franchise Agreement, Section 4.5).

(2) We may provide advice and assistance to you, including advice and guidance in relation to: (i) the acquisition of Approved Products and Equipment; (ii) the use of the Strong Software; (iii) Approved Suppliers and Nominated Suppliers; (iv) Approved Equipment Suppliers; (v) new developments in products and equipment; (vi) improvement of relationships with suppliers; (vii) marketing techniques and customer relations; (viii) the implementation of and compliance with the System in the conduct of the Strong Pilates Studio including general operating procedures for the Strong Pilates Studio; and (ix) training programs. (Franchise Agreement, Section 4.6 (1) to (9)).

(3) We will sell you replacement Rowformer Machines and Bikeformer Machines, as needed, as well as a continuing supply of Strong merchandise, unless we authorize you to purchase directly from Approved Suppliers or Nominated Suppliers (Franchise Agreement, Section 4.4, Section 18).

Site Selection and Leasing Requirements

If you sign a Development Agreement, we will designate your Development Area as further described in Item 12 (Development Agreement, Exhibit C). Your Development Agreement will have a development schedule by which each Strong Pilates Studio to be developed must be approved for commencement of operations. If you fail to meet the development schedule in your Development Agreement, your development rights and the Development Agreement are subject to termination.

Before or after signing a Franchise Agreement, you and we will agree on and designate the specific Premises for your Strong Pilates Studio or a target area within which you will locate a Premises for your Strong Pilates Studio and later be provided an approved Premises and Territory. See Item 12.

We ~~may, but are not obligated to, assist you~~ will provide certain assistance in site selection in return for the Real Estate Fee, but you are ultimately responsible for selecting the Premises. Generally, franchisees lease the Premises, but some franchisees s may already own or purchase the land for the Premises.

Our review and approval of a proposed Premises is based upon the following factors: size, traffic patterns, population density, market penetration, and proximity to other fitness centers or Pilates studios, including existing or planned, company-owned or franchised Strong Pilates Studios, proximity to highways, shopping centers and other commercial activity, and other demographic and relevant criteria.

If you acquire a proposed Premises prior to receiving our approval to the Premises, you do so at your own risk with no assurances that we will give our approval to the Premises.

You will be responsible for the design, construction and project management of the Strong Pilates Studios at the Premises in accordance with the requirements specified in the Brand Standards Manual, the Brand Standards or as specified in writing by us from time to time.

You must submit the details of the proposed builder and/or architect and all Premises selection, construction plans and terms of construction for Strong Pilates Studios to us for approval (which will not be unreasonably withheld) prior to you engaging tradespeople.

You must hold an Occupancy Right at all times during the term of the Franchise Agreement, and not execute any document conferring, or which would on approval confer, any Occupancy Right without first obtaining our written consent to the terms of that document, which consent may not be unreasonably withheld. An “Occupancy Right” means any right to occupy the Premises including as lessee, sublessee, licensee or as the holder of some other interest in the Premises conferring an enforceable right to use or occupy them. ~~We require that you.~~

If you hold an Occupancy Right through a real estate lease, you must obtain the execution of a Lease Rider by your landlord (in the form attached to the Franchise Agreement in Exhibit B) granting us certain rights in your Premises.

If no premises are specified in the Franchise Agreement as at the date of its execution, you must, prior to the Commencement Date, confirm in writing our approval to the Premises subsequently located by you (and inserted in the Franchise Agreement by us) and you must acknowledge that it has met the requirements specified in the Franchise Agreement. If at the date of execution of the Franchise Agreement, a location for the Premises has not been obtained in accordance with the Franchise Agreement, you will use reasonable best efforts to find a suitable location for the Premises that is approved by us, within an area designated by us.

Strong Pilates Studio Opening

If you only sign a Franchise Agreement, the estimated length of time between the signing of the Franchise Agreement or first payment of any consideration for the franchise and the opening of the Strong Pilates Studio should be approximately 9 months and should not be longer than 12 months.

If you sign a Development Agreement, the estimated length of time between the first payment of any

consideration for the franchise (you sign the Franchise Agreement and pay the initial franchise fee when you sign the Development Agreement) and the opening of the Strong Pilates Studio should still be approximately 9 months and should not be longer than 12 months. The factors which affect this time are the ability to obtain a deed or lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, and delayed installation of equipment, fixtures and signs.

The Franchise Agreement requires that a site for the Premises be approved within 9 months of signing the Franchise Agreement and that you open your Strong Pilates Studio within one year of signing the Franchise Agreement. (Franchise Agreement, Sections 13.1(4) and 33.1(a) and (c)). Failure to commence operations of your Strong Pilates Studio by the required opening date is a default and may result in us deciding to terminate your Franchise Agreement. See Item 5 for a discussion regarding reimbursement of a portion of your Initial Franchise Fee in such event. Notwithstanding the foregoing, it is possible that we will occasionally extend the time frame for opening the ~~restaurant~~ Strong Pilates Studio based upon specific facts and circumstances; such as franchisees who, directly or indirectly, purchase a large number of franchises.

Before opening your Strong Pilates Studio, you must complete certain pre-opening requirements to our satisfaction. As of the date of this Disclosure Document, the pre-opening requirements are as follows:

- (1) 150 Foundation Memberships Sold. You must have signed membership contracts with at least 150 members prior to opening your Strong Pilates Studio. Each membership contract must be on Strong's standard membership terms and conditions, and the member must have provided the relevant details to allow the studio to bill via autopay.
- (2) 250 Trials Sold. You must have sold at least 250 trials for a limited duration (on terms approved by Strong) prior to opening your Strong Pilates Studio.
- (3) Studio Manager. You must hire a Studio Manager at least 14 weeks prior to opening your Strong Pilates Studio.

If you do not satisfy the pre-opening requirements, we may delay the opening of your Strong Pilates Studio until such requirements are met, or we may implement an alternative plan of action in our discretion. The foregoing is without limitation to our standard processes, and we may modify these requirements in the future generally or for any particular Strong Pilates Studio.

Training Program

Our Induction Program and Academy Training Program

We do not provide you any training under the Development Agreement.

Under the Franchise Agreement, we will provide your Manager and Workers a one-week ~~training~~ initial training and induction program in Austin, Texas or in Los Angeles, California. You and your personnel must complete the Initial Training Program at least 3 weeks before your Strong Pilates Studio is expected to open. We offer the Initial Training Program on a continuous basis so long as there are candidates ready for training.

We do not charge you a separate fee for participating in the Induction Program, but you will bear the direct costs and expenses of your personnel attending the Induction Program and you will pay all travel and accommodation expenses and salaries for any of your personnel undertaking training. See Item 7.

Our training program is overseen by Mark Armstrong (~~40~~11 years' experience in Strong Pilates Studios and 910 years' experience in training generally) and Heather Christie (~~2~~3 years' experience in training personnel to operate Strong Pilates Studios and 910 years' experience in training generally).

An outline of the Initial Training Program for a single Strong Pilates Studio is as follows:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours On The Job Training	Location
Studio Operations	5	0	Austin, Texas or Los Angeles, California
Studio Fit Out	3	0	Austin, Texas or Los Angeles, California
Sales and Marketing	5	0	Austin, Texas or Los Angeles, California
Movement and Programming	3	0	Austin, Texas or Los Angeles, California
Training + Recruitment	3	0	Austin, Texas or Los Angeles, California
Total	19	0	

As mentioned in Item 5, if in our opinion, acting reasonably, your participation in the Initial Training Program reveals to us that you, your designated trainees² or your Manager^{2s} will be unable to adequately manage and operate the Strong Pilates Studio, then after providing you with a reasonable opportunity to rectify any deficiencies to our satisfaction, we may terminate the Franchise Agreement. If we terminate, we will refund to you 1/2 of the Franchise Fee which will be the only amount(s) to be refunded or paid by us to you. However, as a condition of any such refund you will have first delivered to us a release of us, our directors and officers, all ~~of~~of our respective affiliates and the directors and officers thereof, to the extent permitted by applicable law, from all obligations under the Franchise Agreement of any such persons, in a form satisfactory to us.

Strong Academy

Under the Franchise Agreement, your Manager and any of your Workers that we consider necessary to enable you to efficiently operate the Business must, at a time and in the manner we consider necessary, complete the Strong Academy to our satisfaction. The Strong Academy is an intensive one to two week training program, community classes, and assessment where your Workers will learn the Strong Pilates Method. Your Manager and your Workers that will instruct customers on the Strong Pilates Method when your Strong Pilates Studio opens must attend Strong Academy prior to the opening of the Business. The Strong Academy Fee is \$9,000 plus applicable tax for a private studio for your Workers. We offer the Strong Academy on a continuous basis so long as there are candidates ready for training.

We will also travel to your Strong Pilates Studio prior to opening to train your head trainer and other trainers (our team may consist of 5 to 7 people). All attendees MUST complete the online Academy modules (no additional cost) prior to us attending their studio.

The Strong Academy consists of the following:

Subject	Hours of Classroom Training	Hours On The Job Training	Location
STRONG Brand, Introduction to the Rowformer, Class styles, props	6	0	Approved Studio
STRONG Cueing Method, STRONG Portal & Communications, Exercise Breakdown Abs	6	0	Approved Studio
Row/Ride Workshop w/ Strength & Conditioning Coach	6	0	Approved Studio
Client communications, Personality and stage presences, Lights, TV's, Music, Mic & Practice teaching	6	0	Approved Studio
Exercise Breakdown Legs/Glutes, Strength & Conditioning Principles & Practice teaching	6	0	Approved Studio
Exercise Breakdown Upper Body & Practice Teaching	6	0	Approved Studio
Prepare for Final Practical Assessment / Online Exam & Practice Teaching	6	0	Approved Studio
Questions & Practice teaching	6	0	Approved Studio
Final Online Exam & Practice Teaching	6	0	Approved Studio
Teach a 45 minute STRONG class	1	0	Approved Studio
Total	55		

Opening Support

We may also send up to 2 of our operations representatives to travel to your Strong Pilates Studio for on-site pre-opening and opening training, supervision and assistance for up to one week in the aggregate immediately before your scheduled opening date and after your Strong Pilates Studio opens for business. We do not charge you a separate fee for providing opening support, but you will reimburse to us our direct costs and expenses for sending our opening support team to the Strong Pilates Studio, including all travel and accommodation expenses, but excluding salaries and benefits. See Item 5.

Supplementary Training

We will also provide any supplementary training considered necessary by us or reasonably requested by you at any time. We may also convene seminars for you, your Manager and Workers nominated by us whenever ~~us~~we reasonably considers it necessary or appropriate. You must pay to us in advance the fees prescribed by us for your trainers (currently, \$850), as determined by us from time to time, for providing any training supplementary to the Initial Training Program requested by you, or required by us to be undertaken by you, your Manager or any of your Workers, for providing any seminars and attending any seminars and training, including travel, accommodation and meal expenses.

Meetings and Conferences

We may convene meetings of and conferences for you or groups of franchisees ~~when ever~~whenever we consider it necessary or appropriate. The location, agenda, duration and all procedures and formats of each meeting and conference will be determined by us. You or your Manager must, at your cost, attend any such meetings and conferences, which may be anywhere within or outside of the United States, including in Australia.

Other Assistance

We may provide general advice and assistance to you as we deem appropriate, including advice and guidance in relation to (a) the acquisition ~~to of~~ Approved Products and Equipment; (b) the use of the software developed by, or licensed to ~~a member of~~ us, which ~~our~~we authorizes for use in the Strong Pilates Studio (the “Strong Software”); (c) Approved Suppliers and Nominated Suppliers; (d) Approved Equipment Suppliers; (e) new developments in products and equipment; (f) improvement of relationships with suppliers; (g) marketing techniques and customer relations; (h) the implementation of and compliance with the System in the conduct of the Strong Pilates Studio, including general operating procedures for the Strong Pilates Studio; and (i) training programs.

Advertising and Promotions

Marketing Fund

We have established (in September 2024) and intend to maintain a national Marketing Fund for advertising and marketing Strong Pilates Studios in the United States. We administer the Marketing Fund in accordance with the Franchise Agreement and Brand Standards Manual, and account through it for the Marketing Contribution and marketing levies paid by Strong Pilates Studio franchisees.

You pay 2% of your Revenues to the Marketing Fund as Marketing Contributions. We anticipate that any company owned or affiliated Strong Pilates Studios will contribute the Marketing Fund at then similar required rates of franchisees, but there is no formal requirement that any such company owned or affiliated Strong Pilates Studios do so.

We may use the Marketing Fund to pay the costs of the following, without limitation: (a) developing and conducting advertising and promotional campaigns, as determined by us in our discretion, including customer database development and management; (b) conducting research, including research in relation to products, technology and customers; (c) developing public relations, customer and supply relations, including any Customer Loyalty Program and public relations campaigns to protect and enhance the goodwill attaching to the Intellectual Property and the Network; (d) engaging advertising agencies and marketing and public relations consultants; (e) updating, upgrading, modifying and replacing the Strong Software and any other technology, and extracting and analyzing information generated by the Strong Software; (f) co-ordinating the activities herein and administering the Marketing Fund, including reasonable overhead and administrative costs, and the costs of materials, Workers' remuneration and printing; (g) payment of accountancy, legal and other fees in respect of audits of the records of the Marketing Fund, and any other activities undertaken by the Marketing Fund; (h) any costs associated with establishing, maintaining, upgrading and updating the Strong Social Media Sites (as defined below); (i) the development, operation, upgrade and maintenance of any software, hardware or other technology associated with using television screens or other interactive hardware in the Strong Pilates Studios to assist instructors facilitating classes and to enhance the exercise experience for customers; (j) the establishment of new technology in the form of programs, software, equipment or applications to assist franchisees to increase customer engagement; (k) the continued development of technology by us which includes the implementation of new exercises and equipment; and (l) any other legitimate purpose as referred to in the Brand Standards Manual from time to time. Subject to the above, we may determine in our discretion how the Marketing Fund is spent.

We need not expend the total contributions to the Marketing Fund in the financial year in which those contributions are received and we may accumulate a reserve if ~~us~~we think~~s~~ that this is appropriate. We may make loans to the Marketing Fund bearing reasonable interest to cover any deficits of the Marketing Fund and cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. At the end of the operation of the Strong Pilates Studio, you are not entitled to any of the money held in the Marketing Fund.

We may administer the Marketing Fund in the manner we consider appropriate, and the Marketing Fund is intended to maximize general public recognition and patronage of the Strong Pilates Studios and we undertake no obligation in administering the Marketing Fund to ensure that any particular franchisee, including you, benefits directly or pro-rata from the placement of conduct of such advertising and promotion. We are not required to spend any proportion of the money in the Marketing Fund in any particular location, including exclusively within the United States, or in respect of any particular Strong Pilates Studio. We will have the right to co-mingle funds to create one or more Marketing Funds or other funds for one or more systems, and/or to allocate a portion of the Marketing Fund to regional advertising co-operatives administered~~ed~~ by one or more groups of franchisees, without prior notice to you. No advertising funds are used for advertising that is principally a solicitation for the sale of new franchises. If requested by you, we will prepare annual financial statements of the Marketing Fund's receipts and expenses, but we do not intend to prepare any annual or other audit of the Marketing Fund.

We may wind up the Marketing Fund at any time during the term of the Franchise Agreement, and in our absolute discretion, after payment of all costs authorized above and the costs of winding up: (i) establish a new Marketing Fund to be operated by us and transfer all or part of the balance of the original Marketing Fund to the new Marketing Fund; (ii) use all or part of the balance of the Marketing Fund in accordance with the Franchise Agreement; or (iii) distribute all or part of the balance of the Marketing Fund between all Strong Pilates Studio franchisees and we and our affiliates, having regard to the amounts contributed by each franchisee and we and our affiliates, including amounts contributed by we

and our affiliates in respect of company-owned businesses conducted using the Trade Marks, the Image, the System and other Intellectual Property.

We created the Marketing Fund in September 2024. During the 2024⁴⁵ fiscal year, approximately 78⁴⁶% of the funds were spent on promotional events, 188⁴⁷% of the funds were spent on digital advertising and 41⁴⁸% of the funds were spent on marketing assets and development and production of materials.

Local Area Marketing

In addition to your contribution to the Marketing Fund, you are also required to spend a minimum of 1.5% of Revenue per month on local area marketing in the Territory (“Local Marketing Spend”). When requested by us, you must provide evidence that such marketing has taken place and you may not conduct any direct marketing in respect of the Strong Pilates Studio or the Approved Services in close proximity of another franchisee without our prior written consent.

You must market and promote the Strong Pilates Studio and the Approved Services strictly in accordance with the standards and procedures set out in the Brand Standards Manual or otherwise prescribed by us. You must prepare a marketing plan in a form reasonably required by us in the Brand Standards Manual on each anniversary of the Commencement Date and submit this plan for our prior approval (the “Marketing Plan”), and report to us in relation to how the Local Marketing Spend has been utilized and the correlation between your success in the Strong Pilates Studio and the Local Marketing Spend and Marketing Plan.

We may require you to use us or our affiliates as your advertising agency for your Local Marketing Spend expenditures.

Opening Promotional Amount

~~You must also spend an opening promotional amount that is at least \$12,500 (“Opening Promotional Amount”) on promoting the Strong Pilates Studio in the manner and at the times specified in writing by us or obtain the prior written approval of us to undertake our own opening and pre-launch marketing.~~

Beginning 90 days before you open your Strong Pilates Studio and continuing until 30 days after you open your Strong Pilates Studio, you must spend a minimum of \$20,000 on digital advertising (paid to a provider of our choice) plus \$5,000 on local marketing (and you must cover all agency fees on top of the digital ad spend, which are estimated to be 15% to 25% of the actual spend). The grand opening promotion must be conducted as we require. We may require payment to us for remittance to agency. If we direct, you must pay us or third parties approved by us, part or all of the Grand Opening Ad Expenditures. If we require that you pay us or third parties all or part of the Grand Opening Ad Expenditures, then we or the third party will conduct grand opening advertising and promotions on your behalf. If we require that you pay us the Grand Opening Ad Expenditures, then you must make payment to us four months before the opening date of your Strong Pilates Studio.

Other Marketing Obligations

You must participate in all promotional activities and market research programs as reasonably required by us and market and promote the Strong Pilates Studio locally at your own cost. Before you undertake any such marketing or promotional activity, you must obtain our written approval to the proposed activity. The approval will not be unreasonably withheld if the activity complies with the standards and procedures set out in the Brand Standards Manual. You must ensure that all marketing and promotional activities are not in any way misleading or deceptive and conform to all applicable laws and advertising standards, and to the highest standards of ethical marketing and to the policies prescribed by us.

We do not have any advertising council composed of franchisees. We do not require you to participate in any local or regional advertising cooperative.

Customer Loyalty Program

You must participate fully in any Customer Loyalty Program which we decide to establish and implement, on the terms set out in the Brand Standards Manual from time to time. You must purchase from us or our designee the cards, application forms and other materials for use in connection with the Customer Loyalty Program prior to the Commencement Date and as and when required in the operation of the Strong Pilates Studio in accordance with the Brand Standards Manual. We may, in our discretion, by written notice to you at any time vary the terms of the Customer Loyalty Program or withdraw from supply the cards, application forms and other materials for use in connection with the Customer Loyalty Program.

Website

We and our affiliates may establish or approve in writing and have discretion over the content of any social media sites, or any Strong Pilates Studio operated by an affiliate of us, for the purpose of communication with prospective customers and customers of the System, including Facebook, Instagram, Twitter, LinkedIn, blogs, wikis, online communities and social networking sites and/or applications nominated by us from time to time for use in the System (the “Strong Social Media Sites”), in which case us or our affiliates will have sole rights to and interest in, and will be the owner of and have full control over the Strong Social Media Sites. You must obtain our prior consent before publishing any statement, comment or other material whatsoever on the Strong Social Media Sites in connection with the Strong Pilates Studio, System, Approved Products and/or Approved Services.

You must also establish or use our approved Facebook, Instagram and Google Strong Pilates Studio social media sites in connection with the Strong Pilates Studio in accordance with the Franchise Agreement (the “Your Social Media Sites”) and subject always to any guidelines for such usage established by us and set out in the Brand Standards Manual from time to time.

In any dealings with the Strong Social Media Sites or Your Social Media Sites, you must comply at all times with our relevant policies set out in the Brand Standards Manual or as otherwise specified in writing by us and not be involved in any way in the publication of any statement, comment or other material whatsoever on any social media sites in connection with the Strong Pilates Studio, System, Approved Products and/or Approved Services, except as authorized under the Franchise Agreement, the Brand Standards Manual or as otherwise specified by us in writing. You must only advertise and promote the Strong Social Media Sites and [FranchiseeYour](#) Social Media Sites to prospective customers and customers and not advertise or promote any other social media sites in the Strong Pilates Studio except with our prior written consent (which may be given or withdrawn at our discretion). Further, you must

display the details of the Strong Social Media Sites and ~~Franchisee~~[Your](#) Social Media Sites as set out in the Brand Standards Manual or as otherwise specified by us in writing (e.g. on our stationery) and, when using Instagram, you must use the @STRONG handle and follow any other guidelines specified in the Brand Standards Manual when using Instagram to promote the Strong Pilates Studio.

Technology and Information Systems Hardware and Software

You must at your own cost install and use in the Strong Pilates Studio such computer hardware and software which satisfy the functionality and specification requirements specified by us for the operation of a Strong Pilates Studio, the delivery of information and the preparation and production of any reports which you are required to give to us (the “Hardware” and “Software”, respectively).

You will be required to acquire and maintain software licenses and warranties (to a level specified by us) for the Hardware and Software and pay on time all license and warranty fees, and to train your Workers, in the manner specified by us or the vendor of the Hardware and Software, in the use of the Hardware and Software.

As of the date of this Disclosure Document, you must purchase or lease the following Software or Hardware items:

- 4 Speakers
- Touchscreen system controller
- Remote microphone
- Music input ~~wall~~[wall](#)plate
- Equipment rack containing system electronics
- Audio patch panel
- Connection cables
- Cables for 3x TVs
- Visual tech pack cabling for Raspberry Pi
- ~~Hapana~~[Glofox](#)
- Sphere
- Laptop Computer or ~~Ipadi~~[iPad](#)
- 1 Internet Router
- 1 Business phone line
- 3 55in TVs
- HDMI splitter
- HDMI cords
- Spotify for Business
- Square

We estimate the initial purchase or lease cost of the current required Software and Hardware to be between \$5,000 and \$8,000.

As noted in Item 8, we currently anticipate using the proceeds from the Technology Fee to pay for some or all of your continuing Software and Hardware licenses, but may adjust the Technology Fee and require you to contract with and pay the third-party vendors for then current Software and Hardware directly.

We may electronically poll the Strong Pilates Studio's Hardware and Software to obtain Revenues data, as well as other financial and operating information, including customer information and other information, which will be available to us twenty-four hours every day. You must maintain continual

data network access to the Strong Pilates Studio's Hardware and Software for our use. There are no contractual limitations on our right to access any information or data contained on the Hardware and Software.

You will be responsible and required to change or upgrade any Hardware or Software used in the Strong Pilates Studio which we consider is obsolete or superseded, including installation of new Hardware or Software which satisfies the then current functionality and specification requirements of us and to ensure that all Hardware and Software is secure from unauthorized access or use, and complies with our security requirements set out in the Brand Standards Manual. We are unable to estimate the cost to change or upgrade any Hardware or Software used in the Strong Pilates Studio, but we do not anticipate that the costs for general maintenance would be more than \$750 a year (in addition to your payment of the Technology Fee).

Except as described above, there are no contractual limitations on the frequency and cost of the obligation to require updates to the Hardware and Software.

Except as set forth below, other Hardware and Software is not mandatory and we are not obligated to provide or to assist you to obtain or provide ongoing maintenance, repairs, upgrades or updates to such Hardware and Software; however, you must obtain our prior written consent for any variations from our Brand Standards.

ITEM 12 **TERRITORY**

Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we and our affiliates own, or from other channels of distribution that we control, including the internet. We have no obligation to pay you any compensation for soliciting or accepting orders inside [the](#) Territory.

We determine your Territory before you sign the Franchise Agreement based on various market and economic factors like population, demographics, the penetration of similar businesses and growth trends in the market. We use population and demographics software to identify certain geographic areas, but the Territory is generally an agreed geographic area around your Strong Pilates Studio encompassing 90,000 people (determined using our then current real estate demographics Software) and then described in your Franchise Agreement as either a radius, a metes and bounds description or other geographic designation. We may include a map in the Franchise Agreement depending on the specific Territory. We have no specific minimum or maximum geographic territory or population size for a Territory, but as noted we try to approximately 90,000 persons per Territory at the time the Franchise Agreement is signed.

Subject to you complying at all times with your obligations under the Franchise Agreement, we will not during the term of the Franchise Agreement operate, or grant any other person the right to operate, a Strong Pilates Studio as our franchisee from a premises located within the Territory.

Notwithstanding the foregoing, and regardless of the proximity to or competitive effect on the Strong Pilates Studio, we and franchisees may: (a) conduct marketing within the Territory for the benefit of the Network or to enhance the value of the Trade Marks or the System, including any form of direct or indirect marketing via any media; (b) conduct marketing within the Territory for the purpose of soliciting business in respect of their respective Strong Pilates Studio(s), including any form of direct or indirect

marketing via any media; (c) sell, or authorise any other person to sell, the Approved Products via online platforms or via any other means other than a fixed retail location, or gym facility, to customers located within the Territory; and (d) promote, sell or distribute products (including the Approved Products) and services or grant to third parties the right to sell or distribute such products and services to persons located within and outside the Territory using any method of distribution, including online. In addition, we may operate and grant other persons the right to operate Strong Pilates Studios from premises located at any location outside of the Territory or businesses from premises located at any location (including within the Territory) where such businesses operate under trademarks that are not the Trade Marks.

Furthermore, in the event that we and/or our affiliates purchase, merge with, acquire, sell to or affiliates with a competitive or non-competitive network, chain or any other business, then we and/or our affiliates may without restriction: (a) operate, franchise or licence those businesses to operate using the Trade Marks and other Intellectual Property outside of the Territory; or (b) operate, franchise or licence those businesses to operate under any other trademark wherever located, including within the Territory.

We have no express obligation or implied duty to protect the revenues from erosion as a result of the Strong Pilates Studio competing with other Strong Pilates Studios whether permanently, temporarily or seasonally, and we have no obligation to make any payment or other compensation to you if we solicit or accept orders from inside the Territory.

Minimum Performance Criteria

You must achieve the Minimum Performance Criteria which reflects certain minimum criteria that you must perform and which are not targets or objectives. If you fail to achieve the Minimum Performance Criteria for any period of 6 months during the term of the Strong Pilates Studio ("Assessment Period"), you and your Manager must attend a meeting held by us, at your cost, to discuss the performance of the Strong Pilates Studio, provide us with a written explanation for the failure to achieve the Minimum Performance Criteria, if requested to do so by us, and set out specific strategies or actions to be taken to address the failure which are acceptable to us.

If we consider that you have failed to achieve the Minimum Performance Criteria for reasons within the control of you, we may require any or all of you, your Manager and your Workers to undertake additional training, at your cost.

If you fail to attend a meeting with us in accordance with the above, attend and complete or procure additional training as required, implement any agreed strategy or action resulting from the meeting referred to above; or meet the Minimum Performance Criteria within 6 months of attending said meeting with us, or completion of additional training as required, then you must sell the Strong Pilates Studio within 3 months after the date upon which us notifies you that you have failed to meet one or more of your obligations described above, and we may terminate the Franchise Agreement.

We may review and set a new Minimum Performance Criteria on the second anniversary of the Commencement Date and on each subsequent anniversary during the term of the Franchise Agreement. We may introduce additional criteria, including for example, customer satisfaction targets, sales, membership numbers or type and loyalty scheme targets.

As of the date of this Disclosure Document, the first Assessment Period for the Minimum Performance Criteria is as follows: (a) Revenue of \$4,000 minimum per week (average); (b) Customer Loyalty Program transactions of 10% of Revenue per week (average); (c) no more than 2 customer complaints per week (average); (d) selling at least five (5) Strong Human memberships per week (average); (e) fifty (50)

classes per week utilizing the Rowformer Machine as specified in the Brand Standards Manual from time to time (each, a “Class”); and (f) a minimum of thirty (30) classes per week.

For each Assessment Period thereafter, the Minimum Performance Criteria will be as follows: (a) a minimum average Revenue per week equal to the amount set for the prior Assessment Period increased by five percent (5%); (b) Customer Loyalty Program transactions of 10% of Revenue per week (average); (c) no more than 2 customer complaints per week (average); (d) selling at least 5 Strong Human memberships per week (average); and (e) a specified number of classes per week and minimum number of Classes per week to be set prior to each Assessment period, which will not decrease from the first Assessment Period.

If your Occupancy Right is terminated or expires, you may relocate the Strong Pilates Studio to other premises within the Territory if all of the following conditions are satisfied within 60 days after the date that the Occupancy Right is terminated or expires: (a) we are of the opinion that the relocation does not adversely affect any existing Strong Pilates Studio business or any other competing business owned by us or our affiliates; (b) an Occupancy Right approved by us is secured; (c) the new Premises is located within reasonable proximity to the original Premises; (d) the Premises is fitted out at your cost to conform to the then prevailing Image and otherwise in accordance with the Franchise Agreement; (e) you pay to us all of our costs (including legal fees and time spent by our Workers) in connection with the relocation; (f) we and our affiliates are released by the owner or lessor (if any) from all of their obligations actual or contingent (if any) to the owner of the original Premises and the owner of the original Premises releases any security held; and (g) you are released from all of your obligations (if any) to the owner or lessor (if any) of the original Premises. If the requirements set out above are not satisfied within the required time frame, we may immediately terminate the Franchise Agreement by written notice to you in accordance with the Franchise Agreement.

Except as noted above, the rights with respect to the Territory are not dependent upon you achieving a certain sales volume, market penetration or other contingency. However, if you are in default and fail to timely cure, we may terminate the Franchise Agreement as noted above.

Except as detailed in the Development Agreement described below, we do not grant any options or rights of first refusal to you under the Franchise Agreement to obtain additional Strong Pilates Studios. If you do not have an existing Development Agreement and desires to open an additional Strong Pilates Studio, you must be approved and sign a separate Franchise Agreement for that location.

Development Agreement:

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we and our affiliates own, or from other channels of distribution that we control, including the internet. We have no obligation to pay you any compensation for soliciting or accepting orders inside the Development Area.

Under the Development Agreement, you are granted the right to open and operate more than one Strong Pilates Studios within the agreed Development Area under an agreed Development Schedule.

We determine your Development Area and Development Schedule before you sign the Development Agreement based on your experience and financial resources and on various market and economic factors like demographics, the penetration of similar businesses and growth trends in the market. The Development Area may be all or a portion of a state, city, single or multi-county area, or some other area,

and will be described in the Development Agreement. We have no specific minimum or maximum geographic territory or population size for a Development Area.

If you and your affiliates are in full compliance with the Development Agreement and all other agreements with us, we will not open or operate, or license any third party the right to open or operate, any full-size, bricks and mortar Strong Pilates Studios utilizing the Trade Marks and System within the Development Area.

In all cases, under the Development Agreement, we and our affiliates (and each of their respective successors and assigns, by purchase, merger, consolidation, or otherwise) reserve all rights that the Development Agreement does not expressly grant to or confer upon you.

We have no express obligation or implied duty to protect your revenues from erosion as a result of any Strong Pilates Studios competing with other Strong Pilates Studios whether permanently, temporarily or seasonally, and we have no obligation to make any payment or other compensation to you if we solicit or accept orders from inside the Development Area.

Your rights with respect to the Development Area are not dependent upon your achieving a certain sales volume, market penetration or other contingency, but you must open and maintain open the number of Strong Pilates Studios in your Development Schedule or else you will be in default. If you are in default and fail to timely cure, we may terminate your Development Agreement.

After your Development Agreement expires, your territorial and other protections are terminated. We do not grant any options or rights of first refusal under the Development Agreement to obtain additional Strong Pilates Studios. If you desire to open one or more additional Strong Pilates Studios, you must be approved and sign a separate Development Agreement and/or Franchise Agreement(s) for any new location(s).

We and our affiliates may in the future purchase one or more third party owned fitness businesses and convert them to Strong Pilates Studio brand businesses. Also, we and our affiliates may develop, own and sell (directly or through at wholesale to third parties for resale) other fitness related products.

You have no rights to offer and sell, or protections from the offer and sale of, any such other brands or any other brands we or our affiliates may create or acquire and then offer and sell through any means of distribution, including franchising. You do not have any rights, options, rights of first refusal, or similar rights to acquire additional franchises under the Development Agreement or Franchise Agreement for any other brands we or our affiliates may develop, operate or franchise in the future, and we, our affiliates and any franchisees of these other concepts may solicit and accept orders for their products and services in the Development Area and/or Territory.

ITEM 13

TRADEMARKS

We grant to you the right to use certain trademarks, service marks and other commercial symbols, including “Strong Pilates” (the “Trade Marks”) in connection with the operation of the Strong Pilates Studio under the Franchise Agreement.

Our affiliate Strong Pilates IP Pty Ltd. is the overarching owner of the Trade Marks and has registered or applied for the following Trade Marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”), as follows:

Mark	Registration Number (Application Number)	Registration Date (Application Date)
~~STRONGFORMER-~~	~~(97915985)~~	~~(May 1, 2023)~~
STRONG PILATES	<u>7871087</u> ~~(97915981)~~	~~(May 1)~~ <u>July 22, 2023</u> ~~5)~~
~~STRONG (and Design)~~ 	~~(98368418)~~	~~(January 21, 2024)~~
STRONG PILATES (and Design) 	~~(98368416)~~ <u>8119546</u>	~~(January 21)~~ <u>27, 2024</u> ~~6)~~
STRONG PILATES ROW. RIDE. REFORM. (and Design) 	~~(98368420)~~ <u>8129120</u>	~~(January 21)~~ <u>February 3,</u> 2024 ~~6)~~

[Our affiliate Strong Pilates IP Pty Ltd. has also filed federal trademark applications for the following trademark.](#)

Mark	(~~98368423~~) Application Number	(Application Date)
~~STRONGFORMER~~ <u>STRONG</u> (and Design) 	<u>(98368418)</u>	~~(January 21)~~ <u>22, 2024</u>

~~We do not have federal trademark registration for our Trade Marks. Therefore, the Trade Marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the Trade Marks is challenged, you may have to change to an alternative trademark or trademarks, which may increase your expenses.~~

We are aware of trademark registrations owned by third parties for the marks PILATESSTRONG and STRONG BODY PILATES. These are not presently impeding our registration efforts, and we do not view these as high infringement risks to our Trade Marks.

As noted above, we hold a non-exclusive license from our affiliates Strong Pilates IP Pty Ltd. to use and sublicense the use of the Trade Marks and the System to our franchisees. The license was granted effective February 23, 2023. The license continues on in perpetuity, subject to termination by agreement, or upon notice and a failure to cure any material misuse of the Trade Marks. If our license is terminated, according to the terms of the license agreement, our franchise agreements will be automatically assigned to Strong Pilates IP Pty Ltd. or to a new licensee that is acceptable to Strong Pilates IP Pty Ltd.

We and our affiliates intend to file all affidavits and to renew the registrations for the Trade Marks when they become due.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor is there any pending interference, opposition, or cancellation proceeding, nor any pending material litigation involving the Trade Marks which may be relevant to their use in this state or in any other state.

Except for our agreement with our affiliates noted above, there are no agreements currently in effect that significantly limit our right to use or to license others to use the Trade Marks listed in this section in a manner material to the franchise.

You must promptly notify us of any suspected unauthorized use of the Trade Marks, any challenge to the validity of the Trade Marks, or any challenge to our ownership of the Trade Marks, our right to use and to license others to use the Trade Marks or the right to use the Trade Marks. ~~we~~We have the sole right to direct and control any administrative proceeding or litigation involving the Trade Marks, including any settlement. ~~we~~We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Trade Marks. We may defend you against any third-party claim, suit or demand arising out of the use of the Trade Marks. If we, in our sole discretion, determine that you have used the Trade Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be borne by us. If we determine that you have not used the Trade Marks in accordance with the Franchise Agreement, the cost of the defense, including the cost of any judgment or settlement, will be your cost. In the event of any litigation relating to your use of the Trade Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Trade Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Trade Marks in this state or elsewhere.

You must conspicuously post a sign at the Strong Pilates Studio premises and include on all written materials, including advertisements, stationery, business cards, etc. the following: “Independently owned and operated.”

We reserve the right to substitute different Trade Marks for use in identifying the System and the businesses operating under it, at our sole discretion. We will not be required to reimburse you for any of your costs related to conforming to our new Trade Marks, and will otherwise have no obligation or liability to you as a result of any substitution.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not currently own any rights to any required patents or copyrights that are material to the franchise, and do not have any pending patent applications that are material to the franchise. We claim copyright protection to our Brand Standards Manual and the information contained in it is proprietary.

The System and the components of the System, the contents of the Brand Standards Manual and of all training materials and computer programs developed by us or in accordance with our standards, any other

confidential information that we impart to you with respect to a Strong Pilates Studio's operation or management, whether through the Brand Standards Manual or otherwise (collectively, "Confidential Information") belong exclusively to us and the ideas and information in the Brand Standards Manual are our sole and exclusive property and constitute our Confidential Information. Under the Franchise Agreement, Confidential Information means: (a) the methods by which the Strong Pilates Studio is conducted, the Brand Standards Manual, know-how, techniques, trade secrets, processes, marketing strategies, market research, systems, models, databases, product formulations, business plans, any computer hardware or software developed by or for us, special systems and procedures and any modifications to such things, and all other information provided by us to you and/or Guarantor(s) in relation to the System and the System Property and the conduct of the Strong Pilates Studio; (b) the Transaction Records and Customer Information; (c) all information provided by you to us in relation to you; (d) all information provided by us to you and/or Guarantors in relation to us or any member of us or our affiliates; and (e) any information that you and/or Guarantors know or ought to know is confidential and any other information that would at law be considered secret or confidential information of any member of us or our affiliates; but does not include information which: (i) at the time of first disclosure by us to you or Guarantors is already in the public domain; (ii) after disclosure by us to you or Guarantors becomes part of the public domain otherwise than by disclosure in breach of the terms of this Agreement or other obligations of confidentiality owed to us or our affiliates; or (iii) you or Guarantors, as applicable, can demonstrate came to your attention prior to disclosure thereof by us;

Under the Franchise Agreement, you and your Guarantor(s) acknowledge and agree that the Confidential Information is provided or has been obtained under an obligation of strict confidence to us, and comprises our and our affiliates' trade secrets and is our property or the property of one of our affiliates, even if part of it has been developed by you. Further, you and your Guarantor(s) must not, before or after the end of the Franchise Agreement, without our prior written approval, disclose or use the other party's Confidential Information (other than for the purposes of performing this Agreement).

You acknowledge that: (a) we and our affiliates own ~~of~~ all goodwill in the Intellectual Property; all goodwill associated with your use of the Intellectual Property, and your activities under this Agreement, ensures to the benefit of ~~we~~us and our affiliates; and when this Agreement ends, you are not entitled to any payment from us or our affiliates for goodwill which may exist in relation to the Strong Pilates Studio.

All employee training materials (electronic or otherwise) and all software developed by us or by following our standards contain information, embody procedures or facilitate business practices that are proprietary to us and fall within the parameters of our Confidential Information.

You must: (a) take all reasonable steps to protect the Intellectual Property against any action or infringement by any person; and (b) immediately notify us of any actual or potential threat or claim of infringement with respect to the Intellectual Property.

We are not contractually obligated to defend the copyrighted materials. Nor are we contractually obligated to protect you against claims of infringement or unfair competition arising from their use of the copyrighted materials. Although we intend to defend the copyrighted materials vigorously, we are not required to participate in any defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the copyrighted materials, or if the proceeding is resolved unfavorably to you.

If we modify or discontinue the use of any copyrighted materials, you must promptly comply with and adopt, at your own expense, all such modifications.

You and the Guarantor(s) must take all reasonable steps to ensure that your employees and agents, and any sub-contractors engaged for the purposes of the Strong Pilates Studio, do not make public or disclose the other party's Confidential Information, or use that Confidential Information for any purpose other than to perform this Agreement.

Prior to any disclosure of Confidential Information, the party disclosing the Confidential Information must ensure that the person who will receive the Confidential Information is subject to an obligation of confidentiality on similar terms to this clause.

You must require that any third parties engaged by you to perform work or services using or based on any of the Intellectual Property will be subject to the same requirements, and to the extent that any third party creates, has created on its behalf, or is involved in creating adaptations, variations or improvements to any aspect of the Intellectual Property, assign to us or our nominee all interests in relation to the adaptations, variations or improvements and do all things necessary to effect such assignment.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Strong Pilates Studio must at all times be under direct, on Premises supervision of either the person specified in the Franchise Agreement as the manager or another person of equivalent training, skill, experience and good reputation approved by us in writing (the "Manager"), or your employee who has completed the Initial Training Program and been approved by us as a supervisor in writing (a "Worker"). You must also ensure that at least one Guarantor (if different from your Manager) is actively involved in the day-to-day operation of the Strong Pilates Studio and contactable by us at all reasonable times.

You must appoint your Manager and ensure that your Manager devotes their time and effort exclusively to the management and conduct of the Strong Pilates Studio. At your own cost, you must ensure that your Manager attends and completes the Initial Training Program and any other training program required by us prior to commencing management of the Strong Pilates Studio. At your own cost, you must ensure that your Manager obtains any accreditations specified by us as being necessary to operate the Strong Pilates Studio in accordance with the System and the Brand Standards, and any other accreditations required by law or any authority.

You must, at your own cost, train each of your Workers in the operation of the Strong Pilates Studio in accordance with the specifications and procedures specified in the Brand Standards Manual or otherwise specified or approved by us from time to time; and ensure the attendance of any Worker at any training required by us is to the satisfaction of us.

A separate legal entity must be established for the operation of the Strong Pilates Studio only. In the case where you, the Guarantor(s) or your related entities operate another or multiple Strong Pilates Studios, you must form a separate legal entity for each Strong Pilates Studio franchise. We also require that a controlling shareholder be the contact for you at all times, not less than 51% of the voting shares of you will be held by a single shareholder at the time of signing the Franchise Agreement and at all other times.

Each guarantor we select to sign a guaranty under the Franchise Agreement will unconditionally and irrevocably guarantee to us the prompt performance of all of your obligations contained or implied in the Franchise Agreement (the "Guarantor(s)"). Each Guarantor's spouse (if applicable) will expressly

acknowledge and consent to the Guarantor's guaranty in the Franchise Agreement. If the obligation is to pay money, we may recover the money from the Guarantor(s) as a liquidated debt.

Each and any of the following persons nominated by us must give a guaranty and indemnify us on the terms set out in the Franchise Agreement: (a) any person with a direct or indirect legal or beneficial interest in you, including an interest in any entity directly or indirectly controlling you; (b) if you are a corporation, then any director, administrator or liquidator, or any person to whom power is delegated under applicable corporate or bankruptcy legislation; (c) a receiver appointed to you; or (d) a spouse of any individual listed in (a) above (an "Interested Party"). Further, any new Interested Party, upon becoming an Interested Party, must sign a guarantee and become a Guarantor, and provide an indemnity in respect of your obligations under the Franchise Agreement on the then current terms used by us. In all cases, any spouses must acknowledge and consent to the issuance of the guaranty as noted above.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

General

You must only conduct the operation of the Strong Pilates Studio at and from the Premises and within the Territory and only sell the Approved Products and Approved Services in accordance with the Franchise Agreement. You must: (i) offer for sale in the Strong Pilates Studio the complete range of Approved Products; and (ii) not offer, sell or supply any products which are not Approved Products, unless you first obtain our written consent to do so.

You may only operate the Strong Pilates Studio at the retail level and must not, in connection with the Strong Pilates Studio, sell any product or service other than at the retail level. You must maintain in stock an inventory of Approved Products that will enable you to efficiently and profitably operate the Strong Pilates Studio and meet customer demand. You must immediately withdraw any products from sale or services or supply when required to do so by ~~you~~us.

You must open and operate your Strong Pilates Studio during the business hours and days of operation provided in the Brand Standards Manual, unless we provide you a written exception.

Strong Pilates Studios will be open to the general public so there are no limitations on the Customers you may serve.

You are also required to use the entire Strong Pilates Studio Premises only for the operation of the Strong Pilates Studio.

You are not allowed to place vending machines, video games, pinball machines, juke boxes or other amusement devices of any kind, nor are you allowed to conduct live musical performances, theatrical or comedic performances, physical or mental contests or games, gambling, or other types of live entertainment on or about the premises of the Strong Pilates Studio.

If we allow your Strong Pilates Studio to participate in any new products or services test, you must participate in the test in accordance with our Brand Standards and must discontinue offering any products or services that we decide not to add permanently to the authorized list of Approved Supplies or Approved Products.

If you develop or suggest an innovation or improvement that we decide to incorporate into the System, either temporarily or permanently, the innovation or improvement will become our Confidential Information and property without compensation.

You may not sell any Approved Supplies or Approved Products to any wholesale customer, or sell any Approved Supplies or Approved Products from catalogues or an internet website without our prior written permission. See Item 13.

Internet Use and Websites

While we may conduct business and advertise for business on the Internet, you must not, without our prior written consent, conduct business or advertise for business on the Internet. We may offer for sale products and services via the Internet and we are not liable to you for any money or benefits received by us or our affiliates in connection with the sales. You must cooperate with us in our conduct of business on the Internet including by: (a) advertising the domain name specified by us on the shopfront of the Premises, other locations in the Premises, and on all of your letterhead, business cards, invoices, statements and carry bags; (b) accepting gift vouchers, returns and exchanges from customers who have made purchases of products and services via the Internet; and (c) fulfilling orders for products from customers who have placed orders via the Internet.

You must obtain our prior written approval to any email address you use in connection with the Strong Pilates Studio and, if necessary, change the email address. Ownership and control of our web sites and domain names will at all times remain with us or our affiliates. You will not be permitted to alter or allow to be altered the structure or layout of any of our web sites. You must not publish the Trade Marks or any information or material on the Internet or World Wide Web concerning the Strong Pilates Studio, the Premises, the Brand Standards Manual, the Image or any other Intellectual Property of us or our affiliates without the prior written consent of us; and not interfere in the use of any of our web sites by us, any Related Party of us or by any other person.

Financial and Credit Facilities

You must only participate in credit and credit card systems that are approved by us and comply with our credit policy, as well as all relevant laws and industry codes in respect of financial dealings with customers, including those relating to the remittance of membership fees by customers through a process by which you directly debit a customer's bank account or other credit facility.

Customer Memberships

You must procure that each customer signs a membership agreement pursuant to which they agree to purchase from you any of the Approved Services or Approved Products in a form specified by us. You are responsible for confirming that your membership agreement complies with all local laws, rules and regulations in your jurisdiction.

Customer Complaints

You must inform us in writing of, and promptly act to redress, all customer complaints at your cost and in accordance with any relevant provision set out in the Brand Standards Manual. If you fail to redress a customer complaint within 7 business days, we may attempt to redress the complaint. You must pay the costs incurred by us in attempting to redress the complaint. If ~~us~~we 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 us in attempting to redress the complaint.

Industry Associations

You must participate or obtain membership with any industry associations required by us.

Uniforms and Attire

You must ensure that each person working in the Strong Pilates Studio wears a uniform or other attire which complies with the specifications contained in the Brand Standards Manual.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

The Development Agreement

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the franchise term	6.1	The Developer Agreement will commence as of the date it is fully executed and, unless earlier terminated by us, will expire on the earlier of: (i) the last day of the calendar month that the final Strong Business is required to be opened and operating under the Development Schedule; or (ii) the date Developer actually opens the last Strong Business that you are granted the right to open under the Development Agreement.
b. Renewal or extension of the term	Not Applicable	Not Applicable
c. Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
d. Termination by Developer		You may have rights to terminate under applicable law.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	6.2	We can terminate the Development Agreement for cause.

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
g. “Cause” defined – curable defaults	6.2	Cause includes any material breach of the Development Agreement. Also, if any Franchise Agreement that is entered into in order to fulfill Developer’s development obligations under the Development Agreement is terminated or subject to termination by us, then we may terminate the Development Agreement.
h. “Cause” defined – non-curable defaults	6.2	The following are non-curable defaults: (i) if you cease to actively engage in development activities in the Development Area or otherwise abandon a Strong Business for three (3) consecutive months, or any shorter period that indicates an objective intent by Developer to discontinue development of the Strong Businesses within the Development Area; (ii) if you become insolvent or ~~is~~ <u>are</u> adjudicated bankrupt, or if any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, or if you make an assignment for the benefit of creditors or a receiver is appointed by you; (iii) if you fail to meet your development obligations under the Development Schedule for any single Development Period, and fail to cure such default within 30 days of receiving notice thereof; (iv) if you fail to pay any Initial Franchise Fee within 10 days of receiving notice from us that such amount is due and owing; or (v) if any Franchise Agreement that is entered into in order to fulfill your development obligations under the Development Agreement is terminated or subject to termination by us, pursuant to the terms of that Franchise Agreement.
i. Your obligations on termination/non-renewal	Not Applicable	Not Applicable
j. Assignment of contract by franchisor	8	We have the right to assign this Agreement in whole or in part in our sole discretion.
k. “Transfer” by Developer - defined	8	Transfer includes any attempt to sell, transfer, or assign the Development Agreement or any rights under the Development Agreement.
l. Franchisor approval of transfer by Developer	8	Your rights under the Development Agreement are personal and you may not sell, transfer, or assign any right granted herein without our prior written consent, which we may withhold for any reason in our sole discretion
m. Conditions for franchisor approval of transfer	8	You may not sell, transfer, or assign any right granted herein unless all then existing Franchise Agreements are also sold, transferred or assigned to the same party. You will pay us a transfer fee in an amount equal to 40% of our then-current Initial Franchise Fee immediately upon transfer.
n. Our right of first refusal to acquire your business	Not Applicable	Not Applicable

PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
o. Our option to purchase your business	Not Applicable	Not Applicable
p. Death or disability of Developer	Not Applicable	Not Applicable
q. Non-competition covenants during the term of the franchise	Not Applicable	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable
s. Modification of the agreement	27	Modifications of the Development Agreement must be in writing and signed by both parties
t. Integration/merger clause	27	Only the terms of the Development Agreement and other related written agreements signed by the parties are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	12; 13	Subject to applicable state law, the parties must first seek to resolve any dispute by mutual negotiation. If not resolved by mutual negotiation within 21 days, either party may, by notice to the other, require that the dispute be dealt with by mediation. The mediation shall take place in the city in the United States where we have our then current principal place of business at a location to be decided by the mediator. If not resolved through mediation, the parties will submit the dispute to binding arbitration pursuant to the rules of an arbitration body selected by us. The arbitration proceedings will be conducted in the city in the United States where we have our then current principal place of business at a location to be decided by the arbitrator, unless otherwise prohibited by the laws of the state in which the Business is located, in which case the arbitration proceedings shall occur in such state, in a city selected by us. But see state specific amendments to the Development Agreement if applicable.
v. Choice of forum	12; 13	Subject to applicable state law, the state in which we have our then current principal place of business (currently Texas). But see state specific amendments to the Development Agreement (if any).
w. Choice of law	11	Subject to applicable state law, Texas law. But see state specific amendments to the Development Agreement (if any).

The table below lists certain important provisions of the Franchise Agreement. You should read these provisions in the agreement attached to this Disclosure Document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	1.1(40), 3.1, Item 16 in Schedule 1	Ten (10) years from the Commencement Date.
b. Renewal or extension of the term	1.1(59), 3.2, Item 17 in Schedule 1	One additional ten (10) year new term.
c. Requirements for franchisee to renew or extend	1.1(60), 3.2, 3.3, 3.4, Item 14 in Schedule 1	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~~<u>been</u> 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 ~~pay~~<u>s</u> all amounts<u>s</u> 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 <u>form of</u> franchise agreement (which may contain materially different terms and conditions from the original franchise agreement <u>you signed</u>); 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. 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.
d. Termination by franchisee	Not Applicable	You may have rights to terminate under applicable law.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	33	We may terminate if you breach the Franchise Agreement.
g. "Cause" defined – curable defaults 	33.2	We may terminate if: (a) you or your Guarantor(s) (the "Defaulting Party") breaches any provision of the Franchise Agreement or any related agreements; (b) we give to the Defaulting Party a written notice that: (i) specifies the breach; (ii) tells the Defaulting Party what we want the Defaulting Party to do to remedy the breach; (iii) gives the Defaulting Party a reasonable time (which need not be more than 30 days) to remedy the breach; and (iv) states that we propose to terminate the Franchise Agreement and Strong Pilates Studio if the breach is not remedied within that time; and (c) the Defaulting Party does not remedy the breach within the time allowed. If the breach is remedied in accordance with, and within the time allowed by, the notice, we cannot terminate the Franchise Agreement because of that breach.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. “Cause” defined – non-curable defaults	8.4.6, 13.5(3), 21.2(2), 21.5, 32.10(2)(c), 33.1, 33.6	We may terminate immediately by giving you written notice if: (1) a suitable premises for the conduct of the Strong Pilates Studio are not located prior to the Commencement Date; (2) you do not obtain an Occupancy Right; (3) you have not completed all actions required prior to the Commencement Date; (4) Strong considers that you and/or Manager will not be able to complete or has not completed the Initial Training Program to our satisfaction; (5) you materially breach any provisions of the Franchise Agreement or any related agreement and that breach is not capable of being remedied; (6) you no longer hold a license that you must hold to carry on the Strong Pilates Studio; (7) you suffer an Insolvency Event (as defined in the Franchise Agreement); (8) you, in the case of a ~~you that is a~~ company, ~~you~~ or Guarantor loses your charter by expiration, forfeiture or otherwise; (9) <u>you</u> abandons the Strong Pilates Studio for a period of 5 consecutive days or more; (10) you are convicted of a serious offence; (11) you operate the Strong Pilates Studio in a way that endangers public health or safety; (12) you act fraudulently in connection with the operation of the Strong Pilates Studio; (13) <u>you</u> no longer maintains an Occupancy Right; (14) you agree to the termination of the Franchise Agreement and the Strong Pilates Studio at the time of the termination; (15) you fail to meet the Minimum Performance Criteria; (16) you fail to relocate the Strong Pilates Studio within 60 days after termination of Occupancy Rights; (17) you fail to verify ~~their~~<u>your</u> solvency when requested or becomes insolvent; (18) you fail to provide us with the security interest as requested; (19) if a Separation (as defined below) occurs and Spouses (as defined below) fail to come to an agreement by which 1 party sells their interest in the Strong Pilates Studio within the prescribed time period; and (20) if you are a partnership, then if the partnership is dissolved, or any of the parties to the partnership are changed.
i. Your obligations on termination/non-renewal	5.6(3), 35.2, 35.3, 35.4, 35.5	After the Franchise Agreement is terminated or expires you and your Guarantor(s) must: (a) immediately stop using and displaying in any manner the business name, any of the Trade Marks, any part of the Image or anything which imitates or is deceptively similar to these things; (b) immediately stop using the Rowformer Machines and Bikeformer Machines; (c) immediately stop using the Confidential Information (as defined in the Franchise Agreement); (d) vacate the Premises when the Occupancy Right is terminated; (e) immediately de-identify the Premises if you continue to occupy the Premises after the end of the Strong Pilates Studio; (f) immediately deliver to us or make available for collection by us, all Rowformer Machines and Bikeformer Machines; (g) immediately deliver to us all copies of the Brand Standards Manual and Strong Software and uninstall and permanently delete any copies of the Brand Standards Manual and Strong Software electronically stored by you; (h) immediately deliver to us all forms, stationery, business cards, advertising material and any other printed matter and signs used in the Strong Pilates Studio which bear the business name or any of the Trade Marks; (i) immediately deliver

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		to us the original and all copies of the Customer Information and destroy any copies of Customer Information electronically stored by you; (j) immediately deliver to us the original and all copies of databases and all lists held by you of suppliers to the Strong Pilates Studio; (k) immediately deliver to us all other property of any member of us or our affiliates; (l) do everything necessary to cancel or transfer to us or our nominee all registrations including, but not limited to, ~~Franchisee~~Your Social Media Sites, including the business name, the Trade Marks and any business or corporate name of you including signing and lodging with the appropriate authority any deed or document; (m) do everything necessary to comply with Intellectual Property assignment provisions under the Franchise Agreement; (n) transfer to us or our nominee all telephone, facsimile and other communications numbers used in the Strong Pilates Studio; (o) transfer to us or our nominee any email addresses and domain names used in the Strong Pilates Studio; and (p) immediately deliver any computer hardware and software (including applications developed or implemented by us to operate the Strong Pilates Studio (if applicable)) used by you in the Strong Pilates Studio to us for inspection to enable us to ensure that you have complied with your obligations when the Strong Pilates Studio ends. In addition, you must, within 5 Business Days after the end of the Franchise Agreement, pay all amounts owing to: (i) us or our affiliates; and (ii) your trade creditors, suppliers and other creditors which are then unpaid. Furthermore, you must, at your own cost, do all things (including executing all documents) reasonably required by us and necessary or desirable to give full effect to your obligations at the end of the Franchise Agreement. If you do not do anything that it is required to do, we may enter upon the Premises and, at your cost, do whatever you should have done. At the end of the Franchise Agreement, we retain any rights we have against you in respect of any past breach of the Franchise Agreement or any related agreement, in addition to any other rights, powers or remedies provided by law.
j. Assignment of contract by franchisor	29.4(1)(c), 31.1, 31.2, 31.6	We may transfer, sell or assign all or any part of our rights, interests, obligations or liabilities under the Franchise Agreement by transfer or novation without consent of you. To the extent that the purchaser or assignee assumes our covenants and obligations under the Franchise Agreement, we will thereupon and without further agreement, be freed and relieved of all liability with respect to such covenants and obligations. We may, in addition to or as part of a transfer or novation without consent of you: (1) sell our assets including any of the Intellectual Property which we own to a third party; (2) issue additional shares or other securities in ourselves; (3) engage in a private placement of some or all of our securities; and (4) undertake a refinancing, recapitalization, leveraged

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		buyout or other economic or financial restructuring.
k. "Transfer" by franchisee - defined	29.4(1)(a)(b) and (c), 29.5, 32.2	Any sale, transfer, or Disposal (as defined in the Franchise Agreement) of your whole interest in the Strong Pilates Studio. A transfer includes (a) any change in the composition of your directors; (b) any alteration to your articles of incorporation; or (c) any Disposal of shares in you.
l. Franchisor approval of transfer by franchisee	29.4(1)(a)(b) and (c), 29.5, 32.2	Transfer requires our prior written consent.
m. Conditions for franchisor approval of transfer	29.4(1)(a)(b) and (c), 29.5, 31.1, 31.3, 31.4, 32.2(1), 32.2(2), 32.3,	You may not transfer, sell or otherwise Dispose of your interest in the Strong Pilates Studio (a) within the first 12 months of the Commencement Date and thereafter without first offering to sell the Strong Pilates Studio to us; (b) without first obtaining our written consent; (c) without first executing any deed, agreement or notice of transfer in a form prepared by us; and (c) without satisfying all transfer requirements described below. Transfer requirements: (1) you must pay costs in connection with or incidental to a request for our consent to transfer or the sale of the Strong Pilates Studio; (2) the proposed transferee (a) must possess the financial resources necessary to conduct and operate the Strong Pilates Studio and to service any borrowings it makes to acquire the Strong Pilates Studio; (b) be a reputable and responsible person having the business experience, necessary fitness or other qualifications as deemed necessary by us; and (c) otherwise meets our criteria for the selection of new franchisees including any site and premises requirements if the transferee proposes to relocate the Strong Pilates Studio; (3) pay the Transfer Fee equal to 40% of the Initial Franchise Fee, plus reimbursement of our costs incidental to transfer; (4) Transferee completes our Initial Training Program; (5) you, when seeking consent to the transfer and when the transfer is to occur, has not failed to remedy a breach of the Franchise Agreement or any related agreement; (6) the transferee executes a franchise agreement in the form then used by us for the remaining balance of the term of the Franchise Agreement (including any existing option for a new term) and you and the transferee execute any other documents then customarily used, including you and your Guarantor(s) delivering to you a release of us, our directors and officers, their affiliates and the directors and officers thereof from all obligations under the Franchise Agreement of any such persons, but excepting any claims under an applicable franchise law statute that are not permitted to be waived or released under that statute; (7) where the transferee is a company: (a) its directors and shareholders satisfy transfer requirements; and (b) those directors and shareholders or other Related Parties of the transferee each give a guarantee and indemnity and undertake similar personal restraints to those given by Guarantors under the Franchise Agreement and execute the new franchise agreement in their personal capacities; (8) the transferee's proposed manager is approved by us and successfully completes (along with the directors of the transferee if

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		different) our Initial Training Program; (9) you: (a) gives to us all details of the proposed transfer including a copy of the contract for the sale of the Strong Pilates Studio and any other agreements between you and the transferee; and (b) sells to the transferee all of your essential assets used in the Strong Pilates Studio (including any Occupancy Right); (10) the Premises comply with the Image; and (11) you establishes that the proposed transfer will not have a significantly adverse effect on the System or the Network.
n. Our right of first refusal to acquire franchisee's business	40	~~y~~You irrevocably grants to us an irrevocable offer to sell the Strong Pilates Studio to us, subject to the conditions outlined below and in Section 40 of the Franchise Agreement (the "Buy-Back Option"). The Buy-Back Option is conditional on the purchase being only for the purposes of the following in connection with us or our affiliates: (a) change of ownership or control; (b) roll-up acquisition or similar acquisition; (c) converting to a corporate owned network; (d) Large trade sale; or (e) initial public offering. To exercise the Buy-Back Option, ~~us~~we must give a notice in writing to you of ~~y~~our intention to exercise the Buy-Back Option before the end of the Term ("Option Notice"). If the Buy-Back Option is exercised, you must sell and ~~us~~we (or our nominee) must purchase the Strong Pilates Studio for the Purchase Price (as defined below) and upon the terms and conditions set out in the sale agreement with us. Within 14 days after receipt of the Option Notice, you must provide to us all information necessary for us to calculate the Purchase Price and complete the applicable sale agreement with us. The parties must use their best endeavors to execute the sale agreement within 15 business days after the date of the Option Notice. The Purchase Price means either, (a) for the purchase of a franchise less than 12 months after its commencement date, the Start-up Costs plus \$50,000 and any applicable taxes, or (b) for the purchase of a franchise more than 12 months after its commencement date, the earnings of the Strong Pilates Studio before interest, tax, depreciation and amortization (EBITDA) for the last completed financial year, multiplied by 3. Start-up Costs means the reasonable start-up costs paid by you, comprising the Franchise Fee, Opening Promotional Amount and actual costs of fitting out the Premises.
o. Our option to purchase franchisee's business	35.6	We will have an option to purchase all of the Rowformer Machines and Bikeformer Machines and all or part of your other assets (including cash on hand) used in the Strong Pilates Studio (as specified by us) including the Equipment, free from encumbrances, and to take over some or all of the leases of Equipment. We must give to you a written notice within 30 days after the end of the Strong Pilates Studio specifying the assets to be purchased ("Nominated Assets") and the leases to be acquired. During this period you must not deal with the assets or leases. Ownership of the Nominated Assets passes to us (or our nominee) immediately on the date of exercise of the option. You must do all things necessary to deliver clear title in the Nominated Assets to us (or our nominee). The purchase price for the Nominated Assets is their fair market value as agreed between us

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		and you but if they cannot agree on this within 14 days after notice, the fair market value must be determined by an independent appraiser appointed by us. In conducting the valuation, the appraiser: (a) must not include any component for goodwill or for leasehold improvements; and (b) acts as expert and not as an arbitrator. The appraiser's decision is final and binding on us and you and the appraiser's costs must be shared equally between us and you. We may set off against the purchase price any amounts owed to it by you.
p. Death or disability of franchisee	32.9(1)(3) and (4)	If you are a natural person or if your controlling shareholder suffers a Permanent Incapacity (as defined below), you (or where you are made up of only 1 natural person, your executor or personal representative) must within 4 months after the person becomes Permanently Incapacitated either: (a) sell the Strong Pilates Studio; or (b) procure the sale or transfer of the affected person's interest in the Strong Pilates Studio. If you are a business entity and a director of you dies or suffers a Permanent Incapacity, you must within 2 months after the director dies or becomes permanently incapacitated, procure the removal of that director as a director of you and seek consent from us to either: (a) appoint a new director to the board of you; or (b) continue with the remaining directors of you. If you do not comply with the above, we may immediately terminate the Franchise Agreement and the Strong Pilates Studio by giving you reasonable written notice.
q. Non-competition covenants during the term of the franchise	1.1(73), 1.1(74), 27.2, Item 19 and 20 in Schedule 1	Neither you nor your Guarantor(s) will: (1) during the term of the Franchise Agreement invest in or have a financial interest in any business other than the Strong Pilates Studio or any other Pilates studio (other than the Strong Pilates Studio) owned by you, your Guarantor(s) or a Related Party of you or Guarantor(s) (an "Additional Business") without our prior written consent; or (b) canvass or solicit with a view to supplying any product or service the same as or similar to those at any time supplied in the conduct of the Strong Pilates Studio, any person who is or has been in the 12 months before the end of the Strong Pilates Studio a customer of the Strong Pilates Studio or a customer of any other Strong Pilates Studio.
r. Non-competition covenants after the franchise is terminated or expires	1.1(73), 1.1(74), 27.2, Item 19 and 20 in Schedule 1	Neither you nor your Guarantor(s) will: (2) during the period 18 months after the expiration, termination, non-renewal or transfer of the Franchised Agreement (the "Restraint Period"), directly or indirectly do any of the following things: (a) at the Premises or within 25 kilometers of any other business using the System and the Trade Marks in existence as of the date of the expiration, termination, non-renewal or transfer of the Franchise Agreement (the "Restraint Area"), engage or be concerned or interested in any business that: (i) supplies the Rowformer Machine or any type of exercise class utilizing the Rowformer Machine; or (ii) could be reasonably regarded as a market competitor of the System or any Strong Pilates Studio; or (b) canvass or solicit with a view to supplying any product or service the same as or similar to those at any time supplied in the conduct

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		of the Strong Pilates Studio, any person who is or has been in the 12 months before the end of the Strong Pilates Studio a customer of the Strong Pilates Studio or a customer of any other Strong Pilates Studio.
s. Modification of the agreement	41.6	No changes unless mutually agreed to in writing.
t. Integration/merger clause	41.5	Only written terms of Franchise Agreement and of the exhibits referred to are binding (subject to applicable state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	37.2	Subject to applicable state law, the parties must first seek to resolve any dispute by mutual negotiation. If not resolved by mutual negotiation within 21 days, either party may, by notice to the other, require that the dispute be dealt with by mediation. The mediation shall take place in the city in the United States where we have our then current principal place of business at a location to be decided by the mediator. If not resolved through mediation, the parties will submit the dispute to binding arbitration pursuant to the rules of an arbitration body selected by us. The arbitration proceedings will be conducted in the city in the United States where we have our then current principal place of business at a location to be decided by the arbitrator, unless otherwise prohibited by the laws of the state in which the Business is located, in which case the arbitration proceedings shall occur in such state, in a city selected by us. But see state specific amendments to the Franchise Agreement if applicable.
v. Choice of forum	37.2; 41.9(2)	Subject to applicable state law, the state in which we have our then current principal place of business (currently Texas). But see state specific amendments to the Development Agreement (if any).
w. Choice of law	41.9	Subject to applicable state law, Texas law. But see state specific amendments to the Development Agreement (if any).

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 contains a financial performance representation regarding the historical Average Monthly Revenue earned by a subset of our franchised Strong Pilates Studios in the United States during the Measurement Period (defined below).

Background and Studio Population

As of March 31, 2026, eight (8) franchised Strong Pilates Studios were open and operating in the United States (the “Studios”). The financial performance representation set out below is based on the historical Revenue of five (5) of those Studios (the “Reporting Studios”) during the period from April 1, 2025 to March 31, 2026 (the “Measurement Period”).

Inclusion and Exclusion Criteria

We have applied the following criteria, which we consider necessary to produce a representation that is meaningful and reasonably representative of an established Studio operating under our system:

- Minimum operating period. We consider that a Studio requires a ramp-up period of approximately six (6) months following opening before its financial performance is reasonably representative of an established Studio operating under our system. Accordingly, only Studios that were open and operating for at least six (6) full calendar months during the Measurement Period have been included.
- First full calendar month. Where a Studio commenced operations partway through a calendar month, the Revenue for that partial month has been disregarded and Revenue has been counted from the first full calendar month of operations onwards.
- Studio manager continuity. A Studio that did not have a Studio manager in place for at least six (6) months of the Measurement Period has been excluded on the basis that, in the view of the Franchisor, that Studio is not representative of the operating model.

Applying the above criteria, three (3) Studios have been excluded from the Reporting Studios: two (2) Studios were excluded because they had not been open for more than six (6) months over the Measurement Period, and one (1) Studio was excluded on the studio manager continuity basis described above.

Composition of the Reporting Studios

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

The five (5) Reporting Studios comprise:

- One (1) Studio that was open and operating for the entirety of the Measurement Period (12 full calendar months);
- Two (2) Studios that were open and operating for at least nine (9) full calendar months of the Measurement Period;
- One (1) Studio that was open and operating for eight (8) full calendar months of the Measurement Period; and
- One (1) Studio that was open and operating for seven (7) full calendar months of the

Measurement Period.

~~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.~~

Definition of Revenue

~~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.~~

For the purposes of this Item 19, “Revenue” has the meaning given to that term in our Franchise Agreement and means the gross revenue derived by the franchisee from the operation of the Studio, before deduction of any taxes, fees, costs or expenses. Revenue figures used in this Item 19 have been extracted from the customer relationship management system used by the Studios, supplemented by reporting from third party aggregator platforms (such as ClassPass) where applicable. We have assumed that the data extracted from these systems is accurate. We have not independently audited or verified this data.

Table 1 — Average Monthly Revenue of Reporting Studios (Measurement Period)

<u>Reporting Studio</u>	<u>Full Calendar Months Included</u>	<u>Average Monthly Revenue (USD)</u>
<u>Reporting Studio A</u>	<u>8</u>	<u>\$97,154.78</u>
<u>Reporting Studio B</u>	<u>7</u>	<u>\$84,180.09</u>
<u>Reporting Studio C</u>	<u>12</u>	<u>\$82,788.68</u>
<u>Reporting Studio D</u>	<u>9</u>	<u>\$79,550.36</u>
<u>Reporting Studio E</u>	<u>9</u>	<u>\$49,718.93</u>
<u>Average across the 5 Reporting Studios</u>		<u>\$78,678</u>

Summary of Results

Across the five (5) Reporting Studios, the average monthly Revenue during the included months of the Measurement Period was \$78,678. The highest performing Reporting Studio achieved average monthly Revenue of \$97,154.78, and the median Reporting Studio achieved average monthly Revenue of \$82,788.68. Four (4) of the five (5) Reporting Studios (representing 80% of the Reporting Studios) achieved average monthly Revenue at or above the cross-Studio average of \$78,678.

General

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

Written substantiation for the financial performance representation set out in this Item 19 will be made available to the prospective franchisee upon reasonable request.

Month	Revenue
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
TOTAL REVENUE (7 Calendar Months)	\$378,753.40

~~*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. Your individual results may differ. There is no assurance that you will achieve sales and other results at the levels reflected in this analysis.**~~

~~Except as set forth above~~Other than the preceding financial performance representation, 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~~new franchises, 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~~Strong Pilates USA, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
SYSTEMWIDE OUTLET SUMMARY
FOR FISCAL YEARS 202~~23~~ TO 2024~~5~~

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
~~Franchised~~	~~2022~~	~~0~~	~~0~~	~~0~~
<u>Franchised</u>	2023	0	0	0
	2024	0	1	+1
~~Company-Owned~~	202 ~~25~~	~~0~~ <u>1</u>	~~0~~ <u>7</u>	~~0~~ <u>+6</u>
<u>Company-Owned</u>	2023	0	0	0
	2024	0	0	0
~~Total Outlets~~	202 ~~25~~	0	0	0
<u>Total Outlets</u>	2023	0	0	0
	2024	0	1	~~1~~<u>+1</u>
	<u>2025</u>	<u>1</u>	<u>7</u>	<u>+6</u>

*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, and the 2025 fiscal year ended December 31, 2025.

**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 202~~23~~ TO 2024~~5~~

State	Year	Number of Transfers
~~All States~~	~~2022~~	~~0~~
<u>All States</u>	2023	0
	2024	0
~~Total~~	202 ~~25~~	0
<u>Total</u>	2023	0
	2024	0
	<u>2025</u>	<u>0</u>

Table 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 202~~23~~ TO 202~~45~~

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
Texas	202 ~~23~~	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	2	0	0	0	0	3
New Jersey	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	202 ~~45~~	0	1	0	0	0	0	1
~~Total~~ New York	202 ~~23~~	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	3	0	0	0	0	3
Total	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	6	0	0	0	0	7

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 202~~23~~ TO 202~~45~~

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from you	Outlets Closed	Outlets Sold to you	Outlets at End of the Year
All States	202 ~~23~~	0	0	0	0	0	0
	202 ~~34~~	0	0	0	0	0	0
	202 ~~45~~	0	0	0	0	0	0
Total	202 ~~23~~	0	0	0	0	0	0
	202 ~~34~~	0	0	0	0	0	0
	202 ~~45~~	0	0	0	0	0	0

Table 5
Projected Openings as of December 31, 202~~45~~

State	Franchise Agreements Signed but Outlet Not	Projected New Franchise Outlets	Projected New Company-Owned
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	Opened		Outlets
<u>California</u>	<u>4</u>	<u>2</u>	<u>0</u>
~~California~~ <u>Illinois</u>	2	2	~~10~~
~~Florida~~ <u>Maryland</u>	~~0~~ <u>1</u>	~~0~~ <u>2</u>	0
<u>Massachusetts</u>	<u>0</u>	<u>1</u>	<u>0</u>
New Jersey	~~8~~ <u>2</u>	2	0
New York	~~4~~ <u>5</u>	~~4~~ <u>5</u>	0
~~Texas~~ <u>North Carolina</u>	~~2~~ <u>1</u>	~~2~~ <u>1</u>	0
<u>Pennsylvania</u>	<u>1</u>	<u>1</u>	<u>0</u>
<u>Texas</u>	<u>8</u>	<u>4</u>	<u>0</u>
~~Total~~ <u>Virginia</u>	~~16~~ <u>0</u>	~~10~~ <u>1</u>	~~10~~
<u>Total</u>	<u>24</u>	<u>21</u>	<u>0</u>

List of Franchisees; List of Former Franchisees

Exhibit G to this Disclosure Document contains a list of franchisees that operate a Strong Pilates Studio as of December 31, 2024⁵, or who have signed a Development Agreement and Franchise Agreement but do not yet have open and operating a Strong Pilates Studio.

Exhibit H to this Disclosure Document contains a list of franchisees that operated a Strong Pilates Studio who were terminated, not renewed, or voluntarily or involuntarily ceased to do business under a franchise or other agreement during the last fiscal year ended December 31, 2024⁵, or who failed to communicate with us during the 10 weeks preceding the date of this Disclosure Document, which amounts to 0 franchisees listed in Exhibit H.

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

Purchase of Previously-Owned Franchise

If you are purchasing a previously-owned franchised outlet, we will provide you additional information on the previously-owned franchised outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

During the last 3 fiscal years, we have not signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee's ability to speak openly about their experience.

Trademark-Specific you Organizations

We are not currently aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit I are the following financial statements:

1. Our ~~interim, unaudited~~ financial statements for the ~~three-month~~ period ~~ended March~~ from January 1, 2025 to December 31, 2025.
2. Our audited financial statements for the period from January 1, 2024 to December 31, 2024.
3. Our audited financial statements for the period from February 3, 2023 (Inception) through December 31, 2023.
4. Our audited balance sheet as of March 10, 2023.

Please note that we have only been in existence since February 2023 and did not start franchising until March 2023, and therefore we do not have ~~a balance sheet for two previous fiscal year ends before this Disclosure Document issuance date or~~ statements of operations, stockholders' equity, and cash flows for three previous fiscal years.

Our fiscal year end is December 31st of each year.

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit B – Franchise Agreement
Exhibit C – Development Agreement
Exhibit D – Applicant Confidentiality Agreement and Authorization
Exhibit E – Franchise Application

ITEM 23

RECEIPTS

Exhibit L to this Disclosure Document includes detachable documents acknowledging your receipt of this Disclosure Document.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE ADMINISTRATORS

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505 or (866) 275-2677
Website: <http://www.dfpi.ca.gov/>
Email: Ask.DFPI@dfpi.ca.gov

HAWAII

Department of Commerce and Consumer Affairs
Business Registrations Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586 2722

ILLINOIS

Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782 4465

INDIANA

Franchise Section
Securities Division
302 W. Washington St., Room E 111
Indianapolis, Indiana 46204
(317) 232 6681

KENTUCKY

Office of the Attorney General
1024 Capital Center Drive
Frankfort, Kentucky 40602
(502) 696 5300

MARYLAND

Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

MICHIGAN

Office of the Attorney General
Consumer Protection Division
Antitrust and Franchise Section
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
(517) 373-7117

MINNESOTA

Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 296 4026

NEBRASKA

Department of Banking and Finance
1526 K Street, Suite 300
P.O. Box 95006
Lincoln, Nebraska 68509
(402) 471 3445

NEW YORK

New York State Department of Law
Investor Protection Bureau
~~120 Broadway, 23rd~~ [28 Liberty Street, 21st](#)
Floor
New York, ~~New York 10271~~ [NY 10005](#)
[\(212\) 416-8222](#)

NORTH DAKOTA

North Dakota [Insurance & Securities](#)
~~Commissioner~~ [Department](#)
600 East Boulevard Avenue, [Dept. 401](#)
~~State Capitol 14th Floor Dept 414~~
Bismarck, North Dakota 58505-~~0510~~
[Phone](#) 701-328-~~4712~~ [2910](#)

OREGON

Division of Consumer and Business Services
Finance and Corporate Securities
350 Winter Street N.E.
Labor and Industries Building, Room 21
Salem, Oregon 97310
(503) 378 4387

RHODE ISLAND

Securities Division
233 Richmond Street, Suite 232
Providence, Rhode Island 02903

(401) 222 3048

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre, SD 57501
(605) 773-4823

TEXAS

Statutory Document Section
Secretary of State
P.O. Box 12887
Austin, Texas 78711
(512) 475 1769

UTAH

Division of Consumer Protection
Utah Department of Commerce
160 East Three Hundred South
P.O. Box 146704
Salt Lake City, Utah 84114

(801) 530 6601

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371 9051

WASHINGTON

Securities Division,
Department of Financial Institutions
PO Box 41200
Olympia, WA 98504-1200
(360) 902 8760

WISCONSIN

Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701 or
201 W. Washington, Suite 300
Madison, Wisconsin 53703
(608) 266 8559

AGENTS FOR SERVICE OF PROCESS

CALIFORNIA

Commissioner of Financial Protection and Innovation
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, California 90013
(213) 576-7505 or (866) 275-2677
Website: <http://www.dfpi.ca.gov/>
Email: Ask.DFPI@dfpi.ca.gov

HAWAII

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

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

INDIANA

Secretary of State
201 State House
200 W. Washington Street
Indianapolis, Indiana 46204

MARYLAND

Maryland Securities Commissioner
Office of the Attorney General
200 St. Paul Place
Baltimore, Maryland 21202

MICHIGAN

Department of Labor & Economic Growth
Commercial Services & Corporations Bureau
611 W. Ottawa Street
Lansing, Michigan 48909

MINNESOTA

Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

NEW YORK

~~Attn: New York~~ Secretary of State
~~of New York~~ Department of State
~~One Commerce Plaza~~
99 Washington Avenue, ~~6th Floor~~
Albany, NY 12231-~~0001~~

NORTH DAKOTA

~~Securities~~ Insurance Commissioner
~~North Dakota Insurance & Securities~~
~~Department~~
600 East Boulevard Avenue, ~~Dept. 401~~
~~State Capitol 14th Floor Dept 414~~
Bismarck, North Dakota 58505-~~0510~~
~~Phone~~ 701-328-~~4712~~2910

OREGON

Director
Department of Consumer and Business Services
Division of Finance and Corporate Securities
Labor and Industries Building
Salem, Oregon 97310

RHODE ISLAND

Director
Department of Business Regulation
233 Richmond Street, Suite 232
Providence, Rhode Island 02903

SOUTH DAKOTA

Department of Labor and Regulation
Division of Securities
124 S Euclid, Suite 104
Pierre SD 57501

VIRGINIA

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219

WASHINGTON

Director of Financial Institutions
Securities Division
150 Israel Rd. S.W.
Tumwater, Washington 98501

WISCONSIN

Commissioner of Securities
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

| (518) 473-2492

EXHIBIT B
FRANCHISE AGREEMENT

EXHIBIT C
DEVELOPMENT AGREEMENT

EXHIBIT D

APPLICANT CONFIDENTIALITY AGREEMENT AND AUTHORIZATION

APPLICANT CONFIDENTIALITY AGREEMENT AND AUTHORIZATION

This Applicant Confidentiality Agreement and Authorization ("Agreement") is entered into effective as of _____, 20__, by and among _____ (collectively, "Applicant," "you," or "your") and Strong Pilates US, Inc., a Texas corporation with its principal business address at ~~Creative Cubes, Level 5/111 Cecil St.~~, South Melbourne, Victoria 3205, Australia, ~~3205~~ ("Strong Pilates", "we", "us" or "our"), with reference to the following facts:

RECITALS

We and our affiliates own, operate and grant franchises to develop and operate fitness training studios (each a "Strong Pilates Studio") that offer customers a Pilates-based workout infused with cardio via specially designed Pilates beds that include a built-in rowing machine, together with related services and products, under the name Strong Pilates.

The distinguishing features of a Strong Pilates Studio include, but are not limited to, the name "Strong Pilates"; specially designed equipment and other emblems, insignia, logos, trade names, trademarks and service marks (the "Strong Pilates Marks"); products, methods, procedures, distinctive products and the formula and quality standards therefor; and instructional materials and training courses (collectively, the "Strong Pilates System").

You are considering purchasing a franchise for a Strong Pilates Studio, and we wish to give you access to certain confidential and proprietary information and documents related to our business in order to assist you to evaluate the purchase of a franchise for a Strong Pilates Studio from us.

You wish to also grant us authorization to conduct a background check and other due diligence on you in connection with your interest in purchasing a franchise for a Strong Pilates Studio.

NOW, THEREFORE, in consideration of the premises, the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. Definition of Confidential Information. The term "Confidential Information" means all information, oral or written, know-how and documents (including, without limitation, our Manuals) relating to our franchise for a Strong Pilates Studio and the development and operation of a Strong Pilates Studio, furnished by us or our representatives to you or your representatives. Confidential Information also includes any analysis or study prepared by or for you which to any extent is based on our Confidential Information.

2. Your Agreement to Maintain Confidentiality. You acknowledge that it is important to our business to maintain the confidentiality of the Confidential Information and that we are making the Confidential Information available to you only for the limited purpose of investigating the purchase of a franchise for a Strong Pilates Studio. You further acknowledge and agree that the Confidential Information is proprietary to and a valuable trade secret of ours and that any disclosure or unauthorized use of the Confidential Information will cause us irreparable loss and harm. In consideration of the opportunity to obtain access to the Confidential Information, you hereby agree as follows:

a. To use the Confidential Information solely to carry out your evaluation of purchasing a franchise for a Strong Pilates Studio. During and after your evaluation, you will not use the Confidential Information for your own use, including in connection with any business, other than a Strong Pilates Studio operated under a valid Development Agreement with us. You agree not to disclose the Confidential Information, except (i) as may be required by law, or (ii) to your employees, outside counsel,

accountants, and other representatives or affiliates who need to know such information for the purpose of helping you evaluate the purchase of a franchise for a Strong Pilates Studio. In the event you or any persons to whom you disclose the Confidential Information become legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose any of the Confidential Information, you will give us prompt prior written notice of such requirement so that we may seek a protective order or other appropriate remedy and/or waive compliance with the terms hereof. In the event that such protective order or other remedy is not obtained, or we waive compliance with provisions hereof, you agree to furnish only that portion of the Confidential Information which you are advised by written opinion of counsel is legally required and exercise your best efforts to obtain assurances that confidential treatment will be accorded such Confidential Information.

b. To ensure that all your employees, outside counsel, accountants and other representatives and affiliates who are given access to the Confidential Information on your behalf will be bound by, and will conduct their evaluation in accordance with the terms of this Agreement. You will be fully responsible for any breach of this Agreement by any person to whom you give access to the Confidential Information.

c. Not to make copies of the Confidential Information except as necessary to assist you in your evaluation of the purchase of a franchise for a Strong Pilates Studio.

d. If you do not enter into a franchise relationship with us, or upon our request, to promptly return to us all Confidential Information and to retain no copies thereof.

3. Absence of Representations or Warranties. You understand and acknowledge that we are not making any representation or warranty, express or implied, as to the accuracy or completeness of the Confidential Information, and neither we nor any of our officers, directors, employees, agents or affiliates will have any liability to you or any other person resulting from your use of the Confidential Information. Only those representations and warranties, if any, that are made to you in any franchise and/or Franchise Agreements when, as, and if executed, and subject to such limitations and restrictions as may be specified therein, will have any legal effect.

4. Ownership. You acknowledge and agree that the Confidential Information is owned solely by we and our affiliates, and that this Agreement does not grant to you any rights in or to the Confidential Information except the limited right to use the Confidential Information to evaluate the purchase of a franchise for a Strong Pilates Studio.

5. Remedies. You agree that your obligations hereunder are necessary and reasonable in order to protect us and expressly agree that monetary damages would be inadequate to compensate us for any breach of any covenant or agreement set forth herein. Accordingly, you agree and acknowledge that any such violation or threatened violation will cause irreparable injury to us and that, in addition to any other remedies that may be available, in law, in equity or otherwise, we shall be entitled to obtain injunctive relief and specific performance against you for the threatened breach of this Agreement or the continuation of any such breach, without proof of actual damages and without posting bond.

6. Your Authorizations, Consents and Releases regarding this Agreement and Your Personal Information.

a. You understand that we will be requesting information on you from various companies, financial and other institutions, universities, credit reporting agencies, professional and academic certification law enforcement agencies, former employers, and/or the military, and you hereby authorize such entities to release any information that they may have about you to us and our agents and designees, and release them from any liability arising out of or related to their release of such information.

b. You authorize all financial institutions holding funds or other property on your behalf or on behalf of any business entity in which you hold a beneficial interest, whether or not identified in this Agreement, to release all records including signature cards, statements and all documentation reflecting the source of deposited funds, whether the funds were received in the form of cash, credit, electronic fund transfer or wire transfer.

c. You also authorize us and our agents and designees to obtain such credit and other civil and criminal investigative reports as they consider necessary to evaluate this Agreement, and understand that these reports may contain information about your background, mode of living, character and personal reputation. This authorization is valid for any current and future reports and updates that may be requested and you agree to execute all additional documents, waivers or releases that might be necessary for us or our agents and designees to obtain such information or reports.

____ You request a copy of your credit report
____ You do not request a copy of your credit report

d. You further authorize us and our agents and designees to contact individuals or entities identified by you, or whose names arise in connection with the civil and criminal investigative reports described above for purposes of obtaining character references and verifying the information contained in this Agreement. You hereby authorize any individual or entity contacted by us or our agent or designee to provide all requested information, and release them from any liability arising out of or related to their release of such information.

7. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the undersigned parties, their successors and assigns; provided however that the Confidential Information shall not be assigned without our prior written consent.

8. Amendments and Waiver. This Agreement may be amended only in writing executed by the parties hereto. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES. Failure to enforce any provision of this Agreement in one or more instances shall not constitute a waiver of any term hereof.

9. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Texas (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies.

10. JURISDICTION, VENUE AND WAIVER OF JURY TRIAL. ANY SUIT, ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT SHALL BE BROUGHT EXCLUSIVELY IN THE STATE COURTS OF THE STATE OF TEXAS, COUNTY OF TRAVIS, OR IN THE UNITED STATES DISTRICT COURT FOR THE WESTERN DISTRICT OF TEXAS-AUSTIN DIVISION LOCATED IN AUSTIN, TEXAS. FOR THE PURPOSES OF SUCH EXCLUSIVE JURISDICTION, THE PARTIES HEREBY IRREVOCABLY WAIVE ANY OBJECTIONS WHICH THEY MAY NOW OR HEREAFTER HAVE TO THE JURISDICTION OR VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN SUCH COURTS AND HEREBY FURTHER IRREVOCABLY WAIVE ANY CLAIM THAT SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. THE PARTIES HEREBY FURTHER IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY RELATED AGREEMENTS.

The undersigned parties have executed and delivered this Agreement to be effective as of the day and year first above written.

APPLICANT

By: _____

Print Name: _____

Its: _____

Date: _____

FRANCHISOR

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

By: _____

Print Name: _____

Its: _____

Date: _____

EXHIBIT E
FRANCHISE APPLICATION

STRONG PILATES STUDIOS
FRANCHISE APPLICATION

INSTRUCTIONS: Thank you for expressing an interest in obtaining rights from Strong Pilates US, Inc. (“we” or “Strong Pilates”) to develop and operate one or more franchised Strong Pilates Studios (each a “Strong Pilates Studio”). This Franchise Application (“Application”) should be completed by (1) the business entity that will hold the franchise rights and/or own the Strong Pilates Studio(s) (collectively, referred to as “you” and “your” in this Application) and (2) the business entity that will directly or indirectly control you. Please print your responses clearly, attach all required documents and then execute this Application in the signature page at the end of the Application.

Authorized Signers: Authorized signers for this Franchise Application include the following:

<u>Applicant</u>	<u>Signer (s)</u>
Corporation	President, Vice President or other Authorized Officer
General Partnership	Each General Partner
Limited Partnership	Any General Partner
Limited Liability Company	Managing Member(s), Authorized Member(s), or Manager(s)
Trust	Trustee(s)
Estate	Executor/Executrix, Administrator/Administratrix

When completed and signed, please send your Application to the attention of Mr. Mark Francis Armstrong at mark@strongpilates.com.au.

Your General Information

*Each Business Entity applicant must complete and submit the Organizational Information Checklist attached at the end of this Application.

Business Entity Name:	
Jurisdiction of Formation:	
Date of Formation:	
Business Registration Number:	
Business Tax ID Number:	
Current Registered Address:	
Main Telephone Number:	
Main E-Mail Address:	
Mailing Address (if different):	

***Please attached a list identifying your officers and directors (or equivalent executives) and equity owners (shareholders, partners or members), and the type of interest held and ownership interest of each. If you have more than twenty owners, please list the largest ten owners by name.**

Name and Information for Your Key Contact for Your Strong Pilates Studio

Full Name: _____

National Identification Number: _____

Date of Birth: _____

Citizenship: _____

Current Home Address: _____

Telephone Numbers: Home: _____ Business: _____ Mobile: _____

E-Mail Address: _____

*Please attach to this Application a copy of such persons' foreign passport or national identification card.

Other Background Information

Have you or your key officers or directors ever been convicted of felony or other crime involving moral turpitude?

☐ Yes

☐ No

If you answered "yes," please state the name and address of the court, the case number and the date of conviction, and provide brief description of the charges for which you were convicted:

Are there any civil judgments pending against you or your key officers and directors that have not been satisfied?

☐ Yes

☐ No

If you answered "yes," please state the name and address of the court, the case number and the date and amount of the judgment:

Are you or your key officers and directors currently involved as a defendant in any litigation or arbitration proceeding?

☐ Yes

☐ No

If you answered "yes," please state the name and address of the court, the case number and provide a brief description of the allegations against you and the amount of the claim:

Have you or any other business entity to which you have held a majority ownership interest or exercised control over management ever filed for bankruptcy or sought other similar debt relief?

☐ Yes

☐ No

If you answered "yes," please provide a brief description of the proceedings:

Your Interest in Strong Pilates Studios and Your Relevant Experience

Have your key officers or directors been to a Strong Pilates Studio?

☐ Yes ☐ No

If you answered "yes," please identify the Strong Pilates Studio(s) you have visited:

When can your key officers or directors visit us to discuss your interest in acquiring a franchise? _____

Outline, briefly, the experience(s) that would qualify you to develop and operate a Strong Pilates Studio business such as a Strong Pilates Studio. A separate presentation may be attached to this Application.

Describe briefly the experience and qualifications for your organization; including corporate officers, partners, and management who would be responsible for Operations, Human Resources/Recruiting, Real Estate, Construction, Marketing and Finance. A separate presentation may be attached to this Application.

Please describe the geographic area (the "territory") in which you are interested in developing and operating one or more Strong Pilates Studios? _____

How many Strong Pilates Studio(s) are you interested in developing in the territory? _____

Briefly describe the market for one or more Strong Pilates Studios in the territory, including existing or known competitors: _____

Your Anticipated Investment

Please describe range of investment you are interested in making in connection with the development and operation of one or more Strong Pilates Studios_____

Please detail the source of funds you plan on investing (including name of financial institution, if applicable, and contact person)?_____

Name of Financial Institution _____

Address _____

DESCRIPTION OF ACCOUNT

City, Country, Zip Code _____

Phone No. _____

Account No. _____

Contact Person _____

What percentage of the funds will be borrowed? _____

On what terms would you borrow the funds? _____

Your Partners and Co-Applicants

Please indicate the names of all the business entities that are not directly or indirectly affiliated with you that will have a direct, indirect or beneficial ownership in the franchise or the entity that will own the franchise. All entities or individuals identified below must also complete an Application.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Please describe any additional information you would like Strong Pilates to consider in connection with your Application:

Your Business References

Please provide the requested information concerning five individuals familiar with your business.

References	Brief Description of Affiliation
(1) Name _____ Address _____ _____ City, County, Zip _____ Phone _____	_____ _____ _____ _____ _____
(2) Name _____ Address _____ _____ City, Country, Zip _____ Phone _____	_____ _____ _____ _____ _____
(3) Name _____ Address _____ _____ City, Country, Zip _____ Phone _____	_____ _____ _____ _____ _____
(4) Name _____ Address _____ _____ City, Country, Zip _____ Phone _____	_____ _____ _____ _____ _____
(5) Name _____ Address _____	_____ _____

City, Country, Zip _____

Phone _____

Please identify each financial institution (both in your country of origin and within the United States) holding funds or property on your behalf or on behalf of a business entity in which you hold a beneficial ownership interest. Please add additional pages, as necessary.

Name of Financial Institution _____

Address _____

City, Country, Zip Code _____

Phone No. _____

Account No. _____

DESCRIPTION OF ACCOUNT

Name of Financial Institution _____

Address _____

City, Country, Zip Code _____

Phone No. _____

Account No. _____

DESCRIPTION OF ACCOUNT

Name of Financial Institution _____

Address _____

City, Country, Zip Code _____

Phone No. _____

Account No. _____

DESCRIPTION OF ACCOUNT

Name of Financial Institution _____

Address _____

City, Country, Zip Code _____

Phone No. _____

Account No. _____

DESCRIPTION OF ACCOUNT

Your Business Interests

Please identify material business enterprises in which you hold a controlling beneficial ownership interest or that is otherwise involved in franchising. The term “business enterprise” includes a corporation, association, partnership, business trust, sole proprietorship, or other business, the shares of which are not listed on a securities exchange or otherwise regularly traded.

Under “legal form of business,” please describe the type of business entity in which you hold an interest (e.g., corporation, partnership, etc.)

Name and Address of Business	Legal Form of Business	Nature of Business	% Ownership	Current Value
				\$

[CONTINUED ON THE FOLLOWING PAGES]

Your Financial Statement

Financial Statement Documentation will be required to support these statements.

Financial Condition as of _____, 20____

Assets	Dollars	Cents	Liabilities	Dollars	Cents
Cash on Hand			Note Payable to Banks – Unsecured		
Cash in Bank					
Notes Receivable – Secured by Mortgage					
Notes Receivable – Otherwise Secured			Notes Payable – Other than to Banks – Unsecured		
Accounts Receivable – Current			Accounts Payable		
Accounts Receivable – Past Due			Loans on Life Insurance		
U.S. Govt. Obligations			Taxes		
Stocks, Bonds and other Investments			Mortgages or Liens on Real Estate (Itemize Below)		
Include Funds in Savings & Loan Companies (Itemize Page 2)			Any Other Indebtedness – Due within One Year		
Cash value –Life Insurance					
Real Estate (Itemize Below)			Any Other Indebtedness – Due Beyond One Year		
Total Asses			Total Liabilities		
			Net Worth (Total Assets – Total Liabilities = Net Worth)		

Schedule of Real Estate Owned

Legal Description & Location	Title in Whose Name	Improved or Unimproved	Appraised Value	Mortgages	Tax Value	Insurance

Contingent Liability of any Kind (if None, Indicate So)

Dollars Cents

Upon Notes Or Accounts Receivable Discounted Sold, or Assigned		
As Guarantor For Other on Notes, Bonds, Contacts, Etc.		
Any Other Contingent Liability – Itemized		
Total Contingent Liabilities		

[CONTINUED ON THE FOLLOWING PAGES]

Your Acknowledgments and Representations Regarding this Application

By completing and submitting this Application to Strong Pilates, you acknowledge and/or represent to Strong Pilates on your own behalf and behalf of your key officers and directors that:

- Strong Pilates is relying upon the information provided in this Application and upon the documents you submit in connection with, or in support of, this Application (including all business information, business plans and/or financial statements you provide).
- All information contained in, and documents submitted in connection with, this Application is true, correct and complete as of the date submitted and you understand that any misrepresentation or inaccuracy in the information provided by you will be grounds for termination of any franchise or development rights that Strong Pilates may grant to you based on the information in this Application. You will promptly inform Strong Pilates of any material change in any of the information or documents submitted.
- Neither the submission of this Application nor the execution of any definite agreements will violate or conflict with the terms of any other agreement to which you are a party or by which you are bound. You have not been induced by Strong Pilates to terminate or breach any agreement with respect to any opportunity to develop or operate one or more Strong Pilates Studios.
- Strong Pilates does not enter into, and has not entered into, oral agreements or understandings with respect to (i) the development and operation of one or more Strong Pilates Studios, or (ii) matters pertaining to the granting of development and franchise rights for one or more Strong Pilates Studios.
- Strong Pilates has no obligation to grant to you development or franchise rights for one or more Strong Pilates Studios and no such rights to develop or operate one or more Strong Pilates Studios shall be granted or obtained unless and until definitive Development and/or Development Agreements are signed.
- Strong Pilates reserves the right to approve or reject this Application in its sole discretion, and if Strong Pilates rejects this Application, Strong Pilates shall have no liability to you or any other person or entity.
- Any projections and other financial information you provide Strong Pilates in connection with this Application is voluntarily provided or made by you and has or will have been prepared by you and/or your advisors. Strong Pilates has not, and will not, participate or provide any assistance to you in connection with the preparation of such projections or other financial information prepared by you.
- You will indemnify Strong Pilates and its affiliates and the directors, employees, agents, representatives and assignees thereof and will hold them harmless from all liability, costs, damages and expenses (including legal and accounting fees and expenses) in connection with the breach of any contract or any representation, warranty or information contained in this Application or in connection with Strong Pilates's reliance on such representations, warranties and information. Strong Pilates shall have the right independently to take any action it may deem necessary in its sole discretion, to protect and defend itself against any threatened action without regard to the expense, forum or other parties involved. Strong Pilates shall have sole and exclusive control over the defense of any such action (including the right to be represented by counsel of its choosing) and over the settlement, compromise or other disposition thereof.
- You will keep all oral and written information regarding the Strong Pilates Studio franchise

program that you may receive or have access to, in strict confidence for an indefinite time period, and will neither use for your own benefit nor disclose or divulge to any other person any part of such information.

- The terms of this Application will survive any approval or rejection of this Application by Strong Pilates.

Applicant's Initials ____

Your Authorizations, Consents and Releases regarding this Application and Your Personal Information

- You understand that Strong Pilates will be requesting information from various companies, financial and other institutions, universities, credit reporting agencies, professional and academic certification law enforcement agencies, former employers, and/or the military, and you hereby authorize such entities to release any information that they may have about you to Strong Pilates and its agents and designees, and release them from any liability arising out of or related to their release of such information.
- You authorize all financial institutions holding funds or other property on your behalf or on behalf of any business entity in which you hold a beneficial interest, whether or not identified in this Application, to release all records including signature cards, statements and all documentation reflecting the source of deposited funds, whether the funds were received in the form of cash, credit, electronic fund transfer or wire transfer.
- You also authorize Strong Pilates and its agents and designees to obtain such credit and other civil and criminal investigative reports as they consider necessary to evaluate this Application, and you understand that these reports may contain information about your background, mode of living, character and personal reputation. This authorization is valid for any current and future reports and updates that may be requested, and you agree to execute all additional documents, waivers or releases that might be necessary for Strong Pilates or its agents and designees to obtain such information or reports.
- You have a right to request a copy of your credit report. Please signify your request below:
 - ☐ You request a copy of your credit report
 - ☐ You do not request a copy of your credit report
- You further authorize Strong Pilates and its agents and designees to contact individuals or entities identified in this Application, or whose names arise in connection with the civil and criminal investigative reports described above for purposes of obtaining character references and verifying the information contained in this Application. You hereby authorize any individual or entity contacted by Strong Pilates or its agent or designee to provide all requested information, and release such persons from any liability arising out of or related to their release of such information.

APPLICANT:

Entity Name: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT F

STATE ADDENDA TO THE FRANCHISE DISCLOSURE DOCUMENT

**Addendum to Disclosure Document
For the Franchise Registration States**

The following only applies in *California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin*:

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

**Addendum to Disclosure Document
Pursuant to the California Franchise Investment Law**

~~The r~~Registration of this franchise ~~offering by the California Department of Financial Protection and Innovation~~ does not constitute approval, recommendation, or endorsement by the ~~e~~Commissioner of the Department of Financial Protection and Innovation.

OUR WEBSITE (www.strongpilates.com.au) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENTS OF OUR WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND OVERSIGHT AT <http://www.dfpi.ca.gov>

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

1. Item 3 is amended to state that neither we nor any person or franchise broker named in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

2. Item 5 of this Disclosure Document is amended by adding the following:

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund 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 obligations 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.

3. Item 6 is supplemented to reflect that 10% per annum is the highest interest rate allowed in California.
4. Items 17 (b), (c), (d), (e), (f), (g), (h), (i) and (w) are amended to state that California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise. In particular, Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act. If the Development Agreement/Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
5. Item 17 (h) is amended to state that the Development Agreement/Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 *et seq.*).
6. Item 17 (w) is amended to state that the Development Agreement/Franchise Agreement contains a provision requiring application of the laws of Texas. This provision may not be enforceable under California law.
7. Item 17 (v) is amended to state that the Development Agreement/Franchise Agreement requires submission of disputes to courts located in Travis County, Texas unless we sue you where your Strong Pilates Studio is located. This provision may not be enforceable under California law.

8. Items 17 (c) and (m) are amended to state that you must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
9. Item 17 (s) is amended to state that California Corporations Code, Section 31125 requires us to give you a disclosure document, approved by the Department of Financial Protection and Oversight prior to a solicitation of a proposed material modification of an existing franchise.
10. The Development Agreement/Franchise Agreement contains a covenant not to compete which extends beyond the termination of the agreement. This provision may not be enforceable under California law.
11. The Development Agreement/Franchise Agreement requires you to waive your right to a trial by jury. This provision may not be enforceable under California law.
12. California's Franchise Investment Law (Corporations Code section 31512 and 31512.1) states that any provision of a franchise agreement or related documents 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.
- ~~12~~13. 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 Hawaii Franchise Investment Law**

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

THE GENERAL RELEASE LANGUAGE CONTAINED IN THE DEVELOPMENT AGREEMENT/FRANCHISE AGREEMENT SHALL NOT RELIEVE US OR OUR AFFILIATES FROM LIABILITY IMPOSED BY THE LAWS CONCERNING FRANCHISING OF THE STATE OF HAWAII.

Item 5 of this Disclosure Document is amended by adding the following:

The Hawaii Department of Commerce and Consumer Affairs has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Hawaii franchisees until we have completed all of our pre-opening obligations and you are open for business. For Hawaii 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. In other words, the total amount to be collected must be prorated and collected by the franchisor as each unit is opened under the Development Agreement.

**Addendum to Disclosure Document
Pursuant to the Illinois Franchise Disclosure Act**

~~Item 5 of this Disclosure Document is amended by adding the following:~~
Illinois law governs the Franchise Agreement.

~~The Illinois Attorney General's Office has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Illinois franchisees until we have completed all of our pre-opening obligations and you are open for business. For Illinois 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. In other words, the total amount to be collected must be prorated and collected by the franchisor as each unit is opened under the Development Agreement. 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 forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

~~Item 13 is amended to provide that while we do not own the Trade Marks, our affiliate owns the Trade Marks and has licensed us to use the Trade Marks and to sublicense the Trade Marks to you.~~

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~The State Cover Page and Item 17 of this disclosure document are amended by adding the following:~~

- ~~a. Any provision in the Development Agreement/Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Development Agreement/Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Development Agreement/Franchise Agreement.~~
- ~~b. Illinois Franchise Disclosure Act paragraphs 705/19 and 705/20 provide rights to you concerning non-renewal and termination of the Development Agreement/Franchise~~

~~Agreement. If the Development Agreement/Franchise Agreement contains a provision that is inconsistent with the Act, the Act will control.~~

- e. ~~Any release of claims or acknowledgments of fact contained in the Development Agreement/Franchise Agreement 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 will be void and are deleted with respect to claims under the Act.~~

d. In conformance with Section 41 of the Illinois Franchise Disclosure Act ~~states that “,~~ any condition, stipulation, ~~or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Development Agreement/Franchise Agreement is inconsistent with Illinois law, Illinois law will control.~~ the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

The Illinois Attorney General’s Office has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Illinois franchisees until we have completed all of our pre-opening obligations and you are open for business. For Illinois 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. In other words, the total amount to be collected must be prorated and collected by the franchisor as each unit is opened under the Development Agreement. The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

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.**
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the Development Agreement/Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.**
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.**
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.**
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside the state of Michigan.**

- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the Development Agreement/Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the Development Agreement/Franchise Agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual service.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

**OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION DIVISION, FRANCHISE SECTION
525 W. OTTAWA ST.
G. MENNEN WILLIAMS BUILDING, FIRST FLOOR
LANSING, MICHIGAN 48933
517-373-7117**

**Addendum to Disclosure Document
Pursuant to the Minnesota Franchise Investment Law**

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 CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The following is added to Item 17 of the disclosure document:

1. Minnesota law provides⁵ that we must indemnify you against liability to third parties resulting from claims by third parties that your use of our trademarks infringes trademark rights of the third party. We do not indemnify you against the consequences of your use of our trademarks except in accordance with the requirements of the Development Agreement/Franchise Agreement, and, as a condition to indemnification, you must provide notice to us of any such claim and tender the defense of the claim to us within 10 days after the claim is asserted. If we accept the tender of defense, we have the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
2. Under Minnesota law and except in certain specified cases, we must give you 90 days' notice of termination with 60 days to cure. We also must give you at least 180 days' notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Agreement is inconsistent with the Minnesota law, the Minnesota law will control.
3. Minn. Rule 2860.4400J prohibits us from requiring you to assent to a general release. To the extent that the Development Agreement/Franchise Agreement requires you to sign a general release as a condition of renewal or transfer, the Development Agreement/Franchise Agreement will be considered amended to the extent necessary to comply with Minnesota law.
4. Item 17 (i) is amended to state that Minnesota Rule 2860.4400J prohibits requiring you to consent to liquidated damages.
5. To the extent that any condition, stipulation or provision contained in the 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.

6. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or 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.
8. 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.

B. No such party has pending actions other than routine litigation incidental to the business that is significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations. C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten years immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."
5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise

relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

Addendum to Disclosure Document

~~Pursuant to the North Dakota Franchise Disclosure Act~~

- ~~1. Item 17 (i) is amended to reflect that all liquidated damages provisions in the Development Agreement/Franchise Agreement are deleted in their entirety.~~
- ~~2. Item 17 (w) is amended to state that the laws of the State of North Dakota supersede any provisions of the Development Agreement/Franchise Agreement, the other agreements or New York law if such provisions are in conflict with North Dakota law. The Development Agreement/Franchise Agreement will be governed by North Dakota law.~~
- ~~3. Item 17 (v) is amended to state that any provision in the Development Agreement/Franchise Agreement which designates jurisdiction or venue or requires the Licensee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted.~~
- ~~4. Item 17 (w) is amended to state that any provision in the Development Agreement/Franchise Agreement which requires you to waive your right to a trial by jury is deleted.~~
- ~~5. Items 17 (e) and (m) are amended to state that no release language set forth in the Development Agreement/Franchise Agreement shall relieve us or our affiliates from liability imposed by the North Dakota Franchise Disclosure Act.~~

Addendum to Disclosure Document

Additional Information Required by the State of Rhode Island

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 *et seq.* (the "Act"), the Franchise Disclosure Document for use in the State of Rhode Island is amended as follows:

Item 17 (h) is amended to state that termination of a Development Agreement/Franchise Agreement as a result of insolvency or bankruptcy may not be enforceable under federal bankruptcy law.

Items 17 (c) and (m) are amended to state that any release signed as a condition of transfer or renewal will not apply to any claims you may have under the Rhode Island Franchise Investment Act.

Items 17 (u), (v) and (w) are amended to state that any provision in the Development Agreement/Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

Addendum to Disclosure Document

Pursuant to the Virginia Retail Franchise Act

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, Item 17 of the Franchise disclosure document for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Development Agreement/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.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Development Agreement/Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

Any securities offered or sold by the franchisee as part of the ~~Slim Chicken's~~ Strong Pilates franchise must either be registered or exempt from registration under Section 13.1-514 of the Virginia Securities Act.

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

Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act (“Act”), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

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

Addendum to Disclosure Document Pursuant to the Washington Franchise Investment Protection Act

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each

other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

EXHIBIT G
LIST OF CURRENT FRANCHISEES
(as of December 31, 2024⁵)

FRANCHISEES WITH OPEN STRONG BUSINESSES AS OF DECEMBER 31, 2024⁵:

State/Store Nickname	Franchisee Contact	Franchisee Name	Corporate Address	Email	Phone Number
Texas					
New Jersey					
<u>Strong Garwood</u>	<u>NJ Strong 1 LLC</u>	Rico Macaraeg	<u>138 Mt Tabor Way, Ocean Grove, NJ 07756</u>	rico@njsweat.co	1 260 471 5425
New York					
<u>Strong Syosset</u>	<u>By Ko</u>	Jenna Ko	<u>7914 150th Street, Flushing, NY 11367</u>	jjennaako@gmail.com	1 347 592 6246
<u>Strong Williston Park</u>	<u>Built Strong Island LLC</u>	Patrick Campana	<u>630 Fulton Street T-4, Farmingdale NY 11735</u>	patrick.campana@yahoo.com	1 516 246 0242
<u>Strong Sunvet</u>	<u>LI Strong Corporation</u>	Michael Napoli	<u>16 Pilgrim Drive, Port Jefferson NY 11777</u>	mikenapoli@me.com	1 631 484 7160
Texas					
<u>Strong Stone Oak</u>	<u>TPC Pilates LLC</u>	Tory Krawczynski	8475 Park Lane Drive, Garden Ridge, TX 78266	vpk6885@gmail.com	~~vpk6885@gmail.com~~ 1 979 220 0686
<u>Strong Cinco Ranch</u>	<u>Numode LLC</u>	Nuha Dessoukey	<u>4618 Devonberry Lane, Katy TX 77494</u>	nuhadessoukey@gmail.com	1 713 979 6787
<u>Strong Central Austin</u>	<u>Togher & Blair LLC</u>	Shannon Togher	<u>10505 S 1-35, Apt 217, Austin, TX 78747</u>	shannonbrid@gmail.com	1 808 740 8010

FRANCHISEES THAT HAVE SIGNED FRANCHISE AGREEMENTS, BUT HAVE NOT YET OPENED STRONG BUSINESSES AS OF DECEMBER 31, 2024⁵:

State/Store Name	Name	Contact Person	Address	Email	Contact Phone
California					
<u>Strong Santa Monica</u>	<u>Momentic Fitness LASantaMonica LLC</u>	~~Max-Darsonval~~ <u>Aditya Patel</u>	~~<u>2529 Manchester Ave., Cardiff</u>~~ <u>1450 Cloverfield Blvd, Santa Monica, CA, 92007 90404</u>	~~max@momenticbrands.com~~ aj@momenticbrands.com	1 310 733 7148 321 948 4678
<u>Strong West Hollywood</u>	<u>Momentic Fitness LAWEHO LLC</u>	~~Max-Darsonval~~ <u>Aditya Patel</u>	~~<u>2529 Manchester Ave., Cardiff</u>~~ <u>7617 Santa Monica Blvd, Suite 124 & 125, West Hollywood, CA, 92007 90046 91423</u>	~~max@momenticbrands.com~~ aj@momenticbrands.com	1 310 733 7148 321 948 4678
~~New-Jersey~~ <u>Strong Westlake</u>	<u>Momentic Fitness LAThousand Oaks LLC</u>	<u>Aditya Patel</u>	<u>2900 Townsgate Road, Thousand Oaks CA 91361</u>	aj@momenticbrands.com	1 321 948 4678
Illinois					
<u>Strong Lakeview</u>	<u>Momentic Fitness CHILakeview LLC</u>	<u>Aditya Patel</u>	<u>3730 North Southport Avenue, Chicago, IL 60613</u>	aj@momenticbrands.com	1 321 948 4678

State/Store Name	Name	Contact Person	Address	Email	Contact Phone
Maryland					
~~Strong Gambrills~~	~~Alpha Pilates LLC~~	~~Vanessa Economos~~	~~574 E Governor Ritchie Hwy, Set 176, Severna Park, MD, 21146~~	~~economos49@gmail.com~~	~~1 410 858 2891~~
~~Strong Columbia~~	~~Julophena Pilates LLC~~	~~Vanessa Economos~~	~~574 E Governor Ritchie Hwy, Set 176, Severna Park, MD, 21146~~	~~economos49@gmail.com~~	~~1 410 858 2891~~
New Jersey					
~~Strong Garwood Monmouth~~	~~NJ Strong Pilates3 LLC~~	~~Rico Macaraeg~~	~~138 Mt Tabor Way, Ocean Grove, NJ 07756~~	~~rico@njsweat.eorico@njsweat.co~~	~~1 260 471 5425~~
~~Strong Morristown~~	~~NJ Strong Pilates2 LLC~~	~~Rico Macaraeg~~	~~138 Mt Tabor Way, Ocean Grove, NJ 07756~~	~~rico@njsweat.eorico@njsweat.co~~	~~1 260 471 5425~~
New York					
~~Strong Commack Massapequa~~	~~Core Strength 12~~	~~Michael Caputo~~	~~301 Rose Lane, Smithtown, NY 11787~~	~~meaputo5723@gmail.commcaputo5723@gmail.com~~	~~1 631 987 2682~~
North Carolina					
~~Strong Ronkonkoma Charlotte~~	~~LI Strong-Corporation Precision Core LLC~~	~~Michael-NapoliDain Bomberger~~	~~16 Pilgrim Drive, Port Jefferson NY 11777~~	~~mikenapoli@me.comDain Bomberger@gmail.com~~	~~1 631 484 7160717 808 5371~~
Pennsylvania					
~~Strong Syosset Wayne~~	~~By-Ko KAW Holdings LLC~~	~~Jenna-Ko Kelli Wilson~~	~~7914 150th Street, Flushing, NY 11367~~	~~jjennaako@gmail.comkelliwilsononline@gmail.com~~	~~1 347 592 6246619 885 6737~~
Texas					
~~Strong Williston Park Coppell~~	~~Built Strong-Island Momentic Fitness DFW Coppell LLC~~	~~Patrick-Campana Aditya Patel~~	~~630 Fulton Street T-4, Farmingdale NY 11735~~	~~patrick.campana@yahoo.comaj@momenticbrands.com~~	~~1 516 246 0242321 948 4678~~
~~Texas Strong Mockingbird Station~~	~~Momentic Fitness DFW Highland Park LLC~~	~~Aditya Patel~~	~~5301 Southwest Pkwy, Ste. 400, Austin, TX 78735~~	~~aj@momenticbrands.com~~	~~1 321 948 4678~~
~~Strong Highland Village~~	~~Momentic Fitness DFW Highland Village LLC~~	~~Aditya Patel~~	~~3640 FM 407, Ste. Q-180, Highland Village, TX 75077~~	~~aj@momenticbrands.com~~	~~1 321 948 4678~~
~~Strong Houston Heights~~	~~Momentic Fitness IAHHouston Heights LLC~~	~~Aditya Patel~~	~~621 Waverly Street, Houston, TX 77007~~	~~aj@momenticbrands.com~~	~~1 321 948 4678~~
~~Strong Central Austin North West San Antonio~~	~~Togher & Blair NWSA Pilates LLC~~	~~Shannon-Togher Tory Krawczynski~~	~~10505 S I-35, Apt 217, Austin 78745~~	~~shannonbrid@gmail.comvypk6885@gmail.com~~	~~1 808 740 8010979 220 0686~~
~~Strong Cincero Ranch New~~	~~Numode NWSA Pilates LLC~~	~~Nuha-Dessoukey To~~	~~4618 Devonberry 8475 Park Lane, Katy Drive, Garden~~	~~nuhadessoukey@gmail.comvypk6885@gmail.com~~	~~1 713 979 6787220 0686~~

State/Store Name	Name	Contact Person	Address	Email	Contact Phone
Braunfels		ry Krawczynski	Ridge, TX ~~77494~~78266		
Strong Alamo Heights	NWSA Pilates LLC	Tory Krawczynski	8475 Park Lane Drive, Garden Ridge, TX 78266	vpk6885@gmail.com	1 979 220 0686

FRANCHISEES THAT HAVE SIGNED DEVELOPMENT AGREEMENTS AS OF DECEMBER 31, 2024:

Name	Contact Person	Address	Email	Contact Phone
~~California~~ Momentic Fitness, LLC	<u>Aditya Patel</u>	<u>3411 Silverside Rd #104, Wilmington, DE 19810</u>	<u>AJ@momenticbrands.com</u>	<u>1 321 948 4678</u>
~~Momentic-Fitness~~ NJ Strong Pilates LLC	~~Max Darnova~~ <u>Rico Macaraeg, Steven Schnelle</u>	~~2529 Manchester Ave, Cardiff CA, 92007~~ <u>Five Greentree Centre Ste 104, Marlton, NJ 08053</u>	~~max@momenticbrands.com~~ <u>Rico@Njsweat.co</u>	~~1 310 733 7148~~ <u>260 471 5425</u>
<u>PA Strong Pilates LLC</u>	<u>Rico Macaraeg, Steven Schnelle</u>	<u>502 W 7th St #100, Erie, PA 16502</u>	<u>Rico@Njsweat.co</u>	<u>1 260 471 5425</u>
<u>Precision Core LLC</u>	<u>Dain Bomberger, Aditya Patel, Logan Chierotti</u>	<u>838 Walker Rd #21-2, Dover, DE 19904</u>	<u>Dainbomberger@gmail.com</u>	<u>1 321 948 4678</u>
<u>JL Strong LLC</u>	<u>Elizabeth Overmann</u>	<u>20436 Afternoon Ln, Germantown, MD 20874</u>	<u>elizabeth.overmann@gmail.com</u>	

EXHIBIT H

LIST OF FORMER FRANCHISEES
(as of December 31, 2024⁵)

None

EXHIBIT I
FINANCIAL STATEMENTS

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

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PILATES

BUSINESS

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CLIENT

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Exhibit K

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	Pending
Hawaii	Pending
Illinois	Pending
Indiana	~~Not Applicable~~ Pending
Maryland	Pending
Michigan	~~Not Applicable~~ Pending
Minnesota	~~Not Applicable~~ Pending
New York	Pending
North Dakota	~~Not Applicable~~ Pending
Rhode Island	~~Not Applicable~~ Pending
South Dakota	~~Not Applicable~~ Pending
Virginia	Pending
Washington	~~Not Applicable~~ Pending
Wisconsin	~~Not Applicable~~ Pending

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

EXHIBIT L

RECEIPTS

ITEM 23

RECEIPT (Your copy to keep)

This Disclosure Document summarizes provisions of the Development Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Strong Pilates US, Inc. offers you a franchise, it must provide this Disclosure Document to you at least 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. Under Michigan law, if applicable, Strong Pilates US, Inc. must provide this Disclosure Document to you 10 business days before signing any contract or making any payment relating to the franchise relationship. Under New York and Oklahoma law, Strong Pilates US, Inc. must provide this Disclosure Document to you at the earliest of the first personal meeting or 10 business days before signing any contract or making any payment relating to the franchise relationship. Under Iowa law, if applicable, Strong Pilates US, Inc. must provide this Disclosure Document to you at the earliest of the first personal meeting or 14 days before signing any contract or making any payment relating to the franchise relationship.

If Strong Pilates US, Inc. does not deliver this Disclosure Document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20590 or the appropriate state agency listed in Exhibit A.

Date of Issuance: ~~May 1~~ April 24, 202~~5~~6

The name and address of our registered agent authorized to receive service of process is shown in Exhibit A.

The franchise sellers are Mark Francis Armstrong (Y/N), Michael Peter Ramsey (Y/N), Heather Christie (Y/N), ~~and~~ Elliot Capner (Y/N), and Savannah Busby (Y/N) (circle as applicable) (each can be reached ~~Creative Cubes, Level 5/111 Cecil St., South Melbourne, Victoria 3205, Australia, 3205~~ and 011-3-61-422-096-604) and _____.

I have received a Disclosure Document dated ~~May 1~~ April 24, 202~~5~~6 that included the following 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

PROSPECTIVE FRANCHISEE:

Print Name: _____

Date: _____

PROSPECTIVE FRANCHISEE:

Print Name: _____

Date: _____

ITEM 23

RECEIPT

(Sign receipt and return to us)

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- L – Receipts

PROSPECTIVE FRANCHISEE:

Print Name: _____
Date: _____

PROSPECTIVE FRANCHISEE:

Print Name: _____
Date: _____

Summary report: Litera Compare for Word 11.15.0.58 Document comparison done on 4/23/2026 11:35:14 AM	
Style name: Franchise	
Intelligent Table Comparison: Active	
Original DMS: nd://4878-4941-0125/9/2026 Strong Pilates US Franchise Disclosure Document (FDD with DA and FA) - FINAL April 24, 2026.docx	
Modified DMS: nd://4878-4941-0125/14/2026 Strong Pilates US Franchise Disclosure Document (FDD with DA and FA) - FINAL April 24, 2026.docx	
Changes:	
Add	536
~~Delete~~	495
~~Move From~~	0
Move To	0
Table Insert	42
~~Table Delete~~	5
Table moves to	0
~~Table moves from~~	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	1078