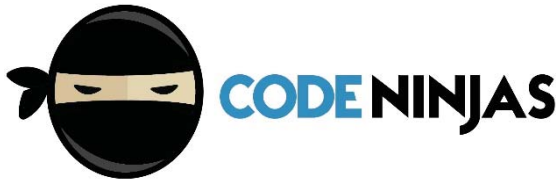


## FRANCHISE DISCLOSURE DOCUMENT



**Code Ninjas LLC**  
(a Texas limited liability company)  
200 East Augustine #1332  
Deer Park, Texas 77536  
855.446.4652  
info@codeninjas.com  
www.codeninjas.com

A “Code Ninjas” franchisee will operate a learning center providing child focused educational programs, including subjects such as computer programming, coding, math, logic, and teamwork.

The total investment necessary to begin operation of a Code Ninjas franchised business ranges from \$149,800 to \$378,050. This includes \$35,000 that must be paid to the franchisor or an affiliate.

If you wish to sign a development agreement, then the total investment needed to begin operation would be multiplied by the number of units that you agree to open, after applying a discounted initial franchise fee. (For example, for a 3-unit development agreement, the total investment would be \$439,400 to \$1,124,150, which includes \$95,000 that must be paid to the franchisor or an affiliate.) The minimum number of units you will be required to develop under a development agreement is two.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Navin Gurnaney at Code Ninjas LLC, 200 E Augustine #1332, Deer Park, TX 77536 (tel: 855.446.4652). The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

The issuance date of this Franchise Disclosure Document is April 28, 2023, as amended August 17, 2023.

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

## What You Need to Know About Franchising Generally

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

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

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

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

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

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

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

### Some States Require Registration

Your state may have a franchise law, or other law, that requires 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 C.

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

## Special Risks to Consider About This Franchise

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

**Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with us by mediation and litigation in Texas. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in Texas than in your own state.

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

## Table of Contents

Item 1	The Franchisor and any Parents, Predecessors, and Affiliates .....	1
Item 2	Business Experience .....	4
Item 3	Litigation .....	5
Item 4	Bankruptcy .....	5
Item 5	Initial Fees .....	6
Item 6	Other Fees .....	7
Item 7	Estimated Initial Investment .....	12
Item 8	Restrictions on Sources of Services and products .....	18
Item 9	Franchisee's Obligations .....	22
Item 10	Financing .....	23
Item 11	Franchisor's Assistance, Advertising, Computer Systems, and Training .....	23
Item 12	Territory .....	33
Item 13	Trademarks .....	33
Item 14	Patents, Copyrights, and Proprietary Information .....	36
Item 15	Obligation to Participate in the Actual Operation of the Franchise Business .....	38
Item 16	Restrictions on What Franchisee May Sell .....	38
Item 17	Renewal, Termination, Transfer and Dispute Resolution .....	39
Item 18	Public Figures .....	39
Item 19	Financial Performance Representations .....	45
Item 20	Outlets and Franchisee Information .....	58
Item 21	Financial Statements .....	58
Item 22	Contracts .....	66
Item 23	Receipts .....	67

## Exhibits

A	Franchise Agreement with Exhibits	H	State-Specific Addenda
B	Development Agreement with Exhibits	I	List of Current and Former Franchisees
C	List of State Administrators	J	List of Affiliate-Owned Learning Centers
D	List of Agents for Service of Process	K	Reserved
E	Form of General Release	L	Financing Documents
F	Table of Contents to Brand Manual	M	State Effective Dates
G	Financial Statements	N	Item 23 Receipts

## **Item 1** **The Franchisor and any Parents, Predecessors, and Affiliates**

### The Franchisor

The Franchisor is Code Ninjas LLC In this franchise disclosure document (“**disclosure document**” or “**FDD**”), we refer to “Code Ninjas LLC” as “**we**”, “**us**”, “**our**” or “**CN**”. We were incorporated as a Texas limited liability company on August 17, 2016. We conduct business under our corporate name and the name and mark “Code Ninjas.” We do not do business under any other name. Our principal place of business is 200 E Augustine #1332, Deer Park, TX 77536 (855.446.4652). Our agents for service of process are listed on Exhibit D to this disclosure document.

We do not engage in business activities other than franchising “Code Ninjas” businesses. We began offering “Code Ninjas” franchises in November 2016. We have never offered franchises in any other lines of business.

### Our Parents, Our Predecessors, and Affiliates

Our parent and affiliate entities are described below. We do not have any predecessors. Except as indicated: each of our parents and affiliates also have their principal business address at 200 E Augustine #1332, Deer Park, TX 77536, and none of them has ever offered franchises in any line of business.

Code Ninjas Holdings LLC (“ <b>CN Holdings</b> ”), a Texas limited liability company formed on April 29, 2020.	CN Holdings is our immediate parent and our sole member.
EMP Ninja 2 LLC (“ <b>EMP 2</b> ”), a Delaware limited liability company formed on August 31, 2021.	EMP 2 is CN Holdings’ immediate parent and owns the majority of its membership interests. EMP 2’s principal place of business is 3060 Peachtree Road, Suite 360, Atlanta, GA 30305.
EMP Ninja 1 LLC (“ <b>EMP 1</b> ”), a Delaware limited liability company formed on May 26, 2020.	EMP 1 owns a minority of CN Holdings’ membership interests. EMP 1’s principal place of business is 3060 Peachtree Road, Suite 360, Atlanta, GA 30305
Eagle Merchant Partners (“ <b>Eagle</b> ”), an Atlanta-based private investment firm.	Eagle is the ultimate manager of EMP 2 and EMP 1. Eagle’s principal place of business is 3060 Peachtree Road, Suite 360, Atlanta, GA 30305
EMP Ninja 3 LLC (“ <b>EMP 3</b> ”), a Delaware limited liability company formed on July 27, 2022.	EMP 3 owns a minority of CN Holdings’ membership interests. EMP 3’s principal place of business is 3060 Peachtree Road, Suite 360, Atlanta, GA 30305.

Ninja Ventures, LLC (" <b>Ninja Ventures</b> "), a Texas limited liability company formed on June 21, 2019.	Ninja Ventures, LLC was formed to, through itself and wholly-owned subsidiaries, operate Code Ninjas Learning Centers. Ninjas Ventures is the immediate parent and sole member of CN Alamo Ranch, CN Cinco Ranch, and CN North Carlsbad.
Code Ninjas Alamo Ranch, LLC (" <b>CN Alamo Ranch</b> "), a Texas limited liability company formed on October 10, 2019.	CN Alamo Ranch operates the affiliate-owned Code Ninjas Learning Center located at 7915 W Loop 1604 N, Suite 115, San Antonio, TX 78254 (its principal place of business).
Code Ninjas Cinco Ranch, LLC (" <b>CN Cinco Ranch</b> ") a Texas limited liability company formed on November 12, 2020.	CN Cinco Ranch operates the affiliate-owned Code Ninjas Learning Center located at 22167 Westheimer Parkway, Suite 140, Katy, TX 77450 (its principal place of business).
Code Ninjas North Carlsbad, LLC (" <b>CN North Carlsbad</b> "), a Texas limited liability company formed on March 11, 2021.	CN North Carlsbad operates the affiliate-owned Code Ninjas Learning Center located at 1850 Marron Road, Suite 112, Carlsbad, CA 92008 (its principal place of business).
Code Ninjas Round Rock, LLC (" <b>CN Round Rock</b> "), a Texas limited liability company formed on December 13, 2021.	CN Round Rock operates the affiliate-owned Code Ninjas Learning Center located at 4500 E Palm Valley Blvd #104, Round Rock, TX 78665 (its principal place of business).
Code Ninjas Canton, LLC (" <b>CN Canton</b> "), a Texas limited liability company formed on May 10, 2022.	CN Cinco Ranch operates the affiliate-owned Code Ninjas Learning Center located at 95 Washington St #560, Canton, MA 02021(its principal place of business).
Code Ninjas Cedar Park, LLC (" <b>CN Cedar Park</b> "), a Texas limited liability company formed on December 28, 2021.	CN Cinco Ranch operates the affiliate-owned Code Ninjas Learning Center located at 3621 E Whitestone Blvd Suite 500, Cedar Park, TX 78613 (its principal place of business).

### The Franchise Offered

We offer franchises for the establishment and operation of "Code Ninjas" learning centers, which operate in buildings that feature our interior and/or exterior design, and which also feature our Services and our Products (each a "**Learning Center**" or "**Franchised Business**"). The services that Learning Centers will provide include child-focused educational programs, including subjects such as computer programming, coding, math, logic, reasoning skills and teamwork (the "**Services**") and the products that Learning Centers offer generally include "Code Ninjas" branded merchandise (such as t-shirts, hoodies, wrist bands, and similar items) (the "**Products**").



Learning Centers are characterized by our system (the "**System**"). Some of the features of our System may include our distinctive services and products ("**Services and Products**"); signage; distinctive interior and exterior design and accessories; operational procedures; standards and specifications; quality of services and products offered; student materials, curriculum, course materials, and related educational offerings; management and inventory control procedures; software; training and assistance; business format, layouts and floor plans, methods, equipment lists and layouts; the Proprietary Marks (defined below); as well as advertising and promotional programs. We may periodically change parts of the System.

You must operate your Learning Center in accordance with our standards and procedures, as set out in our confidential brand standards manual (the "**Brand Manual**"). We will lend you, or make available electronically, a copy of the Brand Manual for the duration of the Franchise Agreement. In addition, we will grant you the right to use our marks, including the mark "Code Ninjas" and any other trade names and marks that we designate in writing for use with the System (the "**Proprietary Marks**").

Learning Centers will be operated from an indoor structure that need not be free-standing, in a target range of approximately 1,200 square feet to 2,200 square feet in size and are decorated to meet our specifications (including the use of our trade dress, trademark, and design).

We offer to enter into franchise agreements ("**Franchise Agreements**") with qualified entities and persons that wish to establish and operate Learning Centers. (In this disclosure document, "**you**" means the person or legal entity with whom we enter into an agreement. The term "you" also refers to the direct and indirect owners of a corporation, partnership, limited liability company, or limited liability partnership that signs a Franchise Agreement as the "franchisee.") We award franchises in our discretion, and in order to be qualified to become our franchisee, we will consider many factors that include, among other things, a prospective franchisee's financial resources, educational and work background, personality fit, and ability to work with our team. A copy of the form Franchise Agreement is attached to this FDD as Exhibit A.

We may also offer area development agreements ("**Development Agreements**") to qualified parties ("**Developers**"). Our current form of Development Agreement is attached to this disclosure document as Exhibit B. If you sign a Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-upon number of Learning Centers within an agreed-upon designated area (the "**Development Area**"), under an agreed-upon timetable (the "**Development Schedule**"). Each Learning Center will be constructed and operated under a separate Franchise Agreement. The Franchise Agreement for the first Learning Center developed under the Development Agreement will be in the form attached to the Development Agreement. The Franchise Agreement for each additional Learning Center developed will be in the form of the Franchise Agreement that we generally offer to new franchisees at that time, which may differ materially from the version that is attached to the disclosure document.

### Applicable Regulations

You must comply with all local, state, and federal laws that apply to your Learning Center operations, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, restrooms, drinking facilities, etc. For example, you must obtain real estate permits (e.g., zoning), real estate licenses, and



operational licenses. There are also laws that require educators, learning center employees and others to obtain required background checks and fingerprinting. You will be required to comply with all applicable federal, state, and local laws and regulations in connection with the operation of your Learning Center. You must also follow the Payment Card Industry Data Security Standards and comply with applicable privacy laws relating to customer credit card transactions. We recommend that you examine and consider the impact of these and all applicable laws, regulations, and standards before entering into any agreement with us. The laws in your state or municipality may be more or less stringent, and there may be specific laws or regulations in your state or municipality regarding the operation of a Learning Center. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Franchised Business's operation.

### Competition

You can expect to compete in your market with locally-owned businesses, as well as with national and regional chains, that offer technology and coding based education services, and other services that may compete with the services offered at a Learning Center. The market for these items is well-established and very highly competitive. These businesses vigorously compete on the basis of factors such as price, service, location, and product quality. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, seasonal population fluctuation, and travel patterns.

## **Item 2**

### **Business Experience**

Navin Gurnaney: Chief Executive Officer  
Mr. Gurnaney assumed the role of Chief Executive Officer on August 1, 2023. From July 2021 until May 2023, Mr. Gurnaney served as Chief Executive Officer of Tim Hortons India in Mumbai, India. From May 2021 until July 2021, Mr. Gurnaney was Chief Executive Officer, Reliance Foods, of Reliance Brands Limited in Mumbai, India. Prior to that, Mr. Gurnaney served as Chief Executive Officer of Starbucks India in Mumbai, India from October 2018 until April 2021. He also served as President of White Tiger Entertainment Network & Infinite Ventures LLC from November 2015 to October 2018 in Atlanta, Georgia.

Barry Gibson: Chief Financial Officer  
Mr. Gibson joined us in August 2022 as our Vice President of Finance and was named Chief Financial Officer in March 2023. Previously, Mr. Gibson was the Vice President of Finance for North America at Aggreko from August 2020 to April 2022 in Houston, TX. From October 2018 to August 2020 he served as the VP of Finance for the Brock Group in Houston, TX. Prior to that he worked for Wood/Ethos Energy as the VP of Finance between January 2017 and October 2018 and Finance Director in a variety of international finance roles in the U.K., Middle East and Houston, TX.

Matt Rogers: Vice President of Marketing  
Mr. Rogers joined us in January 2023 as our Vice President of Marketing. From May 2022 to October 2022, Mr. Rogers was General Manager of North America and Head of the International Brand at Walnut Coding in Costa Mesa, CA. From May 2020 to May 2022, Mr. Rogers served as the Senior Director of Marketing at BYJU's FutureSchool / WhiteHat Jr. in San Francisco, CA. From June 2018 to May 2020 he worked as Director of Brand Marketing at

YieldStreet located in New York, NY. Prior to that, Mr. Rogers held various brand strategy and marketing roles at Anheuser-Busch in New York, NY between December 2015 and June 2018.

E. Stockton Croft IV: Chair, Board of Directors

Mr. Croft was elected to serve as chair of our Board of Directors in July 2020. Since September 2013, he has also served as a Partner with Eagle (EMP Management LLC) in Atlanta, Georgia.

William Arthur Lundstrom: Board of Directors

Mr. Lundstrom was elected to our Board of Directors in September 2021. Since September 2013, he has also served as a Partner with Eagle (EMP Management LLC) in Atlanta, Georgia.

Zachary Taylor: Board of Directors

Mr. Taylor was elected to our Board of Directors in September 2021. Since August 2017, he has also served as a Private Equity Vice President for Eagle Merchant Partners in Atlanta, Georgia. From August 2015 through August 2017, he was a Private Equity Associate with Charlesbank Capital Partners in Boston, Massachusetts.

David Kim: Board of Directors

Mr. Kim began serving as our Interim Chief Executive Officer in May 2023 and served in this position until August 1, 2023. Mr. Kim was elected to our Board of Directors in October 2021. From September 2017 to August 2020, he served as Managing Director of Teen Ink in Newton, Massachusetts, and from January 2000 to June 2017, Mr. Kim served as CEO of C2 Education in Johns Creek, Georgia.

### **Item 3**

### **Litigation**

Code Ninjas, LLC v. Beyond Gravity Media, Inc. & Branden Scott Matalon, No. 3:19-cv-00303 (S.D. Tex.) (filed September 9, 2019) and Code Ninjas, LLC v. Beyond Gravity Media, Inc. & Branden Scott Matalon, American Arbitration Association (“AAA”) No. 01-19-0004-4568 (filed December 11, 2019). We filed a lawsuit seeking to enjoin a franchisee and its owner (the “franchisees”) from establishing and operating a competitive business in violation of their obligations not to compete with us. The franchisees denied the allegations and asserted claims against us and David Graham, a former executive, seeking rescission of their various agreements based on allegations that we made misrepresentations relating to the sale of the franchise opportunity. We denied the allegations. In December 2019, we moved to dismiss the counterclaims and to compel the counterclaims to arbitration. We contemporaneously filed for arbitration. We reached a settlement in April 2020 under which the franchisees agreed to dismiss their claims and abide by their post-termination obligations, including their obligations not to compete, in exchange for our agreement to terminate the franchisees’ existing franchise and a franchise agreement for an unopened territory without any refund or exchange of money. We also dismissed our claims against the franchisees.

Marlow Henry v. Wilmington Trust, N.A., et al., No. 1:19-cv-01925-UNA (D. Del.). This case involves an employee seeking to assert class action claims against Wilmington Trust and its shareholders, alleging violations of an employee retirement plan, employee stock option plan, and the Employee Retirement Income Security Act of 1974 (“ERISA”). Among the shareholders named in the suit is one of our Directors, E. Stockton Croft IV. The defendants filed motions to dismiss the case and to require that the claims be referred to arbitration as required under the ERISA plan documents. The case is still pending before the court.

Other than these two actions, no litigation is required to be disclosed in this Item.

#### **Item 4**

#### **Bankruptcy**

There is no bankruptcy required to be disclosed in this Item.

#### **Item 5**

#### **Initial Fees**

##### Initial Franchise Fee

The initial franchise fee is \$35,000 and will be due when you sign the Franchise Agreement. The initial franchise fee will be fully earned when paid, must be paid in one lump-sum amount, and is non-refundable. The initial franchise fee is uniform for new franchisees. In our last fiscal year ended December 31, 2022, the initial franchise fees we collected for Code Ninjas Centers ranged from \$15,500 to \$35,000.

We offer a 10% discount from the initial franchise fee for qualified U.S. military veterans and active duty personnel). To qualify, you must be an active duty member of the U.S. armed forces or an honorably discharged veteran of the U.S. armed forces (and provide us with a copy of your certificate or a form DD-214). (For a franchisee that is an entity, a person who owns 51% or more of the entity must be a qualified veteran or active duty service member.) If the qualified veteran or active duty service member transfers her or his interest in the franchise in the first two years of the term of the Franchise Agreement, then the amount of the discount will have to be repaid upon the transfer.

##### Development Fee

If you sign the Development Agreement, you must pay us a development fee in an amount equal to the initial franchise fee for each Learning Center that you agree to develop under the Development Agreement. The amount of the development fee will vary based on the number of Learning Centers you choose to develop under the Development Agreement (currently, we require you to develop at least two Learning Centers). The development fee must be paid in lump sum and is non-refundable. In our last fiscal year ended December 31, 2022, the Development Fees we collected were \$31,000 for each Learning Center.

If you are in compliance with your obligations under the Development Agreement, then when you enter into the Franchise Agreement with us for each Learning Center, we will credit to you the sum of the applicable initial franchise fee (see chart below) as full payment of the initial franchise fee due under each Franchise Agreement for that Learning Center.

If you sign a Development Agreement, then we will discount the initial franchise fee due for the franchises that you must open under the Development Agreement, as follows:

Initial Franchise Fee	Explanation
\$35,000	Applies to the Franchise Agreement for the 1st franchise that is required under the Development Agreement
\$30,000	Applies to the 2nd through 5th franchises that are required under the Development Agreement
\$25,000	Applies to the 6th and all additional franchises that are required under the Development Agreement

### **Pre-Opening Minimum Royalty Fee**

If you do not open your Franchised Business by the agreed upon date in your Franchise Agreement (the “**Opening Deadline**”), then for each month (pro-rated) that you have not yet opened after the Opening Deadline, you agree to pay us a minimum royalty fee of \$500 per month until you open the Learning Center for business (however, we will retain all rights including the right to terminate the Franchise Agreement if you do not open on time).

### **Item 6**

### **Other Fees**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee (Note 1)	8% of Net Sales (Note 2)	At the time of the transaction (Note 3)	
Marketing Contribution (Note 1)	5.25% of Net Sales	Same as royalties.	Currently, allocated as 2.25% to the Brand Marketing Development Fund and 3% to be spent by you on local marketing and promotion. We have the right to change this allocation upon notice.
Supplier/Vendor or Supplies Approval (Note 4)	Cost of inspection of supplier’s facilities and/or test of supplier’s samples, plus our reasonable related costs and expenses	Upon demand	Only due if you propose a new supplier or vendors (or particular suppliers) that we have not previously approved
Product and Equipment Purchases	Will vary	Upon delivery or as agreed	We charge you for products and equipment you purchase from or through us.

Type of Fee	Amount	Due Date	Remarks
Additional and Repeat Initial Training	Our then-current fee (currently \$500 per individual to be trained)	As incurred	You will pay this fee only if you wish to send additional individuals to our brand management training (beyond those that we require and the additional three individuals we already allow to attend) or any of your staff must complete replacement training.
Ongoing/Remedial Training	Our then-current fee (currently \$500 per day per trainer), plus our reasonable related costs and expenses	As incurred	You will pay this fee only if we require you to repeat training programs or attend additional ongoing training that we may reasonably and periodically require.
Convention Fee	<p>If we hold an annual convention, you must pay us a fee for each person who attends.</p> <p>Our current annual convention fee is \$550 per attendee (based on early bird pricing).</p> <p>We reserve the right to increase this fee.</p>	As incurred	<p>If we hold a franchise convention, then the party holding a controlling interest in you and your Designated Principal (if different) must register for and attend the convention. We will bill you for one registration fee prior to the convention, which will provide you with one registration. If you will have two persons (for example, your Designated Principal) or more attend the convention, then you will be required to register those additional persons and pay the applicable registration fee in advance.</p> <p>You will also be responsible for all of the other costs of attending conventions, including travel, room and board, and your employees' wages, benefits and other expenses.</p>
Inspection or Audit (Note 5)	Cost of inspection or audit plus our reasonable related costs and expenses	Upon demand	Only due if inspection or audit discloses that information provided to us

Type of Fee	Amount	Due Date	Remarks
			was materially inaccurate or misleading
Interest	Interest is 1.5% per month on missed, overdue, or insufficient payments.	Upon demand.	Only due if you do not make proper payment on time. Interest begins to accrue when payment was initially due. If a maximum interest rate applies under your state's law, then interest will not exceed that maximum rate.
Renewal Fee	\$2,500	Due upon execution of Renewal Agreement	Payable upon renewal of the Franchise Agreement on the terms described in that agreement. The renewal fee is due instead of a new initial franchise fee.
Transfer Fee	\$10,000	At the time of transfer	Only due if you propose a transfer.  For a transfer upon disability or death of the franchisee's principal, we will not charge a transfer fee (but ask instead to be reimbursed for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting the transaction).
Securities Offering Fee	\$5,000 (or our reasonable costs and expenses, if more)	Upon demand	Only due if you or an affiliate engage in a securities offering. You also must indemnify us (see below).
Relocation Fee	\$5,000 plus our reasonable costs and expenses	At the time of relocation	Only due if you propose to relocate your franchise.
Cost of Enforcement or Defense (Note 6)	Will vary under circumstances	Upon demand	See Note 6.
Insurance	Actual costs	Upon demand	Only due if you fail to purchase the required business insurance, and we exercise our right to buy

Type of Fee	Amount	Due Date	Remarks
			insurance for you (we are not obligated to do so).
Indemnification	All costs and expenses, including attorneys' fees	Upon demand	Only due if the indemnification clause is invoked. You will defend suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Learning Center, including related securities offerings.
Technology Fee (Note 1)	Currently \$350 a month	Monthly (Note 3)	The Technology Fee covers the administrative costs of the technology services and licenses we provide to you. We have the right to periodically change the amount of the Technology Fee and/or the method of payment by providing notice to you. You will pay additional fees to third party technology vendors.
Additional Tech Vendor Fees	Variable	As incurred.	Fees by tech vendors (who may be our affiliates) that provide products and/or services to you beyond those covered by the Technology Fee must be paid directly to those vendors in the ordinary course of business.

**Notes to Item 6 table:**

1. **Fees.** The fees listed in the Item 6 tables are payable only to us or our affiliates (except for the Additional Tech Vendor Fees, which may be paid to a vendor). All fees due to us or our affiliates (such as royalty fees, advertising contributions, amounts due for your purchases from us or our affiliates, and other amounts due under the Franchise Agreement) must be paid through the electronic funds transfer protocols that we require (including using the ACH network). We may debit your designated account to collect these amounts. You must keep a sufficient balance in the account from which the deductions are made to pay all of the fees due under the Franchise Agreement. We have the right to change payment method requirements. All of the fees payable to us or our affiliates are uniformly imposed and collected, however, we may waive collection of



some or all of these fees in certain circumstances. None of the fees payable to us or our affiliates are refundable.

We will have the right to make inflation adjustments to the fixed-dollar amounts under the Franchise Agreement (but not the initial franchise fee) if there are changes in the Index from the year in which you signed the Franchise Agreement. "**Index**" means the Consumer Price Index published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we can designate a reasonable alternative measure of inflation.

2. **Net Sales.** "**Net Sales**" means all revenue from the sale of all Services and Products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business, including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit, but excluding sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; and refunds, discounts, and other payment accommodations that you reasonably provide to your customers.
3. **Due Dates and Accounting Periods.** Each time you make a sale through our portal, app, or otherwise through us, the customer's funds currently flow through the payment processor and are allocated accordingly (that is, fees to the processor, Royalty Fees are paid to us, Marketing Contributions are remitted to the Brand Marketing Development Fund, and the balance is remitted to the franchisees) with respect to that incremental transaction.

If for any reason the funds do not flow in that manner, or if we are unable to automatically withdraw the Royalty Fees and Marketing Contribution due when you make a sale (for example, if a sale does not go through our portal or app, or otherwise), then you must pay us the Royalty Fees and Marketing Contribution relating to the transaction by the Due Date (defined below).

Payments for other fees and sales reports are due monthly, with each month starting on the first day of the calendar month at one instant before 12:00:01 am (local time) and ending at one instant before 11:59:59 pm on the last day of the calendar month. Payments are due in our account on the 15th day of each Period (although we may initiate debits earlier so that the funds reach our account on time) (the "**Due Date**").

Certain reports (for example, P&L's) will be due on a Period-by-Period basis. For this purpose, "**Period**" means a regular calendar month (but we reserve the right to switch to a four or five-week "retail calendar" for the purpose of organizing books and records (typically, a retail calendar is organized into 13 4- and 5-week Periods in a year)).

4. **Supplier/Vendor, Supplies Approval.** If you wish to sell or use any product that we have not already approved, or buy products from a vendor that we have not already approved, you must follow the procedure under the Franchise Agreement. Among other things, that includes submitting samples of the proposed item as well as other information, for inspection and testing. You or the proposed vendor will pay the reasonable cost of the inspection and evaluation and the actual cost of any testing.
5. **Inspection or Audit.** If we conduct an inspection or audit of your records and find that any payments due to us have been understated or underpaid, then you must immediately pay us, upon demand, the understated or underpaid amount plus interest

from the date any amount was due until paid. If an inspection or audit shows that the information provided to us was materially inaccurate or misleading (or it cannot be determined whether it was materially inaccurate or misleading because you did not maintain and preserve the required records), then you also must reimburse our costs and expenses, including accounting and attorneys' fees connected with the inspection or audit. An understatement of Net Sales or underpayment of 2% or more in any report is deemed to be materially inaccurate and misleading.

6. **Cost of Enforcement or Defense.** If a claim for amounts you owe to us is asserted in any legal proceeding before a court of competent jurisdiction, or if we or you must enforce the Franchise Agreement or a related agreement (including non-compete agreements) in a judicial or arbitration proceeding, we will be entitled to reimbursement of our costs, including reasonable accounting and attorneys' fees, resulting from this proceeding. You also will be responsible for our costs of enforcement if your personnel do not comply with their confidentiality or non-competition obligations. This fee will only become due if: (i) you are in default under the Franchise Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys' fees) in enforcing or terminating the agreement; (ii) if we successfully defend claims from you regarding the Franchise Agreement; or (iii) if we incur costs in your defense except where a court with competent jurisdiction determines the claim or expense was caused solely by our gross negligence or willful misconduct.

**Item 7****Estimated Initial Investment****YOUR ESTIMATED INITIAL INVESTMENT**

<b>Table A: YOUR ESTIMATED INITIAL INVESTMENT (A SINGLE LEARNING CENTER UNDER A FRANCHISE AGREEMENT)</b>					
<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is Made</b>
	<b>From</b>	<b>To</b>			
Initial Franchise Fee (Note 1)	\$35,000	\$35,000	Lump Sum	Upon signing Franchise Agreement	Us
Lease (Note 2)	\$8,400	\$22,000	As incurred	Before opening, as incurred	Landlord
Utility Deposit (Note 3)	\$300	\$500	As incurred	Before opening, as incurred	Utility Providers
Architect Fees (Note 4)	\$2,500	\$10,000	As incurred	Before opening, as incurred	Third Parties
Construction Costs (Note 4)	\$35,000	\$175,000	As incurred	Before opening, as incurred	Third Parties

<b>Table A: YOUR ESTIMATED INITIAL INVESTMENT (A SINGLE LEARNING CENTER UNDER A FRANCHISE AGREEMENT)</b>					
<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is Made</b>
	<b>From</b>	<b>To</b>			
Expenses for Initial Training (Note 5)	\$1,500	\$5,000	As incurred	Before opening, as incurred	Third Parties
Business Licenses and Permits (Note 6)	\$200	\$1,000	As incurred	Before opening, as incurred	Licensing Authorities
Business Insurance (Note 7)	\$1,000	\$2,500	As incurred	Before opening, as incurred	Insurance Providers
Initial Inventory (Note 8)	\$5,000	\$12,000	As incurred	Before opening, as incurred	Approved Suppliers
Computer Hardware & Software (Note 9)	\$3,100	\$5,050	As incurred	Before opening, as incurred	Approved Vendor
Furniture, Fixtures, & Eqpt (Note 10)	\$29,000	\$55,000	As incurred	Before opening, as incurred	Approved Suppliers
Signage (Note 10)	\$5,800	\$14,500	As incurred	Before opening, as incurred	Approved Suppliers
Grand Opening Marketing Program (Note 11)	\$7,500	\$7,500	As incurred	Before and during opening	Various
Professional Fees (Note 12)	\$500	\$3,000	As incurred	Before opening, as incurred	Accountants, Attorneys, and Consultants
Additional Funds (3 months) (Note 13)	\$15,000	\$30,000	As incurred	After opening	Various
<b>Total</b>	<b>\$149,800</b>	<b>\$378,050</b>			

<b>Table B: YOUR ESTIMATED INITIAL INVESTMENT (FOR 3 LEARNING CENTERS UNDER A DEVELOPMENT AGREEMENT)</b>					
<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is Made</b>
	<b>From</b>	<b>To</b>			
Development Fee (Note 1)	\$95,000	\$95,000	Lump Sum	When you sign the Development Agreement	Us
Lease (Note 2)	\$25,200	\$66,000	As incurred	Before opening, as incurred	Landlord
Utility Deposit (Note 3)	\$900	\$1,500	As incurred	Before opening, as incurred	Utility Providers
Architect Fees (Note 4)	\$7,500	\$30,000	As incurred	Before opening, as incurred	Third Parties
Construction Costs (Note 4)	\$105,000	\$525,000	As incurred	Before opening, as incurred	Third Parties
Expenses for Initial Training (Note 5)	\$4,500	\$15,000	As incurred	Before opening, as incurred	Third Parties
Business Licenses and Permits (Note 6)	\$600	\$3,000	As incurred	Before opening, as incurred	Licensing Authorities
Business Insurance (Note 7)	\$3,000	\$7,500	As incurred	Before opening, as incurred	Insurance Providers
Initial Inventory (Note 8)	\$15,000	\$36,000	As incurred	Before opening, as incurred	Approved Suppliers
Computer Hardware & Software (Note 9)	\$9,300	\$15,150	As incurred	Before opening, as incurred	Approved Vendor
Furniture, Fixtures, & Equipment (Note 10)	\$87,000	\$165,000	As incurred	Before opening, as incurred	Approved Suppliers

<b>Table B: YOUR ESTIMATED INITIAL INVESTMENT (FOR 3 LEARNING CENTERS UNDER A DEVELOPMENT AGREEMENT)</b>					
<b>Type of Expenditure</b>	<b>Amount</b>		<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is Made</b>
	<b>From</b>	<b>To</b>			
Signage (Note 10)	\$17,400	\$43,500	As incurred	Before opening, as incurred	Approved Suppliers
Grand Opening Marketing Program (Note 11)	\$22,500	\$22,500	As incurred	Before and during opening	Various
Professional Fees (Note 12)	\$1,500	\$9,000	As incurred	Before opening, as incurred	Accountant s, Attorneys, and Consultants
Additional Funds (3 months) (Note 13)	\$45,000	\$90,000	As incurred	After opening	Various
<b>Totals</b>	<b>\$439,400</b>	<b>\$1,124,150</b>			

**Notes to Tables:**

We do not offer direct or indirect financing for any part of the initial investment. We do not guarantee your note, lease, or obligations. None of the fees payable to us or our affiliates is refundable. We cannot estimate whether and to what extent fees payable to third parties may be refunded.

**Table A** provides the estimates applicable if you were to open one franchised Learning Center under a Franchise Agreement.

**Table B** provides the estimates applicable if you were to sign a Development Agreement to open three Learning Centers (currently, we require you to develop at least two Learning Centers under a Development Agreement). Except for the payment of the development fee based on the discounted initial franchise fees, the figures in Table B are simply three-times the figures in Table A

- 1 **Initial Franchise Fee.** The franchise fee is \$35,000, as described in Item 5, and is used to defray our costs for providing training, promotional assistance and materials, site selection guidance, and other services.

If you sign a Development Agreement, then you will pay the development fee due under that agreement (as described in Item 5).

- 2 **Lease.** You must purchase or lease a space at which to operate your Learning Center. The estimate is for lease payments covering four months' rent (rent for the first three months of operation and one month's security deposit). The estimate assumes a Learning Center that is 1,200 square feet to 2,200 square feet in size, with rent at \$21 to \$30 per square foot per year, and no obligation to pay rent during the build-out period (before you actually open for business). The estimate includes CAM charges, which are likely to run an additional \$8 to \$15 per square foot per year.

Learning Center locations include downtown store fronts, suburban centers, entertainment centers, and shopping centers.

Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided based on factors such as competition and market conditions in your area, the type and nature of improvements needed to the premises, the size of the Learning Center, the terms of the lease, and the desirability of the location. If you cannot negotiate a pre-opening rent abatement your costs will be higher. If you choose to buy (instead of leasing) the real estate for your Learning Center, you will incur additional costs that we cannot estimate.

- 3 **Utility Deposit.** You may be required to pay deposits before the installation or beginning of service of telephone, gas, electric and other utilities. This estimate excludes utility tap fees which are typically covered by the landlord.

- 4 **Architect's Fees and Construction Costs.** The cost of construction depends upon the size and condition of the premises, the nature and extent of leasehold improvements required, including awning, general construction, permits, architectural fees and legal fees. The location, age and size of the Learning Center and the extent of landlord participation in the build-out significantly affect that cost. The lower figure assumes that the cost of leasehold improvements is borne by the landlord through a tenant improvement allowance for leasehold improvements. The range of figures in the table above includes the cost of reasonable renovation or leasehold improvements. The extent of the required leasehold improvements may vary widely depending upon the existing facility and modifications required to accommodate a Learning Center operation. The architect's fee is not included in the total estimate for construction and is shown as a separate entry in the above chart. The estimate is based on space in the range of 1,200 to 2,200 square feet at a build-out cost of approximately \$88 to \$239 per square foot. If you incur higher build-out costs, then your total expenditure will be higher as well.

- 5 **Initial Training Expenses.** You are responsible for making arrangements and paying the expenses for any persons attending the training program, including transportation, lodging, meals, and wages. The amount spent will depend, in part, on the distance you must travel and the type of accommodation you choose. The estimate provided contemplates the training of three people (the Designated Principal, Center Director, and two designees) for approximately four days in accordance with the training schedule in Item 11. The estimate assumes a per diem cost and travel allowance of \$375 to \$1,250 per person.

- 6 **Business Licenses and Permits.** This estimate includes costs relating to business license requirements, health, and safety regulations (including occupancy), employment regulations, music, and entertainment (including license fees to copyright and other intellectual property owners and vending licenses). You should not consider this list as



comprehensive. The laws in your state, county or municipality may be more or less stringent. You are advised to examine these laws before purchasing a franchise from us. You may need to hire accountants and/or legal counsel to assist you in obtaining required licenses and permits and other legal compliance, which is shown as a separate entry in the above chart.

- 7 **Business Insurance.** The estimate is to pay for 12 months' insurance coverage under the required minimums under your Franchise Agreement, both before and after you open your Learning Center. The cost of insurance will vary based on the type of policies procured, nature and value of physical assets, gross revenues, number of employees, square footage, geographical location, size, and contents of the business, and other factors bearing on risk exposure.
- 8 **Initial Inventory.** These amounts represent your initial inventory of certain items, including rank stickers and patches, laptop bags, pencils, pens, notepads, presentation folders, binders, among other items.
- 9 **Computer Hardware and Software.** The estimated initial investment includes costs related to the purchase of required POS System hardware and software as well as security cameras for the Franchised Business. We reserve the right to implement as a part of our standards and specifications contained in the Brand Manual the requirement that you obtain approved accounting, reporting and operational software. This estimate includes student laptops and an android tablet. We do not currently anticipate that any required software will be customized and proprietary, thus the terms and conditions of any software license or other agreement which may be required to be executed by you in connection with software are not known to us at this time.
- 10 **Furniture, Fixtures, Equipment, and Signage.** You must furnish your Franchised Business in accordance with our standards. This will include certain required equipment, furniture, and fixtures. These costs will vary depending on the size and condition of the Learning Center. Your required equipment will include desks, working stations, chairs, storage systems, coffee systems, lounge furniture, and various trade dress and décor items and all other equipment required to properly operate the Learning Center. Signage must be obtained from our approved or your pre-approved supplier and conform to our standards, including standards related to the use of our trademarks as set forth in the Brand Manual.
- 11 **Grand Opening Marketing Program.** You will be required to spend the amount specified in your Franchise Agreement for grand opening marketing and promotional programs in conjunction with the initial launch of your Learning Center, an amount which we estimate will be \$7,500. These programs include marketing spanning from 60 days before opening to no later than 60 days post-opening, and may include giveaways, and related direct labor.
- 12 **Professional Fees.** The estimate is for legal, accounting, administrative, traffic studies, demographic studies, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely upon your advisors, type of financing, lease negotiations, and the permitting process in your city. The hourly rates for advisors, accountants, and legal professionals will also vary.



- 13 **Additional Funds.** You will need capital to support on-going expenses, such as payroll and utilities, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months. This is only an estimate, however, and there is no assurance that additional working capital will not be necessary during this start-up phase or after. Our estimate is based on our own business experience and information and that of our affiliates.

Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history, suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.

You will need to have staff on-hand before opening to prepare the Learning Center for opening, training, orientation, and related purposes. We estimate that you will need approximately 35 hours of staff time to get ready for your opening. Your staffing costs will depend on the prevailing wage rates in your area.

The figures in the chart and the explanatory notes are only estimates.

You should review these figures carefully with a business advisor before making any decision to purchase the franchise. You should take into account the cash outlays and probable losses that you may incur while you are trying to get established. Extensive start-up costs may be involved, depending upon your circumstances.

## **Item 8 Restrictions on Sources of Services and Products**

### **Required Purchases of Goods and Services**

You must operate the Franchised Business in conformity with the methods, standards, and specifications that we require (whether in the Brand Manual or otherwise). Among other things, these standards require that you must:

- sell or offer for sale only those Services and Products, using the equipment and other items, that we have approved in writing for you to offer and use at your Franchised Business;
- sell or offer for sale all those Services and Products, using the equipment and other items, and employing the techniques that we specify in writing;
- not deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent;
- stop using and offering for use any Services or Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time).

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

We have the right to designate only one supplier for certain items used at the Franchised Business in order to take advantage of marketplace efficiencies. Our affiliates are presently the only approved supplier for some items, including some of the furniture, fixtures, and equipment you are required to purchase for the operation of your Franchised Business.

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

We estimate that the cost of your purchases and leases from sources that we designate or approve, as well as purchases in accordance with our standards and specifications, will be approximately 30% to 50% of the total cost of establishing a Franchised Business and approximately 70% to 80% of the cost of continued operation of the franchise.

You must allow us or our representatives, at any reasonable time, to inspect the Franchised Business and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then-current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Franchised Business fails to conform to our specifications.

#### Approval of Alternative Suppliers

If you want to buy any supplies, or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. We will provide our decision within sixty days after we have received your proposal. When considering whether to approve any particular possible supplier, we will consider (among others) the following factors:

- whether the supplier can show, to our reasonable satisfaction, the ability to meet our then-current standards and specifications;
- whether the supplier has adequate quality controls, insurance, capability, and capacity to supply the System's needs promptly and reliably; and
- whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies.

Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers.

Our criteria for approving a proposed supplier include various quality related factors, including for example the supplier's history, its other production work, product quality, quality controls,

and related benchmarks. We typically will provide you with our response to a proposed new supplier within 30-45 days, but that may vary depending on factors such as the nature of the item that is proposed for our consideration and the supplier's cooperation and response. We have the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria (if we revoke our approval, we will notify you in writing). You may not buy items from any supplier that we do not approve in writing, and you must stop buying items from any supplier that we may have approved but later disapprove.

We (and possibly one of our affiliates) are the only designated supplier for certain items that you must buy for the operation of your Franchised Business. None of our officers own any interest in any other approved or designated supplier for any product, good or service that you are required to purchase for the operation of your Franchised Business.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based upon franchisee purchases of Products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of Products, equipment and other goods and services. We may either retain the credit of any volume discounts, rebates or incentives received as a result of your purchases or contribute all or a portion of them to the Brand Marketing Development Fund.

As of the end of our 2022 fiscal year, we received \$1,533,819 (which was on a pass-through basis) from the sale of goods or services to our franchisees, or approximately 15% of our total revenues of \$10,227,527. (These figures reflect revenue from our entire franchise system, which includes franchisees located outside of the United States. Approximately 75% (by unit count) of our franchise system is based in the United States).

During its fiscal year ended December 31, 2022, our former affiliate FranchiCzar received \$280,796 in revenues from the sale of goods or services to our franchisees. As FranchiCzar ceased being our affiliate as of August 12, 2022, we do not have details on their total revenues for the last fiscal year.

We have no purchasing or distribution cooperatives at the current time. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some Services or Products to some or all of the Learning Centers in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all Services and Products, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the licensed network of Learning Centers.

We have the right to negotiate prices and terms with suppliers for the benefit of our franchisees. Currently, neither we nor our affiliates have negotiated arrangements with suppliers for the benefit of our franchisees.

We do not provide material benefits to franchisees based on a franchisee's purchase of particular Services or Products or use of a designated or approved supplier.

## Insurance

You are required to obtain and maintain, throughout the term of the Franchise Agreement, certain minimum insurance types and coverages, including:

- Commercial general liability insurance with limits of at least \$1,000,000 per occurrence, and \$2,000,000 general aggregate, and product liability insurance with limits of at least \$2,000,000 general aggregate including the following coverages: Employer's liability and abuse and molestation coverage; professional liability, personal injury (employee and contractual inclusion deleted); products/completed operation; assault and battery; terrorism; and tenant's legal liability with limits of at least \$300,000. This coverage shall not exclude losses due to assault, battery, and/or the use or brandishing of firearms.
- Comprehensive liability insurance including owned (if applicable), non-owned, and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least \$1,000,000 combined single limit, and \$1,000,000 general aggregate limit.
- Excess liability coverage over general liability, auto liability, workers' compensation, and abuse/molestation, with at least \$2,000,000 per occurrence and in the aggregate.
- Statutory workers' compensation insurance and employer's liability insurance for a minimum limit equal to at least the greater of \$500,000, statutory requirements, and the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Learning Center is located.
- Data theft and Cyber Liability Privacy Notification and Crisis Management First & Third Party coverage with limits of liability not less than \$500,000 combined single limit.
- Employment practices liability insurance with limits of liability not less than \$1,000,000 combined single limit.
- Any other insurance coverage that is required by federal, state, or municipal law.

These policies must all include us and any entity in which we have an interest, as well as our affiliates, and each of our respective members, managers, shareholders, directors, officers, partners, employees, servants, and agents, as additional insured parties.

**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	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
a.	Site selection and acquisition/lease	1.2, 5	8	11, 12
b.	Pre-opening purchase/leases	5, 6, 7, and 14	Not applicable	11
c.	Site development and other pre-opening requirements	3.2, 5.2, 5.4, and 5.7	1, 2, and 8	5, 6, 7, 11
d.	Initial and ongoing training	3.1 and 6	Not applicable	11
e.	Opening	3.3, 3.7, 5.1, 5.4, 5.7 and 8.2	8	5, 6, 7, 11
f.	Fees	2.2.6, 4 and 16.5.9	4	5, 6
g.	Compliance with standards and policies/operating manual	1.5, 3.4, 5, 7, 8.1, and 10	Not applicable	8, 11, 15
h.	Trademarks and proprietary information	1.1 and 9	7	13, 14
i.	Restrictions on products/services offered	1.5 and 7	Not applicable	8, 16
j.	Warranty and customer service requirements	8	Not applicable	15
k.	Territorial development and sales quotas	1.3	2 and Exhibit A	12
l.	Ongoing product/service purchases	7	Not applicable	8
m.	Maintenance, appearance, and remodeling requirements	5 and 8.6	Not applicable	11
n.	Insurance	15	9.1	7, 8, 11
o.	Advertising	3.5, 3.6 and 13	Not applicable	6, 11
p.	Indemnification	21 and Ex. C	9.7 and 13	14
q.	Owner's participation/management/staffing	8.7	Not applicable	11, 15

	Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document Item
r.	Records and reports	4.2, 12 and 15.7	Not applicable	6, 11
s.	Inspections and audits	3.7, 8.11 and 12	Not applicable	6, 11
t.	Transfer	8.10, 16 and 19.5	9.2 and 10	17
u.	Renewal	2.2	Not applicable	17
v.	Post-termination obligations	11.1.1, 12.1.2, 18, 19.3 and 19.5	9.3, 9.4, and 11	17
w.	Non-competition covenants	19	9.5	17
x.	Dispute resolution	27	9.13	17
y.	Taxes/permits	5.4, 8.8 and 20	9.6	Not applicable
z.	Other: Personal Guarantee	Ex. B	Ex. B	Not applicable

**Item 10****Financing**

We do not generally offer, directly or indirectly, any financing to you to help you establish your business, except as set forth in this Item 10. We do not guarantee your notes, leases, or other obligations. Our current lender relationships, as of the date of this disclosure document, are as follows:

**Guidant Financial Group, Inc.**

Guidant Financial Group, Inc. ("**Guidant**") provides a program to our franchisees that allows you to use your retirement funds to buy your business without incurring tax penalties or getting a loan. Guidant also brokers conventional and Small Business Administration ("**SBA**") loans. Guidant's products are available to single and multi-unit franchisees.

401(k) Business Financing

Guidant offers a program that allows you to use your retirement funds to buy your business without incurring tax penalties or getting a loan. Known as 401(k) business financing (or formally Rollovers for Business Start-Ups), Guidant charges a fee of \$4,995 for this service, which includes filing your business entity, designing a company 401(k) plan, helping you roll all (or a portion of) your existing retirement funds from your current custodian account to the new 401(k), and providing you with two consultations with a tax attorney to review the transaction. In addition, they provide ongoing, annual administration of your 401(k) plan for \$139 per month. The form of agreement you would sign with them is attached as Exhibit L.

## Conventional and SBA Loans

Guidant can also help you secure an SBA loan for your business. A consulting fee of \$2,500 applies; however, this does come with a fully refundable guarantee should Guidant not be able to secure you funding. You may also use 401(k) business financing as the down payment for your SBA loan through Guidant.

Guidant further offers unsecured financing. This program allows you to secure up to \$125,000 in capital pending credit score and debt utilization. Minimum credit score of 680 is required. There is a 9% fee of whatever amount you draw against for this service.

Guidant can also secure equipment leasing for you. Approvals are generally obtained within 48 hours. New locations require 10% down. Interest rates vary from 6.99% to 13.90% depending on credit score. A lease term may be up to 60 months. New business requires a credit score of 700 or higher, while existing business requires a credit score of 650 or higher. There is a fee associated with this service, and it can range from \$250 to \$500.

Guidant also offers Portfolio Loans. This is a way to leverage your non-retirement stocks, bonds and mutual funds up to 80% of their value. Your portfolio must be worth at least \$85,000. No minimum credit score is required. The fee associated with this program is 2–3% of the value of the collateral. Start-up locations can also elect to defer payments for up to 2 years.

Loan terms for these programs, including interest rate, term, monthly payments, required collateral and penalties for default depend on credit income, loan maturity, and a variety of other factors as assessed by Guidant or individual lenders.

We have a separate agreement with Guidant which requires that we be paid \$1,000 as a referral fee for each franchisee that engages in their retirement rollover program. There is no direct affiliation between us and Guidant.

## **Item 11 Franchisor's Assistance, Advertising, Computer Systems, and Training**

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

### Pre-Opening Assistance:

Before you open your Franchised Business, we will:

1. Provide services in connection with your site, including:
  - Site selection guidelines, counseling, and assistance as we deem advisable (Franchise Agreement, Section 1.2);
  - One on-site evaluation without a separate charge upon receipt of a completed site selection package submission (Franchise Agreement, Section 1.2);
  - Written notice of approval or disapproval of the proposed site within 30 days of receiving your site selection package submission (Franchise Agreement, Section 1.2); and



- Review of lease, sublease, design plans, and renovation plans for the Learning Center (Franchise Agreement, Section 3.3);

If you do not acquire or lease a site that we have accepted in writing within 180 days of executing the Site Selection Addendum (if no site has been approved in writing by us at the time of execution of the Franchise Agreement), we will have the right to terminate the Franchise Agreement and the Site Selection Addendum (Franchise Agreement, Section 17.2).

2. Make available our standard layout, design and image specifications for a Learning Center, including:
  - Plans for exterior and interior design and layout (Franchise Agreement, Section 3.3); and
  - Written specifications for fixtures, furnishings, equipment, and signage (Franchise Agreement, Section 3.3), including the names of approved suppliers (however, we do not supply these items directly nor do we assist with delivery or installation);
3. Provide you with a copy of the Brand Manual (as more fully described below in this Item 11 of this FDD) (Franchise Agreement, Section 3.5);
4. Provide you with training (as more fully described below in this Item 11 of this FDD) (Franchise Agreement, Section 3.1);
5. Assist you in developing your Grand Opening Marketing Program (Franchise Agreement, Section 3.6); and
6. Inspect and evaluate your Learning Center before it first opens for business (Franchise Agreement, Section 3.8).

We are not required by the Franchise Agreement to furnish any other service or assistance to you before the opening of your Franchised Business.

If you sign a Development Agreement, we will apply our then-current standards for site evaluation and approval to each Learning Center you open after your first Learning Center.

#### Continuing Assistance:

We are required by the Franchise Agreement to provide certain assistance and service to you during the operation of your Franchised Business:

1. Provide you periodic assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine (Franchise Agreement, Section 3.9);
2. Periodically offer you the services of certain of our representatives, such as field consultants, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations (Franchise Agreement, Section 3.9);

3. Provide ongoing training that we periodically deem appropriate, at such places and times that we deem proper (Franchise Agreement, Section 6.4); and
4. Provide you suggested retail pricing periodically at the times and in the manner that we determine; however, you will always have the right to set your own prices provided that we may set reasonable restrictions on the maximum and minimum prices you may charge for Services and Products, subject to applicable law (Franchise Agreement, Section 8.12).

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Franchised Business.

Typical Length of Time Before Opening:

You must open your Franchised Business within eight months from when you sign the Franchise Agreement. If you do not do so, that will be a default under the Franchise Agreement.

We estimate the length of time between the signing of the Franchise Agreement and the time you open your Learning Center to be 120 to 240 days. Factors that may affect this time period include your ability to acquire financing or permits, build out your location, have signs and equipment installed in your location, and complete the required training. You must also obtain the minimum number of enrollments that we require before you open your Franchised Business. You should have a suitable location and signed lease within 60 days of signing the Franchise Agreement.

Advertising:

For each Period, you must contribute or spend an amount equal to 5.25% of the Net Sales of the Franchised Business for marketing (the "**Marketing Contribution**"). We have the right to allocate your Marketing Contribution among: (a) the Brand Marketing Development Fund and (b) your own local marketing and promotion expenditure. Currently, we allocate the Marketing Contribution as follows:

2.25% of Net Sales	To be contributed to the Brand Marketing Development Fund; and
3% of Net Sales	For you to spend on local marketing and promotion.

We have the right to periodically change the allocation of the Marketing Contribution. If we make a change, we will give you notice of that change, which will take effect as of the next Period.

*The Brand Marketing Development Fund.* The following provisions (and others in the Franchise Agreement) apply to the Brand Fund:

- (1) We have sole decision-making authority and direction over all marketing programs, and any concepts, materials, and media used in such programs.
- (2) The Brand Marketing Development Fund, all contributions to that fund, and the fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System.

- (3) The Brand Marketing Development Fund is not and will not be our asset. We will prepare and make available to you upon request an annual statement of the operations of the Brand Marketing Development Fund as shown on our books.
- (4) Although the Brand Marketing Development Fund is intended to be of perpetual duration, we will have the right to terminate the Brand Marketing Development Fund. The Brand Marketing Development Fund will not be terminated, however, until all monies in the Brand Marketing Development Fund have been expended for marketing purposes.
- (5) None of the amounts in the Brand Marketing Development Fund will be used for marketing that is principally a solicitation for the sale of franchises.
- (6) As to the Brand Marketing Development Fund: (a) we will not be required to spend any particular amount on marketing in the area where your Learning Center is located; and (b) if there are unspent amounts in the Brand Marketing Development Fund at fiscal year-end, those amounts are carried over by the Brand Marketing Development Fund for expenditure in the following year.
- (7) We will make an annual accounting of the Brand Marketing Development Fund available upon request. The Brand Marketing Development Fund will not be audited.
- (8) Company- or affiliate-owned Learning Centers contribute to the Brand Marketing Development Fund based on the same calculations that apply to a new franchised Learning Center.

*Local Marketing.* You are required to spend a certain amount on local marketing and promotion on a continuous basis throughout the term of your Franchise Agreement. Currently, this requirement is set at a minimum of 3% of your Net Sales.

- A. Local marketing and promotion includes only the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying.
- B. We will apply certain criteria in reviewing and evaluating the local marketing that you conduct. All of your local marketing must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, advertising, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans. If we do not give our approval within 14 days, we will have been deemed to disapprove the plans or materials. Any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property.
- C. We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail

materials, community relations programs, and similar marketing and promotional materials for use in local marketing.

- D. You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

*Advertising Cooperatives.* Currently, we do not require franchisees to participate in a local or regional advertising cooperative, but we reserve the right to do so in the future.

*Grand Opening Marketing Program.* You must spend at least \$7,500 for grand opening marketing and promotional programs in conjunction with each Learning Center's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program must begin sixty days before the scheduled opening date for your Franchised Business and must be completed no later than sixty days after the Franchised Business opens. Like all other marketing, your Grand Opening Marketing Program will be subject to our prior approval, marketing standards, and requirements.

*Vehicles.* You may not wrap your vehicles in our Marks, or otherwise use a vehicle to promote the Franchised Business, without our prior written approval. We have the right to condition our approval on those factors that we deem appropriate, including that your vehicle meets our then current standards for wrapping, insurance requirements, and other standards.

Except as expressly stated above, we have no obligation to spend any amount on advertising in your Protected Area (as defined in Item 12) or elsewhere.

*Advisory Council.* We have formed an advisory council made up of franchisees and franchisor representatives. Franchisees are chosen to participate in the council based on, in part, performance and length of time in the system. The advisory council acts in an advisory capacity only and does not have decision making authority. We reserve the right to change or dissolve it at any time.

#### Computer Requirements:

We require our franchisees to purchase a Computer System. You must meet our requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Learning Centers, between or among Learning Centers, and between and among the Learning Center, and you, and us; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) internet access mode (such as the telecommunications connection) and speed; (f) technology used to enhance and evaluate the customer experience; (g) front-of-the-house WiFi and other internet service for customers; (h) in-Learning Center music systems; (i) hardware and Required Software (defined below); and (j) and consumer-marketing oriented technology (including customer applications, affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social

media/networking sites) (collectively, all of the above are referred to as the “**Computer System**”).

The Code Ninjas Point of Sale (POS) system consists of a PC-based hardware platform (including PC processor and peripheral hardware devices such as touch screens, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) combined with POS software. You must be able to maintain a continuous cabled (not wireless) connection to the internet to send and receive POS system data to us. Wireless connections to the internet are not authorized or supported for the POS system. You must establish merchant accounts and internet-based credit card and gift card authorization accounts that we designate for use with online card authorizations.

We have the right to develop or have developed for us, or to designate: (a) programs, computer software, and accounting system software that you must use in connection with the Computer System (“**Required Software**”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media upon which you must record data; and (d) the database file structure of your Computer System.

We rely on suppliers to provide support for the hardware and Required Software and we may require that you enter into service contracts directly with the hardware and Required Software suppliers and pay the suppliers directly for this support.

We estimate that the cost of purchasing the Computer System and Required Software will typically range from \$3,100 to \$5,050.

The estimated annual cost of Computer System maintenance, support, and upgrades is \$500 to \$2,000. Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades, or updates to your computer hardware or software.

You must be able to access information that is available on the internet, and be able to send and receive email. We may periodically require you to upgrade and update the hardware and Required Software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address or require you to use only an e-mail address that we provide for your Franchised Business’s business e-mails.

You must afford us unimpeded access to your Computer System in the manner, form, and at the times we may request. We will have the independent right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable.

We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Franchised Business. We may designate, and own, the telephone numbers for your Franchised Business.

*Digital Sites.* Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to your Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate,

within our Digital Site. The term “**Digital Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, You Tube, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications, etc. However, if we approve a separate Digital Site for you (which we are not obligated to do), then each of the following provisions will apply: (1) you may neither establish nor use any Digital Site without our prior written approval; (2) before establishing any Digital Site, you must submit to us, for our prior written approval, a sample of the proposed Digital Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we may require; (3) you must not use or modify a Digital Site without our prior written approval; (4) you must comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Brand Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Digital Site and other Digital Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

*Data.* All of the data that you collect, create, provide, or otherwise develop is and will be owned exclusively by us, and we will have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you. All other data that you create or collect in connection with the System, and in connection with operating the Franchised Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, the Franchise Agreement. You will have to transfer to us all data (in the digital machine-readable format that we specify, including printed copies and originals) promptly upon our request, whether during the term of the Franchise Agreement, or upon expiration, termination or transfer of the Franchise Agreement.

You must comply with all laws pertaining to the privacy of consumer, employee, and transactional information (“**Privacy Laws**”). You must also comply with our standards and policies concerning the privacy of consumer, employee, and transactional information.

#### Brand Manual:

We will loan you a copy of our Brand Manual (in such format as we deem appropriate) for your use during the term of the Franchise Agreement. The Brand Manual contains our standards and specifications for you to follow in the operation of your Learning Center. The Brand Manual will at all times remain our sole property and you will agree under the terms of the Franchise Agreement to treat the Brand Manual as confidential and to promptly return any and all copies to us following termination or expiration of the Franchise Agreement. (Franchise Agreement Section 10).

We reserve the right to periodically update and modify the contents and format of the Brand Manual (which currently has 291 pages or digital screens). The Table of Contents of the current Brand Manual is found as Exhibit F to this FDD.



Training:

**TRAINING PROGRAM**  
**Owners Training Program**

Subject	# Hours Of Classroom Training	# Hours Of On-The-Job Training	Location
Zendesk	.5	0	Online
CN University by Absorb LMS	1	0	Online
Canva	1	0	Online
Culture	1.5	0	Online or in-person at our corporate HQ
Community Engagement	2	2	Online or in-person at our corporate HQ
Safeguards from Abuse Training	1.5	0	Online
Childcare CRM	3	2	Online or in-person at our corporate HQ
Education	2.5	2	Online or in-person at our corporate HQ
Dojo Technology	3	2	Online or in-person at our corporate HQ
<b>TOTAL</b>	<b>16</b>	<b>8</b>	

**Brand Management Training**

Subject	# Hours Of Classroom Training	# Hours Of On-The-Job Training	Location
Compliance	1	0	Online
Marketing I	2	0	Online or in-person at our corporate HQ
Pre-sales Training	2	2	Online or in-person at our corporate HQ
Pricing Strategy	2	0	In-person
Sales Training I	3	2	Online or in-person at our corporate HQ
Sales Training II	3	2	Online or in-person at our corporate HQ
<b>TOTAL</b>	<b>13</b>	<b>6</b>	

Training will be conducted over a 21-day period both online and at a location of our choosing (typically, your Learning Center, another Learning Center of our choosing, or at our corporate



offices in the Houston metro area). Training is conducted as frequently as we determine it necessary in order to hold a training class.

Currently, our training program is led by Jamie Handy, our Director of Training. Jamie joined us as Director of Training on December 28, 2020. Before joining us, Jamie was an Educational Administrator, and has seven years of experience in leading training and development programs. We will use additional instructors on our training staff to conduct our training programs. Our additional instructors generally have substantial operations experience, and a minimum of one year of experience in training and development. They have demonstrated successful operations and performance with our affiliate-owned operations.

The instructional materials for our training programs include the Brand Manual, lecture, discussions, and practice.

Under the Franchise Agreement, the Center Director, the Designated Principal, and any owners we require must attend and successfully complete, to our satisfaction, our Owner's Training Program. The Center Director (and your initial general manager as well as your initial assistant manager) must also attend and successfully complete, to our satisfaction, the Brand Management Training Program. You may send up to three additional individuals to the initial training program. If you wish to send additional individuals (beyond the Designated Principal, Center Director, and any additional trained personnel) to the initial training program, and we agree to have them join the session, then you must pay us a discounted training fee. You must complete training at least 60 days before you open your Learning Center.

In certain circumstances, if you have already completed our initial training program to our satisfaction, then, we may permit you to conduct the initial training of your Designated Principal, your Center Director (if applicable), and any other managerial personnel, in accordance with our then-current System standards. If we determine that the training you provided does not satisfy our standards and requirements, or that any newly trained individual is not trained to our standards, then we may require that such newly trained individual(s) attend and complete an initial training program provided by us prior to the opening of the Franchised Business.

If for any reason either or both of your Designated Principal or Center Director stop active management or employment at the Franchised Business, or if we revoke the certification of your Designated Principal or your Center Director to serve in that capacity, then you must enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within thirty days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the initial training program, to our reasonable satisfaction as soon as it is practical to do so. Under the Franchise Agreement, you must pay us our then-current discounted training fee.

We may require that you and your Designated Principal, Center Director and additional trained personnel attend such refresher courses, seminars, and other training programs as we may reasonably require periodically. We may further require you to enroll each of your employees in web-based training programs relating to the Services and Products that will be offered to customers of the Learning Center.

We will bear the cost of providing the instruction and required materials, except for additional and replacement training. You are responsible for making arrangements and paying all of the expenses, wages, and compensation for your staff that attends the training program.

All initial training required under the Franchise Agreement must be completed to our satisfaction before your Learning Center may open for business, which must occur within twelve months of the effective date of the Franchise Agreement.

## **Item 12**

## **Territory**

### Franchise Agreement

Under the Franchise Agreement, you have the right to establish and operate one Learning Center at a specific approved location ("**Accepted Location**").

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control.

However, during the term of the Franchise Agreement, so long as you remain in compliance with the terms of the Franchise Agreement, we will not establish nor license anyone else to establish, another "Code Ninjas" Learning Center at any location within the "**Protected Area**" that is designated in your Franchise Agreement. We (and our affiliates) retain all other rights. Accordingly, we will have the right (among other things), on the conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- Establish, and franchise others to establish, Learning Centers anywhere outside the Protected Area.
- Establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks, even if those businesses offer or sell services and products that are the same as or similar to those offered from your Franchised Business, no matter where those businesses are located.
- Acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a "Code Ninjas" Learning Center inside the Protected Area).

Additionally, we have the right to distribute or sell any of our Services and Products in other retailers, or otherwise, through any channel of distribution (including alternative distribution channels such as e-commerce), anywhere, except from a "Code Ninjas" Learning Center operating inside the Protected Area. The Franchise Agreement does not grant you any rights with regard to such sales programs, whether they exist now or are developed later.

You may offer and sell services and products only: (a) according to the requirements of the Franchise Agreement and the procedures set out in the Brand Manual; and (b) to customers and clients of the Franchised Business.

You may not offer or sell services or products through any means other than through the Franchised Business at the Accepted Location; and therefore, for example, you may not offer or sell services or products from remote learning programs operated away from the Franchised Business, other satellite or temporary locations, mobile vehicles or formats, carts, or kiosks, by use of catalogs, the Internet, or through any other electronic or print media.

The Accepted Location for the Franchised Business will be specified in the Franchise Agreement. You may not relocate the Franchised Business without our prior written approval. If you ask to relocate the Franchised Business, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location of a “Code Ninjas” Learning Center for a new franchisee.

You do not need to meet any particular sales or revenue volume in order to keep your Protected Area as described above so long as you stay in compliance with the terms of your Franchise Agreement.

We do not have the right to modify your Protected Area so long as you stay in compliance with the terms of your Franchise Agreement.

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Area or elsewhere.

#### Area Development Agreement

If you sign a Development Agreement, then we will award you a Development Area. The size of the Development Area will vary based on a number of factors, including the density of the area, the number of Learning Centers you must develop, demographics, competition, and location of any existing Learning Centers in the general area. As a result, the Development Area is likely to consist of a portion of the city, county, or designated market area. The agreed upon area for the Development Area will be identified in the Development Agreement.

If you are a Developer and you comply with your obligations under the Development Agreement, we will not establish or license anyone other than you to establish a Learning Center under the System in your Development Area, until the end of the period of time specified in the Development Schedule to your Area Development Agreement, except that we will reserve all of the rights described below.

As a result, you will not receive an exclusive territory under a Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We (and our affiliates) retain all rights not specifically granted to you. We will have the right (among other things), on any terms and conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- use, and to license others to use, the System and the Proprietary Marks (defined below) for the operation of Learning Centers at any location outside the Development Area;
- acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Development Area (but we will not change those other businesses into “Code Ninjas” Learning Centers operated in the Development Area);
- use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses

and marks may be the same as, similar to, or different from the Learning Center and Proprietary Marks (but these will not be “Code Ninjas” Learning Centers located in the Development Area); and

- sell or market the any Services or Products using the Proprietary Marks or other marks, to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a “Code Ninjas” Learning Center located in the Development Area.

Except for the requirement that you be in compliance with your obligations under the Development Agreement (including for example the development schedule), continuation of your rights under the Development Agreement, as described above, is not subject to achieving any particular sales volume, market penetration, quota, or other benchmark. We may not modify your territorial rights. We will approve sites for Learning Centers under a Development Agreement using our then-current site selection criteria.

### Item 13

### Trademarks

We will license you under the Franchise Agreement the right to use certain Proprietary Marks, including the principal marks described below. The following principal marks have been registered on the United States Patent and Trademark Office (USPTO) Principal Register:

Mark	Registration or Application No.	Registration or Application Date
	U.S. Reg. 5303101	October 3, 2017
CODE NINJAS	U.S. Reg. 5325349	October 31, 2017
CODE NINJAS	App. 97125076	November 15, 2021

We intend to file when due affidavits of use and affidavits of incontestability, as well as renewal applications, for the marks listed above.

There are no currently effective determinations of the USPTO, the trademark administrator of any state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names,

logotypes, or other commercial symbols which is relevant to their use in any state in which the Franchised Business is to be located. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any manner material to the franchise. There are no infringing uses actually known to us which could materially affect your use of the Proprietary Marks in this state or elsewhere.

We have the right to substitute different Proprietary Marks for use in identifying the System if our currently owned Proprietary Marks can no longer be used or if we determine that updated or changed Proprietary Marks will be beneficial to the System. In such circumstances, you must adopt the new Proprietary Marks at your expense.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement.

Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If you used the Proprietary Marks in accordance with the Franchise Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use. If you did not use the Proprietary Marks in accordance with the Franchise Agreement, we will defend you, at your expense, against those third party claims, suits, or demands.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things that, in our counsel's opinion, may be necessary to carry out such defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out of pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

## **Item 14** **Patents, Copyrights, and Proprietary Information**

### Copyrights

We own common law copyrights in the Brand Manual, certain drawings, and advertising materials, and we will make these available to you. These materials are our proprietary property and must be returned to us upon expiration or termination of the Franchise Agreement.

We will provide to you, under the terms of the Franchise Agreement, standard floor plans and specifications for construction of a Learning Center. You may be required to employ a licensed architect or engineer, who will be subject to our reasonable approval, to prepare plans and specifications for construction of your Learning Center, based upon our standard plans. These revised plans will be subject to our approval. You will be entitled to use the plans only for the construction of a single Learning Center at the site approved in the Franchise Agreement, and

for no other purpose. We will require your architect and contractor to agree to maintain the confidentiality of our plans and to assign to us any copyright in the derivative plans they create.

There are no currently effective determinations of the U.S. Copyright Office or any court concerning any copyright. There are no currently effective agreements under which we derive our rights in the copyrights and that could limit your use of those copyrighted materials. The Franchise Agreement does not obligate us to protect any of the rights that you have to use any copyright, nor does the Franchise Agreement impose any other obligation upon us concerning copyrights. We are not aware of any infringements that could materially affect your use of any copyright in any state.

### Confidential Brand Manual

In order to protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Brand Manual. We will lend you one set of our Brand Manual, which we have the right to provide in any format we choose (including paper or digital), for the term of the Franchise Agreement.

You must at all times accord confidential treatment to the Brand Manual, any other Brand Manual we create (or that we approve) for use with the Franchised Business, and the information contained in the Brand Manual. You must use all reasonable efforts to maintain this information as secret and confidential. You may never copy, duplicate, record, or otherwise reproduce the Brand Manual and the related materials, in whole or in part (except for the parts of the Brand Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let any unauthorized person have access to these materials. The Brand Manual will always be our sole property. You must always maintain the security of the Brand Manual.

We may periodically revise the contents of the Brand Manual, and you must consult the most current version and comply with each new or changed standard. If there is ever a dispute as to the contents of the Brand Manual, the version of the Brand Manual (that we maintain) will be controlling.

### Confidential Information

Except for the purpose of operating the Learning Center under the Franchise Agreement, you may never (during the Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know how concerning the operation of the Franchised Business that may be communicated to you or that you may learn by virtue of your operation of a Learning Center. You may divulge confidential information only to those of your employees who must have access to it in order to operate the Franchised Business. Any and all information, knowledge, know how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, you must require each of your Principals and your Directors to sign confidentiality covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Learning Center. These agreements must be in a form that we find satisfactory, and must



include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. Our current forms for this agreement are attached as Exhibit F to the Franchise Agreement). Once signed, you must provide us a copy of each executed confidentiality agreement.

### Patents

No patents are material to the franchise. If it becomes advisable to us at any time to acquire a patent, you will be obligated to use the acquired patent as we may require.

## **Item 15            Obligation to Participate in the Actual Operation of the Franchise Business**

The Franchise Agreement requires that you participate in the day-to-day management of your Learning Center. If you are an entity (a corporation, partnership, or LLC), then you must appoint an individual owner as your “**Designated Principal**.” The Designated Principal must complete our training program, must have authority over all business decisions related to the Franchised Business, and must have the power to bind you in all dealings with us. You may not change the Designated Principal without our prior approval. If you are an entity, your Designated Principal is required to hold at least a 10% equity interest in you.

The Franchise Agreement does not require you to participate personally in the direct daily operation of the Franchised Business, although we encourage and recommend your active participation, and you or your Designated Principal must supervise the operation of the Franchised Business. If you or the Designated Principal will not supervise the Franchised Business on a full-time and daily basis, you must employ a full-time director (the “**Center Director**”) with qualifications reasonably acceptable to us and who has successfully completed (to our satisfaction) our initial training program (see Item 11 for details regarding our training requirements).

If you are an entity (such as a corporation, partnership, or limited liability company), then all of your owners must sign a guarantee (in the form attached to the Franchise Agreement as Exhibit B) of the performance of your obligations under the Franchise Agreement. We require your principals, supervisors, and other managers to sign a non-disclosure and non-competition agreement, the form of which is attached to the Franchise Agreement as Exhibit F. We do not impose any other restrictions on your managers. We do not require a guarantee from a spouse that does not own an interest in the franchisee entity.

You and your staff must, at all times, cooperate with us and with our representatives.

## **Item 16            Restrictions on What Franchisee May Sell**

You must offer and sell only those goods and services that we have approved. We may change the approved product offerings and any related merchandising and promotional materials at any time. You must use only displays, forms and other paper and plastic products imprinted with the Proprietary Marks, as we designate.

All services must be rendered only by personnel who have been properly trained in accordance with the Brand Manual. All items offered from the Learning Center will be sold only at retail to customers unless otherwise approved by us.



We have the right to add other authorized Products and Services that you must offer. These changes also may include new, different, or modified equipment or fixtures necessary to offer such Products and Services. There are no limits on our right to make these changes.

## **Item 17** Renewal, Termination, Transfer and Dispute Resolution

### **THE FRANCHISE RELATIONSHIP**

The table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

<b>FRANCHISE AGREEMENT</b>			
	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	2.1	Term expires ten years from the Effective Date of the Franchise Agreement
b.	Renewal or extension of the term	2.2	Renewal of right to operate the franchised business for three additional five-year terms by signing our then-current franchise agreement (which may contain terms and conditions materially different from those in your original agreement), subject to contractual requirements described in “c” below
c.	Requirements for you to renew or extend	2.2.1 to 2.2.9	Timely written notice of intent to renew; refurbishment to comply with our then-current standards; compliance with Franchise Agreement during term and at time of renewal; timely compliance with all financial obligations; execution of then-current franchise agreement (which may contain terms and conditions materially different from those in your original agreement); payment of renewal fee; execution of renewal agreement with general release; compliance with then-current personnel and training requirements; and demonstrated right to remain in Accepted Location.
d.	Termination by you	Not applicable	No Franchise Agreement provision, but you may terminate under any grounds permitted by law.
e.	Termination by us without cause	Not applicable	

<b>FRANCHISE AGREEMENT</b>			
	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
f.	Termination by us with cause	17	Default under Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise Agreement.
g.	"Cause" defined – curable defaults	17.3	All defaults not specified in §§ 17.1 and 17.2 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	17.1 to 17.2	Abandonment, conviction of felony, and others; see § 17.2 of the Franchise Agreement.
i.	Your obligations on termination or non-renewal	18 to 19	Cease operating Franchised Business, payment of amounts due, and others; see §§ 18.1 to 18.12, 19.
j.	Assignment of contracts by us	16.1	There are no limits on our right to assign the Franchise Agreement.
k.	"Transfer" by you – definition	16.4	Includes any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security, direct, or indirect interest in: (a) the Franchise Agreement; (b) you; (c) any or all of your rights and/or obligations under the Franchise Agreement; and/or (d) all or substantially all of the assets of the Franchised Business.
l.	Our approval of transfer by you	16.4 to 16.5	You may not make any transfers without our prior consent.
m.	Conditions for our approval of transfer	16.5	Release, signature of new franchise agreement (which may contain terms and conditions materially different from those in your original agreement), payment of transfer fee, and others; see §§ 16.5.1 to 16.5.10.
n.	Our right of first refusal to acquire your business	16.6	We have the right (not obligation) to match any bona fide offer.
o.	Our option to purchase your business	18.4 to 18.5	Upon termination or expiration of the Franchise Agreement, we can acquire any interest which you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or

<b>FRANCHISE AGREEMENT</b>			
	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			inventory at the lesser of cost or fair market value.
p.	Your death or disability	16.7	Representative must promptly apply for our approval to transfer interest and pay reasonable costs we incur in reviewing transfer.
q.	Non-competition covenants during the franchise term	19.2 to 19.6	Prohibits engaging in “Competitive Business” (meaning any business offering technology and/or coding educational opportunities for children) during the Franchise Agreement term with no other temporal or geographical limitation.
r.	Non-competition covenants after the franchise is terminated or expires	19.2 to 19.6	Prohibits engaging in Competitive Business within 7 miles of (a) Accepted Location for your Learning Center and (b) any other Learning Center. Applies for two years after expiration, termination, or a transfer.
s.	Modification of the agreement	25.2	Only with mutual agreement and in writing.
t.	Integration/merger clause	25.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations, prior statements, or promises will be binding, and the terms of the Franchise Agreement supersede all prior agreements. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in the disclosure document.
u.	Dispute resolution by arbitration or mediation	27	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise

<b>FRANCHISE AGREEMENT</b>			
	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this disclosure document, which contain additional terms that may be required under applicable state law.
v.	Choice of forum	27.2	Any action you bring against us must be brought only within courts with jurisdiction over where we then maintain our principal place of business. Any action we bring against you may be brought in the jurisdiction where we then maintain our principal place of business. Your state law may impact this provision.
w.	Choice of law	27.1	Texas law governs the Franchise Agreement. Your state law may impact this provision.
<b>DEVELOPMENT AGREEMENT</b>			
	<b>Obligation</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	3	The term of the Development Schedule will be discussed and agreed upon by the parties before entering into the Development Agreement
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
d.	Termination by you	Not Applicable	No Development Agreement provision, but you may terminate under any grounds permitted by law.
e.	Termination by us without cause	Not Applicable	
f.	Termination by us with cause	9.3 and 11	Failure to meet the Development Schedule, default or termination under the Franchise Agreement, abandonment, and other grounds; see § 17 of the Franchise

<b>DEVELOPMENT AGREEMENT</b>			
	<b>Obligation</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
			<p>Agreement. Termination of the Development Agreement does not constitute a default under any of your Franchise Agreements.</p> <p>This clause, like many of those in the Development Agreement, incorporate by reference the corresponding clauses in the Franchise Agreement. Please also see § 9 of the Development Agreement.</p>
g.	"Cause" defined – curable defaults	9.3	Please see §§ 17.1 and 17.2 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	9.3 and 11	Failure to meet development schedule and/or termination of a Franchise Agreement, and others; please see § 17.2 of the Franchise Agreement.
i.	Your obligations on termination or non-renewal	9.4	Please see §§ 18.1 - 18.11 of the Franchise Agreement.
j.	Assignment of contracts by us	9.2	There are no limits on our right to assign the Development Agreement.
k.	"Transfer" by you – definition	9.2 and 10	Includes transfer of any interest in you or the Development Agreement.
l.	Our approval of transfer by you	9.2 and 10	We have the right to review and approve all proposed transfers.
m.	Conditions for our approval of transfer	9.2 and 10	Your compliance with the agreement, a release, the buyer's signature of a new Development Agreement, the payment of transfer fee, and others; see §§ 16.5.1–16.5.10 of the Franchise Agreement. We may also withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under the Development Agreement.
n.	Our right of first refusal to acquire your business	9.2	We can match any offer, or the cash equivalent. See Franchise Agreement §§ 16.6.
o.	Our option to purchase your business	9.4	We can acquire your lease or sublease for the premises, and purchase your

<b>DEVELOPMENT AGREEMENT</b>			
	<b>Obligation</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
			equipment, material, and inventory at cost or fair market value after termination or expiration. See Franchise Agreement §§ 18.4–18.5.
p.	Your death or disability	9.2	An interest in Development Agreement must be transferred to a third-party we have approved within six months. See Franchise Agreement § 16.7.
q.	Non-competition covenants during the franchise term	9.5	Prohibits engaging in “Competitive Business” (meaning any business offering technology and/or coding educational opportunities for children) during the Development Agreement term with no other temporal or geographical limitation.
r.	Non-competition covenants after the franchise is terminated or expires	9.5	Includes a two-year prohibition similar to “q” (above), within the Development Area and within 7 miles of that area, and also within 7 miles of any other Learning Center then operating under the System.
s.	Modification of the agreement	9.11 and 12	Must be in writing executed by both parties.
t.	Integration/merger clause	9.11 and 12	Only the terms of the Development Agreement are binding. Notwithstanding the foregoing, nothing in the Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	9.13	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Development Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. Please also see § 27 of the Franchise Agreement, which is incorporated by reference into the Development Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this

<b>DEVELOPMENT AGREEMENT</b>			
	<b>Obligation</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
			disclosure document, which contain additional terms that may be required under applicable state law.
v.	Choice of forum	9.13	Any action you bring against us must be brought only within courts with jurisdiction over where we then maintain our principal place of business. Any action we bring against you may be brought in the jurisdiction where we then maintain our principal place of business. Your state law may impact this provision.
w.	Choice of law	9.13	Texas law governs the Development Agreement. Your state law may impact this provision.

**Item 18****Public Figures**

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

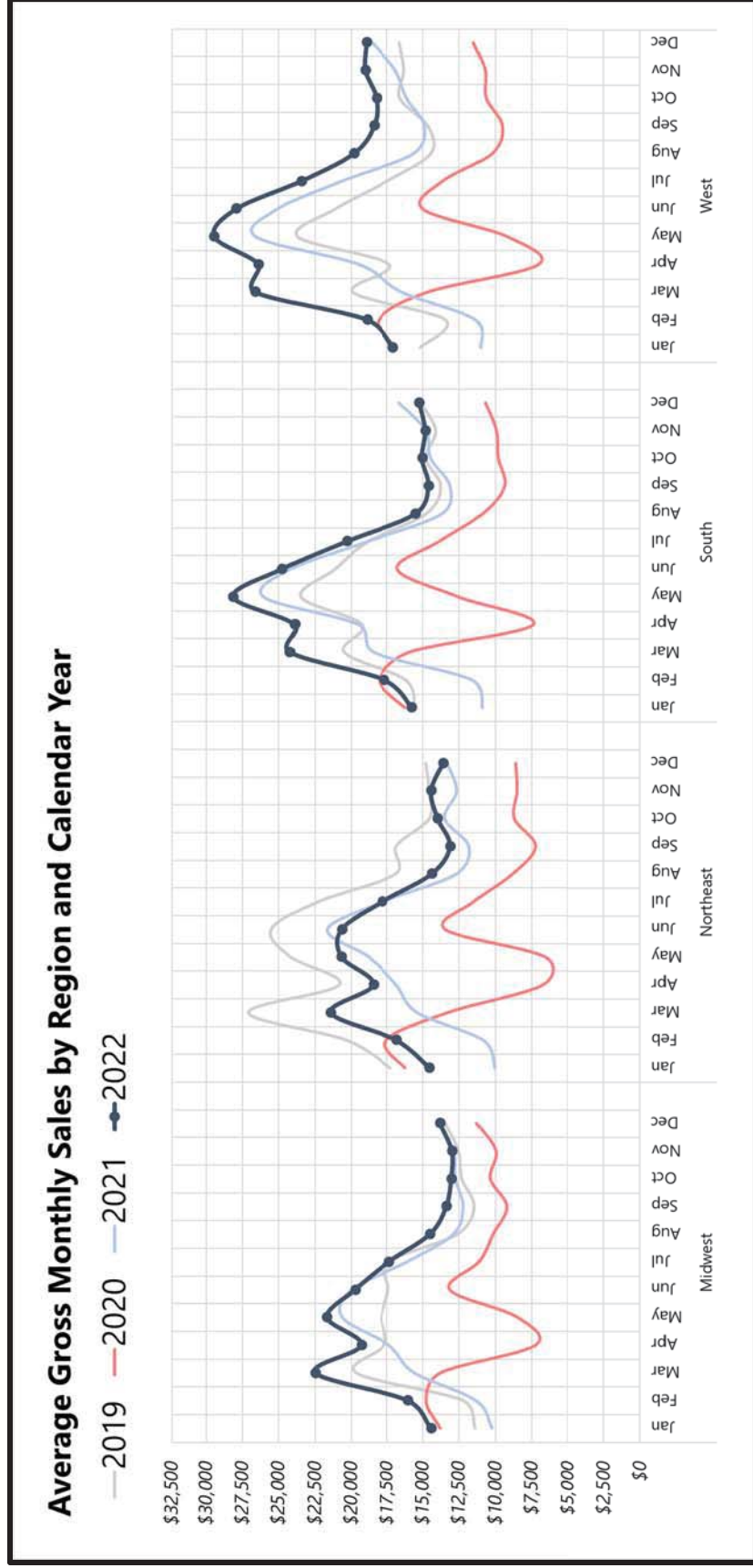
**Item 19****Financial Performance Representations**

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.



We provide below in three tables historical data relating to the monthly Gross Sales for franchised Code Ninjas Centers. These tables should be read together with all of the related information about the factual bases and material assumptions underlying them.

Table 1 – Average Gross Monthly Sales by Region and Calendar Year



Underlying data for Table 1

	Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Average Gross Sales</b>	Midwest	2019	\$11,404	\$12,262	\$19,697	\$17,716	\$17,899	\$17,432	\$17,385	\$12,630	\$11,475	\$12,323	\$12,323	\$12,559	\$13,464
		2020	\$13,812	\$14,781	\$13,756	\$7,255	\$8,505	\$13,152	\$11,153	\$10,189	\$9,236	\$10,385	\$10,385	\$9,985	\$11,304
		2021	\$10,284	\$11,388	\$15,636	\$17,425	\$20,671	\$19,995	\$16,134	\$12,926	\$12,258	\$12,258	\$12,780	\$12,907	\$13,919
		2022	\$14,451	\$16,077	\$22,510	\$19,314	\$21,699	\$19,742	\$17,387	\$14,517	\$13,386	\$13,042	\$13,042	\$13,005	\$13,835
	Northeast	2019	\$17,287	\$20,356	\$27,083	\$20,841	\$24,165	\$25,515	\$22,281	\$16,903	\$16,855	\$14,561	\$14,561	\$14,571	\$14,817
		2020	\$16,231	\$17,536	\$13,261	\$6,742	\$6,579	\$13,459	\$11,506	\$8,843	\$7,262	\$8,726	\$8,726	\$8,537	\$8,629
		2021	\$10,086	\$10,899	\$15,437	\$16,895	\$18,813	\$21,695	\$17,793	\$12,719	\$11,853	\$13,517	\$13,517	\$12,895	\$13,368
		2022	\$14,557	\$16,857	\$21,436	\$18,489	\$20,687	\$20,684	\$17,836	\$14,393	\$13,132	\$13,982	\$13,982	\$14,437	\$13,589
	South	2019	\$15,592	\$16,205	\$20,506	\$19,270	\$23,502	\$21,136	\$18,848	\$14,790	\$13,783	\$13,783	\$14,797	\$14,125	\$15,171
		2020	\$16,246	\$18,026	\$15,957	\$7,418	\$12,543	\$16,777	\$13,885	\$10,894	\$9,389	\$9,828	\$9,828	\$9,955	\$10,713
		2021	\$10,954	\$11,634	\$18,452	\$19,542	\$26,070	\$24,220	\$18,886	\$13,714	\$13,155	\$14,489	\$14,489	\$14,826	\$16,689
		2022	\$15,784	\$17,711	\$24,246	\$23,923	\$28,152	\$24,802	\$20,325	\$15,525	\$14,629	\$15,073	\$15,073	\$14,846	\$15,260
West	2019	\$15,210	\$13,467	\$19,907	\$17,358	\$23,729	\$21,127	\$17,526	\$14,471	\$14,681	\$14,681	\$16,611	\$16,338	\$16,654	
	2020	\$16,845	\$18,068	\$14,674	\$7,049	\$9,208	\$15,006	\$13,653	\$10,254	\$9,549	\$10,657	\$10,657	\$10,725	\$11,516	
	2021	\$11,056	\$11,403	\$16,497	\$19,527	\$26,614	\$25,101	\$20,710	\$15,678	\$14,930	\$14,930	\$16,176	\$16,957	\$18,561	
	2022	\$17,131	\$18,930	\$26,632	\$26,405	\$29,469	\$27,951	\$23,479	\$19,834	\$18,418	\$18,418	\$18,263	\$19,036	\$18,956	
<b>Maximum Gross Sales</b>	Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	Midwest	2019	\$23,918	\$21,188	\$37,373	\$33,284	\$34,054	\$32,158	\$33,618	\$28,826	\$28,826	\$28,785	\$25,405	\$27,092	\$29,233
		2020	\$30,041	\$37,190	\$29,140	\$17,430	\$21,437	\$30,330	\$23,305	\$25,677	\$26,630	\$26,630	\$24,260	\$22,298	\$23,398
		2021	\$24,883	\$24,981	\$39,519	\$39,686	\$43,621	\$37,180	\$34,894	\$31,691	\$31,691	\$27,232	\$28,523	\$29,568	\$35,415
		2022	\$38,539	\$37,133	\$57,001	\$40,041	\$48,335	\$42,298	\$37,032	\$46,075	\$39,789	\$39,789	\$28,237	\$40,889	\$46,746
	Northeast	2019	\$27,198	\$33,136	\$39,727	\$39,475	\$34,963	\$35,665	\$33,844	\$29,798	\$34,212	\$34,212	\$23,721	\$24,655	\$27,012
		2020	\$32,591	\$38,245	\$29,493	\$20,321	\$20,558	\$48,427	\$25,525	\$18,743	\$23,483	\$23,483	\$22,621	\$22,573	\$18,907
		2021	\$23,873	\$34,214	\$45,624	\$46,594	\$41,184	\$45,971	\$36,302	\$30,360	\$27,488	\$27,488	\$36,332	\$32,842	\$30,926
		2022	\$39,127	\$41,864	\$46,617	\$40,388	\$44,936	\$39,320	\$40,709	\$32,111	\$28,219	\$28,219	\$35,279	\$43,049	\$35,265
	South	2019	\$45,167	\$38,354	\$46,230	\$39,774	\$53,039	\$49,791	\$37,463	\$34,081	\$34,081	\$34,965	\$30,495	\$37,163	\$35,789

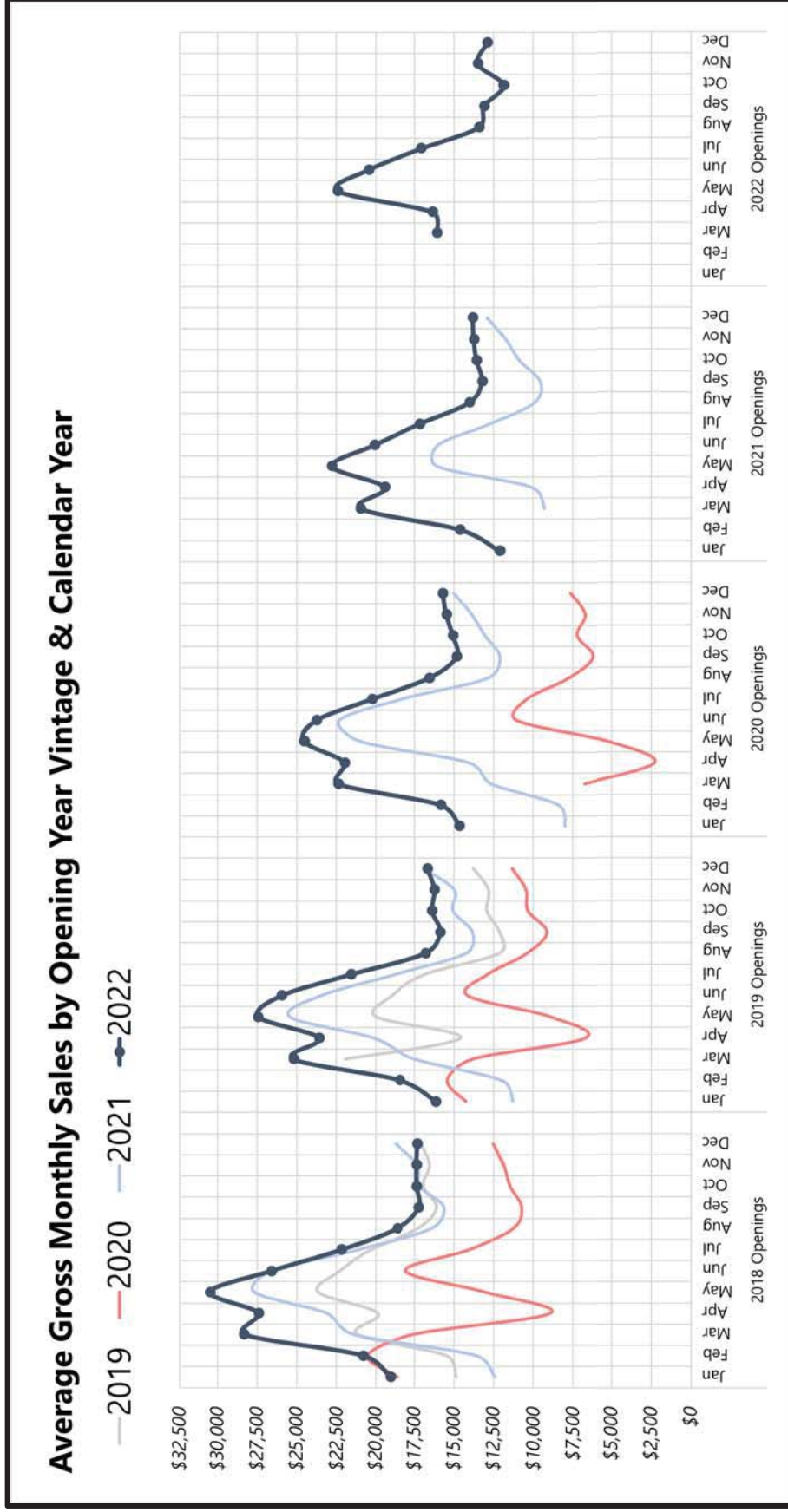
Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2020	\$58,490	\$57,590	\$37,774	\$22,865	\$51,287	\$54,875	\$37,644	\$28,277	\$27,519	\$23,293	\$27,015	\$32,782
	2021	\$38,590	\$41,327	\$52,586	\$59,734	\$69,548	\$64,563	\$57,742	\$40,598	\$33,313	\$35,811	\$40,354	\$42,759
	2022	\$48,444	\$51,013	\$56,493	\$68,055	\$67,438	\$63,588	\$54,650	\$38,279	\$37,698	\$36,335	\$44,306	\$40,247
<b>West</b>	2019	\$29,637	\$25,149	\$37,268	\$38,751	\$54,283	\$46,672	\$42,279	\$48,535	\$49,338	\$52,653	\$57,886	\$55,212
	2020	\$50,619	\$62,527	\$47,155	\$29,553	\$29,663	\$39,597	\$43,969	\$38,174	\$40,621	\$43,532	\$42,755	\$41,417
	2021	\$36,823	\$36,890	\$51,622	\$54,934	\$77,916	\$73,078	\$61,087	\$53,144	\$52,672	\$57,545	\$64,847	\$55,498
	2022	\$50,040	\$49,696	\$77,445	\$64,454	\$78,184	\$59,640	\$61,373	\$56,134	\$59,631	\$61,918	\$88,654	\$56,024
Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2019	\$5,984	\$5,377	\$9,901	\$6,667	\$5,784	\$7,003	\$7,073	\$5,184	\$2,392	\$3,458	\$3,855	\$6,339
<b>Midwest</b>	2020	\$5,974	\$6,864	\$5,494	\$1,963	\$84	\$955	\$1,965	\$1,645	\$2,336	\$1,571	\$2,307	\$2,223
	2021	\$2,474	\$2,566	\$4,722	\$5,462	\$8,308	\$8,592	\$5,650	\$4,668	\$2,801	\$4,367	\$3,135	\$3,994
	2022	\$3,482	\$4,349	\$5,811	\$5,924	\$6,201	\$7,422	\$4,493	\$4,202	\$4,642	\$4,339	\$3,447	\$3,063
	2019	\$8,620	\$7,388	\$13,790	\$9,518	\$8,137	\$9,448	\$8,897	\$2,001	\$7,662	\$3,085	\$4,762	\$5,814
<b>Northeast</b>	2020	\$5,604	\$6,415	\$2,393	\$258	\$457	\$209	\$2,237	\$1,522	\$1,635	\$2,542	\$1,677	\$367
	2021	\$2,368	\$891	\$2,468	\$2,645	\$4,504	\$4,698	\$5,860	\$5,168	\$2,967	\$2,660	\$2,630	\$1,634
	2022	\$2,104	\$3,403	\$4,131	\$4,507	\$4,184	\$6,207	\$7,321	\$3,962	\$3,523	\$3,490	\$1,372	\$1,607
	2019	\$4,741	\$5,458	\$7,998	\$6,298	\$5,000	\$6,378	\$2,809	\$2,429	\$1,372	\$1,330	\$3,441	\$2,719
<b>South</b>	2020	\$2,284	\$1,780	\$2,666	\$169	\$258	\$457	\$298	\$575	\$1,152	\$1,162	\$455	\$446
	2021	\$1,890	\$1,642	\$1,065	\$2,537	\$3,224	\$2,816	\$1,738	\$2,037	\$1,791	\$1,749	\$3,053	\$2,470
	2022	\$2,789	\$2,913	\$5,889	\$4,555	\$3,961	\$5,048	\$3,773	\$3,312	\$3,272	\$3,393	\$3,221	\$2,977
	2019	\$6,518	\$4,462	\$5,348	\$5,997	\$10,596	\$8,322	\$4,889	\$3,566	\$4,055	\$4,964	\$4,062	\$4,948
<b>West</b>	2020	\$3,655	\$4,079	\$3,638	\$478	\$219	\$900	\$0	\$179	\$29	\$2,000	\$379	\$914
	2021	\$758	\$1,602	\$2,006	\$3,077	\$5,928	\$5,590	\$4,052	\$3,192	\$2,872	\$2,105	\$2,428	\$3,245
	2022	\$2,799	\$3,399	\$6,493	\$7,787	\$6,021	\$5,256	\$4,169	\$3,293	\$1,969	\$2,174	\$2,493	\$2,043
Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	2019	\$11,392	\$12,581	\$18,926	\$15,642	\$18,474	\$16,751	\$16,443	\$11,780	\$10,538	\$12,473	\$11,965	\$11,955
<b>Median Gross Sales</b>	2020	\$11,628	\$12,185	\$11,701	\$5,881	\$7,023	\$12,444	\$9,899	\$8,473	\$8,336	\$8,948	\$9,197	\$9,506
	2021	\$8,642	\$9,418	\$12,056	\$14,058	\$19,700	\$18,162	\$15,547	\$10,624	\$9,917	\$11,387	\$11,350	\$11,975

Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Northeast	2022	\$13,499	\$15,326	\$20,169	\$17,931	\$19,203	\$18,118	\$15,490	\$12,306	\$11,720	\$12,348	\$11,381	\$11,761	
	2019	\$15,513	\$19,404	\$25,845	\$21,171	\$26,392	\$28,425	\$23,645	\$16,591	\$16,727	\$17,314	\$13,964	\$15,250	
	2020	\$14,225	\$15,769	\$12,355	\$5,673	\$5,476	\$10,953	\$10,405	\$6,944	\$6,108	\$7,594	\$6,886	\$7,521	
	2021	\$8,698	\$9,475	\$14,242	\$15,910	\$15,609	\$22,548	\$16,891	\$11,490	\$10,761	\$12,020	\$11,970	\$11,245	
South	2022	\$13,424	\$17,144	\$18,701	\$16,690	\$19,324	\$19,491	\$16,470	\$12,499	\$12,114	\$12,237	\$12,119	\$12,983	
	2019	\$13,326	\$13,108	\$18,914	\$17,986	\$23,870	\$20,405	\$18,466	\$14,383	\$12,426	\$13,644	\$12,872	\$13,932	
	2020	\$14,150	\$15,778	\$12,969	\$6,730	\$10,301	\$14,440	\$11,371	\$7,939	\$7,911	\$8,759	\$8,655	\$8,975	
	2021	\$8,971	\$10,275	\$15,728	\$17,165	\$24,769	\$20,692	\$16,119	\$12,163	\$11,729	\$13,528	\$13,478	\$15,039	
West	2022	\$13,708	\$15,096	\$21,810	\$22,316	\$26,460	\$22,575	\$17,834	\$13,568	\$13,228	\$13,905	\$12,771	\$12,476	
	2019	\$12,444	\$13,475	\$19,213	\$17,996	\$24,261	\$19,385	\$15,131	\$11,140	\$11,655	\$13,170	\$13,643	\$14,032	
	2020	\$13,129	\$14,075	\$11,476	\$5,753	\$8,106	\$12,299	\$13,140	\$9,401	\$8,059	\$9,141	\$9,657	\$10,808	
	2021	\$9,957	\$10,401	\$15,247	\$17,877	\$24,997	\$25,695	\$18,120	\$14,162	\$13,355	\$15,513	\$16,823	\$18,316	
Total Locations In Data	2022	\$16,908	\$17,844	\$23,974	\$24,264	\$28,129	\$27,293	\$22,558	\$17,369	\$17,343	\$16,731	\$17,806	\$17,067	
	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	2019	11	12	12	13	14	16	19	21	22	23	23	24	
	2020	26	26	26	26	27	27	29	30	31	32	32	33	
	2021	33	33	34	35	37	38	38	39	40	40	40	40	
	2022	41	41	41	41	41	41	42	43	43	43	43	43	
	2019	7	7	9	10	11	12	13	17	18	21	21	22	
	2020	23	24	26	26	25	27	27	28	29	29	29	31	34
	2021	33	35	35	35	35	35	36	36	36	36	36	36	36
	2022	36	38	40	40	41	43	43	43	43	44	44	44	44
	2019	27	28	30	32	37	40	46	46	48	49	51	54	56
	2020	58	59	62	63	65	65	65	67	70	74	74	77	78
2021	78	80	82	85	87	89	89	91	92	93	93	95	96	
2022	97	98	99	101	103	104	104	105	105	105	105	105	105	
2019	6	7	8	12	14	18	23	24	24	24	27	28	30	
2020	33	35	38	39	41	42	44	46	46	49	51	52	53	
2021	54	56	58	59	60	60	60	62	62	65	65	68	69	

	Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	Region	Year	71	71	75	75	77	77	77	77	77	77	77	78	
<b>Total Locations at or above Average Gross Sales</b>	Midwest	Year	5	6	5	6	7	7	8	9	10	12	10	11	
		2020	11	10	11	11	11	14	13	8	11	14	14	13	
		2021	12	11	12	13	16	16	14	13	14	16	14	16	
	Northeast	Year	3	3	4	5	7	7	7	7	8	9	11	10	11
		2020	10	10	12	10	8	8	13	13	11	11	12	10	12
		2021	14	14	14	14	17	19	17	17	17	15	15	15	15
	South	Year	16	20	17	18	18	21	21	19	18	16	18	18	19
		2020	12	10	12	13	19	19	21	21	21	22	20	23	23
		2022	23	25	25	25	25	23	25	25	28	30	29	31	28
	West	Year	30	31	35	35	34	38	35	35	37	41	41	38	38
		2022	39	39	45	39	49	42	35	35	47	48	44	41	44
		2019	2	4	4	6	8	8	9	9	10	10	11	11	13
Region	Year	13	14	14	16	17	17	20	20	22	19	21	21	24	
	2020	23	25	25	24	28	31	28	28	27	30	27	33	33	
	2022	35	31	33	30	34	37	37	37	29	34	35	31	35	
<b>Percentage of Locations at or above Average Gross Sales</b>	Midwest	Year	45%	50%	42%	46%	50%	44%	42%	43%	45%	52%	43%	46%	
		2020	42%	38%	42%	42%	41%	41%	48%	43%	43%	26%	34%	44%	
		2021	36%	33%	35%	37%	43%	42%	42%	36%	36%	33%	35%	40%	
	Northeast	Year	39%	39%	37%	44%	41%	39%	39%	43%	35%	33%	37%	40%	40%
		2019	43%	43%	44%	50%	64%	58%	54%	54%	47%	50%	52%	48%	50%
		2020	43%	42%	46%	38%	32%	30%	48%	39%	39%	38%	41%	32%	35%
	South	Year	44%	40%	40%	40%	49%	54%	47%	47%	47%	42%	42%	42%	42%
		2022	44%	53%	43%	45%	44%	49%	44%	44%	42%	37%	41%	41%	43%
		2019	44%	36%	40%	41%	51%	48%	46%	46%	44%	45%	39%	43%	41%
	2020	40%	42%	40%	40%	38%	35%	35%	38%	42%	43%	39%	40%	36%	

	Region	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
		2021	38%	39%	43%	41%	39%	43%	39%	41%	45%	44%	40%	40%	
		2022	40%	40%	45%	39%	48%	40%	34%	45%	46%	42%	39%	42%	
	West	2019	33%	57%	50%	50%	57%	44%	39%	42%	42%	42%	41%	39%	43%
		2020	39%	40%	37%	41%	41%	40%	45%	48%	39%	39%	41%	40%	45%
		2021	43%	45%	43%	41%	47%	52%	47%	44%	44%	46%	42%	49%	48%
		2022	49%	44%	44%	40%	44%	48%	48%	38%	44%	44%	45%	40%	45%

Table 2 – Average Gross Monthly Sales by Opening Year Vintage and Calendar Year





## Underlying data for Table 2

	Opening Year Vintage	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Average Gross Sales</b>	<b>2018 Openings</b>	<b>2019</b>	\$14,877	\$15,512	\$21,199	\$19,890	\$23,668	\$22,288	\$20,321	\$17,318	\$16,131	\$16,970	\$16,568	\$17,129
		<b>2020</b>	\$18,680	\$20,557	\$17,601	\$8,930	\$13,080	\$18,099	\$14,043	\$11,285	\$10,757	\$11,491	\$11,893	\$12,533
		<b>2021</b>	\$12,432	\$13,629	\$21,446	\$23,144	\$27,710	\$26,605	\$21,139	\$16,456	\$15,661	\$17,189	\$17,362	\$18,764
		<b>2022</b>	\$19,084	\$20,810	\$28,326	\$27,408	\$30,503	\$26,597	\$22,194	\$18,642	\$17,254	\$17,370	\$17,392	\$17,330
	<b>2019 Openings</b>	<b>2019</b>			\$21,961	\$14,585	\$20,005	\$18,977	\$16,866	\$12,139	\$12,144	\$12,940	\$12,836	\$13,803
		<b>2020</b>	\$14,259	\$15,455	\$13,833	\$6,681	\$8,948	\$14,152	\$12,889	\$10,405	\$9,150	\$10,355	\$10,483	\$11,358
		<b>2021</b>	\$11,324	\$12,043	\$17,512	\$20,199	\$25,447	\$23,497	\$18,787	\$14,256	\$13,856	\$15,081	\$15,012	\$16,964
		<b>2022</b>	\$16,169	\$18,466	\$25,207	\$23,625	\$27,442	\$25,949	\$21,571	\$16,808	\$15,875	\$16,393	\$16,240	\$16,700
<b>Maximum Gross Sales</b>	<b>2020 Openings</b>	<b>2020</b>			\$6,748	\$2,266	\$5,283	\$11,076	\$10,430	\$7,742	\$6,219	\$7,230	\$6,723	\$7,653
		<b>2021</b>	\$8,021	\$8,446	\$12,683	\$14,094	\$21,002	\$22,344	\$18,376	\$12,850	\$12,111	\$13,060	\$13,901	\$15,046
	<b>2021 Openings</b>	<b>2022</b>	\$14,672	\$15,847	\$22,397	\$21,973	\$24,552	\$23,786	\$20,255	\$16,572	\$14,831	\$15,081	\$15,493	\$15,721
		<b>2021</b>			\$9,334	\$10,108	\$16,101	\$16,042	\$12,751	\$9,973	\$9,594	\$10,920	\$11,778	\$12,920
	<b>2022 Openings</b>	<b>2022</b>	\$12,141	\$14,612	\$20,984	\$19,452	\$22,787	\$20,087	\$17,189	\$14,042	\$13,232	\$13,579	\$13,758	\$13,819
		<b>2022</b>			\$16,106	\$16,382	\$22,429	\$20,461	\$17,079	\$13,436	\$13,096	\$11,870	\$13,490	\$12,890
	Opening Year Vintage	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Maximum Gross Sales</b>	<b>2018 Openings</b>	<b>2019</b>	\$45,167	\$38,354	\$46,230	\$39,774	\$54,283	\$49,791	\$42,279	\$48,535	\$49,338	\$52,653	\$57,886	\$55,212
		<b>2020</b>	\$58,490	\$62,527	\$47,155	\$29,553	\$51,287	\$54,875	\$43,969	\$38,174	\$40,621	\$43,532	\$42,755	\$41,417
		<b>2021</b>	\$36,823	\$36,890	\$52,586	\$54,934	\$77,916	\$73,078	\$61,087	\$53,144	\$52,672	\$57,545	\$64,847	\$55,498
		<b>2022</b>	\$50,040	\$49,696	\$77,445	\$67,767	\$78,184	\$59,640	\$61,373	\$56,134	\$59,631	\$61,918	\$88,654	\$56,024
	<b>2019 Openings</b>	<b>2019</b>			\$32,185	\$23,892	\$31,709	\$31,717	\$37,463	\$29,798	\$27,212	\$34,757	\$30,981	\$29,785
		<b>2020</b>	\$33,097	\$36,595	\$32,322	\$18,627	\$43,042	\$47,650	\$35,445	\$28,731	\$28,524	\$33,883	\$31,754	\$31,118
		<b>2021</b>	\$38,590	\$41,327	\$49,640	\$59,734	\$61,857	\$57,182	\$46,218	\$42,093	\$49,350	\$36,332	\$40,354	\$43,401
		<b>2022</b>	\$36,988	\$51,013	\$55,941	\$68,055	\$55,663	\$63,588	\$55,536	\$53,729	\$39,789	\$36,599	\$44,306	\$46,746
<b>2020 Openings</b>	<b>2020</b>			\$15,637	\$7,823	\$21,734	\$35,567	\$33,914	\$21,307	\$15,901	\$18,762	\$14,661	\$19,682	
	<b>2021</b>	\$24,311	\$21,845	\$33,021	\$31,178	\$45,063	\$57,911	\$57,742	\$40,598	\$29,983	\$35,586	\$33,448	\$41,403	
<b>2022</b>	\$36,458	\$43,500	\$47,167	\$54,170	\$61,865	\$50,692	\$44,718	\$36,864	\$43,049	\$35,411	\$36,864	\$43,049	\$35,411	

	Opening Year Vintage	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Minimum Gross Sales</b>	<b>2021 Openings</b>	<b>2021</b>			\$16,768	\$30,371	\$34,129	\$31,705	\$30,921	\$22,644	\$21,082	\$26,245	\$26,944	\$29,952	
		<b>2022</b>	\$27,680	\$38,415	\$64,843	\$59,675	\$44,678	\$39,302	\$40,978	\$34,739	\$38,085	\$41,645	\$41,645	\$46,178	\$45,562
	<b>2022 Openings</b>	<b>2022</b>			\$18,886	\$23,555	\$44,936	\$36,907	\$30,012	\$31,679	\$23,642	\$25,375	\$25,375	\$27,426	\$26,288
		Opening Year Vintage	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	<b>2018 Openings</b>	<b>2019</b>	\$4,741	\$4,462	\$5,348	\$5,997	\$5,784	\$8,834	\$2,809	\$2,809	\$3,566	\$4,807	\$5,606	\$4,062	\$4,941
		<b>2020</b>	\$4,715	\$1,780	\$2,666	\$1,432	\$1,306	\$955	\$1,965	\$1,965	\$1,645	\$1,603	\$2,217	\$2,400	\$914
		<b>2021</b>	\$1,402	\$2,354	\$3,544	\$5,462	\$9,051	\$8,138	\$8,138	\$5,211	\$5,428	\$2,801	\$4,169	\$3,135	\$4,444
		<b>2022</b>	\$5,118	\$5,296	\$9,095	\$6,369	\$6,493	\$11,123	\$11,123	\$8,779	\$3,987	\$4,765	\$4,378	\$4,173	\$4,433
		<b>2019</b>			\$13,258	\$6,298	\$5,000	\$6,378	\$4,889	\$4,889	\$2,001	\$1,372	\$1,330	\$3,441	\$2,719
		<b>2020</b>	\$2,284	\$4,079	\$3,546	\$428	\$84	\$209	\$209	\$2,237	\$1,522	\$1,635	\$2,062	\$1,758	\$2,194
	<b>2020 Openings</b>	<b>2021</b>	\$2,047	\$1,607	\$2,733	\$2,645	\$6,009	\$4,698	\$4,698	\$4,145	\$3,379	\$3,168	\$2,105	\$3,240	\$3,472
		<b>2022</b>	\$3,333	\$4,958	\$5,811	\$4,507	\$6,201	\$8,199	\$8,199	\$4,493	\$3,962	\$3,523	\$3,490	\$2,266	\$1,607
<b>2020</b>				\$2,393	\$169	\$258	\$457	\$457	\$0	\$179	\$29	\$1,162	\$379	\$367	
<b>2021</b>		\$758	\$891	\$2,006	\$2,969	\$3,224	\$3,684	\$3,684	\$3,037	\$2,037	\$1,791	\$1,749	\$2,428	\$1,634	
<b>2022</b>		\$2,104	\$2,913	\$4,131	\$4,555	\$3,961	\$5,048	\$5,048	\$3,773	\$3,293	\$1,969	\$2,174	\$1,372	\$2,043	
<b>2021</b>				\$1,065	\$2,537	\$5,928	\$2,816	\$2,816	\$1,738	\$3,168	\$2,092	\$3,348	\$2,998	\$3,022	
<b>2021 Openings</b>	<b>2022</b>	\$2,799	\$2,998	\$6,173	\$6,027	\$6,021	\$5,256	\$5,256	\$4,169	\$3,715	\$3,272	\$3,208	\$2,820	\$2,977	
	<b>2022</b>			\$9,970	\$9,641	\$9,225	\$10,583	\$10,583	\$9,020	\$4,549	\$4,642	\$2,959	\$4,412	\$3,880	
	Opening Year Vintage	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
	<b>2018 Openings</b>	<b>2019</b>	\$12,777	\$13,438	\$19,831	\$18,705	\$23,231	\$20,630	\$20,630	\$20,001	\$15,148	\$14,612	\$15,218	\$14,731	\$15,625
		<b>2020</b>	\$15,345	\$17,841	\$16,181	\$7,877	\$11,051	\$16,159	\$16,159	\$12,652	\$9,198	\$8,559	\$9,163	\$10,224	\$10,338
		<b>2021</b>	\$10,860	\$11,584	\$19,982	\$21,394	\$25,365	\$27,167	\$27,167	\$18,238	\$14,646	\$13,945	\$15,326	\$15,691	\$16,114
<b>2022</b>		\$17,701	\$17,250	\$25,602	\$23,689	\$28,769	\$25,203	\$25,203	\$19,394	\$17,167	\$15,852	\$14,976	\$16,586	\$16,062	
<b>2019</b>				\$19,535	\$14,165	\$20,542	\$18,495	\$18,495	\$16,218	\$10,723	\$10,687	\$9,876	\$10,640	\$11,744	
<b>2020</b>		\$11,882	\$12,949	\$11,122	\$5,627	\$7,050	\$11,551	\$11,551	\$10,561	\$8,880	\$8,258	\$9,363	\$8,895	\$9,700	
<b>2019 Openings</b>	<b>2021</b>	\$9,817	\$10,435	\$15,128	\$18,213	\$24,003	\$22,266	\$22,266	\$16,946	\$11,739	\$11,006	\$13,991	\$13,102	\$15,573	
	<b>2022</b>	\$15,013	\$16,318	\$23,483	\$21,541	\$26,083	\$23,017	\$23,017	\$19,441	\$15,251	\$13,856	\$14,585	\$13,617	\$14,367	

	Opening Year Vintage	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
<b>Total Locations In Data</b>	<b>2020 Openings</b>	2020			\$6,048	\$834	\$2,719	\$10,661	\$8,753	\$6,167	\$5,409	\$6,566	\$6,583	\$6,864		
		2021	\$7,067	\$7,888	\$11,003	\$12,766	\$21,073	\$21,692	\$16,929	\$12,502	\$11,473	\$12,481	\$12,960	\$14,614		
		2022	\$14,141	\$14,994	\$19,873	\$21,962	\$23,627	\$20,784	\$18,145	\$15,313	\$13,438	\$13,353	\$13,647	\$15,575		
	<b>2021 Openings</b>	2021			\$9,460	\$7,965	\$12,227	\$13,627	\$11,416	\$8,299	\$8,992	\$10,592	\$10,823	\$11,642		
		2022	\$11,663	\$14,902	\$20,492	\$16,955	\$22,059	\$18,199	\$15,723	\$12,456	\$11,754	\$12,695	\$12,460	\$11,406		
		2022			\$17,354	\$15,291	\$18,277	\$18,390	\$15,641	\$12,855	\$12,451	\$12,354	\$13,153	\$13,627		
	<b>Total Locations at or above Average Gross Sales</b>	<b>2018 Openings</b>	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
			2019	51	54	54	54	54	22	32	47	53	60	69	73	79
			2020	53	54	54	54	54	90	90	90	90	90	90	90	90
		<b>2019 Openings</b>	2021	54	54	54	54	54	90	90	90	90	90	90	90	90
			2022	54	54	54	54	54	90	90	90	90	90	90	90	90
			2020			8	10	14	17	21	27	35	42	48	54	
<b>2020 Openings</b>		2021	54	60	60	60	60	60	60	60	60	60	60	60	60	
		2022	60	60	60	60	60	60	60	60	60	60	60	60	60	
		2021			5	10	15	18	19	24	29	30	35	37		
<b>2021 Openings</b>		2022	41	44	44	44	44	44	44	44	44	44	44	44	44	
		2022			7	9	14	17	18	20	20	21	21	21	22	
		Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
<b>2018 Openings</b>	2019	21	21	24	22	27	21	21	27	22	21	22	21	22		
	2020	19	22	21	22	20	21	21	22	20	18	19	21	22		
	2021	20	20	23	20	18	29	29	24	21	22	22	23	21		
	2022	24	23	23	23	23	21	21	20	23	25	22	23	23		
	2019			2	6	11	15	15	21	23	28	27	30	33		
2020	32	33	35	33	32	37	37	38	41	35	36	38	36			

	Opening Year Vintage	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>Percentage of Locations at or above Average Gross Sales</b>	<b>2020 Openings</b>	<b>2021</b>	35	35	36	38	38	43	39	37	35	39	38	38	
		<b>2022</b>	40	39	37	39	42	38	38	38	35	38	38	35	36
		<b>2020</b>			4	3	5	8	8	8	11	16	16	23	23
	<b>2021 Openings</b>	<b>2021</b>	21	28	23	25	30	29	29	21	28	24	28	27	29
		<b>2022</b>	28	29	28	30	29	26	26	26	27	27	25	25	28
		<b>2021</b>			3	3	6	8	8	7	9	12	15	17	15
	<b>2022 Openings</b>	<b>2022</b>	18	23	20	19	21	18	18	18	19	19	21	17	17
		<b>2022</b>			5	4	5	8	8	7	10	6	12	9	12
		<b>Year</b>	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
	<b>2018 Openings</b>	<b>2019</b>	41%	39%	44%	41%	50%	39%	39%	50%	42%	40%	42%	40%	42%
		<b>2020</b>	36%	41%	39%	41%	37%	39%	39%	41%	37%	33%	35%	39%	41%
		<b>2021</b>	37%	37%	43%	37%	33%	54%	54%	44%	39%	41%	41%	43%	39%
<b>2022</b>		44%	43%	43%	43%	43%	39%	39%	37%	43%	46%	41%	43%	43%	
<b>2019 Openings</b>	<b>2019</b>			40%	46%	50%	47%	47%	45%	40%	47%	39%	41%	42%	
	<b>2020</b>	37%	37%	39%	37%	36%	41%	41%	42%	46%	39%	40%	42%	40%	
	<b>2021</b>	39%	39%	40%	42%	42%	48%	48%	43%	41%	39%	43%	42%	42%	
	<b>2022</b>	44%	43%	41%	43%	47%	42%	42%	42%	39%	42%	42%	39%	40%	
<b>2020 Openings</b>	<b>2020</b>			50%	30%	36%	47%	47%	38%	41%	46%	38%	48%	43%	
	<b>2021</b>	39%	47%	38%	42%	50%	48%	48%	35%	47%	40%	47%	45%	48%	
	<b>2022</b>	47%	48%	47%	50%	48%	43%	43%	43%	45%	45%	42%	42%	47%	
<b>2021 Openings</b>	<b>2021</b>			60%	30%	40%	44%	44%	37%	38%	41%	50%	49%	41%	
	<b>2022</b>	44%	52%	45%	43%	48%	41%	41%	41%	43%	43%	48%	39%	39%	
	<b>2022</b>			71%	44%	36%	47%	47%	39%	50%	30%	57%	43%	55%	

Notes to Tables 1-2:

1. The results in these tables include the franchised Learning Centers that were open and operational for the entirety of the months reflected in each Table, and do not include Learning Centers that opened or closed during that month. The number of actual Learning Centers included in tables are reflected in the underlying data. No open and operational franchised Learning Centers are excluded from the results.
2. **“Gross Sales”** means all revenue related to the operations of the Learning Center (excluding customer refunds made in good faith and sales taxes collected and remitted to the proper authorities).  
  
**“Average Gross Sales”** means the mean average Gross Sales, which is calculated as the sum of the Gross Sales at each Learning Center divided by the number of Learning Centers included in the results.  
  
**“Median Gross Sales”** means the Gross Sales at the Learning Center that represents the middle of the Learning Centers (or if two Learning Centers, or the middle two Learning Centers if an even number, the mean average of those two) included in the results.
3. In Table 2, the regions are defined as:
  - Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.
  - Northeast: Connecticut, Massachusetts, New Jersey, New York, and Pennsylvania.
  - South: Arkansas, Delaware, Florida, Georgia, Louisiana, Maryland, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, and Virginia.
  - West: Arizona, California, Colorado, Idaho, Nevada, Oregon, Utah, Washington, and Wyoming.
4. In Table 3, the opening year reflected is for Learning Centers opened between January 1 and December 31 in each year indicated. In all three tables, the periods referred to are the calendar years indicated.
5. Costs are not included in the data presented in these tables. You will incur costs in the operation of your Learning Center including, for example, employee wages and benefits, rent and related occupancy costs (such as utilities), furniture, fixture and equipment costs, marketing expenses, computer hardware and software upgrades, renovations, improvements, and repair/maintenance expenses, legal and professional fees, insurance, income and other non-real estate taxes, as well as royalty fees, marketing contributions, and various other expenses. You should determine and account for yourself the costs that you will have to have incur in connection with the operation of your Learning Center.
6. We strongly advise you to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable, and to consult your attorney

and other professional advisors before entering into a Franchise Agreement. You should construct your own pro forma cash flow statement and make your own financial projections regarding potential sales, operating cost factors, capital investment requirements and liquid cash requirements for your proposed Learning Center.

7. **Some Code Ninjas Learning Centers have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**
8. Substantiation: Written substantiation of the data used in preparing the information in this Item 19 is on file at our offices and will be made available to you upon reasonable request. The information presented in this Item 19 is a compilation of financial information that has not been audited.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Navin Gurnaney at Code Ninjas LLC, 200 East Augustine #1332, Deer Park, Texas 77536 (phone: 855.446.4652), the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20

## Outlets and Franchisee Information

Table 1:  
System wide Outlet Summary for 2020 to 2022 (Notes 1 and 2)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	189	238	+49
	2021	238	277	+39
	2022	277	280	+3
Company-Owned	2020	2	4	+2
	2021	4	4	0
	2022	4	6	+2
<b>Total Outlets</b>	<b>2020</b>	<b>191</b>	<b>242</b>	<b>+51</b>
	<b>2021</b>	<b>242</b>	<b>281</b>	<b>+39</b>
	<b>2022</b>	<b>281</b>	<b>286</b>	<b>+5</b>

### Notes for Tables 1-5 in this Item 20:

- (1) All numbers are as of the fiscal year end. Our fiscal year end is December 31st.
- (2) States not listed had no activity.
- (3) The tables do not include outlets operated outside the United States.

Table 2:  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
for 2020 to 2022 (Note 1)

State (Note 2)	Year	Number of Transfers
Arizona	2020	0
	2021	0
	2022	3
California	2020	0
	2021	3
	2022	0
Colorado	2020	0
	2021	1
	2022	0
Florida	2020	1
	2021	1
	2022	3
Georgia	2020	1
	2021	1
	2022	2
Massachusetts	2020	1
	2021	0
	2022	1
Missouri	2020	0
	2021	1
	2022	0
Nevada	2020	0
	2021	0
	2022	1



State (Note 2)	Year	Number of Transfers
New Jersey	2020	0
	2021	3
	2022	3
North Carolina	2020	2
	2021	1
	2022	1
Pennsylvania	2020	0
	2021	1
	2022	0
Texas	2020	2
	2021	5
	2022	2
Virginia	2020	0
	2021	0
	2022	1
Utah	2020	0
	2021	1
	2022	0
<b>Total</b>	<b>2020</b>	<b>7</b>
	<b>2021</b>	<b>18</b>
	<b>2022</b>	<b>17</b>

Table 3:  
Status of Franchised Outlets For 2020 to 2022 (Note 1)

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arizona	2020	5	1	0	0	0	1	5
	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Arkansas	2020	1	1	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
California	2020	20	12	0	0	0	0	32
	2021	32	7	0	0	1	0	38
	2022	38	6	1	0	0	2	43
Colorado	2020	6	3	0	0	0	0	9
	2021	9	3	0	0	0	2	10
	2022	10	0	0	0	0	0	10
Connecticut	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Delaware	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	11	4	0	0	1	1	13
	2021	13	6	0	0	0	0	19
	2022	19	1	0	0	0	0	20
Georgia	2020	7	1	0	0	0	0	8
	2021	8	2	0	0	0	0	10
	2022	10	0	1	0	0	0	9
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Illinois	2020	16	2	0	0	0	0	18
	2021	18	0	0	0	0	1	17
	2022	17	0	1	0	0	0	16

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Indiana	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Iowa	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	1	0	0	0	0
Kansas	2020	3	0	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	3	1	1	0	2	0	3
Louisiana	2020	2	1	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
Maryland	2020	3	3	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	0	1	0	0	0	5
Massachusetts	2020	6	1	0	0	0	0	7
	2021	7	0	0	0	0	1	6
	2022	6	1	0	0	0	0	7
Michigan	2020	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Minnesota	2020	6	0	0	0	0	2	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Missouri	2020	4	0	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	0	2	0	0	0	4
North Carolina	2020	5	2	0	0	0	0	7
	2021	7	2	0	0	0	0	9
	2022	9	1	0	0	0	0	10
North Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Nebraska	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
Nevada	2020	2	0	0	0	0	0	2
	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
New Jersey	2020	12	5	0	0	0	0	17
	2021	17	1	0	0	0	0	18
	2022	18	1	0	0	0	0	19
New York	2020	4	2	0	0	0	0	6
	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
Ohio	2020	3	1	0	0	0	0	4
	2021	4	4	0	0	0	0	8
	2022	8	0	0	0	0	0	8
Oklahoma	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Pennsylvania	2020	5	3	0	0	1	0	7
	2021	7	2	0	0	0	0	9
	2022	9	1	1	0	0	0	9
South Carolina	2020	2	1	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
South Dakota	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Tennessee	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Texas	2020	35	5	0	0	0	4	36
	2021	36	6	0	0	1	3	38
	2022	38	3	5	0	2	0	35

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Utah	2020	3	2	0	0	0	1	4
	2021	4	2	0	0	0	0	6
	2022	6	0	0	0	0	0	6
Virginia	2020	9	2	0	0	0	0	11
	2021	11	2	0	0	0	0	13
	2022	13	1	2	0	0	0	12
Washington	2020	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
Wisconsin	2020	1	2	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Wyoming	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
<b>Totals</b>	<b>2020</b>	<b>189</b>	<b>61</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>10</b>	<b>238</b>
	<b>2021</b>	<b>238</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>7</b>	<b>277</b>
	<b>2022</b>	<b>277</b>	<b>22</b>	<b>19</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>280</b>

Table 4:  
Status of Company-Owned Outlets  
for 2020 to 2022 (Notes 1 and 2)

State (Note 3)	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2020	0	0	0	0	0	0
	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
Florida	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
Massachusetts	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1

State (Note 3)	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Pennsylvania	2020	0	0	1	0	0	1
	2021	1	0	0	0	1	0
	2022	0	0	0	0	0	0
Texas	2020	2	0	0	0	0	2
	2021	2	0	1	0	0	3
	2022	3	0	2	1	0	4
<b>Totals</b>	<b>2020</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2021</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>4</b>
	<b>2022</b>	<b>4</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>6</b>

Table 5:  
Projected Openings as of December 31, 2022 for 2023

State (Note 1)	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In The Next Year
Arizona	1	1	0
California	11	5	0
Florida	3	2	0
Georgia	1	1	0
Louisiana	1	1	0
Michigan	1	1	0
Minnesota	1	1	0
New Jersey	2	1	0
New York	1	1	0
Ohio	1	1	0
Texas	1	1	0
Utah	1	1	0
Virginia	1	1	0
Washington	1	1	0
<b>Total</b>	<b>27</b>	<b>19</b>	<b>0</b>

\*\*\*\*\*

The names, addresses, and telephone numbers of our franchisees and developers as of our fiscal year ending December 31, 2022 are listed in Exhibit I.

The name and last known home address and telephone number of every one of our franchisees and developers who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under an agreement during one-year period ending December 31, 2022, or who has not communicated with us within ten weeks of the date of this disclosure document, are also listed in Exhibit I.

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

The following organization has asked to be included in this disclosure document: IACNF, an Independent Association of Code Ninjas Franchisees, an Affiliated Chapter of American Association of Franchisees and Dealers; P.O. Box 10158, Palm Desert, California 92255-1058; Phone: 619-209-3775; e-mail: [iacnf@aafdchapters.org](mailto:iacnf@aafdchapters.org); Website: [iacnf.aafdchapters.org](http://iacnf.aafdchapters.org).

No franchisees have signed a confidentiality clause in a Franchise Agreement, settlement or other contract within the last three years that would restrict their ability to speak openly about their experience with CN.

## **Item 21**

## **Financial Statements**

Our audited financial statements for our fiscal years ending December 31, 2022, December 31, 2021, and December 31, 2020, are attached at Exhibit G-1. Our unaudited balance sheet and profit and loss statement as of April 30, 2023 is attached as Exhibit G-2.

Our fiscal years end on December 31<sup>st</sup> each year.



**Item 22****Contracts**

Exhibit A	Franchise Agreement with Exhibits A. Data Sheet B. Guarantee, Indemnification, & Acknowledgements C. List of Principals D. ACH – Authorization Agreement for Direct Debit E. ADA Certification F. Sample Form of Non-Disclosure & Non-Competition Agreement G. Site Selection Addendum H. Lease Rider I. Index to Defined Terms
Exhibit B	Development Agreement with Exhibits J. Data Sheet K. Guarantee, Indemnification, & Acknowledgements L. List of Principals M. Form of Franchise Agreement
Exhibit E	Form of General Release
Exhibit H	State-Specific Addenda
Exhibit L	Financing Documents

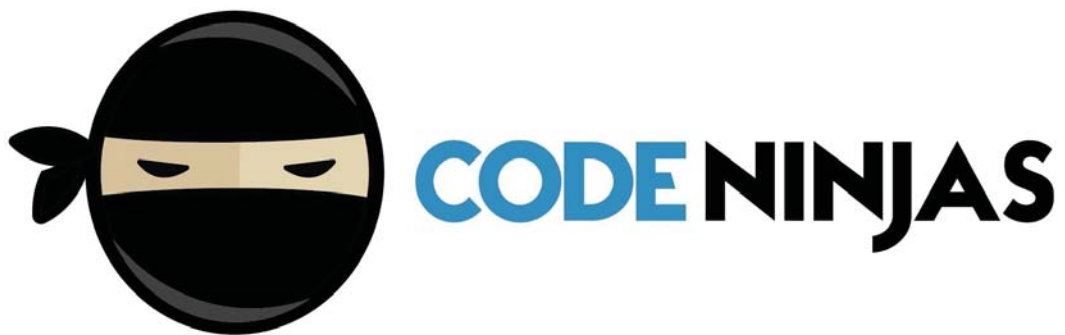
**Item 23****Receipts**

The last two pages of this disclosure document (Exhibit N) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy of the receipt page and please keep the other copy together with this disclosure document.

**EXHIBIT A**

**Franchise Agreement with Exhibits**

---



Code Ninjas LLC  
*Code Ninjas*  
Franchise Agreement

**Code Ninjas  
Franchise Agreement**

TABLE OF CONTENTS

Section	Title	Page #
1	Grant.....	2
2	Term And Renewal .....	4
3	Our Duties.....	5
4	Fees; Sales Reporting .....	6
5	Franchised Business Location, Construction and Renovation .....	9
6	Designated Principal, Personnel, and Training .....	13
7	Purchasing and Supply of Products .....	15
8	Your Duties .....	18
9	Proprietary Marks.....	23
10	Confidential Brand Manual.....	25
11	Confidential Information .....	27
12	Accounting, Financial and Other Records, and Inspections.....	28
13	Marketing .....	32
14	Technology Platform .....	35
15	Insurance .....	40
16	Transfer of Interest.....	43
17	Default and Termination.....	47
18	Obligations upon Termination or Expiration .....	50
19	Covenants.....	52
20	Taxes, Permits, and Indebtedness.....	54
21	Independent Contractor and Indemnification .....	55
22	Force Majeure.....	57
23	Approvals and Waivers .....	57
24	Notices.....	57
25	Entire Agreement and Amendment.....	58
26	Severability and Construction .....	58
27	Applicable Law and Dispute Resolution.....	59
28	Acknowledgments.....	60

Exhibits:

A	Data Sheet	E	ADA Certification
B	Guarantee, Indemnification, and Acknowledgement	F	Site Selection Addendum
C	List of Principals	G	Lease Rider
D	ACH - Authorization Agreement for Prearranged Payments (Direct Debits)	H	Index to Defined Terms

## Code Ninjas Franchise Agreement

THIS FRANCHISE AGREEMENT (the "**Agreement**") is made and entered into as of the date that we have indicated on the signature page of this Agreement (the "**Effective Date**") by and between:

- CODE NINJAS LLC, a Texas limited liability company with its principal place of business at 2880 Broadway Bend, Building #2, Pearland, Texas 77584 ("**we**", "**us**", "**our**", or the "**Franchisor**");
- \_\_\_\_\_, a [resident of] [corporation organized in] [limited liability company organized in] the State of \_\_\_\_\_ and having offices at \_\_\_\_\_ ("**you**" or the "**Franchisee**").

### Introduction

*We operate and grant franchises for "Code Ninjas" learning centers, which operate in buildings that feature our interior and/or exterior design, and which also feature our Services and our Products (each a "**Learning Center**"). The services that Learning Centers will provide include child-focused educational programs, including subjects such as computer programming, coding, math, logic, reasoning skills and teamwork (the "Services") and the products that Learning Centers offer generally include "Code Ninjas" branded merchandise (such as t-shirts, hoodies, wrist bands, and similar items) (the "**Products**").*

*Among the distinguishing characteristics of a Learning Center are that it operates under our "Code Ninjas" System. Our System includes (among other things): Services, Products; signage; distinctive interior and exterior design and accessories; opening hours; operational procedures; standards and specifications; quality and uniformity of Services and Products offered; student materials, curriculum, course materials, and related educational offerings, management and inventory control procedures; software; training and assistance; business format, layouts and floor plans, methods, equipment lists and layouts, the Proprietary Marks (defined below), as well as advertising and promotional programs (together, the "**System**").*

*We identify the System by means of our Proprietary Marks. Our proprietary marks include certain trade names (for example, the mark "Code Ninjas"), service marks, trademarks, logos, emblems, and indicia of origin (for example, the "Code Ninjas" mark and logo), as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with the System (all of these are referred to as our "**Proprietary Marks**"). We and our affiliates continue to develop, use, and control the use of our Proprietary Marks in order to identify for the public the source of Services and Products marketed under those marks and under the System, and to represent the System's standards of quality, cleanliness, appearance, and service.*

*We are in the business of developing, programming and awarding franchise rights to third party franchisees, such as you. You will be in the business of operating a Learning Center, using the same brand and Proprietary Marks as other independent businesses that operate other Learning Centers under the System (including some operated by our affiliates). We will not operate your Learning Center for you, although we have (and will continue) to set standards for Learning Centers that you will have chosen to adopt as yours by signing this Agreement and by your day-to-day management of your Learning Center according to our brand standards.*

*You have asked to enter into the business of operating a Learning Center under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also understand and acknowledge the importance of*

our standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and for other good and valuable consideration (the sufficiency and receipt of which they hereby acknowledge) and they agree as follows:

## 1 GRANT

- 1.1 *Rights and Obligations.* We grant you the right, and you accept the obligation, all under the terms (and subject to the conditions) of this Agreement:
- 1.1.1 To operate one Learning Center under the System (also referred to as the **“Franchised Business”**);
  - 1.1.2 To use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and
  - 1.1.3 To do all of those things only at the Accepted Location (as defined in Section 1.2 below).
- 1.2 *Accepted Location.* The street address of the location for the Franchised Business approved under this Agreement is specified in Exhibit A to this Agreement, and is referred to as the **“Accepted Location.”**
- 1.2.1 When this Agreement is signed, if you have not yet obtained (and we have not yet approved in writing) a location for the Franchised Business, then:
    - 1.2.1.1 you agree to enter into the site selection addendum (the **“Site Selection Addendum,”** attached as Exhibit F to this Agreement) at the same time as you sign this Agreement; and
    - 1.2.1.2 you will then find a site which will become the Accepted Location after we have given you our written acceptance for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property, all subject to our prior written acceptance and in accordance with the Site Selection Addendum.
  - 1.2.2 We have the right to grant, condition, and/or to withhold acceptance of the Accepted Location under this Section 1.2. You agree that our review and acceptance of your proposed location, under this Section 1.2 or pursuant to the Site Selection Addendum, does not constitute our assurance, representation, or warranty of any kind that your Franchised Business at the Accepted Location will be profitable or successful (as further described in Section 5 of the Site Selection Addendum).
  - 1.2.3 You agree not to relocate the Franchised Business except as otherwise provided in Section 5.9 below
- 1.3 *Protected Area.* During the term of this Agreement, we will not operate, nor will we grant to any other party the right to operate, another Learning Center that is physically located within

the “**Protected Area**” that is specified in the Data Addendum (Exhibit A), so long as you comply with the terms of this Agreement (and also subject to Sections 1.4 through 1.6 below).

- 1.4 *Our Reserved Rights.* We and our affiliates reserve all rights that are not expressly granted to you under this Agreement. Among other things, we have the sole right to do any or all of the following (despite proximity to your Protected Area and/or Franchised Business as well as any actual or threatened impact on sales at your Franchised Business):
- 1.4.1 We have the right to establish, and franchise others to establish, Learning Centers anywhere outside the Protected Area;
  - 1.4.2 We have the right to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under this Agreement, even if those businesses offer or sell Services and Products that are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located (but not to be operated as a “Code Ninjas” Learning Center inside the Protected Area);
  - 1.4.3 We have the right to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a “Code Ninjas” Learning Center inside the Protected Area); and
  - 1.4.4 We have the right to market and sell our Services and Products through alternate distribution channels and any channel of distribution (including e-commerce), anywhere (but not from a “Code Ninjas” Learning Center that is physically located inside the Protected Area).
- 1.5 *Limits on Where You May Operate.*
- 1.5.1 You agree to offer, provide, and sell Services and Products only: **(a)** to customers of the Franchised Business; **(b)** at the Approved Location; and **(c)** in accordance with the requirements of this Agreement and the procedures set out in the Brand Manual (defined below).
  - 1.5.2 You agree not to offer or sell any services or products (including the Services as well as the Products) through any means other than through the Franchised Business at the Accepted Location (so for example, you agree not to offer or sell Services or Products from remote learning programs operated away from the Franchised Business, other satellite or temporary locations, mobile vehicles or formats, carts or kiosks, by use of catalogs, the Internet, through other businesses, and/or through any other electronic or print media).
  - 1.5.3 You further understand that we will not prohibit other Learning Centers (whether owned or franchised by us or by our affiliates) from delivering Products to customers at any location, whether inside or outside of the Protected Area, and that we cannot prevent the distribution of Services from online sources to customers anywhere, including inside the Protected Area.
- 1.6 *Other Brands.* You understand that we may operate (or be affiliated with companies that operate) businesses under brand names (whether as company-owned concepts, as a franchisor, as a franchisee, or otherwise) in addition to the “Code Ninjas” brand) and that we may acquire and operate businesses and other brands (or be acquired by a company that



operates other brands) (collectively, "**Other Brands**"). You understand and agree that this Agreement does not grant you any rights with respect to any such Other Brands.

## 2 TERM AND RENEWAL

- 2.1 *Term.* The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, will expire ten (10) years after the Effective Date.
- 2.2 *Renewal.* You will have the right to renew your rights to operate the Franchise Business for three (3) additional consecutive successor terms of five (5) years each, so long as you have satisfied all of the conditions specified in Sections 2.2.1 through 2.2.9 before each such renewal:
- 2.2.1 You agree to give us written notice of your choice to renew at least nine (9) months before the end of the term of this Agreement (but not more than twelve (12) months before the term expires).
- 2.2.2 You agree to remodel and refurbish the Franchised Business to comply with our then-current standards in effect for new Learning Centers (as well as the provisions of Section 8.8 below).
- 2.2.3 At the time of renewal: **(a)** you must be in compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates) and **(b)** in our reasonable judgment, you must have been in compliance during the term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet those obligations.
- 2.2.4 You must have timely met all of your financial obligations to us, our affiliates, the Brand Marketing Development Fund, and/or the Regional Fund, as well as your vendors (including your lessors, suppliers, staff, and all other parties with whom you do business), throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations). You must be current with respect to your financial and other obligations to your lessor, suppliers, and all other parties with whom you do business.
- 2.2.5 You must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the renewal provisions of the new franchise agreement, which will not supersede this Section 2), and which you agree may contain terms, conditions, obligations, rights, and other provisions that are substantially and materially different from those spelled out in this Agreement (including, for example, a higher percentage Royalty Fee and marketing contribution). Your direct and indirect owners must also sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (In this Agreement, the term "**entity**" includes a corporation, a limited liability company, a partnership, and/or a limited liability partnership.)
- 2.2.6 Instead of a new initial franchise fee, you agree to pay to us a renewal fee of Two Thousand Five Hundred Dollars (\$2,500).
- 2.2.7 You agree to sign and deliver to us a renewal agreement that will include a mutual general release (which will be effective as of when signed as well as the date of

renewal), in a form that we will provide (which will include limited exclusions), which will release all claims against us and our affiliates, and our respective officers, directors, members, managers, agents, and employees. Your affiliates and your respective direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.

- 2.2.8 You and your personnel must meet our then-current qualification and training requirements.
- 2.2.9 You and your personnel must meet our then-current qualification and training requirements.
- 2.2.10 You must provide us with the financial reports concerning your Franchised Business that we may require, including a current balance sheet and the other information required under Section 12.2.1 below.
- 2.2.11 You agree to present to us satisfactory evidence that you have the right to remain in possession of the Accepted Location for the entire renewal term of this Agreement.

### 3 OUR DUTIES

- 3.1 *Training.* We will provide you with the training specified in Section 6 below.
- 3.2 *Site Selection.* We will provide the site selection assistance that we think is needed, but you will retain the sole responsibility for choosing a viable site (even though we will have provided assistance and our opinions on the options).
- 3.3 *Standard Layout and Equipping of a Learning Center.* We will make available to you, at no additional charge, our standard layout, design and image specifications for a Learning Center, including the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We have the right to modify our standard layout plans and specifications as we deem appropriate periodically (however, once we have provided those plans and specifications to you, we will not further modify the layout plans and specifications for the initial construction of your Learning Center). We will also provide the site selection and lease review assistance called for under Section 5.3 below.
- 3.4 *Opening and Additional Assistance.* We may (but are not obligated to) provide a representative to be present at the grand opening of the Franchised Business. We will provide such additional on-site pre-opening and opening supervision and assistance that we think is advisable, and as may be described in the Brand Manual (defined below).
- 3.5 *Brand Manual.* We will lend to you (or provide you with access to) one (1) copy of our confidential brand manuals and other written instructions relating to the operation of a Learning Center (the "**Brand Manual**"), in the manner and as described in Section 10 below, for your use in solely in connection with the Learning Center during the term of this Agreement,.
- 3.6 *Marketing Materials.* We will assist you in developing the Grand Opening Marketing Program (defined below). We have the right to approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Section 13 below.
- 3.7 *Brand Marketing Development Funds.* We will administer the Brand Marketing Development Fund (as defined in Section 13 below) in the manner set forth in Section 13 below.

- 3.8 *Inspection Before Opening.* We will evaluate the Franchised Business before it first opens for business. You agree to not open the Franchised Business to customers or otherwise start operation until you have received our prior written consent to do so. Among other things, you agree to comply with all pre-opening requirements in the Brand Manual, including obtaining the minimum number of required enrollments before your planned opening date. You agree to provide us with written notice of the date that you intend to start operating at least forty-five (45) days in advance of the planned opening date.
- 3.9 *Assistance.* We will provide you with assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as a field consultant, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations, as we deem necessary to meet our own standards.
- 3.10 *Services Performed.* You agree that any of our designees, employees, agents, or independent contractors (such as an “area representative”) may perform any duty or obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).
- 3.11 *Our Decision-Making.* In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights pursuant to this Agreement, we (and our affiliates) will always have the right: **(a)** to take into account, as we see fit, the effect on, and the interests of, other franchised and company-owned or affiliated businesses and systems; **(b)** to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; **(c)** to test market various items in some or all parts of the System; **(d)** to introduce new Proprietary Items, products that are not Proprietary Items, and operational equipment; and/or **(e)** to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You understand and agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.
- 3.12 *Confirmation of Performance.* After we have performed our pre-opening obligations to you under this Agreement, we may ask that you execute and deliver to us a confirmation (the “**Confirmation of Performance**”), in a form we reasonably request, confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you agree to execute and deliver the Confirmation of Performance to us within one (1) week after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same one (1) week period, provide us with written notice specifically describing the obligations that we have not performed. Not later than one (1) week after we complete all the obligations specified in that notice that we agree were unperformed, you agree to execute and deliver the Confirmation of Performance to us. You agree to do so even if we performed such obligations after the time performance was due under this Agreement. The term “pre-opening obligations” means the obligations we have to you under this Agreement that must be performed before you open your Learning Center.

#### **4 FEES; SALES REPORTING**

- 4.1 *Initial Fees.* When you sign this Agreement, you agree to pay us an initial franchise fee of Thirty-Five Thousand Dollars (\$35,000) (the “**Initial Franchise Fee**”). The Initial Franchise Fee is not refundable, and is payable in consideration of the services that we provide to you in connection with helping you to establish your new Learning Center.

#### 4.2 *Monthly Fees and Sales Reports.*

4.2.1 You agree to: **(a)** pay us a continuing royalty fee equal to eight percent (8%) of the Net Sales of the Franchised Business ("**Royalty Fees**" or "**Royalties**"); and **(b)** report to us your Net Sales, in the form and manner that we specify (a "**Sales Report**"), by the Due Date (defined in Section 4.3 below).

4.2.2 As used in this Agreement:

4.2.2.1 The term "**Net Sales**" means all revenue from the sale of all Services and Products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit, but excluding: (a) sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; and (b) refunds, discounts, and other payment accommodations that you reasonably provide to your customers.

4.2.2.2 The term "**Period**" means a calendar month, or, at our election, a four or five-week retail accounting interval during the year for the purpose of organizing books and records (typically, with thirteen Periods in approximately one year). We have the right to establish the schedule for Periods with reasonable advance notice to you.

4.2.2.3 The term "**Month**" means a calendar month, starting on the first day of the calendar month at one instant before 12:00:01 am (local time) and ending at one instant after 11:59:59 pm on the last day of the calendar month.

4.2.3 For each Period during the term of this Agreement, you agree to pay us our then-current technology fee to cover the administrative costs of the technology services and licenses we provide to you ("**Technology Fee**"). The Technology Fee will be due on the Due Date and is payable in the manner specified in Sections 4.3.2 and 4.3.3 below. We have the right to periodically change the amount of the Technology Fee and/or the method of payment by providing notice to you.

4.2.4 If you do not open the Franchised Business by the date required in Section 5.1 below, then for each month (pro-rated) that you have not yet opened after that date, you agree to pay us a minimum royalty fee of Five Hundred Dollars (\$500) per Month until you open the Franchised Business for business. This requirement is in addition to and not in place of our other remedies, including the right to terminate this Agreement if you have not opened the Franchised Business by the date required under Section 5.1 below.

#### 4.3 *Due Date and Payment Method.* The parties acknowledge and agree that:

4.3.1 Each time you make a sale through our portal, app, or otherwise through us, we will remit the funds due to you but first will withdraw the Royalty Fees and Marketing Contribution due with respect to that incremental transaction. If we are unable to automatically withdraw the Royalty Fees due to us when you make a sale (for example, if a sale does not go through our portal or app, or otherwise), you must pay us the Royalty Fees relating to the transaction by the Due Date and as specified in Sections 4.3.2 and 4.3.4 below.

- 4.3.2 All other payments required by this Section 4 and Section 13 below must be made by the Due Date ACH (as specified below), or by other method of electronic funds transfer that we then require based on your Net Sales during the previous Period, unless otherwise provided in this Agreement. (As used in this Agreement, “**Due Date**” means the fifteenth (15th) day of each Period; however, if the Due Date falls on a federal holiday, then the Due Date will instead be the next business day.) In addition, you agree to all of the following:
- 4.3.2.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12 below, at the time and in the format that we reasonably request. You also agree to deliver the Sales Report to us by the Due Date based on the sales of the previous Period.
- 4.3.2.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of “ACH - Authorization Agreement for Prearranged Payments (Direct Debits),” a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form and process that we deem to be periodically needed to implement this Section 4.3.2), and you agree to: **(a)** comply with the payment and reporting procedures that we may specify in the Brand Manual or otherwise in writing; and **(b)** maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to sweep payment of fees, then you will not be required to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due. Accordingly: **(i)** you agree to maintain a proper and sufficient balance in the account from which your ACH deductions are made to pay all of the fees that are due under this Agreement; and **(ii)** if you do not do so, then you agree to pay us upon demand the amounts due and also reimburse us for the bank fees (if any) that we incur as well as a reasonable additional administrative fee that we will have the right to impose. You also agree that we may initiate an ACH withdrawal earlier than the Due Date so that the funds are actually transferred by the bank into our account on the Due Date.
- 4.3.2.3 You agree that your obligations to make full and timely payment of Royalty Fees and Marketing Contributions (and all other sums due to us) are absolute, unconditional, fully-earned (by us), and due as soon as you are first open to the public.
- 4.3.2.4 You agree not to, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us, the Brand Marketing Development Fund, the Regional Fund, our affiliates, suppliers, or others.
- 4.3.2.5 You agree that if you do not provide us, as requested, with access to your Computer System to obtain sales information or, if we require pursuant to Section 12.1.4 below or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Period(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay the



Royalties on that amount by our deduction of that amount from your direct debit account.

- 4.4 *No Subordination.* You agree: **(a)** not to subordinate to any other obligation your obligation to pay us the Royalty Fee and/or any other amount payable to us, whether under this Agreement or otherwise; and **(b)** that any such subordination commitment that you may give without our prior written consent will be null and void.
- 4.5 *Late Payment.* If we do not receive any payment due under this Agreement (and if the appropriate Brand Marketing Development Fund does not receive payment due) on or before the due date, then that amount will be deemed overdue. If any payment is late, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of one and one-half percent (1.5%) per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). Our entitlement to such interest will be in addition to any other remedies we may have. Any report that we do not receive on or before the due date will also be deemed overdue.
- 4.6 *Other Funds Due.* You agree to pay us, within ten (10) days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.
- 4.7 *Index.* We have the right to adjust, for inflation, the fixed-dollar amounts (that is, those expressed in a numeral and not as a percentage of Net Sales) under this Agreement (except for the Initial Franchise Fee) once a year to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.7, the term "**Index**" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.
- 4.8 *Funds.* You agree to make all payments to us in U.S. Dollars to such bank account as we may periodically designate in writing (or as we otherwise direct in writing).

## **5 FRANCHISED BUSINESS LOCATION, CONSTRUCTION AND RENOVATION**

- 5.1 *Opening Deadline.* You are responsible for purchasing, leasing, or subleasing a suitable site for the Franchised Business. You agree to establish the Franchised Business and have it open and in operation by the eight (8) month anniversary of the Effective Date of this Agreement. **Time is of the essence.**
- 5.2 *Site for the Learning Center.* As provided in Section 1.2 above, if you do not have (and we have not approved in writing) a location for the Learning Center as of the Effective Date, then you must find and obtain the right to occupy (by lease, sublease, or acquisition of the property) premises that we find acceptable to serve as your Learning Center, all in accordance with the Site Selection Addendum.
- 5.3 *Our Review and Your Responsibilities.* Any reviews that we conduct of the proposed site, lease, and other details concerning your site are for our benefit only, and to evaluate the proposed site against our internal standards. In addition:
- 5.3.1 You agree that our review, comments about, and even our acceptance of a proposed site, lease, sublease, design plans, and/or renovation plans for the Learning Center is not (and shall not be deemed) our recommendation, endorsement, and/or guarantee

of the suitability of that location or the terms of the lease, sublease, and/or purchase agreement for the premises of your Learning Center.

- 5.3.2 You agree to take all steps necessary to determine for yourself whether a particular location and the terms of any lease, sublease, and/or purchase agreement for the site are beneficial and acceptable to you (including retaining your own legal counsel to review the lease). You will always have complete and total decision-making authority over the terms of any lease, sublease, and/or purchase agreement for the site, even if we provide comments, advice, guidance, edits, or any other assistance in any lease, sublease, and/or purchase negotiations, discussions with the landlords, and/or otherwise in connection with reviewing the lease, sublease and/or purchase agreement. You agree that: **(a)** you must decide whether or not the proposed contract is sensible for your business, **(b)** the final decision as to whether or not to sign the lease, sublease, and/or purchase agreement is yours, and **(c)** we will not be responsible for the terms and conditions of your lease, sublease, and/or purchase agreement.
- 5.3.3 You agree that: **(a)** any standard layout and equipment plans that we provide to you, as well as any review and comments that we provide to the plans that you develop for your Learning Center, are not meant to address the requirements of any Operating Codes (as defined in Section 8.7 below); **(b)** our standard plans or comments to your modified plans, will not reflect the requirements of, nor may they be used for, construction drawings or other documentation that you will need in order to obtain permits or authorization to build a specific Learning Center; **(c)** you will be solely responsible to comply with all local laws, requirements, architectural needs, and similar design and construction obligations associated with the site, at your expense; and **(d)** our review, comment, and acceptance of your plans will be limited to reviewing those plans to assess compliance with our standards (including issues such as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain Services and Products that are central to the purpose, atmosphere, and functioning of Learning Centers).
- 5.3.4 You agree that our recommendation or acceptance of the Accepted Site indicates only that we believe that the Accepted Site falls within the acceptable criteria for sites and premises that we have established as of the time of our recommendation or acceptance of the Accepted Site.
- 5.3.5 We will not review nor may our acceptance be deemed to address whether or not you have complied with any of the Operating Codes, including provisions of the Americans with Disabilities Act (the "**ADA**"); and you agree that compliance with such laws is and will be your sole responsibility.
- 5.3.6 You acknowledge that we will have no liability to you or any regulatory authority if you fail to obtain and/or maintain any necessary licenses or approvals required for the operation of the Franchised Business.
- 5.4 *Lease Review.* You agree to provide us with a copy of the proposed lease, sublease, or purchase agreement for the Accepted Location, and you agree not to enter into that lease, sublease, or purchase agreement until you have received our written acceptance (subject to Section 5.3.2 above). We have the right to condition our acceptance of the lease, sublease, or purchase agreement (subject to Section 5.3.2 above) upon the inclusion of terms that we find acceptable and that are consistent with our rights and your responsibilities under this



Agreement, including, that you and the landlord execute a lease rider in the form attached to this Agreement as Exhibit G. You also agree:

- 5.4.1 to provide us with a copy of the fully signed lease and/or sublease, including a signed lease rider (in the form attached as Exhibit G), before you begin construction or renovations as the Accepted Location;
  - 5.4.2 that our recommendation or acceptance of the proposed lease, sublease, or purchase agreement for the Accepted Location indicates only that we believe that the lease, sublease, or purchase agreement falls within the acceptable criteria for sites and premises that we have established as of the time of our recommendation or acceptance of the lease, sublease, or purchase agreement for the Accepted Location;
  - 5.4.3 that our acceptance of the proposed site as well as your proposed lease, sublease, or purchase agreement for the Accepted Site does not constitute any guarantee or warranty, express or implied, of the successful operation or profitability of your Learning Center operated at the Accepted Site (and that our acceptance indicates only that we believe that the Accepted Site and the terms of the lease, sublease, or purchase agreement fall within our own internal criteria); and
  - 5.4.4 that we have advised that you have your own attorney review and evaluate the lease, sublease, or purchase agreement.
- 5.5 *Preparing the Site.* You agree that promptly after obtaining possession of the Accepted Location, you will do all of the following:
- 5.5.1 obtain all required zoning permits, all required building, utility, health, sign permits and licenses, and any other required permits and licenses;
  - 5.5.2 purchase or lease equipment, fixtures, furniture and signs as required under this Agreement (including the specifications we have provided in writing, whether in the Brand Manual or otherwise);
  - 5.5.3 complete the construction and/or remodeling as described in Section 8.8 below, and installation of all equipment, fixtures, furniture and signs and decorating of the Franchised Business in full and strict compliance with plans and specifications for the Franchised Business that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;
  - 5.5.4 obtain all customary contractors' partial and final waivers of lien for construction, remodeling, decorating and installation services; and
  - 5.5.5 purchase an opening inventory of Products and other materials and supplies.
- 5.6 *Construction or Renovation.* In connection with any construction or renovation of the Franchised Business (and before you start any such construction or renovation) you agree to comply, at your expense, with all of the following requirements, which you agree to satisfy to our reasonable satisfaction:
- 5.6.1 You agree to employ a qualified, licensed architect or engineer who is reasonably acceptable to us to prepare, for our acceptance, preliminary architectural drawings and equipment layout and specifications for site improvement and construction of the Franchised Business based upon standard layout, design and image specifications we

will furnish in the Brand Manual (depending on whether, for example, your Franchised Business will be operated in a stand-alone facility, and end-cap, or as a retro-fit of an existing building). The materials that you submit to us must include a description of any modifications to our specifications (including requirements for dimensions, interior and exterior design and layout, equipment, fixtures, furnishings, signs, and decorating materials) required for the development of a Franchised Business. Our acceptance will be limited to conformance with our standard image specifications and layout, and will not relate to your obligations with respect to any applicable Operating Codes, including the ADA. After we have responded to your preliminary plans and you have obtained any permits and certifications, you agree to submit to us, for our prior written acceptance, final architectural drawings, plans and specifications. We will have the right to request changes and approve, but we will not supervise or otherwise oversee your project. We will not unreasonably withhold our acceptance of your adapted plans, provided that such plans and specifications conform to our general criteria. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent.

- 5.6.2 You agree to comply with all Operating Codes, including, the applicable provisions of the ADA regarding the construction and design of the Franchised Business. Additionally, before opening the Franchised Business, and after any renovation, you agree to execute and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Franchised Business and any proposed renovations comply with the ADA.
- 5.6.3 You are solely responsible for obtaining (and maintaining) all permits and certifications (including, zoning permits, licenses, construction, building, utility, health, sign permits and licenses) which may be required by state or local laws, ordinances, or regulations (or that may be necessary or advisable due to any restrictive covenants relating to your location) for the lawful construction and operation of the Franchised Business. You must certify in writing to us that all such permits and certifications have been obtained.
- 5.6.4 You agree to employ a qualified licensed general contractor who is reasonably acceptable to us to construct the Franchised Business and to complete all improvements.
- 5.6.5 You agree to obtain (and maintain) during the entire period of construction the insurance required under Section 15 below; and you agree to deliver to us such proof of such insurance as we may reasonably require.
- 5.7 *Pre-Opening.* Before opening for business, you agree to meet all of the preopening requirements specified in this Agreement, the Brand Manual, and/or that we may otherwise specify in writing.
- 5.8 *Reporting Development Costs.* Within ninety (90) days after the Franchised Business first opens for business, you agree to give us a full written breakdown of all costs associated with the development and construction of the Franchised Business, in the form that we may reasonably find acceptable or that we may otherwise require.
- 5.9 *Relocation.* You agree not to relocate the Franchised Business without our prior written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration commitments that we have made to other franchisees, licensees, landlords, real estate developers, and other parties relating to the proximity of a new Learning Center to their

establishment. If you wish to relocate, then you agree to: (a) pay us a relocation fee of Five Thousand Dollars (\$5,000); and (b) reimburse us (in advance) for the costs and expenses that we reasonably expect to incur (including, if we deem necessary to visit the proposed new location, the costs of travel, lodging and meals for our representatives to visit the proposed location), and our legal fees and related expenses incurred in connection with reviewing, approving, and documenting your relocation of the Franchised Business to a new site (the “**Relocation Expenses**”). The parties must also sign an agreement to memorialize and implement the relocation, which will include, among other things, general releases. The parties will also reconcile the Relocation Expenses within thirty (30) days after you have reopened your Learning Center at the new location, based on a statement of our actual Relocation Expenses, at which time: (a) we will refund to you the unused balance of the funds that you have advanced as compared to our actual Relocation Expenses; or (b) you will pay us the additional amount necessary to fully reimburse us for our actual Relocation Expenses.

## 6 DESIGNATED PRINCIPAL, PERSONNEL, AND TRAINING

### 6.1 *Designated Principal and Management.*

6.1.1 One of the parties that owns an interest in you must serve as your “**Designated Principal**.” The Designated Principal must supervise the operation of the Franchised Business and must own at least a ten percent (10%) or more of the voting and ownership interests in the franchisee entity. The Designated Principal (and any replacement for that individual) must have qualifications reasonably acceptable to us to serve in this capacity, complete our training program as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached to this Agreement as Exhibit B.

6.1.2 You must inform us in writing whether the Designated Principal will assume full-time responsibility for the daily supervision and operation of the Franchised Business. If not, then you must employ a full-time director (a “**Center Director**”) with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Franchised Business.

6.1.3 The Franchised Business must at all times be under the active full-time management of either Designated Principal or Center Director (who must have successfully completed our initial training program to our satisfaction).

6.1.4 The term “**Additional Trained Personnel**” means Learning Center personnel, in addition to the Designated Principal and Center Director, who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each such person will perform in operating the Franchised Business.

### 6.2 *Initial Management Training.*

6.2.1 **Owners Training.** The Center Director and any Owners we require must attend and successfully complete, to our satisfaction, the training program that we offer in the Houston metropolitan area or another location that we specify (“**Initial Training**”). The Designated Principal must also attend and successfully complete, to our satisfaction, the owner’s training program.

6.2.2 If Franchisee already has completed Initial Training to Franchisor's satisfaction, then, at Franchisor's option, acting in its sole discretion, Franchisee may be permitted to conduct the initial training of its Designated Principal, its Center Director (if applicable), and any other managerial personnel, in accordance with the requirements and conditions as Franchisor may from time to time establish for such training. Franchisor's requirements for initial training by Franchisee shall be set forth in the Brand Manual or other written materials and shall include, but are not limited to, the requirement that all such training activities be conducted: (a) by the Designated Principal(s) or personnel of Franchisee (or an affiliate of Franchisee) who have completed Franchisor's initial training program to the satisfaction of the Franchisor, and who remain acceptable to Franchisor to provide initial training; and (b) following the procedures and conditions established by Franchisor. If Franchisor determines that the training provided by Franchisee does not satisfy Franchisor's standards and requirements, or that any newly trained individual is not trained to Franchisor's standards, then Franchisor may require that such newly trained individual(s) attend and complete an initial training program provided by Franchisor prior to the opening of the Franchised Business.

6.2.3 Brand Management Training.

6.2.3.1 The Center Director (and your initial general manager as well as your initial assistant manager) must also attend and successfully complete, to our satisfaction, the brand management training program that we offer at our headquarters or another location that we specify. (Your Center Director will train your subsequently hired managers and staff members.)

6.2.3.2 You may send up to three (3) additional individuals to the initial training program to our designated training facilities (which may be in the Houston metropolitan area or elsewhere). If you wish to send additional individuals to be trained (including the Designated Principal, Center Director, and Additional Trained Personnel) to the initial training program, you agree that you will first pay us our then-current discounted training fee.

6.3 *Additional Obligations and Terms Regarding Training.*

6.3.1 If for any reason your Designated Principal and/or Center Director cease active management or employment at the Franchised Business, or if we revoke the certification of your Designated Principal or your Center Director to serve in that capacity, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within thirty (30) days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the basic management training program, to our reasonable satisfaction, as soon as it is practical to do so, and you agree that you will first pay us our then-current discounted training fee.

6.3.2 We may require that you and your Designated Principal, Center Director and Additional Trained Personnel attend such refresher courses, new product launches, seminars, and other training programs as we may reasonably require periodically.

6.3.3 We may require you to enroll each of your employees in web-based training programs relating to the Services and Products that will be offered to customers of the Learning Center.

#### 6.3.4 Training Costs and Expenses.

- 6.3.4.1 We agree to bear the cost of providing the instruction and required materials, except as otherwise provided in Sections 6.2, 6.3, 6.4, and 6.5 of this Agreement.
- 6.3.4.2 You agree to bear all expenses incurred in connection with any training, including the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance for you and your employees. Training may take place at one or more locations that we designate, including the Houston metropolitan area or elsewhere.
- 6.3.4.3 You also agree to cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 below.
- 6.3.4.4 We have the right to reduce the duration or content of the training program for any trainee who has prior experience with our System or in similar businesses.

6.4 *Additional On-Site Training.* You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current per diem training charges as well as our out-of-pocket expenses. Additionally, if you do not pass one or more inspections, then we have the right to determine that you are not operating your Learning Center in accordance with our brand standards, and we may place you in default of this Agreement and/or require you and/or your employees to complete additional training at the Franchised Business or a location that we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.

6.5 *Convention.* If we hold a franchise convention, then the party holding a controlling interest in you and your Designated Principal (if different) must register for and attend the convention annually in accordance with our then-current policies. We will bill you for one registration fee prior to the convention, which will provide you with one registration. You may also have additional representatives attend the conference, as long as those representatives are registered and pay the registration fee for their attendance. You are also responsible for all travel and living expenses that you and your representatives incur in connection with attending the convention.

## 7 PURCHASING AND SUPPLY

*The requirements of this Section 7 apply to Proprietary Items (Section 7.2), Input Items that you must purchase or otherwise source from approved suppliers (Section 7.1), and Input Items that you must otherwise purchase or source in accordance with our standards and specifications (Section 7.3).*

7.1 *Input Items.* You agree to buy all learning materials, curriculum-related items, equipment, furniture, supplies, t-shirts, and other apparel, materials, and all other Services and Products used (or offered for sale) at the Learning Center (together, "**Input Items**") only from suppliers as to whom we have given our prior written approval (and whom we have not subsequently disapproved). (The term Input Items also includes any pre-packaged Products that you buy from approved suppliers.) In this regard, the parties further agree:



- 7.1.1 In determining whether we will approve any particular supplier for an Input Item, we will consider various factors, including: **(a)** whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for such items; **(b)** whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; **(c)** whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and/or **(d)** whether the supplier will sign a confidentiality agreement and a license agreement in the form that we may require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, intellectual property, etc.).
- 7.1.2 For the purpose of this Agreement, the term “**supplier**” includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. You agree that we have the right to appoint only one supplier for any particular product, or item (which may be us or one of our affiliates).
- 7.1.3 You agree that:
- 7.1.3.1 you will offer and sell all of the Services and Products that we require and that we have approved in writing; and
- 7.1.3.2 you will not offer or sell any Services and/or Products that we have not approved, disapproved, or that are otherwise not permitted under this Agreement.
- 7.1.4 If you want to buy any Input Item from an unapproved supplier (except for Proprietary Items, which are addressed in Section 7.2 below), then you must first submit to us a written request asking for our prior written approval. You agree not to buy from any such supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier’s facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with such other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to such suppliers. We also reserve the right, at our option, to periodically re-inspect the facilities and products of any such approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria. We are not required to approve any particular supplier, nor to make available our standards, specifications, or formulas to prospective suppliers, which we have the right to deem confidential.
- 7.1.5 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Learning Centers with some or all of the Services and/or Products that we require for use and/or sale in the development and/or operation of Learning Centers, notwithstanding anything to the contrary contained in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Input Items, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Learning Centers. We have the right to approve or

disapprove of the suppliers who may be permitted to sell Input Items to you. Any of our affiliates that sell Input Items to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell Input Items to you, or to withhold certain discounts that might otherwise be available to you.

- 7.1.6 You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, “**Allowances**”) offered by suppliers to you or to us (or our affiliates) based upon your purchases of Input Items. These Allowances include those based on purchases of products, and other items (such as packaging). You assign to us or our designee all of your right, title and interest in and to any and all such Allowances and authorize us (or our designee) to collect and retain any or all such Allowances without restriction.
- 7.1.7 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.
- 7.2 *Proprietary Items.* You agree that: **(a)** we have the right to require that certain Products that you offer at the Franchised Business must be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates), and that such items are our proprietary products (“**Proprietary Items**”); **(b)** we have the right to require that you purchase and offer Proprietary Items (as well as any packaging bearing the Proprietary Marks) only from us, our affiliates, and/or our designated suppliers, and not to offer or sell any other such products at or from the Franchised Business; and **(c)** we have the right to determine whether any particular item (now or in the future) is or will be deemed a “Proprietary Item.” *Specifications.* In addition to the provisions of Sections 7.1 and 7.2 above, as to those Input Items that we do not require you to buy or otherwise source from approved suppliers and that are not proprietary items (as specified in Section 7.2 above), you agree to purchase or otherwise source those Input Items only in accordance with the standards and specifications that we specify in the Brand Manual or otherwise in writing (for example, number two pencils).
- 7.3 *Use of the Marks.* You agree to use all Logo Items that we require and not to use any items that are a substitute for a Logo Item without our prior written consent. The term “**Logo Items**” is agreed to mean all marketing materials, signs, decorations, paper goods (including and all forms and stationery used in the Franchised Business). You agree that all Logo Items that you use will bear the Proprietary Marks in the form, color, location, and manner we prescribe (and that all such Logo Items will be subject to our prior written approval as provided in Section 13.9 below).
- 7.4 *Suppliers.* You acknowledge and agree that in connection with purchasing, leasing, licensing, or otherwise obtaining any service or item from a third-party supplier (including those that we have approved, required, or otherwise): **(a)** we have no responsibility (and you expressly disclaim any recovery against us) for those suppliers’ services, items, contract terms, or otherwise in connection with those suppliers’ performance; **(b)** if there are any shortcomings in the services, items, or terms of purchase, lease, or license from those suppliers, that you will seek recovery and/or compensation only from the supplier that sold, leased, licensed, or otherwise provided that service and/or item to you (and not from us or our affiliates).



## 8 YOUR DUTIES

In addition to all of the other duties specified in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

- 8.1 *Importance of Following Standards.* You understand and acknowledge that every detail of the Franchised Business is important to you, to us, and to other “Code Ninjas” franchisees in order to develop and maintain our brand and operating standards, to provide customer service to customers and participants, to increase the demand for the Services and Products sold, by all franchisees, and to protect and enhance the reputation and goodwill associated with our brand.
- 8.2 *Opening.* In connection with the opening of the Franchised Business:
- 8.2.1 You agree to conduct, at your expense, such promotional and marketing activities as we may require.
- 8.2.2 You agree to open the Franchised Business by the date specified in Section 5.1 above. Subject to availability and scheduling, we may send a representative to attend the opening (however, we have no obligation to do so).
- 8.2.3 You will not open the Franchised Business until we have determined that all construction has been substantially completed, and that such construction conforms to our standards (including those pertaining to materials, quality of work, signage, decor, paint, and equipment) and we have accepted in writing your proposal to open, which we will not unreasonably withhold.
- 8.2.4 You agree not to open the Franchised Business until the Designated Principal, Center Director, and Additional Trained Personnel have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Business’s customers.
- 8.2.5 In addition, you agree not to open the Franchised Business until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.
- 8.3 *Staffing.*
- 8.3.1 You agree to maintain a competent, conscientious staff in numbers sufficient to offer and provide the Services and Products to customers. We require your Franchised Business to staff specified positions that we may designate from time to time as necessary or appropriate for providing quality customer experience according to our standards. We will provide our requirements for service/function positions that we may establish from time to time and which will be set forth in our Brand Manual.
- 8.3.2 For the sake of efficiency and to enhance and protect our brand you and your staff must, at all times, cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well.
- 8.3.3 You agree that you will seek to develop, cultivate, and maintain a cooperative, cordial, and respectful work environment for your staff and among all of the owners of the Franchised Business.

- 8.4 *Operate According to Our Standards.* To ensure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with such methods, standards, and specifications that we may periodically require in the Brand Manual or otherwise in writing. In this regard, you agree to do all of the following:
- 8.4.1 You agree to maintain in sufficient supply, and to use at all times only the items, products, equipment, services, materials, and supplies that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.
  - 8.4.2 You agree: **(a)** to sell or offer for sale only those Services, items, and Products using the standards and techniques that we have approved in writing for you to offer and use at your Franchised Business; **(b)** to sell or offer for sale all Services, items, and Products using the standards and techniques that we specify in writing; **(c)** not to deviate from our standards and specifications; **(d)** to stop using and offering for use any Services or Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and **(e)** that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation will become our property.
  - 8.4.3 You agree to permit us, or our agents, at any reasonable time, to inspect the Products, equipment and to remove samples of items or Products, without payment, in amounts reasonably necessary for testing by us or an independent third party to determine whether the Products, equipment, or samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.
  - 8.4.4 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we may specify, and to periodically make upgrades and other changes to such items at your expense as we may reasonably request in writing. Without limiting the above, you agree that changes in our System standard may require you to purchase new and/or additional equipment for use in the Franchised Business.
  - 8.4.5 You agree not to install or permit to be installed on or about the premises of the Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, machines, décor, signs, or other items that we have not previously in writing approved as meeting our standards and specifications.
  - 8.4.6 You agree to immediately notify us in writing if you or any of your Principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interests in them.
  - 8.4.7 You agree to purchase or lease, and use, the music system and playlist that we require, and pay fees to the licensing organization associated with playing that music.
- 8.5 *Use of the Premises.* You may use the Accepted Location only for the purpose of operating the Franchised Business and for no other purpose. You agree not to co-brand or permit any other business to operate at the Accepted Location.

- 8.6 *Hours and Days of Operation.* You agree to keep the Franchised Business open and in normal operation for such hours and days as we may periodically specify in the Brand Manual or as we may otherwise approve in writing.
- 8.7 *Health Standards and Operating Codes.* You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You agree to fully and faithfully comply with all Operating Codes applicable to your Franchised Business. You will have the sole responsibility to fully and faithfully comply with any Operating Codes, and we will not review whether you are in compliance with any Operating Codes. As used in this Agreement, “**Operating Codes**” means all applicable laws, codes, ordinances, and/or regulations (whether federal, state, municipal, and/or local) that apply to the Services, Products, construction and design of the Learning Center, health, safety, instructor qualification, and/or other aspects of operating the Franchised Business (including the ADA, laws pertaining to employment, etc.), as well as requirements pertaining to educators, learning center employees, and others to obtain permits, licensure, background checks, and fingerprinting, and other such requirements.
- 8.7.1 You agree to send us, within two (2) days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business.
- 8.7.2 You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Franchised Business or provision of the Services you will offer, sell, and provide. Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Franchised Business.
- 8.7.3 You acknowledge that we will have no liability to you or any regulatory authority for any failure by you to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Franchised Business.
- 8.8 *Your Franchised Business:*
- 8.8.1 *Franchised Business Condition, Maintenance.* You agree that at all times, you will maintain the Franchised Business in a high degree of sanitation, repair, and condition. In addition, you agree to make such repairs and replacements to the Learning Center as may be required for that purpose (but no others without our prior written consent), including the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor that we may reasonably require. You also agree to obtain maintenance services from qualified vendors for any equipment as we may specify and maintain those service agreements at all times. Your maintenance and upkeep obligations under this Section 8.8,1 are separate from those with respect to periodic upgrades that we may require regarding fixtures, furnishings, equipment, decor, and signs, and Section 8.8.2 below with respect to Major Remodeling.
- 8.8.2 You also agree to complete a Minor Refurbishment as we may reasonably require, which will not be more than once every three (3) years.
- 8.8.3 *Major Remodeling.* In addition to the maintenance and upkeep obligations requirements under Section 8.8.1 above, you agree to refurbish the Franchised Business at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of

the Proprietary Marks in a manner consistent with the then-current image for new Learning Centers, including remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, “**Major Remodeling**”).

8.8.3.1 You will not have to conduct a Major Remodeling more often than once every five (5) years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Major Remodeling more often if a Major Remodeling is required as a precondition to renewal (as described in Section 2.2.2 above); and

8.8.3.2 You will have one (1) year after you receive our written notice within which to complete a Major Remodeling (but, in the case of a renewal, the Major Remodeling must be completed before you may renew).

8.9 *Use of the Marks.* You agree to follow all of our instructions and requirements regarding any marketing and promotional materials, signs, decorations, merchandise, any and all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos (including our requirements as to the form, color, location, and manner for making use of those marks).

8.10 *Depending on your type of Entity:*

8.10.1 *Corporation.* If you are a corporation, then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities upon the face of which a legend, in a form satisfactory to us, appears which references the transfer restrictions imposed by this Agreement; **(c)** not issue any additional shares (whether voting securities or securities convertible into voting securities); and **(d)** maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us upon request.

8.10.2 *Partnership/LLP.* If you are a general partnership, a limited partnership, or a limited liability partnership (LLP), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your partnership agreement as well as such other documents as we may reasonably request, and any amendments to them; **(c)** prepare and furnish to us, upon request, a current list of all of your general and limited partners; and **(d)** consistent with the transfer restrictions set out in this Agreement, maintain instructions against the transfer of any partnership interests without our prior written approval.

8.10.3 *LLC.* If you are a limited liability company (LLC), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your articles of organization and operating agreement, as well as such other documents as we may reasonably request, and any amendments to them; **(c)** prepare and furnish to us, upon request, a current list of all members and managers in your LLC; and **(d)** maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities upon the face of which bear a legend, in

a form satisfactory to us, which references the transfer restrictions imposed by this Agreement.

- 8.10.4 *Guarantees.* If you (that is, the Franchisee under this Agreement) are an entity, then you agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit B, from each current and future direct and indirect: **(a)** shareholder of a corporate Franchisee; **(b)** member of a limited liability company Franchisee; **(c)** partner of a partnership Franchisee; and/or **(d)** partner of a limited liability partnership Franchisee.
- 8.11 *Quality-Control and Customer Survey Programs.* We may periodically designate an independent evaluation service to conduct a “mystery shopper,” “customer survey,” and/or similar quality-control and evaluation programs with respect to some or all of the Learning Centers in our System. You agree to participate in such programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report in connection with any such program, then you agree to: **(a)** immediately implement any remedial actions we require; and **(b)** reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Franchised Business, our inspections of the Franchised Business, and other costs or incidental expenses).
- 8.12 *Prices.*
- 8.12.1 We may periodically provide suggested retail pricing, however (subject to Section 8.12.2 below), you will always have the right to set your own prices.
- 8.12.2 You agree that we may set reasonable restrictions on the maximum and minimum prices you may charge for the Services and Products offered and sold at the Learning Center under this Agreement. You will have the right to set the prices that you will charge to your customers; provided, however, that (subject to applicable law): **(a)** if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and **(b)** if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.
- 8.13 *Environmental Matters.* Both parties recognize and agree that there are changing standards in this area in terms of applicable law, competitors’ actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long-term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Brand Manual, and you agree to abide by those standards.
- 8.14 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Learning Center. All such products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You hereby grant to us (and agree to obtain from your affiliates, owners, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any such ideas, concepts, methods, techniques and products in any businesses that we and/or our affiliates, franchisees and designees operate. We will have the right to use those ideas, concepts, methods, techniques,



and/or products without compensation to you. You agree not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

- 8.15 *Suspending Operation.* You agree to immediately suspend operating the Franchised Business and promptly notify us in writing if: **(a)** any equipment used, or Services or Products sold, at the Franchised Business deviate from our standards; **(b)** any equipment used, or Services or Products sold, at the Franchised Business fail to comply with applicable laws or regulations; **(c)** you fail to maintain the equipment, Franchised Business premises, personnel, or operation of the Franchised Business in accordance with any applicable law or regulations; and/or **(d)** if you are in material default of your obligations under this Agreement. In the event of such a suspension of operations, you agree to immediately notify us, in writing, and also remedy the unsafe, or other condition or other violation of the applicable law or regulation. You agree not to reopen the Franchised Business until after we have inspected the Franchised Business premises (physically or otherwise), and we have determined that you have corrected the condition and that all equipment used, or Services or Products to be sold, at the Franchised Business comply with our standards. This Section 8.16 does not limit or restrict our other rights under this Agreement.

## 9 PROPRIETARY MARKS

- 9.1 *Our Representations.* We represent to you that we own (and/or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks.
- 9.2 *Your Agreement.* With respect to your use of the Proprietary Marks, you agree that:
- 9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.
- 9.2.2 You will use the Proprietary Marks only for the operation of the business franchised under this Agreement and only at the location authorized under this Agreement, or in franchisor approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).
- 9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name "Code Ninjas" without prefix or suffix (except with our prior written approval).
- 9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business (visible to customers, visible only to your staff, and otherwise as we may designate in writing).
- 9.2.5 Your right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of our rights.
- 9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.

- 9.2.7 You agree not to use the Proprietary Marks: **(a)** as part of your corporate or other legal name; **(b)** as part of any e-mail address, domain name, social networking site page, or other identification of you in any electronic medium (except as otherwise provided in Section 14.11); and/or **(c)** in any human relations (HR) document or materials, including job applications, employment agreements, pay checks, pay stubs, and the like.
- 9.2.8 You agree to: **(a)** comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations; and **(b)** execute any documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability, including any additional license agreements we may require for use of the Proprietary Marks on the Internet or in other marketing.
- 9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:
- 9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You agree to communicate only with us, our affiliates, our counsel, or your counsel regarding any such infringement or challenge. You acknowledge that we have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.
- 9.2.9.2 Defense and Costs:
- (a) *If You Used the Marks in Accordance with this Agreement*: If you have used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof, and we agree to reimburse you for your out-of-pocket litigation costs in doing such acts and things (except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement). .
- (b) *If You Used the Marks But Not in Accordance with this Agreement*: If you used the Proprietary Marks in any manner that was not in accordance with this Agreement (including our instructions), then we will still defend you, but at your expense, against such third party claims, suits, or demands (including all of the costs of defense as well as the cost of any judgment or settlement). You agree to reimburse us for the cost of such litigation (or, upon our written request, pay our legal fees directly), including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, as well as the cost of any judgment or settlement.
- 9.2.9.3 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign any and all documents, and do those acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).



- 9.3 *Your Acknowledgements.* You agree that:
- 9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.
  - 9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System.
  - 9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).
  - 9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.
  - 9.3.5 Any and all goodwill arising from your use of the Proprietary Marks shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.
  - 9.3.6 The license that we have granted to you under this Agreement to use our Proprietary Marks is not exclusive, and therefore we have the right, among other things:
    - 9.3.6.1 To use the Proprietary Marks ourselves in connection with selling Services and Products;
    - 9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we may have already granted to you and other licensees; and
    - 9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.
- 9.4 *Change to Marks.* We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different, updated, or changed Proprietary Marks will be beneficial to the System. In such circumstances, you agree to adopt the new Proprietary Marks and that your right to use the substituted proprietary marks shall be governed by (and pursuant to) the terms of this Agreement.

## 10 CONFIDENTIAL BRAND MANUAL

- 10.1 *You Agree to Abide by the Brand Manual.* In order to protect our reputation and goodwill and to maintain our standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Brand Manual. We will lend to you (or permit you to have access to) one (1) copy of our Brand Manual, only for the term of this Agreement, and only for your use in connection with operating the Franchised Business during the term of this Agreement.

- 10.2 *Format of the Brand Manual.* We will have the right to provide the Brand Manual in any one or more formats that we determine are appropriate (including making some or all of the Brand Manual available to you only in digital form and/or in other written or printed form), and we may change how we provide the Brand Manual from time to time. If at any time we choose to provide some or all of the Brand Manual electronically, you agree to immediately return to us any and all physical copies of the portions of the Brand Manual that we have previously provided to you.
- 10.3 *We Own the Brand Manual.* The Brand Manual will at all times remain our sole property and you agree to promptly return the Brand Manual (including any and all copies of some or all of the Brand Manual) when this Agreement expires and/or is terminated.
- 10.4 *Confidentiality and Use of the Brand Manual.*
- 10.4.1 The Brand Manual contains our proprietary information and you agree to keep the Brand Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will insure that your copy of the Brand Manual will be available at the Franchised Business premises in a current and up-to-date manner. Whenever the Brand Manual is not in use by authorized personnel, you agree to maintain secure access to the Brand Manual at the premises of the Franchised Business, and you agree to grant only authorized personnel (as defined in the Brand Manual) with access to the security protocols for the Brand Manual.
- 10.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication of the Brand Manual in whole or in part.
- 10.5 *You Agree to Treat Brand Manual as Confidential.* You agree that at all times, you will treat the Brand Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information contained in those materials, as confidential, and you also agree to use your best efforts to maintain such information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.
- 10.6 *Which Copy of the Brand Manual Controls.* You agree to keep your copy of the Brand Manual only at the Franchised Business (and as provided in Section 10.4 above) and also to insure that the Brand Manual is kept current and up to date. You also agree that if there is any dispute as to the contents of the Brand Manual, the terms of the master copy of the Brand Manual that we maintain in our head office will be controlling. Access to any electronic version of the Brand Manual will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 below.
- 10.7 *Revisions to the Brand Manual.* We have the right to revise the contents of the Brand Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Brand Manual and to comply with each new or changed standard.
- 10.8 *Modifications to the System.* You recognize and agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any such change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques) as if they were part of this Agreement at the time when you and we signed

this Agreement. You agree to make such expenditures and such changes or modifications as we may reasonably require pursuant to this Section and otherwise in this Agreement.

## 11 CONFIDENTIAL INFORMATION

### 11.1 *Confidentiality.*

11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person, persons, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it in order to operate the Franchised Business.

11.1.2 Any and all information, knowledge, know-how, and techniques that we designate as confidential will be deemed Confidential Information for purposes of this Agreement, except information that you can demonstrate came to your attention before disclosure of that information by us; or which, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.

11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business must execute a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. Such covenants must be on a form that we provide, which form will, among other things, designate us as a third-party beneficiary of such covenants with the independent right to enforce them.

11.1.4 As used in this Agreement, the term "**Confidential Information**" includes, without limitation, our business concepts and plans, business model, financial model, curriculum, methods, equipment, printing and digital document management methods, operating techniques, marketing methods, processes, formulae, manufacturing and vendor information, results of operations and quality control information, financial information, sales, royalty rates, accounting chart, demographic and trade area information, prospective site locations, market penetration techniques, plans, or schedules, the Brand Manual, customer profiles, preferences, or statistics, information about our offerings, itemized costs, franchisee composition, territories, and development plans, this Agreement and other agreements related to the Franchised Business, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or legend designating such information or item to be confidential or proprietary, by any communication to such effect made before or at the time any Confidential Information is disclosed to you.

11.2 *Consequences of Breach.* You agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

## 12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS

### 12.1 *Accounting Records and Sales Reports.*

- 12.1.1 With respect to the operation and financial condition of the Franchised Business, we will have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.
- 12.1.2 With respect to the Franchised Business, you agree to maintain for at least five (5) years during (as well as after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Brand Manual or otherwise in writing, including: **(a)** daily cash reports; **(b)** cash receipts journal and general ledger; **(c)** cash disbursements and weekly payroll journal and schedule; **(d)** monthly bank statements, bank reconciliations, daily deposit slips, and cancelled checks; **(e)** all tax returns; **(f)** supplier's invoices (paid and unpaid); **(g)** dated daily and weekly cash register journals and POS reports in accordance with our standards; **(h)** periodic balance sheets, periodic profit and loss statements, and periodic trial balances; **(i)** operational schedules and weekly inventory records; **(j)** records of promotion and coupon redemption; and **(k)** such other records that we may periodically and reasonably request. You agree to allow us access to review all of these records as specified below in Section 12.6.
- 12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us.
- 12.1.3.1 We have the right (among other things) to require that you use only an approved (a) bookkeeping service; (b) payroll processing vendor; and/or (c) an approved independent certified public accountant.
- 12.1.3.2 All of the records required under this Section 12.1 and in Sections 12.2 and 12.3 below must be maintained in digital form, accessible to us and/or or designee (for example, our accountants) remotely and in that digital form, and using a software program or online site (such as "QuickBooks") that we approve, so that the data can be reviewed and/or downloaded to our computer system in a compatible and comparable manner.
- 12.1.3.3 You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.
- 12.1.3.4 Nothing in this Agreement requires your CPA to share with us its advice or guidance to you.
- 12.1.4 You agree to permit us at all times to independently access your Computer System so that we may, among other things, review the Net Sales information for your Franchised Business. You further agree to submit to us each Month, in the form we specify and/or utilizing our Required Software (as that term is defined in Section 14.1.2 below), the

Sales Report for the immediately preceding Month. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise, and in a manner that we designate so that it is compatible with our computer systems) for our receipt no later than the times required under Section 4.3 above. You agree that if you do not submit those reports to us in a timely manner, and/or if you do not permit us to access your Computer System as provided, we will have the right to charge you for the costs that we incur in auditing your records. We may modify the frequency in which we require you to submit Sales Reports to us.

## 12.2 *Financial Statements.*

- 12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, a complete annual financial statement prepared on a review basis by an independent certified public accountant (as to whom we do not have a reasonable objection) within ninety (90) days after the end of each fiscal year of the Franchised Business during the term of this Agreement. Your financial statement must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.
- 12.2.2 In addition, during the term of this Agreement after the opening of the Franchised Business, you agree to submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): **(a)** a fiscal period and fiscal year-to-date profit and loss statement and a periodic balance sheet (which may be unaudited) for the Franchised Business and a periodic trial balance through the end of each Period; **(b)** reports of those income and expense items of the Franchised Business for the Period that we periodically specify for use in any revenue, earnings, and/or cost summary we choose to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Business); **(c)** copies of all state sales tax returns for the Franchised Business; and **(d)** copies of withholding remittances. You agree to provide to us the materials required by Sections 12.2.2(a) and 12.2.2(b) above within fifteen (15) days after the end of each fiscal quarter; and the materials required by Sections 12.2.2(c) and 12.2.2(d) within ten (10) days after you have filed those returns with the appropriate taxing authorities.
- 12.2.3 You must certify as correct and true all reports and information that you submit to us pursuant to this Section 12.2. You also agree to provide us with copies of your federal, state, and local income tax returns within ten (10) days after you file those but not more than one hundred and eighty (180) days after each fiscal year end. If you do not meet your obligation to provide us with access to your books and records, as well as copies of required accounting records and financial statements, as specified in this Section 12, or if you fail to provide us with required reports (such as sales reports), then we will have the right to require you to have your annual financial statement prepared on a review basis by an independent certified public accountant that is reasonably satisfactory to us.
- 12.2.4 You agree that upon our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your Computer System in order to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.



- 12.3 *Additional Information.* You also agree to submit to us (in addition to the sales reports required pursuant to Section 12.1.4 above), for review or auditing, such other forms, reports, records, information, and data as and when we may reasonably designate, in the form and format, and at the times and places as we may reasonably require, upon request and as specified periodically in the Brand Manual or otherwise in writing, including: **(a)** information in electronic format; **(b)** restated in accordance with our financial reporting periods; **(c)** consistent with our then-current financial reporting periods and accounting practices and standards; and/or **(d)** as necessary so that we can comply with reporting obligations imposed upon us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section 12.3 will be in addition to, and not in lieu of, the electronic reporting required under Section 14 below.
- 12.4 *PCI Compliance and Credit Cards.* With respect to processing customer payments by credit and debit cards, you agree to do all of the following:
- 12.4.1 You agree to comply with all of our policies regarding customer payment by credit and/or debit cards, including for example the required use of credit and/or debit cards and other payment methods offered by Payment Vendors, minimum purchase requirements for a customer's use of a credit and/or debit card, and other such requirements that we may set out in the Brand Manual.
- 12.4.2 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial-center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we may periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").
- 12.4.3 You agree not to use any Credit Card Vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.
- 12.4.4 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing such payments, and to revoke our approval of any service provider.
- 12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with data and cybersecurity requirements.
- 12.4.6 You agree to comply with our requirements concerning data collection and protection, as specified in Section 14.3 below.
- 12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that we may reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

- 12.5 *Gift Cards and Incentive Programs.* You agree to offer for sale, participate in, and honor for purchases by customers, all gift cards and other incentive or convenience programs that we may periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile apps, mobile payment, and/or other customer affinity applications; together, "**Customer Apps**"); and you agree to do all of those things in compliance with our standards and procedures for such programs (which may be set out in the Brand Manual or otherwise in writing). You agree to abide by our written standards with respect to gift card residual value. For this purpose, you must purchase the software, hardware, and other items needed to participate in, sell, and process Customer Apps, and to contact with Customer App vendors (including suppliers of gift cards and gift card processing services), as we may specify in writing in the Brand Manual or otherwise. You must also pay such transaction fees as may be required by the vendors of the gift card system. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing.
- 12.6 *Our Right to Inspect Your Books and Records.* We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We will also have the right, at any time, to have an independent audit made of your books and records. If an inspection should reveal that you have understated any payments in any report to us, then this will constitute a default under this Agreement, and you agree to immediately pay us the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of one and one-half percent (1.5%) per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). If we conduct an inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your Royalties), by two percent (2%) or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for any and all costs and expenses we incur in connection with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies will be in addition to any other remedies we may have. We may exercise our rights under this Section 12 directly or by engaging outside professional advisors (for example, a CPA) to represent us.
- 12.7 *Operational Inspections.* In addition to the provisions of Section 12.6 above, you also grant to us and our agents the right to enter upon the Franchised Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Brand Manual. You agree to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. You further agree to pay us our then-current per diem fee for our representative(s) and to reimburse us for our reasonable travel expenses if additional inspections at the Franchised Business are required when a violation has occurred and you have not corrected the violation, or if you did not provide us with your records or access to your records upon reasonable request that is permitted under this Agreement.



**13     MARKETING**

13.1   *Marketing Contribution.*

13.1.1 You agree to contribute or spend an amount equal to five and one-quarter percent (5.25%) of your Franchised Business’s Net Sales during the preceding Period (the “**Marketing Contribution**”), allocated as provided in Section 13.1.2 below. You agree to pay the Marketing Contribution in the manner and at the times required with respect to the payment of royalties under this Agreement (and as otherwise provided in this Section 13). In addition to the Marketing Contribution, you agree to conduct the Grand Opening Marketing Program (as further described in Section 13.4 below).

13.1.2 We will have the right to allocate your Marketing Contribution in the proportion that we designate among the following: (a) the marketing and promotional fund for the United States (the “**Brand Fund**”), if established as noted below; and (b) to be spent by you on local marketing and promotion. We currently allocate the Marketing Contribution as follows:

2.25%	To be contributed to the Brand Fund; and
3.00%	To be spent by you on local marketing and promotion, as specified in Section 13.3 below.

13.1.3 No part of the Marketing Contribution will be subject to refund or repayment.

13.2   *Brand Fund.* We have established, and will maintain and administer, the Brand Fund. The following provisions apply to the Brand Fund:

13.2.1 We (or our designee) will have the right to direct all marketing programs, with sole discretion over the concepts, materials, and media used in such programs and the placement and allocation thereof. You agree that the Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and that we and our designee are not obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund.

13.2.2 The Brand Fund, all contributions to that fund, and any of that fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System (including, among other things, the costs of preparing and conducting marketing and media advertising campaigns on radio, television, cable, and other media; direct mail advertising; developing and implementing website, social networking/media, geo-targeting, SEO and other search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including salaries for personnel directly engaged in consumer-oriented marketing functions), advertising and/or public relations agencies to assist with such endeavors; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; engaging individuals as

spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts, coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for Learning Centers and their competitors; paying association dues (including the International Franchise Association), establishing third-party facilities for customizing local advertising; purchasing and installing signage; and providing promotional and other marketing materials and services to the Learning Centers operated under the System).

- 13.2.3 You agree to contribute the portion of the Marketing Contribution allocated to the Brand Fund in the manner and at the times required with respect to the payment of royalties under this Agreement. The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System. All sums you pay to the Brand Fund will be maintained in an account separate from our other monies and will not be used to defray any of our expenses, except for such reasonable costs and overhead, if any, as we may incur in activities reasonably related to the direction and implementation of the Brand Fund and marketing programs for franchisees and the System. The Brand Fund and its earnings will not otherwise inure to our benefit. We or our designee will maintain separate bookkeeping accounts for the Brand Fund.
- 13.2.4 The Brand Fund is not and will not be our asset. We will prepare and make available to you upon reasonable request an annual statement of the operations of the Brand Fund.
- 13.2.5 Although once established the Brand Fund is intended to be of perpetual duration, we maintain the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for marketing purposes.
- 13.3 *Local Marketing and Promotion.* You must spend such amounts on local marketing and promotion as we specify in Section 13.1.2 above on a continuous basis. If you fail to spend the required amounts on local marketing and promotion, we may make the expenditures on your behalf, and you agree to promptly reimburse us upon our request for those expenditures as well as our costs and expenses of doing so. As used in this Agreement, the term “local marketing and promotion” will consist only of the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties agree that local marketing may not include costs or expenses that you incur or that are spent on your behalf in connection with any of the following:
- 13.3.1 Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to such employees, including discount coupons (however, you may also include within local marketing and promotion giveaways, but only the wholesale cost plus direct labor associated with those giveaways);
- 13.3.2 Charitable, political, or other contributions or donations; and/or

- 13.3.3 The value of discounts provided to consumers.
- 13.4 *Grand Opening Marketing Program.* In addition to the Marketing Contribution, you agree to spend at least Seven Thousand Five Hundred Dollars (\$7,500) for grand opening marketing and promotional programs in conjunction with the Franchised Business's initial grand opening, pursuant to a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program must begin sixty (60) days before the scheduled commencement date for the Franchised Business and be completed no later than sixty (60) days after the Franchised Business commences operation, and is subject to the provisions of Section 13.7 below. You may include giveaways in the Grand Opening Marketing Program (but only the wholesale cost plus direct labor associated with those giveaways).
- 13.5 *Vehicles.* You may not wrap your vehicles in our Marks, or otherwise use a vehicle to promote the Franchised Business, without our prior written approval. We have the right to condition our approval on those factors that we deem appropriate, including that your vehicle meets our then current standards for wrapping, insurance requirements, and other standards.
- 13.6 *Materials Available for Purchase.* We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.
- 13.7 *Standards.* All of your local marketing and promotion must: (a) be in the media, and of the type and format, that we may approve; (b) be conducted in a dignified manner; and (c) conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as specified in Section 13.7 below.
- 13.8 *Our Review and Right to Approve All Proposed Marketing.* For all proposed local marketing and promotion, advertising, and promotional plans, you must submit to us samples of such plans and materials (by means described in Section 24 below), for our review and prior written approval. If you have not received our written approval within fourteen (14) days after we have received those proposed ads, samples, and/or other marketing materials, then we will be deemed to have disapproved them. You agree that any and all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign such documents (and, if necessary, require your employees and independent contractors to sign such documents) that we deem reasonably necessary to give effect to this provision.
- 13.9 *Rebates.* You agree that periodic rebates, give aways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, give aways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.
- 13.10 *Considerations as to Charitable Efforts.* You agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the good will associated with the Proprietary Marks. Accordingly, you agree that you will not,

without our prior written consent, take any actions, positions, and/or make statements that are (or that may be perceived by the public to be) taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

- 13.11 *Additional Marketing Expenditure Encouraged.* You understand and acknowledge that the required contributions and expenditures are minimum requirements only, and that you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.
- 13.12 *Promotions.* You agree to participate in promotional programs that we periodically develop, in the manner that we direct, which may include providing services and products to frequent customers, including discounted and/or complimentary products or services.
- 13.13 *Advisory Councils.* If we form or require the formation of a franchisee advisory council or association ("**Advisory Council**") with respect to advertising, marketing, and other matters relating to franchised Learning Centers, you may be required to become a member of the Advisory Council. If so, you agree that you will become a member of and maintain your membership in that Advisory Council, pay to the Advisory Council all dues and assessments authorized by the Advisory Council, and otherwise abide by the Advisory Council's rules and regulations.

#### 14 TECHNOLOGY PLATFORM

- 14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:
- 14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Learning Centers, and in accordance with our standards, including:
- a. back office and point of sale systems, data, audio, video (including managed video security surveillance, which we have the right to monitor to the extent permitted by law), telephone, voice messaging, retrieval, and transmission systems for use at Learning Centers, between or among Learning Centers, and between and among the Franchised Business, and you, and us;
  - b. point-of-sale (POS) (defined in Section 14.6 below);
  - c. physical, electronic, and other security systems and measures;
  - d. printers and other peripheral devices;
  - e. archival back-up systems;
  - f. internet access mode (such as form of telecommunications connection) and speed;
  - g. technology used to enhance and evaluate the customer experience (including digital ordering devices, kiosk, touchpads, and the like);

- h. digital and virtual display boards and related technology, hardware, software, and firmware;
- i. front-of-the-house WiFi and other connectivity service for customers;
- j. cloud-based back-end management systems and storage sites;
- k. in-shop music systems under Section 8.4.7 above; and
- l. consumer-marketing oriented technology (including Customer Apps, affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites)

(collectively, all of the above in this Section 14.1.1 are referred to as the "**Computer System**").

14.1.2 We have the right, but not the obligation, to develop or have developed for us, or to designate: **(a)** programs, computer software, and other software (e.g., accounting system software) that you must use in connection with the Computer System (including applications, technology platforms, and other such solutions) ("**Required Software**"), which you must install and maintain; **(b)** updates, supplements, modifications, or enhancements to the Required Software, which you must install and maintain; **(c)** the media upon which you must record data; and **(d)** the database file structure of your Computer System. If we require you to use any or all of the above items, then you agree that you will do so. The term "Required Software" also includes the affinity program cards and related items that are required under Section 12.5 above.

14.1.3 You agree to install, use, maintain, update, and replace (as needed) all elements of the Computer System and Required Software at your expense. You agree to pay us or third party vendors, as the case may be, initial and ongoing fees in order to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.

14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we may reasonably request in writing (collectively, "**Computer Upgrades**") (which may be in conjunction with a Minor Refurbishment or as is otherwise needed).

14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.

14.1.6 You also agree that we will have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

## 14.2 *Data.*

14.2.1 You agree that all data relating to the Franchised Business that you collect, create, provide, or otherwise develop on your Computer System (whether or not uploaded to our system from your system and/or downloaded from your system to our system) is and will be owned exclusively by us, and that we will have the right to access,



download, and use that data in any manner that we deem appropriate without compensation to you.

- 14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer and transaction data), is and will be owned exclusively by us during the term of, and after termination or expiration of, this Agreement.
- 14.2.3 In order to operate your Franchised Business under this Agreement, we hereby license use of such data back to you, at no additional cost, solely for the term of this Agreement and for your use in connection with operating the Franchised Business. You agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.
- 14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly upon our request when made, whether periodically during the term of this Agreement, upon termination and/or expiration of this Agreement, or at the time of any transfer of an interest in you and/or of the Franchised Business.
- 14.2.5 For the limited purpose of this Section 14.2, references to “data” exclude consumers’ credit card and/or other payment information.
- 14.3 *Data Requirements and Usage.* We may periodically specify in the Brand Manual or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Franchised Business, and you agree to provide to us such reports as we may reasonably request from the data so collected and maintained. In addition:
- 14.3.1 You agree to abide by all applicable laws pertaining to the data (including those pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information) (“**Privacy Laws**”).
- 14.3.2 You agree to also comply with any standards and policies that we may issue (without any obligation to do so) pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information. If you become aware (and/or if you should be aware) that there is a conflict between our standards and policies and Privacy Laws, then you agree to: **(a)** comply with the requirements of the Privacy Laws; **(b)** immediately give us written notice of that conflict; and **(c)** promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.
- 14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to such policy.
- 14.3.4 You agree to implement at all times appropriate physical and electronic security as is necessary to secure your Computer System, including complex passwords that you change periodically, and to comply with any standards and policies that we may issue (without obligation to do so) in this regard.
- 14.4 *Extranet.* You agree to comply with our requirements (as set forth in the Brand Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or such other computer

systems as we may reasonably require. The term “**Extranet**” means a private network based upon Internet protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). The Extranet may include, among other things, the Brand Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You agree to purchase and maintain such computer software and hardware (including telecommunications capacity) as may be required to connect to and utilize the Extranet. You agree to execute and deliver to us such documents as we may deem reasonably necessary to permit you to access the Extranet.

- 14.5 *No Separate Digital Sites.* Except to the extent that we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We will have the right, but not the obligation, to provide one or more references or webpage(s), as we may periodically designate, within our Digital Site. The term “**Digital Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, You Tube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, podcasts, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions will apply:
- 14.5.1 You agree that you will not establish or use any Digital Site without our prior written approval.
  - 14.5.2 Any Digital Site that you own or that is maintained by or for your benefit will be deemed “marketing” under this Agreement, and will be subject to (among other things) our right of review and prior approval under Section 13.9 above.
  - 14.5.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, visible content (including, proposed screen shots, links, and other content), and non-visible content (including, meta tags, cookies, and other electronic tags) in the form and manner we may reasonably require.
  - 14.5.4 You may not use or modify such Digital Site without our prior written approval as to such proposed use or modification.
  - 14.5.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we may periodically prescribe in the Brand Manual or otherwise in writing (including requirements pertaining to designating us as the sole administrator or co-administrator of the Digital Site).
  - 14.5.6 If we require, you agree to establish such hyperlinks to our Digital Site and others as we may request in writing.
  - 14.5.7 If we require you to do so, you agree to make weekly or other periodic updates to the Digital Site to reflect information regarding specials and other promotions at your Franchised Business.



- 14.5.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we will have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.
- 14.6 *POS Systems.* You agree to record all sales on integrated computer-based point of sale systems we approve or on such other types of cash registers and other devices (such as iPads, touch screens, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) that we may designate in the Brand Manual or otherwise in writing (taken together, “**POS Systems**”), which shall be considered part of your Computer System. You agree to utilize POS Systems that are fully compatible with any program, software program, and/or system which we, in our discretion, may employ (including mobile or remote device, application and payment systems), and you agree to record all Net Sales and all sales information on such equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you agree to enter into and maintain such agreements (including making such payments) as we or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. You agree to at all times maintain a continuous high-speed connection to the Internet to send and receive POS data to us, in accordance with any standards for that internal connection that we may establish.
- 14.7 *E-Mail.* You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to: (a) the content of such electronic advertisements or solicitations; and (b) your plan for transmitting such advertisements. In addition to any other provision of this Agreement, you will be solely responsible for compliance with any laws pertaining to sending electronic communication including, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the “CAN-SPAM Act of 2003”), the Federal Telephone Consumer Protection Act, and the Canada Anti-Spam Law (known as “CASL”). (As used in this Agreement, the term “**electronic communication**” includes all methods for sending communication electronically, whether or not currently invented or used, including e-mails, text messages, app- and/or internet-based communication, and faxes.)
- 14.8 *Outsourcing.* You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with us and you in a form that we may reasonably provide and the third party or outside vendor’s agreement to pay for all initial and ongoing costs related to interfaces with our computer systems. The provisions of this section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent. You also agree not to implement, use, or otherwise engage with AI Sources without our prior written consent. The term “**AI Source**” means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology, including ChatGPT and other sources.
- 14.9 *Telephone Service.* You agree to use the telephone service for the Learning Center that we may require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for your Franchised Business, and you agree to sign the forms necessary to implement this clause.

- 14.10 *Changes.* You agree that changes to technology are dynamic and likely to occur during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we will have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those reasonable new standards as if this Section 14 were periodically revised by us for that purpose, and you also agree to pay vendors' charges for those new items and services.
- 14.11 *Electronic Communication – Including E-Mail, Texts, and other Messaging.* You agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely upon your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to you during the term of this Agreement.
- 14.11.1 In order to implement the terms of this Section 14.11, you agree that: **(a)** Official Senders are authorized to send electronic communications to those of your employees as you may occasionally designate for the purpose of communicating with us and others; **(b)** you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we may reasonably require) to Official Senders' transmission of electronic communication to those persons, and that such persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that such person works for or is affiliated with you; and **(c)** you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.
- 14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.
- 14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain Name that we designate, such as "jane.jones@CodeNinjasFranchisee.com") (the "**Permitted E-mail Address**") in connection with the operation of the Franchised Business, under the standards that we set for use of that Permitted E-mail Address. You will be required to sign the form E-Mail authorization letter that we may specify for this purpose. If we assign you a Permitted E-mail Address, then you agree that you (and your employees) will use only that e-mail account for all business associated with your Franchised Business.

## 15 INSURANCE

- 15.1 *Required Insurance Coverage.* Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the Term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Business or other facilities on premises. Such policy or policies

must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum (however, you agree that we may reasonably specify additional coverages and higher policy limits in the Brand Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, and/or other relevant changes in circumstances), the following (all subject to the additional requirements of this Section 15):

- 15.1.1 Commercial general liability insurance with limits of at least One Million Dollars (\$1,000,000) per occurrence, and Two Million Dollars (\$2,000,000) general aggregate, and product liability insurance with limits of at least Two Million Dollars (\$2,000,000) general aggregate including the following coverages: Employer's liability and abuse and molestation coverage; professional liability, personal injury (employee and contractual inclusion deleted); products/completed operation; assault and battery; terrorism; and tenant's legal liability with limits of at least Three Hundred Thousand Dollars (\$300,000). All such coverages insuring Franchisor and Franchisee against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based upon or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business. This coverage shall not exclude losses due to assault, battery, and/or the use or brandishing of firearms.
- 15.1.2 Comprehensive liability insurance including owned (if applicable), non-owned, and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least One Million Dollars (\$1,000,000) combined single limit, and One Million Dollars (\$1,000,000) general aggregate limit.
- 15.1.3 Excess liability coverage over general liability, auto liability, worker's compensation, and abuse/molestation, with at least Two Million Dollars (\$2,000,000) per occurrence and in the aggregate.
- 15.1.4 Statutory workers' compensation insurance and employer's liability insurance (all subject to Section 15.2 below) for a minimum limit equal to at least the greater of Five Hundred Thousand Dollars (\$500,000), statutory requirements, and the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the Learning Center is located.
- 15.1.5 Data theft and Cyber Liability Privacy Notification and Crisis Management First & Third Party (subject to Section 15.2 below) with limits of liability not less than Five Hundred Thousand Dollars (\$500,000) combined single limit.
- 15.1.6 Employment practices liability insurance (subject to Section 15.2 below) with limits of liability not less than One Million Dollars (\$1,000,000) combined single limit.
- 15.1.7 Any other insurance coverage that is required by federal, state, or municipal law (subject to Section 15.2 below).
- 15.1.8 All coverages must be written with no coinsurance penalty.

- 15.2 *Additional Terms Applicable to All Policies.* In addition to the other provisions of this Section 15 (above and those below), you agree that:
- 15.2.1 All policies listed in Section 15.1 above (unless otherwise noted below) must contain such endorsements as we will periodically specify in the Brand Manual.
  - 15.2.2 All policies must waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).
  - 15.2.3 All public liability and property damage policies must: **(a)** list as additional insureds, us and any other entities in which we have an interest (as well as all other entities affiliated with us), and each of those parties' respective members, managers, shareholders, directors, officers, partners, joint venturers, employees, servants, and agents, and their successors and assigns; and **(b)** contain a provision that we, although named as an additional insured, will nevertheless be entitled to recover under said policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees, including as additional insureds.
  - 15.2.4 You agree to provide us with sixty (60) days' advance written notice in the event of cancellation, change, and/or non-renewal of any policy, in the manner provided in Section 24 below.
- 15.3 *Construction Coverages.* In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the term of this Agreement, you agree to require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, such insurance policies and bonds with such endorsements as are set forth in the Brand Manual, all written by insurance or bonding companies that we have approved, having a rating as set forth in Section 15.1 above.
- 15.4 *Other Insurance Does Not Impact your Obligation.* Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions set forth in Section 21.4 below. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other Learning Centers that you (and/or your affiliates) operate under the System.
- 15.5 *Certificates of Insurance.* At least thirty (30) days before the time you are first required to carry any insurance under this Agreement, and from then on, at least thirty (30) days before the expiration of any such policy (and also on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date), you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates must expressly provide that we will receive at least thirty (30) days' prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by such certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and must expressly provide that those parties' interests will not be affected by any breach by you of any policy provisions for which such certificates evidence coverage.

- 15.6 *Required Coverages are Minimums.* You agree that the specifications and coverage requirements in this Section 15 are minimums only, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.
- 15.7 *Obtaining Coverage.* If you fail to maintain or acquire insurance, we will have the right (but not the obligation) to obtain insurance coverage on your behalf, in which case we will invoice you for the insurance premiums plus our reasonable expenses, and you agree to pay those invoices within five (5) days after we send them to you.

## 16 TRANSFER OF INTEREST

- 16.1 *By Us.* We will have the right to transfer or assign this Agreement and/or all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.
- 16.2 *Your Principals.* Each party that holds any interest whatsoever in you (whether directly, indirectly, and/or beneficially) (each, a "**Principal**"), and the interest that each Principal holds in you (directly, indirectly, and/or beneficially) is identified in Exhibit C to this Agreement. You represent and warrant to us, and agree, that your owners are accurately set forth on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, and/or their respective interests in you, to change without complying with this Agreement.
- 16.3 *Principals.* We will have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Exhibit C will be so amended automatically upon written notice to you.
- 16.4 *By You.* You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:
- 16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent.
- 16.4.1.1 As used in this Agreement, the term "**transfer**" is agreed to mean any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in: **(a)** this Agreement; **(b)** you; **(c)** any or all of your rights and/or obligations under this Agreement; and/or **(d)** all or substantially all of the assets of the Franchised Business.
- 16.4.1.2 Any purported assignment or transfer that does not have our prior written consent as required by this Section 16 will be null and void and will also constitute a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, pursuant to Section 17.2.5 below.
- 16.4.2 You agree (unless you are a partnership) that: **(a)** without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and **(b)** the recipient of any such security or other interest will become a Principal under this Agreement, if we designate them as such. If you are a general partnership, limited partnership, or limited liability partnership, then the



partners of that partnership will not, without our prior written consent, admit additional limited or general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership will automatically be deemed to be a Principal.

- 16.4.3 Principals must not, without our prior written consent, transfer, pledge, and/or otherwise encumber their interest in you. Any such transaction shall also be deemed a “transfer” under this Agreement.
- 16.4.4 You also agree that in the case of any proposed transfer, you authorize us to truthfully answer questions posed to us by the proposed transferee, including providing that party with information relating to your Learning Center (such as sales reports) (although we will have the right not to provide any or all such information).
- 16.5 *Transfer Conditions.* We will not unreasonably withhold any consent required by Section 16.4 above; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we will have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:
- 16.5.1 The transferor must have executed a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, successors, and assigns, and their respective officers, directors, members, managers, shareholders, partners, agents, representatives, servants, and employees in their corporate and individual capacities including, claims arising under this Agreement, any other agreement between you and us, and/or your affiliates, our affiliates, and federal, state, and local laws and rules.
- 16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as such person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all such obligations in writing in a form satisfactory to us.
- 16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as may be evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.
- 16.5.4 We will have the right to require that you execute, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and such other ancillary agreements that we may require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, higher Royalties and marketing fees.
- 16.5.5 If we request, then you must conduct Major Remodeling and purchase new equipment to conform to the then-current standards and specifications of new Learning Centers then-being established in the System, and you agree to complete the upgrading and other requirements specified above in Section 8.8.2 within the time period that we specify.

- 16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).
- 16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and must execute any and all instruments that we reasonably request to evidence such liability.
- 16.5.8 A Principal of the transferee whom we designate to be a new Designated Principal, and those of the transferee's Designated Principal, Center Director, and Additional Trained Personnel as we may require, must successfully complete (to our satisfaction) all training programs that we require upon such terms and conditions as we may reasonably require (and while we will not charge a fee for attendance at such training programs, the transferee will be responsible for the salary and all expenses of the person(s) that attend training).
- 16.5.9 You agree to pay us a transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer. The transfer fee will be Ten Thousand Dollars (\$10,000).
- 16.5.10 The transferor must acknowledge and agree that the transferor will remain bound by the covenants contained in Sections 19.3, 19.4, and 19.5 below.
- 16.6 *Right of First Refusal.* If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material assets, or any direct or indirect interest in you, then all of the following will apply:
- 16.6.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we may require. We will have the right and option, exercisable within thirty (30) days after we have received all such information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms and conditions offered by the third party. After exercising our right, we will also have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on such purchase will occur within thirty (30) days from the date of notice to the seller of the election to purchase by us.
- 16.6.2 Any material change in the terms of the offer before closing will constitute a new offer subject to our same rights of first refusal (as set forth in this Section 16.6) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.6 that will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.
- 16.6.3 If the consideration, terms, and/or conditions offered by a third party are such that we may not reasonably be required to furnish the same consideration, terms, and/or conditions, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration, terms, and/or conditions offered by the third party, they must attempt to appoint a mutually-acceptable independent



appraiser to make a binding determination. If the parties are unable to agree upon one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination (or, if unable to reach a single determination, a valuation determined by a majority vote of those appraisers), which determination will be binding upon both you and us. Both parties will equally share the cost of any such appraisal.

- 16.6.4 If we exercise our rights under this Section 16.6, then we will have the right to set off all amounts due from you (including one-half (½) of the cost of an appraisal, if any, conducted under Section 16.6.3 above) against any payment to you.
- 16.7 *Death or Incapacity.* If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within six (6) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer will be subject to the provisions of this Section 16, as applicable; however, we will not impose a transfer fee for such a transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting a your proposed transaction, including our attorneys' fees.
- 16.7.1 In addition, if the deceased or incapacitated person is the Designated Principal, we will have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.
- 16.7.2 For purposes of this section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: **(a)** for a period of thirty (30) or more consecutive days; or **(b)** for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.3, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement.
- 16.7.3 If an interest is not disposed of under this section within six (6) months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2 below.
- 16.8 *Consent to Transfer.* Our consent to a transfer that is the subject of this Section 16 will not constitute a waiver of any claims that we may have against the transferring party, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.
- 16.9 *No Transfers to a Non-Franchisee Party to Operate a Similar Learning Center.* You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business at the Accepted Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.
- 16.10 *Bankruptcy Issues.* If you or any person holding any interest (direct or indirect) in you become a debtor in a proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or

elsewhere, it is the parties' understanding and agreement that any transfer of you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you will be subject to all of the terms of this Section 16, including the terms of Sections 16.4, 16.5, and 16.6 above.

16.11 *Securities Offers.* All materials for an offering of stock, ownership, and/or partnership interests in you or any of your affiliates that are required by federal or state law must be submitted to us for review as described below before such materials are filed with any government agency. Any materials to be used in any exempt offering must be submitted to us for such review before their use.

16.11.1 You agree that: **(a)** no offering by you or any of your affiliates may imply (by use of the Proprietary Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities or your affiliates; **(b)** our review of any offering will be limited solely to the relationship between you and us (and, if applicable, any of your affiliates and us); and **(c)** we will have the right, but not obligation, to require that the offering materials contain a written statement that we require concerning the limitations stated above.

16.11.2 You (and the offeror if you are not the offering party), your Principals, and all other participants in the offering must fully indemnify us and all of the Franchisor Parties (as defined in Section 21.5.2 below) in connection with the offering.

16.11.3 For each proposed offering, you agree to pay us a non-refundable fee of Five Thousand Dollars (\$5,000) or such greater amount as is necessary to reimburse us for our reasonable costs and expenses (including legal and accounting fees) for reviewing, documenting, and discussing the proposed offering with you and your representatives.

16.11.4 You agree to give us written notice at least thirty (30) days before starting any offering or other transaction described in this Section 16.11. Any such offering will be subject to all of the other provisions of this Section 16, including the terms set forth in Sections 16.4, 16.5, 16.6; and further, without limiting the foregoing, it is agreed that any such offering will be subject to our approval as to the structure and voting control of the offeror (and you, if you are not the offeror) after the financing is completed.

16.11.5 You agree to deliver to us (at your expense) an opinion of your legal counsel (addressed to us and in a form acceptable to us) that the offering documents properly use the Proprietary Marks and accurately describe your relationship with us and/or our affiliates.

16.11.6 You also agree that after your initial offering, described above, for the remainder of the term of the Agreement, you will submit to us for our review and prior written approval all additional securities documents (including periodic reports, such as quarterly, annual, and special reports) that you prepare and file (or use) in connection with any such offering. You agree to reimburse us for our reasonable costs and expenses (including legal and accounting fees) that we incur in connection with our review of those materials.

## 17 DEFAULT AND TERMINATION

17.1 *Automatic with no notice and no opportunity to cure.* If any one or more of the following events take place, then you will be deemed to be in default under this Agreement, and all rights

granted in this Agreement will automatically terminate without notice to you: **(a)** if you will become insolvent or make a general assignment for the benefit of creditors; **(b)** if a bill in equity or other proceeding for the appointment of a receiver for you or another custodian for your business or assets is filed and consented to by you; **(c)** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; **(d)** if proceedings for a composition with creditors under any state or federal law is instituted by or against you; **(e)** if a material final judgment against you remains unsatisfied or of record for thirty (30) days or longer (unless appealed or a supersedeas bond is filed); **(f)** if you are dissolved; or if execution is levied against your business or property; **(g)** if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within thirty (30) days; and/or **(h)** if the real or personal property of your Franchised Business will be sold after levy thereupon by any sheriff, marshal, or constable.

- 17.2 *With Notice and no opportunity to cure.* If any one or more of the following events occur, then you will be in default under this Agreement, and we will have the right to terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately upon the delivery of our written notice to you (in the manner provided in Section 24 below):
- 17.2.1 If you do not obtain an Accepted Location for the Franchised Business within the time limits specified under the Site Selection Addendum, or if you do not construct and open the Franchised Business within the time limits specified in Sections 5.1 and 8.2 above (and within the requirements specified in Sections 5 and 8.2 above);
- 17.2.2 If at any time: **(a)** you cease to operate or otherwise abandon the Franchised Business for two (2) or more consecutive business days and/or two (2) or more business days within any week (during which you are otherwise required to be open, and without our prior written consent otherwise, unless necessary due to an event of force majeure as defined in Section 22 below); **(b)** you lose the right to possession of the premises; **(c)** forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located (however, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within ninety (90) days thereafter, then you will have thirty (30) days after such event in which to apply for our consent to relocate and/or reconstruct the premises, which we will not unreasonably withhold, subject to Section 1.2.3 above);
- 17.2.3 If you or any of your Principals are charged with and/or convicted of a felony, a crime involving moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interests in them;
- 17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business and/or if you fail to comply with the requirements of Section 8.15 above;
- 17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 above;
- 17.2.6 If you fail to comply with the requirements of Section 19 below;

- 17.2.7 If, contrary to the terms of Sections 10 or 11 above, you disclose or divulge the contents of the Brand Manual or other confidential information that we provide to you;
- 17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Section 16.7 above;
- 17.2.9 If you maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us;
- 17.2.10 If you commit three (3) or more material defaults under this Agreement in any one (1) year period, whether or not each such default has been cured after notice;
- 17.2.11 If, after receipt of notice from us of a violation of the provisions of Sections 7.1 and/or 8.4 above, you continue to purchase any Input Items from an unapproved supplier, or if you sell anything from the Learning Center that is not a Retail Product or a Service;
- 17.2.12 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or a deceptive practice; and/or
- 17.2.13 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.
- 17.3 *With Notice and Opportunity to Cure.*
- 17.3.1 Except as otherwise provided above in Sections 17.1 and 17.2 above, if you are in default of your obligations under this Agreement, then we may terminate this Agreement by giving you written notice of termination (in the manner provided under Section 24 below) stating the nature of the default at least thirty (30) days before the effective date of termination; provided, however, that you may avoid termination by: **(a)** immediately initiating a remedy to cure such default; **(b)** curing the default to our satisfaction; and **(c)** promptly providing proof of the cure to us, all within the thirty (30) day period. If you do not cure any such default within the specified time (or such longer period as applicable law may require), then this Agreement will terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period (or such longer period as applicable law may require).
- 17.3.2 If you are in default under the terms of any other franchise agreement or other contract between you (and/or your affiliates) and us (and/or our affiliates), that will also constitute a default under Section 17.3.1 above.
- 17.4 *Bankruptcy.* If, for any reason, this Agreement is not terminated pursuant to this Section 17, and this Agreement is assumed, or assignment of same to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement is contemplated, pursuant to the U.S. Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth: **(a)** the name and address of the proposed assignee; and **(b)** all of the terms and conditions of the proposed assignment and assumption; must be given to us within twenty (20) days after receipt of such proposed assignee's offer to accept assignment or assumption of the

Agreement; and, in any event, within ten (10) days before the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. We will then have the prior right and option, to be exercised by notice given at any time before the effective date of such proposed assignment and assumption, to accept an assignment of the Agreement to us upon the same terms and conditions, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, less any brokerage commissions that may be payable by you out of the consideration to be paid by such assignee for the assignment or assumption of this Agreement.

- 17.5 *Our Rights Instead of Termination.* If we are entitled to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, we will also have the right to take any lesser action instead of terminating this Agreement.
- 17.6 *Reservation of Rights under Section 17.5.* If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.5 above, such action will be without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.
- 17.7 *Damages.* You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we may have).
- 17.8 *Cross-Default.* We have the right to consider any default by you under this Agreement as a default under any other agreement between us (including our affiliates) and you (including your affiliates). We also have the right to consider any default by you under any other agreement between you (including your affiliates) and us (including our affiliates) as a default under this Agreement.

## 18 OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to you will forthwith terminate, and all of the following will take effect (except to the extent otherwise permitted under a separate valid franchise agreement between you and/or one of your affiliates and us):

- 18.1 *Cease Operation.* You agree to: **(a)** immediately and permanently stop operating the Franchised Business; and **(b)** never directly or indirectly represent to the public that you are a present or former franchisee of ours.
- 18.2 *Stop Using Marks and Intellectual Property.* You agree to immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including any confidential methods, procedures and techniques associated with the System, the marks "Code Ninjas" as well as any other current and former Proprietary Marks, distinctive forms, slogans, signs, symbols, and devices associated with the System, and any and all other intellectual property associated with the System. Without limiting the above, you agree to stop making any further use of any and all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.
- 18.3 *Cancel Assumed Names.* You agree to take such action as may be necessary to cancel any assumed name or equivalent registration which contains the marks "Code Ninjas" as well as any other Proprietary Marks, and/or any other service mark or trademark of ours, and you will



give us evidence that we deem satisfactory to provide that you have complied with this obligation within five (5) days after termination or expiration of this Agreement.

- 18.4 *Premises.* We will have the right (but not the obligation) to require you to assign to us any interest that you (and/or your affiliates) may have in the lease or sublease for the ground upon which the Learning Center is operated and/or for the building in which the Learning Center is operated.
- 18.4.1 If we do not elect or if we are unable to exercise any option we may have to acquire the lease or sublease for the premises of the Franchised Business, or otherwise acquire the right to occupy the premises, you will make such modifications or alterations to the premises operated under this Agreement (including, the changing of the telephone number) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of said premises from that of other Learning Centers, and must make such specific additional changes to the premises that we may reasonably request for that purpose. In addition, you will cease use of all telephone numbers and any domain names, websites, e-mail addresses, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Business, and must promptly execute such documents or take such steps necessary to remove reference to the Franchised Business from all trade or business directories, including online directories, or at our request transfer same to us.
- 18.4.2 If you fail or refuse to comply with all of the requirements of this Section 18.4, then we (or our designee) will have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at your cost, which expense you agree to pay upon demand.
- 18.5 *Our Option to Buy Your Assets.* We will have the right (but not the obligation), which we may exercise at any time within thirty (30) days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, at the lesser of your cost or fair market value. The parties agree that "fair market value" will be determined based upon a five (5) year straight-line depreciation of original costs. For equipment and fixtures that are five (5) or more years old, the parties agree that fair market value is deemed to be ten percent (10%) of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we will have the right to set off all amounts due from you.
- 18.6 *No Use of the Marks in Other Businesses.* You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.
- 18.7 *Pay All Sums Due.* You agree to promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). In the event of termination for any of your defaults, those sums will include all damages, costs, and

expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.

- 18.8 *Pay Damages.* You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.11 below.
- 18.9 *Return Confidential Information.* You agree to immediately return to us the Brand Manual and all other manuals, records, and instructions containing confidential information (including, any copies of some or all of those items, even if such copies were made in violation of this Agreement), all of which are acknowledged to be our property.
- 18.10 *Right to Enter and Continue Operations.* In order to preserve the goodwill of the System following termination, we (or our designee) will have the right to enter the Franchised Business (without liability to you, your Principals, or otherwise) for the purpose of continuing the Franchised Business's operation and maintaining the goodwill of the business.
- 18.11 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.
- 18.12 *Lost Future Royalties.* If we terminate this Agreement based on your default, or if you abandon or otherwise cease to operate the Franchised Business, then, in addition to all other amounts due to us under this Agreement, you agree to pay to us, as liquidated damages, an amount calculated as follows: **(a)** the average of your monthly Royalty Fees that are due under this Agreement for the twenty-four (24) months immediately before your abandonment or our delivery of the notice of default (or, if you have been operating for less than twenty-four (24) months, the average of your monthly Royalty Fees for the number of months you have operated the Shop); **(b)** multiplied by the lesser of twenty-four (24) or the number of months remaining in the then-current term of this Agreement under Section 2 above.
- 18.13 *Offsets.* We have the right to offset amounts that you owe to us against any payment that we may be required to make under this Agreement.

## 19 COVENANTS

- 19.1 *Full Time Efforts.* You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Designated Principal and/or General Manager) will devote full time, energy, and best efforts to the management and operation of the Franchised Business.
- 19.2 *Understandings.*
- 19.2.1 You agree that: **(a)** pursuant to this Agreement, you will have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience we have established and that you will have access to under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; **(d)** we would be unable to adequately protect the System and its trade secrets and Confidential Information



against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our System if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

- 19.2.2 As used in this Section 19, the term “**Competitive Business**” is agreed to mean any **(a)** any business offering technology and/or coding educational opportunities for children; and/or **(b)** any business that is otherwise the same as or similar to a Code Ninjas Learning Center.
- 19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* Accordingly, you covenant and agree that, during the term of this Agreement and for a continuous period of two (2) years after the expiration or termination of this Agreement, and/or a transfer as contemplated in Section 16 above, you will not directly, indirectly, for yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:
- 19.3.1 Divert or attempt to divert any actual or potential business or customer of any Learning Center to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.
- 19.3.2 Own, maintain, develop, operate, engage in, assist, franchise or license, make loans to, lease real or personal property to, and/or have any whatsoever interest in, or render services or give advice to, any Competitive Business.
- 19.3.3 Solicit customers of the Franchised Business for any commercial purpose other than the operation of the Franchised Business under this Agreement.
- 19.4 *Where Restrictions Apply.* During the term of this Agreement, there is no geographical limitation on the restrictions set forth in Section 19.3 above. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 above, these restrictions will apply only **(a)** at the Accepted Location; **(b)** within seven (7) miles of the Accepted Location; and **(c)** within seven (7) miles of any other “Code Ninjas” Learning Center business that is then-currently operated, was operated (within the past year), and/or is then under active development elsewhere in the United States. These restrictions will not apply to businesses that you operate that we (or our affiliates) have franchised to you (or your affiliates) pursuant to a franchise agreement in good standing with us or one of our affiliates.
- 19.5 *Post-Term.* You further covenant and agree that, for a continuous period of two (2) years after **(a)** the expiration of this Agreement, **(b)** the termination of this Agreement, and/or **(c)** a transfer as contemplated in Section 16 above:
- 19.5.1 You will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer the Accepted Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Accepted Location; and
- 19.5.2 You also agree that, by the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Accepted Location, you shall include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at the Accepted Location for this two-year period, and you will

take all steps necessary to ensure that these restrictive covenants become a matter of public record.

- 19.6 *Non-Compliance.* Any time during which you do not comply with the requirements of this Section 19, whether that non-compliance takes place after termination, expiration, and/or a transfer, will not be credited toward satisfying the two-year obligation specified above.
- 19.7 *Publicly-Held Entities.* Section 19.3.3 above will not apply to your ownership of less than five percent (5%) beneficial interest in the outstanding equity securities of any publicly-held corporation. As used in this Agreement, the term “**publicly-held corporation**” will be deemed to refer to a corporation which has securities that have been registered under the Securities Exchange Act of 1934.
- 19.8 *Construction.* The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. We have the right to reduce the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them.
- 19.9 *Claims Not a Defense.* You agree that the existence of any claims you may have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all costs and expenses (including reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) that we incur in connection with the enforcement of this Section 19.
- 19.10 *Covenant as to Anti-Terrorism Laws.* You and the owners of your business (“**Owners**”) agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are “blocked” under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term “**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or relating to terrorist acts and/or acts of war.
- 19.11 *Defaults.* You agree that if you violate this Section 19, that would result in irreparable injury to us for which no adequate remedy at law may be available, and accordingly, you consent to the issuance of an injunction prohibiting any conduct in violation of the terms of this Section 19.

## 20 TAXES, PERMITS, AND INDEBTEDNESS

- 20.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.
- 20.2 *Payment of Trade Creditors.* You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business (including for example the landlord for the premises of your Learning Center).

- 20.3 *Your Right to Contest Liabilities.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.
- 20.4 *Compliance with Law.* You agree to comply with all Operating Codes and to timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any Operating Codes are in conflict with the terms of this Agreement, the Brand Manual, or our other instructions, you agree to: **(a)** comply with said laws; **(b)** immediately provide us with written notice describing the nature of the conflict; and **(c)** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement, as well as applicable law, to the extent that it is possible to do so.
- 20.5 *Notice of Violations and Actions.* You agree to notify us in writing within two (2) days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within two (2) days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.

## 21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION

- 21.1 *Independent Contractor Relationship.* The parties agree that:
- 21.1.1 this Agreement does not create a fiduciary relationship between them;
- 21.1.2 you are the only party that will be in day-to-day control of your franchised business, even though we will share the brand and Proprietary Marks as specified in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;
- 21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and
- 21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.
- 21.2 *Notice of Status.* At all times during the term of this Agreement and any extensions hereof, you will hold yourself out as an independent contractor operating the business pursuant to a franchise from us both to the public and also to your staff. You agree to take such action as may be necessary to do so, including exhibiting a notice of that fact in conspicuous places at the Accepted Location, the content and placement of which we reserve the right to specify in the Brand Manual or otherwise.
- 21.3 *No Contracts in our Name.* It is understood and agreed that nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will in no event assume liability

for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.

#### 21.4 *Indemnification.*

21.4.1 You agree to indemnify, defend, and hold harmless each of the Franchisor Parties harmless against any and all Expenses arising directly or indirectly from any Claim, as well as from any claimed breach by you of this Agreement. Your indemnity obligations shall: **(a)** survive the expiration or termination of this Agreement, and shall not be affected by any insurance coverage that you and/or any Franchisor Party may maintain; and **(b)** exclude any Claim and/or Expense that a court with competent jurisdiction determines was caused solely by a Franchisor Party's gross negligence and/or willful misconduct.

21.4.2 *Procedure.* We will give you notice of any Claim and/or Expense for which the Franchisor Parties intend to seek indemnification; however, if we do not give that notice, it will not relieve you of any obligation (except to the extent of any actual prejudice to you). You will have the opportunity to assume the defense of the Claim, at your expense and through legal counsel reasonably acceptable to us, provided that in our judgment, you proceed in good faith, expeditiously, and diligently, and that the defense you undertake does not jeopardize any defenses of the Franchisor Parties. We shall have the right: **(a)** to participate in any defense that you undertake with counsel of our own choosing, at our expense; and **(b)** to undertake, direct, and control the defense and settlement of the Claim (at your expense) if in our sole judgment you fail to properly and competently assume defense of the Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between your interest and that of any Franchisor Party.

21.4.3 *Definitions.* As used in this Section 21.4, the parties agree that the following terms will have the following meanings:

21.4.3.1 **"Claim"** means any allegation, cause of action, and or complaint asserted by a third party that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Learning Center, sale of Services or Products, events occurring at the Learning Center, data theft or other data-related event, or otherwise, whether asserted by a customer, vendor, employee, or otherwise), a violation of any Operating Code, and/or any default by you under this Agreement (including all claims, demands, causes of action, suits, damages, settlement costs, liabilities, fines, penalties, assessments, judgments, losses, and Expenses). For the sake of clarify, the parties confirm that the indemnification obligations under Sections 9.2.9.2(b) and 16.11.2 are included within this definition of a Claim.

21.4.3.2 **"Expenses"** includes interest charges; fees for accountants, attorneys and their staff, arbitrators, and expert witnesses; costs of investigation and proof of facts; court costs; travel and living expenses; and other costs and expenses associated with litigation, investigative hearings, or alternative dispute resolution, whether or not a proceeding is formally commenced.

21.4.3.3 “**Franchisor Parties**” means us and our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, members, managers, agents, and employees.

21.4.4 We agree to indemnify you with respect to your use of the Proprietary Marks as provided in Section 9.2.9.2(a) above.

## 22 FORCE MAJEURE

22.1 *Impact.* Neither party will be responsible to the other for non-performance or delay in performance occasioned by causes reasonably beyond its control (except as otherwise provided in Section 22.1), including: **(a)** acts of nature; **(b)** acts of war, terrorism, or insurrection; **(c)** public health emergencies, epidemics, pandemics, hurricanes, tornadoes, environmental emergencies, strikes, lockouts, labor actions, boycotts, floods, fires, and/or other casualties; and/or **(d)** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Franchised Business. You agree to abide by any brand standards that we may establish in connection with continuing to operate, reopening, and other matters relating to operations that are impacted by a Force Majeure event.

22.2 *Transmittal of Funds.* The inability of either party to obtain and/or remit funds will be considered within control of such party for the purpose of Section 22.1 above. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for such delay and gives to the other party prompt notice of any such delay; and further provided, however, that you will remain obligated to promptly pay all fees owing and due to us under this Agreement, without any such delay or extension.

## 23 APPROVALS AND WAIVERS

23.1 *Request for Approval.* Whenever this Agreement requires our prior approval, acceptance, and/or consent, you agree to make a timely written request to us therefor, and in each instance, our approval, acceptance, or consent will be valid only if it is provided in writing.

23.2 *No Warranties or Guarantees.* You agree that we make no warranties or guarantees upon which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

23.3 *No Waivers.* The parties agree that: (a) no delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms, provisions, covenants, or conditions of this Agreement; (b) no custom or practice by the parties at variance with the terms of this Agreement, will constitute our waiver of our right to enforce any such right, option, duty, or power as against you, or as to subsequent breach or default by you; (c) if we accept late payments from you or any payments due, that will not be deemed to be our waiver of any earlier or later breach by you of any terms, provisions, covenants, or conditions of this Agreement; and (d) no course of dealings or course of conduct will be effective to amend the terms of this Agreement.

## 24 NOTICES



- 24.1 Any and all notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by certified U.S. mail, or by other means that provides the sender with evidence of delivery, rejected delivery, and/or attempted delivery. Any notice by a means that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.
- 24.2 Notices shall be sent to the address designated on the signature page of this Agreement (unless a party changes its address for those notices by giving prior written notice to the other party in the manner specified above). If the parties have designated a specific e-mail address, then notices sent to that e-mail address (which may be changed as noted above) will be considered as having been sent at the time they are delivered into that e-mail address.
- 24.3 The Brand Manual, any changes that we make to the Brand Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 24.

## 25 ENTIRE AGREEMENT AND AMENDMENT

- 25.1 *Entire Agreement.* This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements, communications, statements, and representations (however, if this Agreement is to renew a previous franchise agreement, then the parties’ original agreement on the number of renewal terms shall apply during the term of this Agreement notwithstanding Section 2.2 above). The parties confirm that: **(a)** they were not induced by any representations other than the words of this Agreement (and the FDD) before deciding whether to sign this Agreement; and **(b)** they relied only on the words printed in this Agreement in deciding whether to enter into this Agreement. However, nothing in this Agreement or any other document is meant to (or shall have the effect of) disclaiming any representation that we made in our Franchise Disclosure Document (“**FDD**”) (including its exhibits).
- 25.2 *Amendment.* Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

## 26 SEVERABILITY AND CONSTRUCTION

- 26.1 *Introductory Paragraphs.* The parties agree that the introductory paragraphs of this Agreement, under the heading “Introduction,” are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here in full.
- 26.2 *Severability.* Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement will be considered severable; and if, for any reason, any portion, section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such will not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties to this Agreement; and said invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.



- 26.3 *No Third Party Rights.* Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than you, we, and such of our respective successors and assigns as may be contemplated (and, as to you, permitted) by Section 16.4 above, any rights or remedies under or by reason of this Agreement.
- 26.4 *Captions Don't Amend Terms.* All captions in this Agreement are intended solely for the convenience of the parties, and no caption will be deemed to affect the meaning or construction of any provision hereof.
- 26.5 *Including.* The parties agree that when the terms "include", "includes", and "including" are used in this Agreement, those terms shall be understood to mean "*including but not limited to*".
- 26.6 *Survival.* All provisions of this Agreement which, by their terms or intent, are designed to survive the expiration or termination of this Agreement, will so survive the expiration and/or termination of this Agreement.
- 26.7 *Expenses.* Each party agrees to bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.
- 26.8 *Counterparts.* This Agreement may be signed in counterparts, and signature pages may be exchanged by electronic means, each such counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, will be considered as one complete Agreement.

## 27 APPLICABLE LAW AND DISPUTE RESOLUTION

- 27.1 *Choice of Law.* This Agreement takes effect when we accept and sign this document. This Agreement will be interpreted and construed exclusively under the laws of the State of Texas, which laws will prevail in the event of any conflict of law (without regard to, and without giving effect to, Texas choice-of-law rules); provided, however, that if the covenants in Section 19 of this Agreement would not be enforced as written under Texas law, then the parties agree that those covenants will instead be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of Texas (or any other state) that would not otherwise apply if the words in this Section 27.1 were not included in this Agreement.
- 27.2 *Choice of Venue.* Subject to Section 27.3 below, the parties agree that any action that you bring against us, in any court, whether federal or state, must be brought only within the courts that have jurisdiction over where we then currently have our principal place of business (currently, in Pearland, Texas). Any action that we bring against you in any court, whether federal or state, may be brought within the state and judicial district in which we maintain our principal place of business. In addition, the parties agree that:
- 27.2.1 This Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, that venue will be as set forth above;
- 27.2.2 They hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision; and

- 27.2.3 Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action.
- 27.3 *Mediation.* Before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute (except as otherwise provided in Section 27.5 below). Any such mediation will be non-binding and will be conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc.") at its location in or nearest to Houston, Texas.
- 27.4 *Parties Rights Are Cumulative.* No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy under this Agreement, by law, and/or equity provided or permitted, but each will be cumulative of every other right or remedy.
- 27.5 *Injunctions.* Nothing contained in this Agreement will bar our right to obtain injunctive relief in a court of competent jurisdiction against threatened conduct that will cause us loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. If we seek such an injunction, you agree that we will not be required to post a bond.
- 27.6 **WAIVER OF JURY TRIALS.** Each party to this Agreement irrevocably waives trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in such action or proceeding.
- 27.7 **MUST BRING CLAIMS WITHIN ONE YEAR.** Each party to this Agreement agrees that any and all claims and actions arising out of or relating to this Agreement, the parties' relationship, and/or your operation of the Franchised Business, brought by any party to this Agreement against the other (excluding claims seeking indemnification), shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or, it is expressly acknowledged and agreed by all parties, such claim or action shall be irrevocably barred.
- 27.8 **WAIVER OF PUNITIVE DAMAGES.** Each party to this Agreement hereby waives to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages it has sustained (including lost future royalties).
- 27.9 *Payment of Legal Fees.* You agree to pay us all damages, costs and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: (a) obtaining injunctive or other relief for the enforcement of any provisions of this Agreement (including Sections 9 and 17 above); and/or (b) successfully defending a claim from you that we misrepresented the terms of this Agreement, fraudulently induced you to sign this Agreement, that the provisions of this Agreement are not fair, were not properly entered into, and/or that the terms of this Agreement (as it may be amended by its terms) do not exclusively govern the parties' relationship.

## 28 ACKNOWLEDGMENTS

- 28.1 *No Waivers.* Nothing in this Agreement is meant as, or may be construed, or otherwise interpreted: (a) as a waiver of any state law that may apply to you; nor (b) as a disclaimer of any statement or representation that we have made in our FDD.

- 28.2 *Your Investigation.* We have recommended that you conduct an independent investigation of the business franchised under this Agreement.
- 28.3 *No Warranties or Guarantees.* We do not make (and do not permit anyone speaking on our behalf) to make any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.
- 28.4 *Your Advisors.* We recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement.
- 28.5 *No Conflicting Obligations.* Each party represents and warrants to the other party that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict that party from: **(a)** negotiating and entering into this Agreement; **(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its obligations and responsibilities under this Agreement.
- 28.6 *Your Responsibility for the Choice of the Accepted Location.* You agree that you have sole and complete responsibility for the choice of the Accepted Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Accepted Location) given any representation, promise, or guarantee of your success at the Accepted Location; and that you will be solely responsible for your own success at the Accepted Location.
- 28.7 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your franchised Center, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.
- 28.8 *Different Franchise Offerings to Others.* We may modify the terms under which we offer franchises to other parties (which may differ from the terms, conditions, and obligations in this Agreement).
- 28.9 *Our Advice.* You agree that our advice is only that; that our advice is not a guarantee of success; and that you must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.
- 28.10 *Your Designated Principal and Center Director.* You agree that we have the right to rely upon either one or both of the Designated Principal or Center Director as having responsibility and decision-making authority regarding the Franchised Business's operation and your business.
- 28.11 *Your Independence.* You agree that:
- 28.11.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);
- 28.11.2 we are not your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

- 28.11.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;
- 28.11.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and
- 28.11.5 you have made (and will remain always responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.
- 28.12 *Success Depends on You.* You agree that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, upon your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided by you and your staff, as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.
- 28.13 *General Release.* If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

*You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your obligations under this Agreement (collectively, "**Releasors**") freely and without any influence forever release (and covenant not to sue) us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively "**Releasees**"), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, "**claims**"), which any Releasor now owns or holds or may at any time have owned or held, including, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Learning Centers and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand as well that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."). You agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise affect any claims arising after the date of this Agreement.*

\*\*\*\*\*

**IN WITNESS WHEREOF**, intending to be legally bound by this Agreement, the parties have duly signed and delivered this Agreement as of the Effective Date (as written below).

**CODE NINJAS LLC**

Franchisor

\_\_\_\_\_  
Franchisee Entity

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

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

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

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

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

Title: \_\_\_\_\_

Address for Notices:

Address for Notices:

Code Ninjas LLC  
2880 Broadway Bend, Building #2  
Pearland, Texas 77584  
Attn: Compliance Officer  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
E-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Attn: \_\_\_\_\_  
E-mail: \_\_\_\_\_

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT A  
DATA SHEET

¶	Section Cross-Reference	Item
1	1.2	The Accepted Location under this Agreement will be: _____ _____ .
2	1.3	Subject to Section 1.3 of this Agreement, the Protected Area under this Agreement is: <input type="checkbox"/> A circle with a radius of _____ (_____) miles and its center at the front door of the Center (subject to 1.3 of this Agreement) (but not including areas that are on the other side of a natural boundary and away from the Center, such as a river). <i>or</i> <input type="checkbox"/> The area within the following boundaries:  To the east: _____ To the south: _____ To the west: _____ To the north: _____

Initials

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisor



Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT B  
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

In order to induce Code Ninjas LLC (“**Franchisor**”) to sign the Code Ninjas Franchise Agreement between Franchisor and \_\_\_\_\_ (“**Franchisee**”), dated \_\_\_\_\_ (the “**Agreement**”), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee’s obligations (monetary and otherwise) under the Agreement as well as any other contract between Franchisee and Franchisor (and/or Franchisor’s affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor’s demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract (including another franchise agreement) with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: **(a)** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Franchisee; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or **(d)** give notice of demand for payment by Franchisee.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor’s affiliates).
- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and/or any amendment to the Agreement.
- S/he will be personally bound by all of Franchisee’s covenants, obligations, and promises in the Agreement.
- S/he agrees to be personally bound by all of Franchisee’s covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations upon termination or expiration of this Agreement), and **Section 19** (generally regarding covenants against competition) of the Agreement.
- S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor’s marks such as the

“Code Ninjas” marks) or the system licensed to Franchisee under the Agreement; **(b)** s/he have read, in full, and understands, all of the provisions of the Agreement that are referred to above in this paragraph, and that s/he intends to fully comply with those provisions of the Agreement as if they were printed here in full; and **(c)** s/he have had the opportunity to consult with a lawyer of her/his own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of Texas, and that in the event of any conflict of law, Texas law will prevail (without applying Texas conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

\_\_\_\_\_  
(signed in his/her personal capacity)

Printed Name: \_\_\_\_\_

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

Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(signed in his/her personal capacity)

Printed Name: \_\_\_\_\_

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

Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(signed in his/her personal capacity)

Printed Name: \_\_\_\_\_

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

Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT C  
LIST OF PRINCIPALS

Name of Principal	Home Address	Percentage Interest Held in Franchisee

Initials

\_\_\_\_\_ Franchisee

\_\_\_\_\_ Franchisor

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT D

**AUTHORIZATION AGREEMENT FOR ACH PAYMENTS  
(DIRECT DEBITS FOR ROYALTY, MARKETING CONTRIBUTION, AND OTHER FEES)**

\_\_\_\_\_ (Name of Person or Legal Entity)

\_\_\_\_\_ (Tax ID Number (FEIN))

The undersigned depositor (“**Depositor**” or “**Franchisee**”) hereby authorizes Code Ninjas LLC (“**Franchisor**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**” or “**Bank**”) to debit or credit such account(s) pursuant to our instructions.

\_\_\_\_\_ Depository/Bank Name

\_\_\_\_\_ Branch Name

\_\_\_\_\_ City

\_\_\_\_\_ State

\_\_\_\_\_ Zip Code

\_\_\_\_\_ Bank Transit/ABA Number

\_\_\_\_\_ Account Number

This authorization is to remain in full and force and effect until sixty (60) days after we have received written notification from Franchisee of its termination.

Printed Name  
of Depositor: \_\_\_\_\_

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

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

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

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT E  
ADA CERTIFICATION

Code Ninjas LLC (“Franchisor” or “us”) and \_\_\_\_\_ (“Franchisee” or “you”) are parties to a franchise agreement dated \_\_\_\_\_, 202\_\_\_\_ (the “Franchise Agreement”) for the operation of a Franchised Business at (the “Franchised Business”).

- In accordance with Section 5.6.2 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act.
- You acknowledge that you are an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Business.
- You acknowledge that we have relied on the information contained in this certification.
- You agree to indemnify us and our officers, directors, members, managers, shareholders, and employees in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, as well as the costs (including reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) related to the same.

Acknowledged and Agreed:

\_\_\_\_\_  
Franchisee:

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

Printed Name:\_\_\_\_\_

Title:\_\_\_\_\_

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT F

**SITE SELECTION ADDENDUM**

Code Ninjas LLC (“Franchisor” or “us” or “we”) and \_\_\_\_\_ (“Franchisee” or “you”) have on \_\_\_\_\_, 202\_\_\_\_ entered into a Code Ninjas Franchise Agreement (“Franchise Agreement”) and wish to supplement its terms as set out below in this Site Selection Addendum (the “Addendum”). The parties agree as follows:

**AGREEMENT**

1. **Time to Locate Site:** Within one hundred and twenty (120) days after the date of this Addendum, you agree to acquire or enter into a binding lease/sublease (collectively, a “lease”), at your own expense, commercial real estate that is properly zoned for the use of the business that you will conduct under the Franchise Agreement (the “Franchised Business”) at a site that we will have approved in writing as provided below. You must provide us with a copy of the signed purchase agreement or lease/sublease (and you need to close/settle on the property if purchasing).

a. Such location must be within the following area: \_\_\_\_\_

(the “Site Selection Area”).

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Franchised Business.

c. We will not establish, nor franchise another party to establish, a “Code Ninjas” business operating under the System within the Site Selection Area until the end of the Search Period. For purposes of this Addendum, the term “Search Period” means ninety (90) days from the date of this Addendum, or the period from the date of this Addendum until we have approved of a location for your Franchised Business, whichever event first occurs. Upon expiration of the Search Period, the protections of this paragraph 1.c will expire and you will have no further rights in and to the Site Selection Area other than as otherwise provided in the Franchise Agreement.

d. If you do not acquire or lease a site (that we have accepted in writing) for the Franchised Business in accordance with this Addendum by not later than one hundred and eighty (180) days after the date of this Addendum, that will constitute a default under Section 17.2 of the Franchise Agreement and also under this Addendum, and we will have the right to terminate the Franchise Agreement and this Addendum pursuant to the terms of Section 17.2 of the Franchise Agreement.

2. **Site Evaluation Services:** We will provide you with our site selection guidelines, including our minimum standards for a location for the Franchised Business, and such site selection counseling and assistance as we may deem advisable. We will perform one (1) on-site evaluation as we may deem advisable in response to your requests for site approval without a separate charge. If we perform any additional on-site evaluations, you must reimburse, as applicable, us for all reasonable expenses that we incur in connection with such on-site evaluation, including, without limitation, the cost of travel, lodging and meals. We will not provide on site evaluation for any proposed site before we have received from you a completed site approval form for the site (prepared as set forth in Section 3 below).

3. **Site Selection Package Submission and Approval:** You must submit to us, in the form that we specify: **(a)** a completed site approval form (in the form that we require); **(b)** such other information



or materials that we may reasonably require; and **(c)** an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site. You acknowledge that time is of the essence. We will have thirty (30) days after receipt of all such information and materials from you to approve or disapprove the proposed site as the location for the Franchised Business. We have the right to approve or disapprove any such site to serve as the Accepted Location for the Franchised Business. If we do not approve a proposed site by giving you written notice within the 30-day period, then we will be deemed to have disapproved the site.

4. **Lease Responsibilities:** After we have approved a site and before the expiration of the Search Period, you must execute a lease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned upon inclusion in the lease of the lease rider attached to the Franchise Agreement as Exhibit H. However, even if we examine the lease, we are not responsible for review of the lease for any terms other than those contained in the lease rider.

5. **Accepted Location:** After we have approved the location for the Franchised Business and you have leased or acquired that location, the location will constitute the **Accepted Location** described in Section 1.2 of the Franchise Agreement. The Accepted Location will be specified on Exhibit A to the Franchise Agreement, and will become a part the Franchise Agreement.

a. You hereby agree that our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Our approval of the site indicates only that we believe the site complies with our minimum acceptable criteria solely for our own purposes as of the time of the evaluation. The parties each acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that we used could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond our control.

b. We will not be responsible for the failure of a site (even if we have approved that site) to meet your expectations as to revenue or operational criteria.

c. You agree that your acceptance of a franchise for the operation of the Franchised Business at the site is based on its own independent investigation of the suitability of the site.

6. **Construction:** This Addendum will be considered an integral part of the Franchise Agreement between the parties to this Addendum, and the terms of this Addendum will be controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Agreement will have the same meaning as set forth in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party to this Addendum intending to be legally bound has caused its duly authorized representative to duly execute and deliver this Addendum on the date first above written.

**Code Ninjas LLC**  
Franchisor

\_\_\_\_\_  
Franchisee

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

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

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT G  
LEASE RIDER

**THIS ADDENDUM** (the "**Addendum**") was executed on \_\_\_\_\_, by and between \_\_\_\_\_ ("**Franchisee**") and \_\_\_\_\_ ("**Landlord**"), as an addendum to the lease, as modified, amended, supplemented, renewed and/or extended from time to time as contemplated in this Addendum ("**Lease**") dated as of \_\_\_\_\_ for the premises located at \_\_\_\_\_ ("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("**Franchise Agreement**") with Code Ninjas LLC ("**Franchisor**") for the development and operation of a "Code Ninjas" business at the Premises, and as a condition to obtaining Franchisor's approval of the Lease, the Lease for the Premises must contain the provisions contained in this Addendum.

**NOW THEREFORE**, in consideration of mutual covenants set forth below, the execution and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Franchisee hereby agree as follows:

1. Landlord agrees to deliver to Franchisor a copy of any notice of default by Franchisee or termination of the Lease at the same time such notice is delivered to Franchisee. Franchisor agrees to deliver to Landlord a copy of any notice of termination under the Franchise Agreement. Franchisee hereby consents to that exchange of information by Landlord and Franchisor.
2. Franchisee hereby assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease upon any termination or non-renewal of the Franchise Agreement, but no such assignment will be effective unless and until: (a) the Franchise Agreement is terminated or expires without renewal; and (b) Franchisor has notified the Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.
3. Franchisor will have the right, but not the obligation, to cure any breach of the Lease (within fifteen (15) business days after the expiration of the period in which Franchisee had to cure any such default by Franchisee, should Franchisee fail to do so) upon giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests thereunder. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.
4. Franchisee and Landlord agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing pursuant to Section 2 or Section 3, above.
5. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, sublet and/or assign the Lease to another franchisee of Franchisor to operate a "Code Ninjas" business at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and requirements and has executed a franchise agreement with Franchisor. Landlord agrees to execute such further documentation to confirm its consent to an assignment permitted under this Addendum as Franchisor may reasonably request.

Upon such assignment to a franchisee of Franchisor, Franchisor will be released from any further liability under the terms and conditions of the Lease.

6. Landlord and Franchisee hereby acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents will have the right to enter the Premises for certain purposes. Landlord hereby agrees not to interfere with or prevent such entry by Franchisor, its employees or agents. Landlord and Franchisee hereby further acknowledge that if the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a "Code Ninjas" business (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor will bear the expense of repairing any damage to the Premises as a result thereof.
7. If Landlord is an affiliate or an owner of Franchisee, Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, upon the request of Franchisor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "Code Ninjas" business is located.
8. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "**Confidential Information**" as used in this Addendum will mean all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan and layout, furnishings, equipment, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, techniques, trade dress, "look and feel," design, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord acknowledges that all such Confidential Information belongs exclusively to Franchisor.
9. Landlord agrees that: (a) Franchisor has granted to only one party, the Franchisee, the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "**Marks**") at the Premises under the terms of the Franchise Agreement; and (b) Franchisor has not granted any rights or privileges to use the Marks to Landlord.
10. Landlord and Franchisee agree that the Premises will be used solely for the operation of a "Code Ninjas" business.
11. Landlord and Franchisee agree that any default by Franchisee under the Lease will also constitute a default under the Franchise Agreement, and any default by Franchisee under the Franchise Agreement will also constitute a default by Franchisee under the Lease.
12. Landlord and Franchisee agree that the terms in this Addendum will supersede any contrary terms in the Lease and that they will not later amend the lease in a manner that supersedes the terms in this Addendum.
13. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.

14. Landlord and Franchisee agree that copies of any and all notices required or permitted under this Addendum, or under the Lease, will also be sent to Franchisor at \_\_\_\_\_ (attention Compliance Officer), or to such other address as Franchisor may specify by giving written notice to Landlord.

WITNESS the execution hereof under seal.

Landlord:	Franchisor*	Franchisee:
_____	_____	_____

Date:	Date:	Date:
_____	_____	_____

Subscribed and sworn to before me this ____ day of _____, 202____.	Subscribed and sworn to before me this ____ day of _____, 202____.	Subscribed and sworn to before me this ____ day of _____, 202____.
--	--	--

_____ Notary Public	_____ Notary Public	_____ Notary Public
------------------------	------------------------	------------------------

My Commission expires: _____	My Commission expires: _____	My Commission expires: _____
---------------------------------	---------------------------------	---------------------------------

\* The Franchisor has signed this lease rider only to acknowledge its terms and not to accept any obligations under the lease.

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT H  
INDEX TO DEFINED TERMS

Defined Terms	Section #
Accepted Location .....	1.2
ADA.....	5.3.4
Additional Trained Personnel.....	6.1.3
Advisory Council .....	13.12
Affiliates .....	26.9
Agreement .....	Introduction
Allowances.....	7.1.6
Anti-Terrorism Laws.....	19.10
BLS .....	4.7
Brand Marketing Development Fund.....	13.1.2
Brand Manual.....	3.4
Center Director.....	6.1.2
Claim.....	21.4.3.1
Competitive Business .....	19.2.2
Computer System .....	14.1.1
Computer Upgrades.....	14.1.4
Confidential Information.....	11.1.4
Confirmation of Performance .....	3.11
Customer Apps .....	12.5
Delivery .....	1.4.3.3
Designated Principal .....	6.1.1
Digital Site.....	14.5
Effective Date.....	Introduction, Signature Pg
Electronic communication.....	14.7
Entity .....	2.2.5
Expenses .....	21.4.3.1
Extranet.....	14.4
FDD.....	25.1
Franchised Business.....	1.1.1
Franchisor, we, or us .....	Introduction
Franchisor Parties.....	21.4.3.3
Franchisee or you .....	Introduction
Grand Opening Marketing Program.....	13.5
Net Sales .....	4.2.2
Incapacity.....	16.7.2
Index .....	4.7
Initial Franchise Fee.....	4.1
Initial Training .....	6.2.1
Input Items.....	7.1
Learning Center .....	Introduction
Logo Items.....	7.4
Major Remodeling .....	8.8.2
Marketing Contribution .....	13.1.1
Minor Refurbishment .....	8.8.1
Month.....	4.2.2
Official Senders .....	14.11
Operating Codes .....	8.7
Other Brands .....	1.6
Owners .....	19.10
Payment Vendors.....	12.4.2
Period .....	4.2.2
Permitted E-mail Address.....	14.11.3
POS Systems .....	14.6
Principal.....	16.2
Privacy Laws.....	14.3.1
Proprietary Items .....	7.2
Proprietary Marks .....	Introduction
Protected Area.....	1.3
Publicly-held corporation .....	19.7
Releasees.....	28.13
Releasers.....	28.13
Relocation Expenses.....	5.9
Required Software.....	14.1.2
Royalty Fees.....	4.2
Products.....	Introduction
Sales Report.....	4.2
Services .....	Introduction
Site Selection Addendum .....	1.2.1.1
Supplier.....	7.1.2
System.....	Introduction
Technology Fee.....	4.4
Transfer .....	16.4.1.1



**EXHIBIT B** Development Agreement with Exhibits

[on Code Ninjas LLC letterhead stationery]

\_\_\_\_\_, 202\_\_

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

Re: Area Development Agreement

Dear \_\_\_\_\_:

We are pleased to be entering into this Area Development Agreement (the “**Agreement**”) with you today. As used in this Agreement, the terms “**you**” or “**Area Developer**” mean \_\_\_\_\_, and the terms “**we,**” “**us,**” and “**Franchisor**” mean Code Ninjas LLC.

1. Development. This Agreement relates to the terms under which you will develop “Code Ninjas” learning center locations (“**Learning Centers**”) within the Development Area that is specified on the attached Data Sheet (Exhibit A). Each Learning Center will be established under the terms of a separate Franchise Agreement (the “**Franchise Agreement**”) for that Learning Center, which will specify, among other things, the approved location of that Learning Center.
2. Development Schedule. You agree to establish each of the Learning Centers in the Development Area according to the development schedule that is specified on the attached Data Sheet (Exhibit A). That schedule is referred to as the “**Development Schedule.**”
3. Term. The term of this Agreement starts on the Effective Date listed on the signature page to this Agreement and will end on the last date specified in the Development Schedule (the “**Term**”), unless this Agreement is sooner terminated.
4. Fees and Credits. In consideration of the development rights granted under this Agreement, you agree to pay us a development fee in an amount equal to Thirty-Five Thousand Dollars (\$35,000) for the first Learning Center to be developed plus Seventeen Thousand Five Hundred Dollars (\$17,500) for each additional Learning Center to be developed under this Agreement in order to comply with the Development Schedule, the aggregate amount of which is specified in Exhibit A to this Agreement (the “**Development Fee**”), which you agree to pay to us when you sign this Agreement.
  - 4.1 For each Franchise Agreement signed pursuant to this Agreement, you agree to pay to us an initial franchise fee in the following amounts:
    - 4.1.1 Thirty-Five Thousand Dollars (\$35,000) under the first (1st) Franchise Agreement entered into under the Development Schedule;

- 4.1.2 Thirty Thousand Dollars (\$30,000) for the second (2nd) through fifth (5th) Franchise Agreements entered into under the Development Schedule; and
- 4.1.3 Twenty-Five Thousand Dollars (\$25,000) for the sixth (6th) and each additional Franchise Agreement entered into under the Development Schedule.
- 4.2 If you are in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement with us for the first Learning Center that you develop pursuant to the Development Schedule, we will credit to you the sum of Thirty-Five Thousand Dollars (\$35,000) as full payment of the initial franchise fee due under the Franchise Agreement for that Learning Center. If you continue to be in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement for each additional Learning Center that you develop pursuant to the Development Schedule, we will credit to you the sum of Seventeen Thousand Five Hundred Dollars (\$17,500), which credit we will apply to the initial franchise fee due under the Franchise Agreement for that Learning Center (provided, that the total amount of the credits that we grant to you under this Section 4.2 will not exceed the total Development Fee that you have actually paid to us).
- 4.3 The Development Fee will be fully earned when we receive it from you and it will be non-refundable in consideration of administrative and other expenses we incur and for the development opportunities lost or deferred as a result of the rights we have granted to you under this Agreement.
- 5. Protected Development Area. We will not establish, nor license anyone other than you to establish, a Learning Center in the Development Area during the Term of this Agreement (except as otherwise provided under Section 6 below) so long as you (and your affiliates) are in compliance with this Agreement and all of the Franchise Agreements between you (and your affiliates) and us (and our affiliates).
- 6. Reservation of Rights. Except as otherwise specifically provided above in Section 5, we retain all other rights, and therefore we have the sole right (among others), and on any terms and conditions we deem advisable, and without granting you any rights therein, to do any or all of the following (and, in each case, despite their proximity to the Development Area, and despite their actual or threatened impact on sales at any Learning Center):
  - 6.1 use, and to license others to use, the System and the Proprietary Marks (defined below) for the operation of Learning Centers at any location outside the Development Area;
  - 6.2 acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Development Area (but we will not change those other businesses into “Code Ninjas” Learning Centers operated in the Development Area);
  - 6.3 use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses and marks may be the same as, similar to, or different from the Learning Center

and Proprietary Marks (but these will not be “Code Ninjas” Learning Centers located in the Development Area);

- 6.4 sell or market any products or services using the Proprietary Marks or other marks, to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a “Code Ninjas” Learning Center located in the Development Area.
7. *No License to Use the Proprietary Marks or System.* This Agreement does not grant you any license to use, in any manner whatsoever, our proprietary marks and trade names (for example, the mark “Code Ninjas” or corresponding logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we may periodically specify in writing for use in connection with our system (the “**Proprietary Marks**”) or system. To the extent that we are licensing those rights to you, that license will be set out under each of the Franchise Agreements.
8. *Signing of the Franchise Agreement.* You must sign a Franchise Agreement for each Learning Center. Each Learning Center will be located at a site that we must have approved, within the Development Area, as provided below (the “**Accepted Location**”). The Franchise Agreement for the first Learning Center developed under this Agreement will be in the form of the Franchise Agreement that is attached as Exhibit D. The Franchise Agreement for each additional Learning Center that you develop will be the form of Franchise Agreement that we are then generally offering at the time each such Franchise Agreement is signed. You must sign the Franchise Agreement for each Learning Center and submit that Franchise Agreement to us for countersignature not more than fifteen (15) days after you sign the lease for that Learning Center, and in any case not more than thirty (30) days before the Learning Center is reasonably expected to open for business.
9. *Provisions of the Franchise Agreement Incorporated By Reference.* The parties agree that the provisions of the following sections of the Franchise Agreement are incorporated by reference into this Agreement as if they were printed in this Agreement (here, and in full text), and that the provisions noted above also apply to this Agreement (except that reference to the “Franchisee” in those provisions shall refer to you, as the “Area Developer,” under this Agreement):
- 9.1 Section 11 – Confidentiality;
- 9.2 Section 15 – Insurance;
- 9.3 Section 16 – Transfer of Interest (and also see Section 10 below);
- 9.4 Section 17 – Default and Termination (and also see Section 11 below);
- 9.5 Section 18 - Obligations upon Termination or Expiration;
- 9.6 Section 19 – Covenants;
- 9.7 Section 20 – Taxes, Permits, and Indebtedness;

- 9.8 Section 21 – Independent Contractor and Indemnification (and also see Section 13 below);
- 9.9 Section 22 – Force Majeure;
- 9.10 Section 23 – Approvals and Waivers;
- 9.11 Section 24 – Notices;
- 9.12 Section 26 – Severability and Construction;
- 9.13 Section 28 – Acknowledgments; and
- 9.14 Section 27 – Applicable Law and Dispute Resolution (*You specifically acknowledge and agree that the provisions in Section 27 of the Franchise Agreement apply to this Agreement as well. Among other things, the provisions of Section 27 provide (in the detail spelled out in the Franchise Agreement) that you agree that Texas law shall exclusively govern the terms of this Agreement (but not applying Texas conflict of laws rules), that the parties agree to waive any right trial by jury, that the parties agree to waive the right to seek or collect punitive damages, that the parties must first mediate any dispute before bringing an action in court; that the venue for any action that you file against us will be exclusively in the courts with jurisdiction over Pearland, Texas, that you waive participation in a common or class action against us, and that all legal actions you bring must be brought within one (1) year from the occurrence of the facts giving rise to such claim or action – all as described in Section 27 of the Franchise Agreement, excluding claims for indemnification). Nothing in this Section 9.14 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of Texas (or any other state) that would not otherwise apply without this Section 9.14.*)
10. Transfers. In addition to the provisions of Section 9.3 above, you understand and agree that we have entered into this Agreement in reliance on your promise and commitment to establish and operate an agreed-upon number of Learning Centers, and that as a result, you agree that it would not be unreasonable for us to withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights set forth under this Agreement (if this Agreement has not at the time of a proposed transfer either expired or terminated).
11. Defaults.
- 11.1 In addition to the provisions of Section 9.4 above, you understand and agree that you would be in default under this Agreement if you :
- 11.1.1 do not meet your obligations under the Development Schedule and/or any other agreement between you (and/or your affiliates) and us is terminated; and/or
- 11.1.2 fail to provide us with any information or documents we have the right to request under this Agreement or any other agreement between you (and/or your affiliates) and us (and/or our affiliates). If you are in default under this

Agreement, then we will have the right to: (i) terminate this Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law); or (ii) take any lesser action instead of terminating this Agreement, including but not limited to suspending or eliminating your rights to the Development Area.

- 11.2 A default under this Agreement shall not constitute a default under any Franchise Agreement between the parties.
12. Entire Agreement and Amendment. This Agreement, together with the provisions that are incorporated by reference pursuant to Section 9 above, as well as the Exhibits that are attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter of this Agreement, and supersede all prior agreements, representations, and other communications. The parties agree that: (a) they were not induced by any representations other than the words of this Agreement (including the Exhibits to this Agreement, which in turn include the Franchise Agreement provisions that are incorporated by reference) before deciding whether to sign this Agreement; and (b) they relied only on the words printed in this Agreement (and the Exhibits and the provisions of the Franchise Agreement that are incorporated by reference) in deciding whether to enter into this Agreement (however, nothing in this Agreement is meant to disclaim any statement included in our franchise disclosure document). Except for those changes permitted to be made unilaterally by Franchisor under this Agreement, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.
13. Indemnity. In addition to the provisions of Section 9.8 above, you agree to indemnify, defend, and hold harmless us, our owners and affiliates, and our (and our affiliates') officers, directors, members, managers, employees, and agents against any and all claims arising directly or indirectly from, as a result of, or in connection with your conduct and/or operation of the business contemplated under this Agreement, as well as the costs of defending against them (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses).
14. Confirmation that You Read and Understand the Franchise Agreement. You acknowledge that you have read and understand the Franchise Agreement attached to this Agreement as Exhibit D (including but not limited to the provisions of the Franchise Agreement that are referenced (and/or incorporated by reference) into this Agreement via Section 9 above (including but not limited to the waiver of jury trial, the waiver of punitive damages, the mediation and venue clauses, and the provision waiving participation in a common or class action).
15. Captions. The headings and captions in this Agreement are merely for the sake of convenience and are not meant (and shall not be deemed) to change or have any affect upon the meaning of the Agreement.

**IN WITNESS WHEREOF**, intending to be legally bound by this Agreement, the parties have duly signed sealed, and delivered this Agreement to one another as of the Effective Date noted below.

**Code Ninjas LLC**

\_\_\_\_\_  
Area Developer Party

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

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

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

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

Title: \_\_\_\_\_

Title: \_\_\_\_\_

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

Address for Notices:

Address for Notices:

Code Ninjas LLC  
2880 Broadway Bend, Building #2  
Pearland, Texas 77584  
Attn: \_\_\_\_\_  
E-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_  
E-mail: \_\_\_\_\_

- Exhibits (4):
- A – Data Sheet
  - B – Guarantee, Indemnification and Acknowledgement
  - C – List of Principals in Area Developer
  - D – Form of Franchise Agreement



Exhibit A - Data Sheet

***The Development Area under this Agreement shall be:***

The present political boundaries of \_\_\_\_\_ (subject to Section 6 of this Agreement).

--

Initialed

\_\_\_\_\_

FranchisorArea Developer

***The Development Fee under this Agreement shall be:***

How Development Fee Calculated	Total Development Fee
Thirty Five Thousand Dollars (\$35,000) for the first franchised Learning Center; plus Seventeen Thousand Five Hundred Dollars (\$17,500) multiplied by the number of Learning Centers that are required to be developed under the Development Schedule	

Initialed

\_\_\_\_\_

FranchisorArea Developer

***The Development Schedule under this Agreement shall be:***

By this anniversary of the date of this Agreement	Cumulative Total Number of Learning Centers That You Agree To Have Open and in Operation in the Development Area
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]

Initialed

\_\_\_\_\_

FranchisorArea Developer

Exhibit B – Guarantee, Indemnification, and Acknowledgment

In order to induce Code Ninjas LLC (“**Franchisor**”) to sign the Code Ninjas Area Development Agreement between Franchisor and \_\_\_\_\_ (“**Area Developer**”), dated \_\_\_\_\_, 202\_\_ (the “**Development Agreement**”), each of the undersigned parties, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Area Developer’s obligations (monetary and otherwise) under the Development Agreement as well as any other contract between Area Developer and Franchisor (and/or Franchisor’s affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

- Upon Franchisor’s demand, s/he will immediately make each payment required of Area Developer under the Development Agreement and/or any other contract with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: **(a)** proceed against Area Developer for any payment required under the Development Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Area Developer; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Area Developer; and/or **(d)** give notice of demand for payment by Area Developer.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Area Developer, or settle, adjust, or compromise any claims against Area Developer. Each of the undersigned persons waive notice of amendment of the Development Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and notice of demand for payment by Area Developer, and agree to be bound by any and all such amendments and changes to the Development Agreement (and any other contract with Franchisor and Franchisor’s affiliates).
- S/he will defend, indemnify and hold Franchisor harmless against any and all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with any failure by Area Developer to perform any obligation of Area Developer under the Development Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and/or any amendment to the Development Agreement.
- S/he will be personally bound by all of Area Developer’s covenants, obligations, and promises in the Development Agreement.
- S/he agrees to be personally bound by all of Area Developer’s covenants, obligations, and promises in the Development Agreement, which include, but are not limited to, those found in the following Sections of the Development Agreement: **Section 7** (generally regarding trademarks), **Section 9.1** (generally regarding confidentiality), **Sections 9.3 and 10** (generally regarding Transfers), **Section 9.5** (generally regarding obligations upon termination or expiration of the Development Agreement), and **Section 9.6** (generally regarding covenants against competition) of the Development Agreement.

- S/he understands that: **(a)** this Guarantee does not grant them any rights under the Development Agreement (including but not limited to the right to use any of Franchisor’s marks such as the “Code Ninjas” mark and logo); **(b)** that they have read, in full, and understand, all of the provisions of the Development Agreement that are referred to above in this paragraph (including the corresponding provisions of the franchise agreement that are incorporated into the Development Agreement), and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 9.14** of the Development Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions) that are incorporated by reference there from Section 27 of the attached franchise agreement. Among other things, that means that this Guarantee will be interpreted and construed exclusively under the laws of the State of Texas, and that in the event of any conflict of law, Texas law will prevail (without applying Texas conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

\_\_\_\_\_  
(signed in his/her personal capacity)

\_\_\_\_\_  
(signed in his/her personal capacity)

\_\_\_\_\_  
(signed in his/her personal capacity)

Printed Name:\_\_\_\_\_

Printed Name:\_\_\_\_\_

Printed Name:\_\_\_\_\_

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

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

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

Home Address:

Home Address:

Home Address:

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

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

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

Exhibit C – List of Principals

Name of Principal	Home Address	Percentage Interest Held in Area Developer

Initials

\_\_\_\_\_ Franchisor

\_\_\_\_\_ Area Developer

Exhibit D – Form of Franchise Agreement

**EXHIBIT C****List of State Administrators**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p><b>CALIFORNIA</b>  Dep’t of Financial Protection &amp; Innovation  320 West Fourth St., Suite 750  Los Angeles, CA 90013-2344  (213) 576-7500 / Toll Free: (866) 275-2677</p>	<p><b>NEW YORK</b>  Dep’t of Law  Investor Protection Bureau  28 Liberty St., 21<sup>st</sup> Floor  New York, NY 10005  (212) 416-8236</p>
<p><b>HAWAII</b>  Commissioner of Securities  Dep’t of Commerce &amp; Consumer Affairs  Bus. Reg. Div., Securities Compliance Branch  335 Merchant St., Room 205  Honolulu, HI 96813  (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>  Securities Dep’t  State Capitol – Dep’t 414  600 East Boulevard Av., Fifth Floor  Bismarck, ND 58505-0510  (701) 328-4712</p>
<p><b>ILLINOIS</b>  Office of the Attorney General  Franchise Bureau  500 South Second St.  Springfield, IL 62706  (217) 782-4465</p>	<p><b>RHODE ISLAND</b>  Dep’t of Business Regulation  Securities Div., Building 69, First Floor  John O. Pastore Center - 1511 Pontiac Av.  Cranston, RI 02920  (401) 462-9527</p>
<p><b>INDIANA</b>  Secretary of State  Franchise Section  302 West Washington, Room E-111  Indianapolis, IN 46204  (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>  Div. of Insurance  Securities Regulation  124 South Euclid Av., Suite 104  Pierre, SD 57501  (605) 773-3563</p>
<p><b>MARYLAND</b>  Office of the Attorney General  Securities Div.  200 St. Paul Place  Baltimore, MD 21202-2020  (410) 576-6360</p>	<p><b>VIRGINIA</b>  State Corporation Commission  Div. of Securities and Retail Franchising  1300 East Main St., 9th Floor  Richmond, VA 23219  (804) 371-9051</p>
<p><b>MICHIGAN</b>  Attorney General’s Office  Corporate Oversight Div., Franchise Section  525 West Ottawa St., 1st Floor  Lansing, MI 48913  (517) 335-7567</p>	<p><b>WASHINGTON</b>  Dep’t of Financial Institutions  Securities Div. – 3rd Floor  150 Israel Road, Southwest  Tumwater, WA 98501  (360) 902-8760</p>
<p><b>MINNESOTA</b>  Dep’t of Commerce  85 7th Place East, Suite 280  St. Paul, MN 55101  (651) 539-1600</p>	<p><b>WISCONSIN</b>  Div. of Securities  4822 Madison Yards Way, North Tower  Madison, WI 53705  (608) 266-2139</p>

**EXHIBIT D****List of Agents for Service of Process**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

<b>CALIFORNIA</b> Commissioner of Financial Protection & Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	<b>NEW YORK</b> Secretary of State One Commerce Plz 99 Washington Av., 6 <sup>th</sup> Fl. Albany, NY 12231-0001 (518) 473-2492
<b>HAWAII</b> Commissioner of Securities of the State of Hawaii Dep’t of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 (808) 586-2722	<b>NORTH DAKOTA</b> Securities Commissioner State Capitol 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
<b>ILLINOIS</b> Attorney General 500 South Second St. Springfield, IL 62706 (217) 782-4465	<b>RHODE ISLAND</b> Director of Dep’t of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681	<b>SOUTH DAKOTA</b> Div. of Insurance Director of the Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563
<b>MARYLAND</b> Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	<b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 East Main St., 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
<b>MICHIGAN</b> Attorney General’s Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913 (517) 335-7567	<b>WASHINGTON</b> Director of Dep’t of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, WA 98501 (360) 902-8760
<b>MINNESOTA</b> Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	<b>WISCONSIN</b> Div. of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139



**EXHIBIT E****Form of General Release**

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

Franchisee, its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "Franchisee Group"), hereby forever release and discharge, and forever hold harmless Code Ninjas LLC, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "Franchisor Group"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of the Franchised Business ("Demands").

Each party represents and warrants to the others, and agrees, that it may later learn of new or different facts, but that still, it is that party's intention to fully, finally, and forever release all of the Demands that are released above. This includes the parties' waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.") The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise Agreement or the Franchised Business. The Franchisee Group and its owners represent and warrant that they have not asserted (nor made an assignment or any other transfer of any interest in) the claims, causes of action, suits, debts, agreements, or promises described above.

This release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**EXHIBIT F**

**Table of Contents to Brand Manual**

<p><b>(1) Introduction (Pages 1-37)</b></p> <p><b>(2) Policies and Guidelines (Pages 38- 88)</b></p> <p><b>(3) Phase 1 Real Estate, Construction, Center start up (Pages 89-137)</b></p> <p>3.1 Site Selection</p> <p>3.2 Legal</p> <p>3.3 Financial</p> <p>3.4 Center Construction</p> <p>3.5 Marketing</p> <p>3.6 New Franchisee Training</p> <p><b>(4) Phase 2 Pre-Sales (Pages 138-180)</b></p> <p>4.1 Customer Onboarding</p> <p>4.2 Telephone Inquiries</p> <p>4.3 Center Hiring</p> <p>4.4 Building A Team</p> <p>4.5 Employee Dojo</p> <p>4.6 OS Usage/CRM</p> <p>4.7 Pre-Operational</p> <p><b>(5) Phase 3 Breaking Even (Pages 182-230)</b></p> <p>5.1 Scheduling A Tour</p> <p>5.2 Curriculum</p> <p>5.3 Programs</p> <p>5.4 Code Combat</p> <p>5.5 Belt Certificates</p> <p>5.6 Employee Dojo</p> <p>5.7 Student Dojo</p> <p>5.8 The Parent Portal</p> <p>5.9 Marketing Campaigns</p> <p><b>(6) Phase 4 Profitability (Pages 231-239)</b></p> <p>6.1 Team Performance</p> <p>6.2 Customer Service</p> <p>6.3 Feedback</p> <p><b>(7) Phase 5 Multi-Unit (Pages 240 – 245)</b></p> <p>7.1 Strategy</p> <p>7.2 Scalability</p> <p>7.3 Finances</p> <p><b>(8) Frequently Asked Questions (Pages 246-291)</b></p>
--

**EXHIBIT G**

**Financial Statements**

---

**EXHIBIT G-1**

**Audited Financial Statements**

Audited Financial Statements for Fiscal Years Ended Dec. 31, 2022, 2021, and 2020

# **Code Ninjas, LLC and Subsidiaries**

## **Independent Auditor's Report and Consolidated Financial Statements**

**December 31, 2022 and 2021**



# Table of Contents

<b>Independent Auditor's Report</b> .....	1
<b>Consolidated Financial Statements:</b>	
Consolidated Balance Sheets .....	3
Consolidated Statements of Comprehensive Loss .....	4
Consolidated Statements of Changes in Members' Equity (Deficit).....	5
Consolidated Statements of Cash Flows .....	6
Notes to Consolidated Financial Statements .....	7

## Independent Auditor's Report

Members and Board of Members  
Code Ninjas, LLC and Subsidiaries  
Pearland, TX

We have audited the consolidated financial statements of Code Ninjas, LLC and Subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive loss, changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Code Ninjas, LLC and Subsidiaries as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter – Change in Accounting Principle***

As described in Note 2 and 9 to the consolidated financial statements, the Company has changed its methods of accounting for leases in accordance with ASC 842 Leases effective January 1, 2022. The Company adopted this standard using a modified retrospective approach and has elected not to restate prior periods. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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



## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**FORVIS,LLP**

**Birmingham, AL  
April 28, 2023**

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 425,992	\$ 984,697
Accounts receivable, net	126,302	154,366
Inventories	-	18,299
Prepaid expense and other current assets	421,232	168,979
	<u>973,526</u>	<u>1,326,341</u>
Total current assets		
Property and equipment, net	136,138	230,572
Right-of-use operating assets, net	595,432	-
Capitalized curriculum development costs, net	699,029	143,896
Other assets	34,888	18,810
	<u>2,439,013</u>	<u>1,719,619</u>
Total assets		
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,993,490	\$ 1,013,799
Current portion of operating lease liabilities	204,461	-
Notes payable, current portion	-	8,540
Deferred franchise revenue	383,294	218,476
	<u>2,581,245</u>	<u>1,240,815</u>
Total current liabilities		
Long-term liabilities:		
Operating lease liabilities, non-current portion	357,319	-
Notes payable, non-current portion	1,000,000	19,426
	<u>3,938,564</u>	<u>1,260,241</u>
Total liabilities		
Members' equity (deficit)	<u>(1,499,551)</u>	<u>459,378</u>
Total liabilities and members' equity (deficit)	<u>\$ 2,439,013</u>	<u>\$ 1,719,619</u>

See accompanying notes.

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Comprehensive Loss**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Revenue:		
Franchise revenue	\$ 689,944	\$ 1,614,895
Royalty income	6,314,606	3,680,416
Other revenue	3,222,977	2,480,017
Total revenue	<u>10,227,527</u>	<u>7,775,328</u>
Operating costs and expenses:		
Inventory costs	122,944	457,381
Selling, general, and administrative	6,234,668	5,930,230
Salaries and wages	5,760,295	6,027,623
Depreciation and amortization	60,923	100,815
Total operating costs and expenses	<u>12,178,830</u>	<u>12,516,049</u>
Loss from operations	<u>(1,951,303)</u>	<u>(4,740,721)</u>
Other (income) expense:		
Other (income) expense	27,296	5,582
PPP loan forgiveness	-	(996,043)
Interest expense	27,411	376,873
Total other (income) expense	<u>54,707</u>	<u>(613,588)</u>
Loss before income tax expense	<u>(2,006,010)</u>	<u>(4,127,133)</u>
Income tax expense	<u>57,493</u>	<u>67,773</u>
Net loss	<u>(2,063,503)</u>	<u>(4,194,906)</u>
Other comprehensive income:		
Unrealized foreign currency translation gain	<u>29,617</u>	<u>-</u>
Comprehensive loss	<u>\$ (2,033,886)</u>	<u>\$ (4,194,906)</u>

See accompanying notes.

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Changes in Members' Equity (Deficit)**  
**Years Ended December 31, 2022 and 2021**

	<b>Accumulated Other Comprehensive Income</b>	<b>Members' Equity (Deficit)</b>	<b>Total Members' Equity (Deficit)</b>
Members' deficit, January 1, 2021	\$ -	\$ (1,734,479)	\$ (1,734,479)
Net loss	-	(4,194,906)	(4,194,906)
Additional paid-in capital: stock options	-	65,915	65,915
Member contributions	-	6,322,848	6,322,848
Members' equity, December 31, 2021	-	459,378	459,378
Net loss	-	(2,063,503)	(2,063,503)
Additional paid-in capital: stock options	-	74,957	74,957
Unrealized foreign currency translation gain	29,617	-	29,617
Members' deficit, December 31, 2022	<u>\$ 29,617</u>	<u>\$ (1,529,168)</u>	<u>\$ (1,499,551)</u>

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Net loss	\$ (2,063,503)	\$ (4,194,906)
Adjustments to reconcile net loss to net cash used by operating activities:		
Gain on disposal of property and equipment	(3,295)	-
Depreciation and amortization	60,923	100,815
Write-off of debt issuance costs	-	140,000
Paid-in-kind accrued interest on long-term debt	-	235,135
Non-cash PPP loan forgiveness	-	(996,043)
Non-cash lease expense	(165,425)	-
Stock-based compensation expense	74,957	65,915
Provision for bad debt	150,149	365,740
Changes in operating assets and liabilities:		
Accounts receivable	(121,887)	(62,824)
Inventory	18,299	68,834
Prepaid expenses and other current assets	(252,253)	(130,769)
Other assets	(16,078)	(15,185)
Accounts payable and accrued expenses	975,845	1,231,186
Lease liabilities	131,773	-
Deferred franchise revenue	164,818	(134,080)
Net cash used by operating activities	<u>(1,045,677)</u>	<u>(3,326,182)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(39,994)	(120,515)
Capitalized curriculum development costs	(474,487)	(143,896)
Net cash used by investing activities	<u>(514,481)</u>	<u>(264,411)</u>
Cash flows from financing activities:		
Proceeds from PPP loan payable	-	483,507
Payment on note payable	(27,966)	(5,142)
Borrowings on note payable	1,000,000	-
Member contributions	-	2,207,658
Net cash provided by financing activities	<u>972,034</u>	<u>2,686,023</u>
Net decrease in cash	(588,124)	(904,570)
Effect of foreign currency exchange rate changes	29,419	-
Cash, beginning of year	<u>984,697</u>	<u>1,889,267</u>
Cash, end of year	<u>\$ 425,992</u>	<u>\$ 984,697</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ 936</u>	<u>\$ 236,873</u>
Cash paid for income taxes	<u>\$ 4,707</u>	<u>\$ 13,494</u>
Non-cash financing activities:		
Non-cash member contributions - forgiveness of note payable and related accrued paid-in-kind interest	<u>\$ -</u>	<u>\$ 3,402,613</u>
Non-cash member contributions - settlement of operating expenses	<u>\$ -</u>	<u>\$ 712,577</u>

See accompanying notes.

## Notes to Consolidated Financial Statements

### 1. Nature of Business

Code Ninjas, LLC is a registered limited liability company organized under the laws of the state of Texas. It is owned by Code Ninjas Holdings, LLC (“Holdings”). Code Ninjas, LLC was organized on August 17, 2016, in Pearland, Texas. It markets and operates franchise agreements for the “Code Ninjas” system of after-school enrichment classes.

### 2. Summary of Significant Accounting Policies

#### *Principles of consolidation*

The accompanying consolidated financial statements include the accounts of the Company. All significant intercompany balances and transactions have been eliminated.

#### *Accounting estimates*

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

#### *Cash and cash equivalents*

The Company considers all cash and short-term securities with maturities of three months or less as cash equivalents. The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation (“FDIC”). At times, cash balances may be in excess of the FDIC insurance limit. The Company has not experienced any losses in such accounts.

#### *Accounts receivable*

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was approximately \$177,711 and \$105,929 as of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, one customer accounted for approximately 14% and 20%, respectively, of the Company’s total consolidated accounts receivable balance, in addition to the related party receivable balances disclosed in Note 7.

#### *Inventories*

Inventory, which consists of shirts, wristbands, pencils, and drawstring bags, is stated at the lower of cost, using the first-in, first-out method, or market-basis.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

---

***Property and equipment***

Property and equipment are stated at cost at the date of purchase, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lease term or the estimated useful life of the related asset, whichever is shorter. When property and equipment is retired or sold, the cost and related accumulated depreciation or amortization are removed from the consolidated balance sheet, and the resulting gain or loss is included in the consolidated statement of comprehensive loss. Ordinary maintenance and repair costs are expensed as incurred.

***Capitalized curriculum development costs***

The Company internally develops curriculum, which is primarily provided as online content and accessed via the Internet. The Company capitalizes curriculum development costs incurred during the application development stage, as well as the design and deployment phases of the project. As a result, a significant portion of the Company's curriculum development costs qualify for capitalization due to the concentration of its development efforts on the content of the curriculum. Capitalization ends when a curriculum is available for general release to its customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs are amortized is generally three years.

Total capitalized curriculum development costs were \$699,029 and \$143,896 during the years ended December 31, 2022 and 2021, respectively. No amortization was recorded during the years ended December 31, 2022 and 2021, as the curriculum had not reached its intended use and was not available for general release to its customers.

Costs incurred during the preliminary and post-implementation stages of curriculum development are expensed as incurred. Costs incurred to maintain existing curriculum are expensed as incurred.

***Impairment of long-lived assets***

The Company reviews the carrying value of long-lived assets for impairment whenever triggering events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flow expected to result from its use and eventual disposition. In cases where the estimated undiscounted future cash flow is less than the carrying value of an asset, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of the asset. Based on managements' assessments, no impairment occurred during the years ended December 31, 2022 and 2021.

***Revenue recognition***

The Company derives its revenues primarily from initial franchise fees and sales-based royalty income from franchisees. Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. The Company applies the five-step revenue model under FASB ASC Topic 606 to determine when revenue is earned and recognized.

During the year ended December 31, 2021, the Company elected the practical expedient available to private companies under ASU 2021-02 Franchisors—Revenue from Contracts with Customers, to account for pre-opening activities as one distinct performance obligation. The initial franchise fees are payable based on contract terms prior to the franchise opening. The transaction price is recognized as revenue on a straight-line basis over a 9-month period, based on timing of when services are satisfied for pre-opening activities.

The Company also receives royalty and administrative fees from franchisees. Royalties are determined as a percentage of sales and are recognized in the period earned by the Company. Administrative fees are a set monthly fee per franchised location.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

---

The Company receives brand fund income from franchisees to direct advertising spend on behalf of the brand name and franchisees. Brand fund contributions are determined as a percentage of sales and are recognized in the period earned by the Company.

The Company's other significant revenues consists of camp and program sales at company-owned locations. Service revenue is recognized at the point services are provided to customers.

***Selling, general and administrative***

Selling, general and administrative expenses consist of costs associated with administrative and support functions related to the Company's existing business as well as growth and development activities. These costs primarily consist of payroll, IT related, consulting, marketing, legal and accounting expenses.

***Advertising costs***

Advertising costs are expensed as incurred. Advertising expense was approximately \$1,637,000 and \$1,439,000 for the years ended December 31, 2022 and 2021, respectively, and is included within selling, general and administrative expenses in the consolidated statement of comprehensive loss.

***Stock-based compensation***

The Company accounts for stock-based awards in accordance with ASC 718, *Stock Compensation*, which requires compensation cost related to share-based payments, classified as equity awards, to be measured based on the grant date fair value of the award. The Company recognizes compensation cost over the requisite service period.

***Income taxes***

The Company is organized as a limited liability company that is disregarded for federal income tax purposes. The Company owns 100% of the interests in other limited liability companies that are also disregarded for federal income tax purposes.

The Financial Accounting Standards Board ("FASB") issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 amends ASC 740 to simplify the accounting for income taxes. The Company adopted the new guidance under ASU 2019-12 as of January 1, 2020. Accordingly, the Company has elected not to allocate the consolidated amount of income tax expense of the Company's sole owner to these consolidated financial statements as the Company is considered a limited liability company that is disregarded for federal income tax purposes.

Separately, the Company and its subsidiaries operate in Texas, which imposes a franchise tax on limited liability companies. Also, the Company and its subsidiaries operate in Canada, which imposes a royalty tax on foreign entities. The amounts are reported on the consolidated statements of comprehensive loss within income tax expense during the years ended December 31, 2022 and 2021.

***Comprehensive loss***

Comprehensive loss consists of net loss and other gains affecting consolidated members' equity that, under U.S. GAAP, are excluded from net loss. For the Company, such items consist of unrealized foreign currency translation gains.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

---

***Paycheck protection program loan payable***

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (“CARES”) Act was signed into law on March 27, 2020. The CARES Act provides for the establishment of the Payroll Protection Program (“PPP”), a new loan program under the Small Business Administration’s 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met. Any portion of PPP loans not forgiven have a term of two years and bear interest at 1.0% with repayments deferred for six months. In May 2020 the Company received a PPP loan of \$495,964. In February 2021 the Company received a second round PPP loan for \$483,507.

In order to be forgiven, funds from these loans may only be used to satisfy payroll costs, costs used to continue health care benefits, mortgage payments, rent, utilities, and interest on certain other debt obligations. The Company believes it has used the proceeds of the loans for qualifying expenses under the PPP. As of December 31, 2021, the PPP loans of \$996,043 and accrued interest were forgiven in its entirety. The forgiveness is accounted for during the year ended December 31, 2021, in accordance with ASC 470-50, *Debt Modifications and Extinguishments*.

***Reclassifications***

Certain reclassifications have been made to the 2021 consolidated financial statements included herein to conform to the 2022 presentation. Reclassifications had no impact on previously reported members’ equity or loss from operations.

***Recently issued accounting standards and change in accounting principle*****Topic 842 - Leases**

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). This guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated balance sheets and disclosing key information about leasing arrangements. The new guidance requires lessees to recognize the assets and liabilities on the consolidated balance sheets for the rights and obligations created by leases with lease terms of more than 12 months, amends various other aspects of accounting for leases by lessees and lessors, and requires enhanced disclosures. Leases will be classified as finance or operating, with the classification affecting the pattern and classification of expense recognition within the statements of comprehensive loss. See below for lease accounting policies and Note 9.

The Company transitioned to FASB Accounting Standards Codification (“ASC”) Topic 842, *Leases* (“ASC 842”), from ASC Topic 840, *Leases* (the “Previous Standard”) on January 1, 2022 using the effective date as the date of initial application. The consolidated financial statements reflect the application of ASC 842 guidance beginning in 2022, while the consolidated financial statements for prior periods were prepared under the guidance of the Previous Standard. The most significant impact as a result of the adoption of the new standard was the recognition of operating lease right-of-use (“ROU”) assets and operating lease liabilities of approximately \$1,857,842 and \$1,857,842, respectively, as of January 1, 2022. The transition to ASC 842 represents a change in accounting principle.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The Company has elected the transition package of three practical expedients permitted within the new standard. This practical expedient permits the Company to carryforward the historical lease classification and not to reassess initial direct costs for any existing leases, as well as to not reassess whether any expired or existing contracts are, or contain, leases. Additionally, the Company has elected the practical expedient to use the risk-free interest rate as the discount rate at the time of commencement or modification date in determining the present value of lease payments. The Company also elected the practical expedient to combine lease and nonlease components in the contract for the Company's population of all leases. The Company elected the short-term lease exception to exclude leases that, at the lease commencement date, have a lease term of 12 months or less and does not include an option to purchase the underlying asset that the entity is reasonably certain to exercise. In addition, the Company did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

Change in accounting principle

As discussed above, the Company has changed its method of accounting for leases as of January 1, 2022 due to the adoption of ASC 842, Leases. The adoption had a material impact on the Company's consolidated balance sheet but did not have a material impact on the consolidated statement of comprehensive loss or cash flows.

The following details the consolidated balance sheet line items effected as of January 1, 2022:

	<u>As Reported Under 840</u>	<u>As Reported Under 842</u>	<u>Effect of Change</u>
Right-of-use assets	\$ -	\$ 1,857,842	\$ 1,857,842
Current portion of operating lease liabilities	-	392,072	392,072
Operating lease liabilities, less current portion	-	1,465,770	1,465,770

### 3. Property and Equipment, Net

Property and equipment consists of the following as of December 31:

	<u>Estimated Useful Life (in years)</u>	<u>2022</u>	<u>2021</u>
Vehicles	6 years	\$ -	\$ 163,036
Computer equipment	5 years	<b>93,863</b>	40,835
Machinery and equipment	5 years	<b>9,557</b>	13,419
Furniture and fixtures	5 years	<b>108,003</b>	167,187
Leasehold improvements	5 years	-	110,631
Total property and equipment		<b>211,423</b>	495,108
Accumulated depreciation		<u>(75,285)</u>	<u>(264,536)</u>
Property and equipment, net		<u><b>\$ 136,138</b></u>	<u>\$ 230,572</u>

The Company recognized approximately \$61,000 and \$93,000 of depreciation expense on property and equipment during the years ended December 31, 2022 and 2021, respectively.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

**4. Intangible Assets and Curriculum Development Costs**

Intangible assets and curriculum development costs consist of the following as of December 31, 2022:

	<u>Estimated Amortization Period (in years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Curriculum Development Costs	3	\$ 699,029	\$ -	\$ 699,029
Total		<u>\$ 699,029</u>	<u>\$ -</u>	<u>\$ 699,029</u>

Intangible assets and curriculum development costs consist of the following as of December 31, 2021:

	<u>Estimated Amortization Period (in years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Intangible Assets	5	\$ 16,811	\$ 16,811	\$ -
Curriculum Development Costs	3	<u>143,896</u>	<u>-</u>	<u>143,896</u>
Total		<u>\$ 160,707</u>	<u>\$ 16,811</u>	<u>\$ 143,896</u>

The Company recognized approximately \$7,000 of amortization expense related to intangible assets during the year ended December 31, 2021. There was no amortization expense recorded for the year ended December 31, 2022. Amortization of curriculum development costs is expected to be approximately \$230,000 annually for each of the three succeeding years.

**5. Notes Payable**

The note payable at December 31, 2022, consists of a secured promissory note with a fixed interest rate of 8% per annum between the Company and a related party. The note was entered into on August 18, 2022. The outstanding balance is due upon maturity on August 18, 2027.

The note payable at December 31, 2021, consists of a secured promissory note with a fixed interest rate of 8.34% between the Company and a third-party vehicle dealer. The note was entered into on August 23, 2019 to finance a vehicle purchase. It requires monthly payments of \$859 through September 2024. The outstanding balance at December 31, 2021, was \$27,966. The note is secured by the purchased vehicle. The note payable was paid off in September 2022.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

---

**6. Stock-Based Compensation**

The Company accounts for stock-based awards in accordance with ASC 718 – *Stock Compensation* (“ASC 718”). ASC 718 requires compensation costs related to share-based payments, including stock options and other equity awards, to be measured based on the grant date fair value of the award.

The Company’s parent, Code Ninjas Holdings, LLC, issued certain time and performance vesting options pursuant to the Code Ninjas Holdings, LLC 2021 Option Incentive Plan (the “Equity Plan”). The Company has accounted for the options within its consolidated financial statements as the option holders are providing services directly related to the Company and its subsidiaries. The aggregate number of options that may be issued or transferred under the Equity Plan is 13,496.88 options. Unvested options issued to employees are forfeited in accordance with the Equity Plan upon termination of employment from the Company. Options granted under the plan have been allocated into two groups based on their vesting criteria: time vesting and performance vesting options.

Time vesting options are equity classified awards, vest over a 5-year period and will vest 20% on each anniversary date of the date of grant. The Company accounts for forfeitures in the period they occur resulting in a reversal of all previously recognized compensation expense for awards forfeited. There were 182.75 forfeitures of time vested options during the year ended December 31, 2022. There were no forfeitures of time vesting options during the year ended December 31, 2021. The Company recognizes compensation expense over a straight-line period of 5 years and has recorded compensation expense of approximately \$75,000 and \$66,000 net of forfeitures of approximately \$8,000 and \$0 for the years ended December 31, 2022 and 2021, respectively. This expense is included in Salaries and wages on the consolidated statements of comprehensive loss.

Performance vesting options are liability classified awards, and vest subject to a liquidity event in which an Internal Rate of Return of 20% is achieved by the equity holders of the Company, provided that the Participant’s continuous service has not terminated prior to such vesting date. There were 293.71 forfeitures of performance vested options during the year ended December 31, 2022. There were no forfeitures of performance vested options during the year ended December 31, 2021. As a result, no compensation expense or liability has been recorded based on this criterion. The performance vesting options also vest on such date that an Internal Rate of Return of 20% is achieved by the equity holders of the Company through a liquidity event, provided that the Participant’s continuous service has not terminated prior to such vesting date.

No portion of the option shall vest after the date the Participant’s continuous service terminates for any reason, however options vested prior to termination without Cause may be exercised within a prescribed time-period.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

Information regarding activity under the Company's Equity Plan is summarized as follows:

	<b>Time Vesting Options</b>				
	<b>Number of Options</b>	<b>Number of Vested Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Fair Value Per Option at Grant Date</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding at January 1, 2021	-	-	\$ -	\$ -	
Granted	<u>1,468.55</u>	-	<u>1,000.00</u>	177.35	
Outstanding at December 31, 2021	1,468.55	-	1,000.00	177.35	9.5 years
Granted	538.47	-	\$ -	459.01	
Vested	-	345.92	-	459.01	
Cancelled or forfeited	<u>(182.75)</u>	-	-	-	
Outstanding at December 31, 2022	<u><u>1,824.27</u></u>	<u><u>345.92</u></u>	<u><u>\$ 1,000.00</u></u>	\$ 459.01	9 years
	<b>Performance Vesting Options</b>			<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Remaining Contractual Life</b>
	<b>Number of Options</b>				
Outstanding at January 1, 2021	-			\$ -	
Granted	<u>1,468.55</u>			1,000.00	
Outstanding at December 31, 2021	1,468.55			1,000.00	9.5 years
Granted	538.47			-	
Cancelled or forfeited	<u>(293.71)</u>			-	
Outstanding at December 31, 2022	<u><u>1,713.31</u></u>			\$ 1,000.00	9 years

There were no performance based awards vested as of December 31, 2022 or 2021, respectively.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

---

The fair value of each time vesting option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

<b>Weighted Average</b>	<b>2022</b>	<b>2021</b>
Distribution yield	0.00%	0.00%
Expected volatility	35.00%	35.00%
Risk-free interest rate	3.36%	0.98%
Expected term (in years)	4.00	5.00

As of December 31, 2022 and 2021, there was approximately \$367,000 and \$194,000, of total unrecognized compensation cost related to non-vested time based awards granted under the Company's Equity Plan which is expected to be recognized over a weighted average period of 3.49 and 3.70 years, respectively.

## **7. Related Party Transactions**

The Company incurred a management fee from a related party. The total amount incurred was approximately \$160,000 and \$169,000 for the years ended December 31, 2022 and 2021, respectively, which is recorded in Selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive loss. The Company had a payable due to the related party of \$229,500 and \$40,000 as of December 31, 2022 and 2021, respectively, which is recorded in Accounts payable and accrued expenses in the accompanying consolidated balance sheets.

The Company entered into a promissory note payable with a related party as disclosed in Note 5. Interest expense incurred was approximately \$29,500 for the year ended December 31, 2022.

In the Company's self-assessment of financial performance, with reflection on the Company's operating loss and cash outflows in 2022, the Company considered its future ability to fund operations through cash flows generated from operating activities under the guidance of Accounting Standards Update 2014-15 as issued by the Financial Accounting Standards Board. As part of the evaluation, the Company considered the expected significant reduction in one-time costs that were experienced in 2022, which were incurred to prepare the Company for future growth plans, including but not limited to recruiting fees to build the leadership team and initial audit and tax fees from the 2021 financial period. In addition, the Company made substantial investment in new curriculum development in 2022 which had a material impact on cash flow during the year ended December 31, 2022, but will benefit the Company in 2023 and generate sufficient liquidity.

The Company incurred and paid operating expenses to a related party relating to marketing, professional fees, and commission. The total amount incurred was approximately \$116,500 and \$743,000 for the years ended December 31, 2022 and 2021, respectively, which is recorded in Selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive loss. The Company also received approximately \$890,000 for the year ended December 31, 2021, in technology fees from franchisees for which the Company serves as the agent on the behalf of a related party and subsequently disbursed these funds to the related party. These amounts are presented net on the consolidated statement of comprehensive loss. The Company had a net amounts due from related party of approximately \$33,000 and \$84,000 as of December 31, 2022 and 2021, respectively, which is recorded in Accounts receivable on the accompanying consolidated balance sheet. This outstanding balance was approximately 13% and 54% of the consolidated Accounts receivable balance as of December 31, 2022 and 2021, respectively.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

---

The Company paid rent to a related party for its office space. The total amount paid for rent amounted to approximately \$231,000 and \$261,000 for the years ended December 31, 2022 and 2021, respectively, which is recorded in Selling, general, and administrative on the accompanying consolidated statement of comprehensive loss.

**8. Defined Contribution Plan**

The Company sponsors a defined contribution plan (the "Plan") to which both the Company and eligible employees contribute. Employees who are at least 18 years old and perform three months of service are eligible to participate in the Plan and may make voluntary contributions in accordance with the provisions and limits in the plan document. The Company only makes the top-heavy, non-matching contributions described in the Plan. The Company contributed approximately \$86,000 and \$27,000 to the Plan for the years ended December 31, 2022 and 2021, respectively. The vesting scheduled for non-matching contributions is four-year graded (25% per year).

**9. Commitments and Contingencies*****Leases - Significant lease accounting policies under ASC 842***

The Company leases several facilities which are accounted for as operating leases. The leases have a remaining term expiring through 2028, including leases with renewal terms that can generally extend the leases term from five to ten years. The exercise of lease renewal options is at our sole discretion. The Company includes options to renew in the expected term when they are reasonably certain to be exercised. The depreciable life of assets are limited by the expected lease term.

The Company evaluates leases at contract inception to determine whether the Company has the right to control use of the identified asset for a period of time in exchange for consideration. If it is determined the Company has the right to obtain substantially all of the economic benefit from use of the identified asset and the right to direct the use of the identified asset, the Company recognizes a ROU asset and lease liability. Also, at contract inception, the Company evaluates leases to estimate their expected term which includes renewal options that we are reasonably assured that we will exercise, and the classification of the lease as either an operating lease or a finance lease. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs and lease incentives. Additionally, as our leases do not provide an implicit rate, the Company uses the risk-free interest rate at the time of commencement or modification date in determining the present value of lease payments. The Company assesses the impairment of the ROU asset at the asset group level whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Our leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Variable lease costs, which may include insurance and taxes are not included in the lease liability and are expensed in the period incurred.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

Consolidated balance sheet information related to ROU assets and lease liabilities are as follows:

<u>Leases</u>	<u>Classifications</u>	<u>January 1, 2022</u>	<u>December 31, 2022</u>
Assets:			
Operating lease assets	Right-of-use asset	\$ <u>1,857,842</u>	\$ <u>595,432</u>
Liabilities:			
Current:			
Operating	Current portion of lease liabilities	\$ 392,072	\$ 204,461
Noncurrent			
Operating	Lease liabilities, net of current portion	<u>1,465,770</u>	<u>357,319</u>
Total lease liabilities		<u>\$ 1,857,842</u>	<u>\$ 561,780</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022.

Weighted-average remaining lease term - operating leases 3.85 years  
Weighted-average discount rate - operating leases 2.05%

For the year ended December 31, 2022, the components of lease cost, which are included within general administrative expenses on the consolidated statements of comprehensive loss, were as follows at December 31, 2022:

Operating lease cost	\$ 515,378
Variable lease cost	<u>-</u>
Total lease cost	<u>\$ 515,378</u>

The following summarizes supplemental cash flow information for December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 510,419</u>

Rental expense was \$748,278 during the year ended December 31, 2022.

A lease agreement was terminated during the year ended December 31, 2022 with a ROU asset and lease liability balance of approximately \$1,428,000 that has been adjusted.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

---

As of December 31, 2022, maturities of lease liabilities were as follows:

2023	\$ 248,060
2024	109,389
2025	106,141
2026	57,027
2027	58,464
Thereafter	<u>44,942</u>
Total lease payments	624,023
Less: imputed interest	<u>62,243</u>
Present value of lease liabilities	<u>\$ 561,780</u>

Lease accounting policies under previous standards, prior to January 1, 2022 if different than under ASC 842

The Company recognizes rent expense related to leased office and company center spaces based on cash paid as the different between straight line rent expense and cash paid is not material to the consolidated financial statements.

As of December 31, 2021, under the previous accounting guidance for leases, approximate annual future commitments under noncancelable operating leases were as follows:

2022	\$ 444,328
2023	301,772
2024	180,000
2025	180,000
Thereafter	<u>930,000</u>
Total	<u>\$ 2,036,100</u>

***Litigation, claims and assessments***

The Company is or may become included in various legal proceedings and claims incidental to its business. Although the outcome of these matters cannot be predicted with certainty and some of these matters may be resolved unfavorably to the Company, based on currently available information, including legal defenses available, the Company does not believe that the outcome of these legal matters will have a material adverse effect.

**10. Subsequent Events**

The Company has evaluated subsequent events through April 28, 2023, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

**CODE NINJAS, LLC AND SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2020**

**CODE NINJAS, LLC AND SUBSIDIARIES**  
**TABLE OF CONTENTS**  
**DECEMBER 31, 2020**

---

INDEPENDENT AUDITORS' REPORT.....	1-3
<b>FINANCIAL STATEMENTS</b>	
Consolidated Balance Sheet.....	4
Consolidated Statement of Income.....	5
Consolidated Statement of Changes in Member's Deficit.....	6
Consolidated Statement of Cash Flows.....	7
Notes to the Consolidated Financial Statements.....	8-17
<b>SUPPLEMENTAL INFORMATION</b>	
Consolidating Balance Sheet – Code Ninjas, LLC and Subsidiaries.....	18-19
Consolidating Balance Sheet – Ninja Ventures, LLC and Subsidiaries .....	20
Consolidating Statement of Income – Code Ninjas, LLC and Subsidiaries.....	21
Consolidating Statement of Income – Ninja Ventures, LLC and Subsidiaries .....	22
Consolidating Statement of Changes in Member's Equity (Deficit) – Code Ninjas, LLC and Subsidiaries .....	23
Consolidating Statement of Changes in Member's Deficit – Ninja Ventures, LLC and Subsidiaries.....	24
Consolidating Statement of Cash Flows – Code Ninjas, LLC and Subsidiaries.....	25
Consolidating Statement of Cash Flows – Ninja Ventures, LLC and Subsidiaries .....	26





## INDEPENDENT AUDITORS' REPORT

To the Member and Board Members  
of Code Ninjas, LLC and Subsidiaries

### **Report on the Audit of the Consolidated Financial Statements**

#### ***Opinion***

We have audited the consolidated financial statements of Code Ninjas, LLC and Subsidiaries, which comprise the consolidated balance sheet as of December 31, 2020, and the related consolidated statements of income, changes in member's deficit, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Code Ninjas, LLC and Subsidiaries as of December 31, 2020, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Code Ninjas, LLC and Subsidiaries, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Code Ninjas, LLC and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Code Ninjas, LLC and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Salmon Sims Thomas & Associates  
A Professional Limited Liability Company

March 30, 2021

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Balance Sheet**  
**December 31, 2020**

**ASSETS**

**Current Assets**

Cash	\$ 1,889,267
Accounts receivable	187,551
Inventory	87,133
Prepaid expense	38,210
Due from related parties	269,731
Total Current Assets	<u>2,471,892</u>

**Non-Current Assets**

Property and equipment, net of accumulated depreciation	<u>203,548</u>
---	----------------

**Other Assets**

Intangible assets, net of accumulated amortization	7,324
Security deposit	<u>3,625</u>
Total Other Assets	<u>10,949</u>

**TOTAL ASSETS** \$ 2,686,389

**LIABILITIES AND MEMBER'S DEFICIT**

**Current Liabilities**

Accounts payable	\$ 165,518
Credit card payable	85,902
Accrued payroll	203,164
Accrued interest	4,720
Deferred franchise revenue, current portion	1,179,777
Notes payable, current portion, net of unamortized loan cost	3,035,315
Due to related parties	35,886
Total Current Liabilities	<u>4,710,282</u>

**Non-Current Liabilities**

Deferred franchise revenue, non-current portion	2,772,317
Notes payable, non-current portion	25,289
Paycheck protection program loan	<u>512,518</u>
Total Non-Current Liabilities	<u>3,310,124</u>

Total Liabilities 8,020,406

**Member's Deficit**

(5,334,017)

**TOTAL LIABILITIES AND MEMBER'S DEFICIT** \$ 2,686,389

The accompanying notes are an integral part of this financial statement.

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statement of Income**  
**For the Year Ended December 31, 2020**

<b>Revenue</b>	
Franchise revenue	\$ 3,185,554
Sales revenue	352,023
Royalty income	1,771,304
Royalty income - related party	608,291
Rebate income	372,304
Administrative fees	529,377
One-time income	688,155
Total Revenue	<u>7,507,008</u>
<b>Operating Expenses</b>	
Advertising	630,999
General and administrative	533,159
Rent	468,911
Professional fees	924,265
Salaries and wages	3,083,837
Commissions	439,621
Conferences	1,792
Travel	184,754
Royalty expense - related party	608,291
Amortization	4,399
Cost of goods sold	2,654
Bad debt	178,826
Depreciation	32,675
Total Expenses	<u>7,094,183</u>
Net Income from Operations	<u>412,825</u>
<b>Other Income (Expense)</b>	
Other expense	(52,249)
Exchange gain	5,214
Interest expense	(3,089)
Interest expense - loan cost amortization	(70,000)
Payment-in-kind interest expense	(167,496)
Net Other Expense	<u>(287,620)</u>
Net Income before State Margin Tax	125,205
State margin tax	<u>(42,109)</u>
<b>Net Income</b>	<u>\$ 83,096</u>

The accompanying notes are an integral part of this financial statement.

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statement of Changes in Member's Deficit**  
**For the Year Ended December 31, 2020**

---

<b>Balance, December 31, 2019</b>	\$ (665,589)
Net income	83,096
Member contributions	13,005
Member distributions	<u>(4,764,529)</u>
<b>Balance, December 31, 2020</b>	<u>\$ (5,334,017)</u>

The accompanying notes are an integral part of this financial statement.



**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

<b>Cash Flows from Operating Activities</b>	
Net Income	\$ 83,096
Adjustments to reconcile net income to net cash used by operating activities:	
Payment-in-kind interest expense	167,496
Bad debt	178,826
Depreciation	32,675
Amortization	4,399
Changes in operating assets and liabilities:	
Accounts receivable	(52,848)
Inventory	(82,682)
Prepaid expenses	(38,210)
Security deposit	(3,625)
Accounts payable	370
Credit card payable	20,225
Accrued payroll	97,792
Deferred franchise revenue	(1,663,220)
Net Cash Used by Operating Activities	<u>(1,255,706)</u>
<b>Cash Flows from Investing Activities</b>	
Repayment on related-party payables	(471,293)
Collection on related-party receivables	3,725,002
Purchase of property and equipment	(57,512)
Net Cash Provided by Investing Activities	<u>3,196,197</u>
<b>Cash Flows from Financing Activities</b>	
Borrowing on paycheck protection program loan	512,518
Borrowing on notes payable	2,992,778
Member contributions	13,005
Member distributions	(4,764,529)
Net Cash Used by Financing Activities	<u>(1,246,228)</u>
Net Increase in Cash	694,263
<b>Cash, beginning of year</b>	<u>1,195,004</u>
<b>Cash, end of year</b>	<u>\$ 1,889,267</u>
Supplemental cash flow information	
Cash paid for interest	\$ 3,089
Cash paid for state margin tax	\$ 20,947

The accompanying notes are an integral part of this financial statement.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 1: Organization**

Code Ninjas, LLC is a registered single member limited liability company organized under the laws of the state of Texas. It is owned by Code Ninjas Holdings, LLC ("Holdings"). Holdings is owned by FranchiCzar, LLC (an "S" Corporation), and EMP Ninja 1 LLC, a Delaware limited liability company ("EMP"). Code Ninjas, LLC was organized on August 17, 2016 in Pearland, Texas. It markets and operates franchise agreements for the "Code Ninjas" system of after-school enrichment classes.

Code Ninjas, LLC owns 100% of following subsidiaries:

Code Ninjas International Franchising Ltd was incorporated on April 30, 2019 in England and Wales. Code Ninjas, LLC is the registered holder of one ordinary share of £1.00 each issued fully paid in Code Ninjas International Franchising Ltd, subject to the Articles of Association.

Ninja Ventures, LLC was formed on June 21, 2019, and issued 100 membership units to its sole member, Code Ninjas, LLC on May 10, 2020.

Ninja Ventures, LLC owns 100% of following subsidiaries:

Code Ninjas Pearland, LLC was formed on August 29, 2016, and issued 100 membership units to its sole member, Ninja Ventures, LLC on October 14, 2019.

Code Ninjas Alamo Ranch, LLC was formed on October 9, 2019, and issued 100 membership units to its sole member, Ninja Ventures, LLC on October 10, 2019.

Code Ninjas Carrollwood, LLC was formed on December 18, 2019, and issued 100 membership units to its sole member, Ninja Ventures, LLC.

Code Ninjas Cinco Ranch, LLC was formed on November 12, 2020, and issued 100 membership units to its sole member, Ninja Ventures, LLC.

Code Ninjas Downingtown, LLC was formed on July 2, 2020, and issued 100 membership units to its sole member, Ninjas Ventures, LLC.

Code Ninjas Woodlands, LLC was formed on November 6, 2020, and issued 100 membership units to its sole member, Ninjas Ventures, LLC. It had no financial transactions in 2020.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 1: Organization (Continued)**

Code Ninjas Eagan, LLC was formed on February 25, 2020, and issued 100 membership units to its sole member, Ninjas Ventures, LLC. It had no financial transactions and was closed in 2020, but not dissolved under the Office of the Texas Secretary of State.

Code Ninjas Shakopee, LLC was formed on January 21, 2020, and issued 100 membership units to its sole member, Ninjas Ventures, LLC. It had no financial transactions and was closed in 2020, but not dissolved under the Office of the Texas Secretary of State.

The accompanying financial statements include the financial activities and results of these entities on a consolidated basis. All intercompany transactions were eliminated in preparing these consolidated financial statements.

**Note 2: Summary of Significant Accounting Policies**

The summary of significant accounting policies of Code Ninjas, LLC and Subsidiaries ("Company" or collectively "Companies"), is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Companies' management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those assumed in recording the realizable value of accounts receivable, depreciation and amortization expense. It is at least reasonably possible that the significant estimates used will change within the next year. Actual results could vary from estimates.

**Federal Income Tax**

The Companies are not subject to federal income tax. All net income and losses pass through to the S corporation discussed above.

**State Income Tax**

The State of Texas charges a "margin" tax on all entities. This margin tax is, in substance, a state income tax. The margin tax is accrued and included in accounts payable as of December 31, 2020.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 2: Summary of Significant Accounting Policies (Continued)****Accounting for Uncertainty in Income Taxes**

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, Accounting for Income Taxes, would be immaterial to the consolidated financial statements taken as a whole. Accordingly, the accompanying consolidated financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the consolidated statement of income or accrued in the consolidated balance sheet. Federal and state tax returns of the entities are generally open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

**Property and Equipment**

Property and equipment are stated at cost or fair value at the date of purchase, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Maintenance, repairs and replacements, which do not improve or extend the lives of the respective assets, are expensed when incurred. When furniture or equipment are sold or otherwise disposed of, the asset and related accumulated depreciation is removed, and any gain or loss is included in the consolidated statement of income. Depreciation has been calculated using the straight-line method as follows:

Vehicles	5 years
Computer equipment	5 years
Machinery equipment	5 years
Furniture and fixtures	7 years
Leasehold improvements	5-10 years

Depreciation expense of \$32,675 was recorded for the year ended December 31, 2020.

**Fair Value of Financial Instruments and Fair Value Measurements**

The Companies' financial instruments, none of which are held for trading purposes, include cash, accounts receivable, accounts payable and notes payable. The Companies estimate that the fair value of all financial instruments at December 31, 2020 does not differ materially from the aggregate carrying values of their financial instruments recorded in the accompanying consolidated financial statements.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 2: Summary of Significant Accounting Policies (Continued)****Cash and Cash Equivalents**

For purposes of the consolidated statement of cash flows, the Companies consider all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2020. The Companies place its cash, which at times may exceed federal insured limits, with high credit quality financial institutions. The Companies have not experienced any losses on such accounts.

**Accounts Receivable**

Accounts receivable represent amounts billed and receivable. All outstanding receivables are considered collectible. No allowance for doubtful accounts has been established, as uncollectible accounts are directly written off to bad debt expense.

**Inventory**

Inventory, which consists of shirts, wristband, pencils, and drawstring bags, is stated at the lower of cost, using the first-in, first-out valuation method, or market-basis.

**Intangible Asset**

The Company is amortizing internet domain registry costs over their estimated useful lives of 5 years on the straight-line basis. The Company capitalized internet domain costs totaling \$16,811 at December 31, 2020; the related accumulated amortization was \$9,487 at December 31, 2020.

**Revenue Recognition**

Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Companies expect to be entitled to receive in exchange for those goods or services. The Companies apply the five-step revenue model under FASB ASC Topic 606 to determine when revenue is earned and recognized. The Company reviews contracts at inception to determine if they represent a single performance obligation or multiple performance obligations.

The Company's franchise related revenue typically contains seven performance obligations: execution of the franchise agreement, onboarding, site selection and lease approval, furniture, equipment and signage, pre-opening new franchisee training, franchisee training, and opening. When a contract has multiple performance obligations, the transaction price is allocated to each performance obligation based on the estimated relative standalone selling prices of the goods or services at the inception of the contract. A portion of the transaction price is allocated to use of license, software and training updates and is amortized on the straight-line basis over the term of the franchise agreement, typically five years. The initial franchise fees are payable based on contract terms prior to the franchise opening.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

Renewal franchise fees are recognized upon renewal due to immateriality. When a franchised location is transferred to a third party, the terms of the agreement are analyzed to determine if the transaction should be recognized as a termination or a continuation of the original franchise agreement. If deemed a termination, any remaining deferred revenue from the original agreement as well as payments received from the transferor are recognized at the time of the termination and payments received from the new franchisee are deferred and recognized over the new franchise term. If deemed a continuation, all fees, including the remaining original unrecognized fees are deferred over the term of the new agreement.

The Company also receives royalty and administrative fees on the individual locations developed. Royalties are determined as a percentage of sales and are recognized in the same period as the related franchise revenue. Administrative fees are a set monthly fee per franchised location.

The Companies' other major revenues consist of inventory sales, and service revenue from providing classes for building video games and developing computer coding skills for customers. The Companies are considered an agent for the sale of inventory, therefore revenue is recognized at the time of sale. Service revenue is recognized at the point services are provided to customers.

**Deferred Revenue**

Deferred franchise revenue represents franchise fees received in excess of those earned. The balance was \$3,952,094 at December 31, 2020.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The new standard requires lessees to recognize a right-of-use (ROU) asset and a related lease liability for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of income and statement of changes in member's deficit. Currently, leases are classified as either capital or operating, with only capital leases recognized on the consolidated balance sheet. The new standard is effective for private entities for annual periods beginning after December 15, 2021. The Companies are in the process of evaluating the potential impact of ASU 2016-02 on their consolidated financial statements but expects that it will not result in a significant increase in long-term assets and liabilities given the Companies do not have a significant number of leases. The Companies will be adopting this update in 2022.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 2: Summary of Significant Accounting Policies (Continued)**

**Advertising Costs**

Advertising costs are expensed as incurred.

**Date of Management's Review**

The Companies have evaluated subsequent events for potential recognition and disclosure through March 30, 2021 which is the date the consolidated financial statements were available to be issued.

**Note 3: Debts**

**Term Loan with EMP Ninja 1 LLC**

This term loan consists of a credit and security agreement among Holdings, the Company, certain Subsidiaries of Holdings, and EMP. The agreement was entered into on June 12, 2020 to loan \$3,000,000 from EMP to the Company as a debt investment. Holdings is the guarantor of the loan. Interest on the loan shall be due and payable in-kind in lieu of cash by capitalizing and adding the unpaid and accrued amount of such interest (each such amount so capitalized, a "PIK Payment") to the outstanding principal balance of the loan on a quarterly basis. Following an increase in the principal amount of the loan as a result of a PIK Payment, the loan will bear interest on such increased principal amount from and after the date of such PIK Payment in accordance with the terms of the agreement. Interest shall be computed on the basis of a year of 360 days for the actual number of days elapsed. The interest rate is 10.00% per annum. All unpaid principal and interest will be due at maturity on December 12, 2021. The loan is recorded as a current note payable on the Company's balance sheet. The outstanding balance at December 31, 2020 was \$3,167,496. The accrued PIK Payment was \$167,496 for the year ended December 31, 2020. The loan is collateralized by underlying assets and common units of the Company. The debt issuance costs of \$210,000 are recorded as a contra-debt account and amortized on a straight-line basis over the 18-month term of the loan. Amortization expense for the year ended December 31, 2020 was \$70,000.

The credit and security agreement contains a financial covenant that requires the consolidated liquidity of Holdings and the Company to meet a minimum balance at each fiscal month end. Holdings and the Company were in compliance with the financial covenant for the year ended December 31, 2020.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 3: Debts (Continued)****Term Loan with EMP Ninja 1 LLC (Continued)**

The credit and security agreement also requires an administration fee in amount equal to the greater of (i) 1.25% of the consolidated trailing 12-month earnings before interest, taxes, depreciation and amortization of the Company and its Subsidiaries, and (ii) \$25,000, payable quarterly in arrears commencing with the fiscal quarter ended September 30, 2020 and continuing on the first business day of each fiscal quarter thereafter. The administrative fee totaled \$61,681 for the year ended December 31, 2020 and is included in professional fees in the accompanying consolidated statement of income.

Associated with the credit and security agreement, a call option agreement was entered into on June 12, 2020 among FranchiCzar, LLC ("Seller"), Holdings, and EMP. The Seller is the majority owner of Holdings and is party to Holdings' Limited Liability Company Agreement. In connection with the debt investment of \$3,000,000, Holdings issued to EMP 8,000 common units ("EMP Common Units") of Holdings. In consideration of the debt investment, the Seller grants to EMP or its designee an exclusive and irrevocable option (the "Eagle Option") to purchase a newly created convertible preferred equity of Holdings (the "Preferred Units"). This option can be executed by EMP at any time prior to the maturity of the term loan for a certain price agreed to in the Eagle Option agreement. In addition, if a certain valuation measure is achieved by the Company prior to the term loan maturity, the Eagle Option terminates in a certain number of days agreed to in the Eagle Option agreement.

**Note Payable**

Note payable at December 31, 2020 consists of a secured promissory note with a fixed interest rate of 8.34% between Ninja Ventures, LLC and a third-party vehicle dealer. The note was entered into on August 23, 2019 to finance a vehicle purchase. It requires monthly payments of \$856 through September 2024. The interest expense was \$3,089 for the year ended December 31, 2020. The outstanding balance at December 31, 2020 was \$33,108. The note is secured by the purchased vehicle.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 3: Debts (Continued)****Paycheck Protection Program Loan**

The Companies received funding of \$512,518 in May 2020 under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) as part of the Paycheck Protection Program (PPP) to provide payroll assistance. All funding was spent as of October 16, 2020. In accordance with the provisions of the PPP loan program, the Companies may apply for forgiveness of all or a portion of the loan which was used by the Companies, during the 24-week period from the funding disbursement date, to pay eligible payroll cost, interest on mortgage obligations incurred before February 15, 2020, rent obligations under leases dated before February 15, 2020, and utility obligations under service agreements dated before February 15, 2020. At least 60% of the loan proceeds must be used for payroll costs. In addition, the Companies are required to maintain full-time equivalent (FTE) employee levels through the end of the 24-week period to avoid a reduction in forgiveness.

The loan bears interest at 0.98%, payable monthly beginning on November 17, 2020, and is due on April 17, 2022. The outstanding balance at December 31, 2020 was \$512,518. The Companies expect to have the full loan forgiven subsequent to year-end and have applied for the loan forgiveness. As of March 29, 2021, the Small Business Administration approved the forgiveness of the PPP loan made to Code Ninjas, LLC, Code Ninjas Pearland, LLC, and Code Ninjas Alamo Ranch, LLC in amount of \$512,518.

The future minimum principal payments are as follows:

For the years ending December 31:	
#####	\$ 3,175,315
#####	8,497
#####	9,234
#####	7,558
2025 and thereafter	-
	\$ 3,200,604



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 4: Related Party Activities**

During 2020, the Companies advanced related parties, funds for operating expenses. The Companies had a balance due from related parties of \$269,731 at December 31, 2020. Management expects to receive repayment of these funds within the next operating cycle.

During 2020, related parties, paid operating expenses of the Companies. The Companies had a balance due to related parties of \$35,886 at December 31, 2020. Management expects to pay off the balance within the next operating cycle.

During 2020, the Company collected royalty income on behalf of a related party and transferred the income to the related party on a daily basis. The total collection and transfer-out were offset. The Company collected and paid royalty income to the related party totaling \$608,291 for the year ended December 31, 2020.

The Company has a note payable of \$3,000,000 to EMP, a member. See Note 3.

**Note 5: Leases**

The Companies lease several facilities under noncancelable operating leases of varying lengths. Leases contain provisions for escalating rental payments and periods of abated rent. The monthly rent payments and expiration of each lease are as follows:

<u>Location</u>	<u>Expiration Date</u>	<u>Monthly Rent</u>
Code Ninjas, LLC	3/31/2021	\$ 8,696
Code Ninjas Carrollwood, LLC	12/15/2021	3,835
Code Ninjas Cinco Ranch, LLC	7/31/2023	4,370
Code Ninjas Downingtown, LLC	7/31/2023	5,338
Code Ninjas Pearland, LLC	3/23/2022	10,450
Code Ninjas International Franchising Ltd	Year-to-year	1,166

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2020**

---

**Note 5: Leases (Continued)**

The estimated future minimum lease payments under these agreements are approximately as follows:

For the years ending December 31:

2021	\$ 249,800
2022	120,400
2023	57,700
2024 and thereafter	-

**Note 6: Contingency**

In the normal course of business, the Company is a party to a legal action. In the opinion of management, the legal action will not have a material adverse effect on the Company's financial position.

**Note 7: Employee Benefit Plan**

The Company sponsors a defined contribution plan (the Plan) to which both the Company and eligible employees contribute. Employees who are at least 18 years old and perform three months of service are eligible to participate in the Plan and may make voluntary contributions in accordance with the provisions and limits in the plan document. The Company only makes the top-heavy, non-matching contributions described in the Plan. The vesting schedule for non-matching contributions is four-year graded (25% per year).

SUPPLEMENTAL INFORMATION

Code Ninjas, LLC and Subsidiaries  
Consolidating Balance Sheet  
December 31, 2020

ASSETS	Ninja Ventures, LLC and Subsidiaries	Code Ninjas International Franchising LTD	Code Ninjas, LLC	Elimination	Consolidated
<b>Current Assets</b>					
Cash	\$ 91,280	\$ 47,581	\$ 1,750,406	\$ -	\$ 1,889,267
Accounts receivable	-	-	187,551	-	187,551
Inventory	9,578	77,122	433	-	87,133
Prepaid expense	28,430	-	9,780	-	38,210
Due from related parties	-	-	269,731	-	269,731
Total Current Assets	<u>129,288</u>	<u>124,703</u>	<u>2,217,901</u>	<u>-</u>	<u>2,471,892</u>
<b>Non-Current Assets</b>					
Due from intercompanies	-	-	369,812	(369,812)	-
Property and equipment, net of accumulated depreciation	129,554	2,008	71,986	-	203,548
Total Non-Current Assets	<u>129,554</u>	<u>2,008</u>	<u>441,798</u>	<u>(369,812)</u>	<u>203,548</u>
<b>Other Assets</b>					
Intangible assets, net of accumulated amortization	-	-	7,324	-	7,324
Security deposit	3,625	-	-	-	3,625
Investment in subsidiaries	-	-	(58,486)	58,486	-
Total Other Assets	<u>3,625</u>	<u>-</u>	<u>(51,162)</u>	<u>58,486</u>	<u>10,949</u>
<b>TOTAL ASSETS</b>	<u>\$ 262,467</u>	<u>\$ 126,711</u>	<u>\$ 2,608,537</u>	<u>\$ (311,326)</u>	<u>\$ 2,686,389</u>

See accompanying independent auditors' report.

Code Ninjas, LLC and Subsidiaries  
Consolidating Balance Sheet (Continued)  
December 31, 2020

	Ninja Ventures, LLC and Subsidiaries	Code Ninjas International Franchising LTD	Code Ninjas, LLC	Elimination	Consolidated
<b>LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 3,485	\$ -	\$ 162,033	\$ -	\$ 165,518
Credit card payable	5,996	-	79,906	-	85,902
Accrued payroll	13,819	4,566	184,779	-	203,164
Accrued interest	-	-	4,720	-	4,720
Deferred franchise revenue, current portion	-	-	1,179,777	-	1,179,777
Notes payable, current portion, net of unamortized loan cost	7,819	-	3,027,496	-	3,035,315
Due to related parties	324	-	35,562	-	35,886
Total Current Liabilities	<u>31,443</u>	<u>4,566</u>	<u>4,674,273</u>	<u>-</u>	<u>4,710,282</u>
<b>Non-Current Liabilities</b>					
Due to intercompanies	288,144	81,668	-	(369,812)	-
Deferred franchise revenue, non-current portion	-	-	2,772,317	-	2,772,317
Notes payable, non-current portion	25,289	-	-	-	25,289
Paycheck protection program loan	16,554	-	495,964	-	512,518
Total Non-Current Liabilities	<u>329,987</u>	<u>81,668</u>	<u>3,268,281</u>	<u>(369,812)</u>	<u>3,310,124</u>
Total Liabilities	361,430	86,234	7,942,554	(369,812)	8,020,406
Member's Equity (Deficit)	(98,963)	40,477	(5,334,017)	58,486	(5,334,017)
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY (DEFICIT)</b>	<u>\$ 262,467</u>	<u>\$ 126,711</u>	<u>\$ 2,608,537</u>	<u>\$ (311,326)</u>	<u>\$ 2,686,389</u>

See accompanying independent auditors' report.



Code Ninjas, LLC and Subsidiaries  
Consolidating Balance Sheet - Ninja Ventures, LLC and Subsidiaries  
December 31, 2020

	Code Ninjas Alamo Ranch LLC	Code Ninjas Carrollwood LLC	Code Ninjas Downingtown LLC	Code Ninjas Pearland LLC	Code Ninjas Cinco Ranch LLC	Ninja Ventures, LLC	Elimination	Consolidated
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash	\$ 38,610	\$ 4,133	\$ 6,270	\$ 27,531	\$ 2,421	\$ 12,315	\$ -	\$ 91,280
Inventory	3,096	2,087	293	3,113	802	187	-	9,578
Prepaid expense	8,512	4,130	5,338	10,450	-	-	-	28,430
Total Current Assets	50,218	10,350	11,901	41,094	3,223	12,502	-	129,288
<b>Non-Current Assets</b>								
Due from intercompanies	-	-	-	-	-	346,892	(346,892)	-
Property and equipment, net of accumulated depreciation	-	-	1,336	87,458	-	40,760	-	129,554
Total Non-Current Assets	-	-	1,336	87,458	-	387,652	(346,892)	129,554
<b>Other Assets</b>								
Investment in subsidiaries	-	-	-	-	-	(170,453)	170,453	-
Security deposit	-	-	3,625	-	-	-	-	3,625
Total Other Assets	-	-	3,625	-	-	(170,453)	170,453	3,625
<b>TOTAL ASSETS</b>	\$ 50,218	\$ 10,350	\$ 16,862	\$ 128,552	\$ 3,223	\$ 229,701	\$ (176,439)	\$ 262,467
<b>LIABILITIES AND MEMBERS' DEFICIT</b>								
<b>Current Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ 425	\$ -	\$ -	\$ 3,060	\$ -	\$ 3,485
Credit card payable	-	-	-	1,968	-	4,028	-	5,996
Accrued payroll	3,075	2,369	2,198	2,661	3,516	-	-	13,819
Note payable, current portion	-	-	-	-	-	7,819	-	7,819
Due to related parties	-	-	-	-	-	324	-	324
Total Current Liabilities	3,075	2,369	2,623	4,629	3,516	15,231	-	31,443
<b>Non-Current Liabilities</b>								
Due to intercompanies	70,939	66,713	68,569	131,471	9,200	288,144	(346,892)	288,144
Note payable, non-current portion	-	-	-	-	-	25,289	-	25,289
Paycheck protection program loan	6,652	-	-	9,902	-	-	-	16,554
Total Non-Current Liabilities	77,591	66,713	68,569	141,373	9,200	313,433	(346,892)	329,987
Total Liabilities	80,666	69,082	71,192	146,002	12,716	328,664	(346,892)	361,430
<b>Member's Deficit</b>	(30,448)	(58,732)	(54,330)	(17,450)	(9,493)	(98,963)	170,453	(98,963)
<b>TOTAL LIABILITIES AND MEMBER'S DEFICIT</b>	\$ 50,218	\$ 10,350	\$ 16,862	\$ 128,552	\$ 3,223	\$ 229,701	\$ (176,439)	\$ 262,467

See accompanying independent auditors' report.



**Code Ninjas, LLC and Subsidiaries**  
**Consolidating Statement of Income**  
**For the Year Ended December 31, 2020**

	Ninja Ventures, LLC and Subsidiaries	Code Ninjas International Franchising LTD	Code Ninjas, LLC	Elimination	Consolidated
<b>Revenue</b>					
Franchise revenue	\$ -	\$ -	\$ 3,185,554	\$ -	\$ 3,185,554
Sales revenue	324,413	27,610	-	-	352,023
Royalty income	-	37,212	1,734,092	-	1,771,304
Royalty income - related party	-	-	608,291	-	608,291
Rebate income	-	-	372,304	-	372,304
Administrative fees	-	-	529,377	-	529,377
Management income	-	209,412	-	(209,412)	-
One-time income	-	-	688,155	-	688,155
<b>Total Revenue</b>	<b>324,413</b>	<b>274,234</b>	<b>7,117,773</b>	<b>(209,412)</b>	<b>7,507,008</b>
<b>Operating Expenses</b>					
Advertising	53,775	39,202	538,022	-	630,999
General and administrative	79,367	36,925	415,866	-	533,159
Rent	322,123	18,439	128,349	-	468,911
Professional fees	176	7,000	1,125,501	(209,412)	924,265
Salaries and wages	297,557	160,348	2,625,932	-	3,083,837
Commissions	4,290	-	435,331	-	439,621
Conferences	-	-	1,792	-	1,792
Travel	21,259	1,441	162,054	-	184,754
Royalty expense - related party	-	-	608,291	-	608,291
Amortization	-	-	4,399	-	4,399
Cost of goods sold	2,246	408	-	-	2,654
Bad debt	2,995	-	175,830	-	178,826
Depreciation	25,388	-	7,287	-	32,675
<b>Total Expenses</b>	<b>809,177</b>	<b>263,764</b>	<b>6,230,654</b>	<b>(209,412)</b>	<b>7,094,183</b>
<b>Net Income (Loss) from Operations</b>	<b>(484,764)</b>	<b>10,470</b>	<b>887,119</b>	<b>-</b>	<b>412,825</b>
<b>Other Income (Expense)</b>					
Other income (expense)	9,248	(690)	(60,807)	-	(52,249)
Exchange gain (loss)	-	13,262	(8,048)	-	5,214
Interest expense	(3,089)	-	-	-	(3,089)
Interest expense - loan cost amortization	-	-	(70,000)	-	(70,000)
Payment-in-kind interest expense	-	-	(167,496)	-	(167,496)
Loss on investment in subsidiaries	-	-	(455,563)	455,563	-
<b>Net Other Income (Expense)</b>	<b>6,159</b>	<b>12,572</b>	<b>(761,914)</b>	<b>455,563</b>	<b>(287,620)</b>
<b>Net Income (Loss) before State Margin Tax</b>	<b>(478,605)</b>	<b>23,042</b>	<b>125,205</b>	<b>455,563</b>	<b>125,205</b>
State margin tax	-	-	(42,109)	-	(42,109)
<b>Net Income (Loss)</b>	<b>\$ (478,605)</b>	<b>\$ 23,042</b>	<b>\$ 83,096</b>	<b>\$ 455,563</b>	<b>\$ 83,096</b>

See accompanying independent auditors' report.

Code Ninjas, LLC and Subsidiaries  
 Consolidating Statement of Income - Ninja Ventures, LLC and Subsidiaries  
 For the Year Ended December 31, 2020

	Code Ninjas Alamo Ranch, LLC	Code Ninjas Carrollwood, LLC	Code Ninjas Downingtown, LLC	Code Ninjas Pearland, LLC	Code Ninjas Cinco Ranch, LLC	Ninja Ventures, LLC	Elimination	Consolidated
<b>Revenue</b>								
Sales revenue	\$ 146,094	\$ 66,933	\$ 27,325	\$ 81,465	\$ 2,596	\$ -	\$ -	\$ 324,413
Total Revenue	<u>146,094</u>	<u>66,933</u>	<u>27,325</u>	<u>81,465</u>	<u>2,596</u>	<u>-</u>	<u>-</u>	<u>324,413</u>
<b>Operating Expenses</b>								
Advertising	16,547	14,997	4,889	17,129	50	163	-	53,775
General and administrative	16,569	15,485	8,624	35,062	1,447	2,180	-	79,367
Rent	105,563	50,685	29,556	135,685	634	-	-	322,123
Professional fees	-	-	-	-	-	176	-	176
Salaries and wages	101,356	75,898	35,777	76,823	7,703	-	-	297,557
Technology	1,320	1,210	440	1,320	-	-	-	4,290
Travel	31	4,511	2,369	9,748	2,080	2,520	-	21,259
Cost of goods sold	-	-	-	2,071	175	-	-	2,246
Bad debt	-	-	-	-	-	2,996	-	2,996
Depreciation	-	-	-	10,567	-	14,821	-	25,388
Total Expenses	<u>241,386</u>	<u>162,786</u>	<u>81,655</u>	<u>288,405</u>	<u>12,089</u>	<u>22,856</u>	<u>-</u>	<u>809,177</u>
Net Loss from Operations	<u>(95,292)</u>	<u>(95,853)</u>	<u>(54,330)</u>	<u>(206,940)</u>	<u>(9,493)</u>	<u>(22,856)</u>	<u>-</u>	<u>(484,764)</u>
<b>Other Income (Expense)</b>								
Other income (expense)	(1,776)	-	-	(2,238)	-	13,262	-	9,248
Interest expense	-	-	-	-	-	(3,089)	-	(3,089)
Loss on investment in subsidiaries	-	-	-	-	-	(465,922)	465,922	-
Net Other Expense	<u>(1,776)</u>	<u>-</u>	<u>-</u>	<u>(2,238)</u>	<u>-</u>	<u>(455,749)</u>	<u>465,922</u>	<u>6,159</u>
<b>Net Loss</b>	<u>\$ (97,068)</u>	<u>\$ (95,853)</u>	<u>\$ (54,330)</u>	<u>\$ (209,178)</u>	<u>\$ (9,493)</u>	<u>\$ (478,605)</u>	<u>\$ 465,922</u>	<u>\$ (478,605)</u>

See accompanying independent auditors' report.

**Code Ninjas, LLC and Subsidiaries**  
**Consolidating Statement of Changes in Member's Equity (Deficit)**  
**For the Year Ended December 31, 2020**

	Ninja Ventures, LLC and Subsidiaries	Code Ninjas International Franchising LTD	Code Ninjas, LLC	Elimination	Consolidated
<b>Balance, December 31, 2019</b>	\$ (556,049)	\$ 17,435	\$ (665,589)	\$ 538,614	\$ (665,589)
Net income (loss)	(478,605)	23,042	83,096	455,563	83,096
Member contributions	935,691	-	13,005	(935,691)	13,005
Member distributions	-	-	(4,764,529)	-	(4,764,529)
<b>Balance, December 31, 2020</b>	<u>\$ (98,963)</u>	<u>\$ 40,477</u>	<u>\$ (5,334,017)</u>	<u>\$ 58,486</u>	<u>\$ (5,334,017)</u>

See accompanying independent auditors' report.

Code Ninjas, LLC and Subsidiaries  
 Consolidating Statement of Changes in Member's Deficit - Ninja Ventures, LLC and Subsidiaries  
 For the Year Ended December 31, 2020

	Code Ninjas Alamo Ranch, LLC	Code Ninjas Carrollwood, LLC	Code Ninjas Downingtown, LLC	Code Ninjas Pearland, LLC	Code Ninjas Cinco Ranch, LLC	Ninja Ventures, LLC	Elimination	Consolidated
<b>Balance, December 31, 2019</b>	\$ (36,809)	\$ (1,291)	\$ -	\$ (563,127)	\$ -	\$ (556,049)	\$ 601,227	\$ (555,049)
Net income (loss)	(97,068)	(95,853)	(54,330)	(209,178)	(9,493)	(478,605)	465,922	(478,605)
Member contributions	103,429	38,412	-	754,855	-	1,105,772	(1,066,777)	935,691
Member distributions	-	-	-	-	-	(170,081)	170,081	-
<b>Balance, December 31, 2020</b>	<u>\$ (30,448)</u>	<u>\$ (58,732)</u>	<u>\$ (54,330)</u>	<u>\$ (17,450)</u>	<u>\$ (9,493)</u>	<u>\$ (98,963)</u>	<u>\$ 170,453</u>	<u>\$ (98,963)</u>

See accompanying independent auditors' report.



**Code Ninjas, LLC and Subsidiaries**  
**Consolidating Statement of Cash Flows**  
**For the Year Ended December 31, 2020**

	Ninja Ventures, LLC and Subsidiaries	Code Ninjas International Franchising LTD	Code Ninjas LLC	Elimination	Consolidated
<b>Cash Flows from Operating Activities</b>					
Net income (Loss)	\$ (478,605)	\$ 23,042	\$ 83,096	\$ 455,563	\$ 83,096
Adjustments to reconcile net income to net cash used by operating activities:					
Payment-in-kind interest expense	-	-	167,496	-	167,496
Bad debt	2,996	-	175,830	-	178,826
Depreciation	25,388	-	7,287	-	32,675
Amortization	-	-	4,399	-	4,399
Changes in operating assets and liabilities:					
Accounts receivable	-	19,795	(72,643)	-	(52,848)
Inventory	(5,127)	(77,122)	(433)	-	(82,682)
Prepaid expenses	(28,430)	-	(9,780)	-	(38,210)
Security deposit	(3,625)	-	-	-	(3,625)
Accounts payable	(96,950)	(9,429)	106,749	-	370
Credit card payable	3,532	-	16,693	-	20,225
Accrued payroll	13,818	4,566	79,408	-	97,792
Deferred franchise revenue	-	-	(1,663,220)	-	(1,663,220)
Net Cash Used by Operating Activities	(567,003)	(39,148)	(1,105,118)	455,563	(1,255,706)
<b>Cash Flows from Investing Activities</b>					
Borrowing (repayment) on intercompany payables	-	81,668	-	(81,668)	-
Collection (advance) on intercompany receivables	-	-	234,316	(234,316)	-
Repayment on related-party payables	(406,855)	-	(64,438)	-	(471,293)
Collection on related-party receivables	-	-	3,725,002	-	3,725,002
Purchase of property and equipment	(14,586)	-	(42,926)	-	(57,512)
Investment in subsidiaries	-	-	58,485	(58,486)	-
Net Cash Provided (Used) by Investing Activities	(421,441)	81,668	3,910,440	(374,470)	3,196,197
<b>Cash Flows from Financing Activities</b>					
Borrowing on paycheck protection program loan	15,554	-	495,964	-	512,518
Borrowing (repayment) on notes payable	(7,222)	-	3,000,000	-	2,992,778
Member contributions	935,691	-	-	-	935,691
Member distributions	-	-	(5,505,122)	(81,093)	(5,687,215)
Net Cash Provided (Used) by Financing Activities	945,023	-	(2,110,158)	(81,093)	(1,246,228)
Net Increase (Decrease) in Cash	(43,421)	42,520	695,164	-	694,263
<b>Cash, beginning of year</b>	134,701	5,061	1,055,242	-	1,195,004
<b>Cash, end of year</b>	\$ 91,280	\$ 47,581	\$ 1,750,406	\$ -	\$ 1,869,267
<b>Supplemental cash flow information</b>					
Cash paid for interest	\$ 3,089	\$ -	\$ -	\$ -	\$ 3,089
Cash paid for state margin tax	\$ -	\$ -	\$ 20,947	\$ -	\$ 20,947

See accompanying independent auditors' report.

Code Ninjas, LLC and Subsidiaries  
Consolidating Statement of Cash Flows - Ninja Ventures, LLC and Subsidiaries  
For the Year Ended December 31, 2020

	Code Ninjas Alamo Ranch, LLC	Code Ninjas Carrollwood, LLC	Code Ninjas Downtown, LLC	Code Ninjas Pearland, LLC	Code Ninjas Cinco Ranch, LLC	Ninja Ventures, LLC	Elimination	Consolidated
<b>Cash Flows from Operating Activities</b>								
Net Loss	\$ (97,069)	\$ (95,853)	\$ (54,330)	\$ (209,178)	\$ (9,493)	\$ (478,605)	\$ 465,922	\$ (478,605)
Adjustments to reconcile net income to net cash used by operating activities:								
Bad debt	-	-	-	10,567	-	2,996	-	2,996
Depreciation	-	-	-	-	-	14,821	-	25,388
Changes in operating assets and liabilities:								
Inventory	(2,145)	(2,087)	(293)	387	(802)	(187)	-	(5,127)
Prepaid expense	(8,512)	(4,130)	(5,338)	(10,450)	-	-	-	(28,430)
Security deposit	-	-	(3,625)	-	-	-	-	(3,625)
Accounts payable	8,298	-	425	(107,874)	-	2,201	-	(96,950)
Credit card payable	-	-	-	1,422	-	2,110	-	3,532
Accrued payroll	3,075	2,369	2,198	2,660	3,516	-	-	13,818
Net Cash Used by Operating Activities	(96,352)	(99,701)	(60,963)	(312,466)	(6,779)	(456,664)	465,922	(567,003)
<b>Cash Flows from Investing Activities</b>								
Borrowing (repayment) on intercompany payables	13,521	65,422	68,569	(396,908)	9,200	199,636	40,560	-
Advance on intercompany receivables	-	-	-	-	-	(218,989)	218,989	-
Repayment on related-party payables	-	-	-	(39,220)	-	(967,635)	-	(406,855)
Purchase of property and equipment	-	-	(1,336)	-	-	(13,250)	-	(14,586)
Investment in subsidiaries	-	-	-	-	-	170,453	(170,453)	-
Net Cash Provided (Used) by Investing Activities	13,521	65,422	67,233	(436,128)	9,200	(229,785)	89,096	(421,441)
<b>Cash Flows from Financing Activities</b>								
Borrowing on paycheck protection program loan	6,652	-	-	9,902	-	-	-	16,554
Repayment on note payable	-	-	-	-	-	(7,222)	-	(7,222)
Member contributions	103,429	38,412	-	754,855	-	594,013	(555,018)	935,691
Net Cash Provided by Financing Activities	110,081	38,412	-	764,757	-	586,791	(555,018)	945,023
Net Increase (Decrease) in Cash	27,250	4,133	6,270	16,163	2,421	(99,658)	-	(43,421)
<b>Cash, beginning of year</b>	\$ 11,360	\$ -	\$ -	\$ 11,368	\$ -	\$ 111,973	\$ -	\$ 134,701
<b>Cash, end of year</b>	\$ 38,610	\$ 4,133	\$ 6,270	\$ 27,531	\$ 2,421	\$ 12,315	\$ -	\$ 91,280
<b>Supplemental cash flow information</b>								
Cash paid for interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,089	\$ -	\$ 3,089

See accompanying independent auditors' report.



**EXHIBIT G-2**

**Audited Financial Statements**

Unaudited Balance Sheet and Profit and Loss Statement as of April 30, 2023

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

## Code Ninjas LLC

Code Ninjas - Amended 2023 FDD (220)

Balance Sheet  
As of April 30, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1000 CN_checking_1316	289,925.72
<b>Total Bank Accounts</b>	<b>\$289,925.72</b>
Accounts Receivable	
1100 Accounts Receivable	310,995.83
1110 Accounts Receivable (A/R) - GBP	35,688.10
1120 AR Offset	0.00
<b>Total Accounts Receivable</b>	<b>\$346,683.93</b>
Other Current Assets	
1300 Allowance for Doubtful Accounts	-214,540.92
1305 Brand Fund Receivables	
1310 CAN Brand Fund Receivable	0.00
1315 UK Brand Fund Receivable	13,368.75
1320 US Brand Fund Receivable	0.00
<b>Total 1305 Brand Fund Receivables</b>	<b>13,368.75</b>
1325 Credit Card Receivables	1,673.94
1329 Inventory Asset	0.00
1330 Other Receivable	0.00
1335 Code Combat Receivable	14,080.00
1345 Lego Bulk Order Receivable	0.00
<b>Total 1330 Other Receivable</b>	<b>14,080.00</b>
1350 Prepaid Expenses	
1355 Prepaid Insurance	44,588.75
1360 Prepaid Marketing	9,681.58
1365 Prepaid Rent	7,543.69
1370 Prepaid Software & Licenses	152,583.28
1375 Prepaid Subscriptions & Dues	13,063.36
<b>Total 1350 Prepaid Expenses</b>	<b>227,460.66</b>
1380 Related-Party Receivables	
1385 Code Ninjas Cares N/R	0.00
<b>Total 1380 Related-Party Receivables</b>	<b>0.00</b>
1390 Unbilled Revenue	3,934.00
1395 Uncategorized Asset	0.00
1399 Undeposited Funds	6,749.20
<b>Total Other Current Assets</b>	<b>\$52,725.63</b>
<b>Total Current Assets</b>	<b>\$689,335.28</b>

## Code Ninjas LLC

Code Ninjas - Amended 2023 FDD (221)

Balance Sheet  
As of April 30, 2023

	TOTAL
Fixed Assets	
1400 Accumulated Depreciation	-82,625.45
1405 Computer Equipment	57,151.65
1410 Furniture & Fixtures	108,002.83
1415 Leasehold Improvements	0.00
1420 Machinery & Equipment	9,556.57
<b>Total Fixed Assets</b>	<b>\$92,085.60</b>
Other Assets	
1331 Licenses	0.00
1332 Security Deposits	5,955.00
1505 Due from Intercompanies	
1510 Code Ninjas International Franchising N/R	251,468.56
1515 Ninja Ventures N/R	912,213.37
<b>Total 1505 Due from Intercompanies</b>	<b>1,163,681.93</b>
1605 Intangible Assets	0.00
1600 Accumulated Amortization	-14,830.85
1607 Curriculum Development Costs	969,654.25
1608 Goodwill	0.00
1609 Organizational Costs	0.00
1610 Software Development Costs	163,962.50
<b>Total 1605 Intangible Assets</b>	<b>1,118,785.90</b>
1611 Investment in Subsidiaries	-58,486.00
<b>Total Other Assets</b>	<b>\$2,229,936.83</b>
<b>TOTAL ASSETS</b>	<b>\$3,011,357.71</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 Accounts Payable	476,680.53
2005 Accounts Payable (A/P) - AUD	1,023.67
2010 Accounts Payable (A/P) - CAD	4,599.61
2015 Accounts Payable (A/P) - GBP	4,721.22
2020 Accounts Payable (A/P) - MXN	0.00
<b>Total Accounts Payable</b>	<b>\$487,025.03</b>
Credit Cards	
2100 AMEX Corporate Cards	25,865.17

## Code Ninjas LLC

Code Ninjas - Amended 2023 FDD (222)

Balance Sheet  
As of April 30, 2023

	TOTAL
<b>Total Credit Cards</b>	<b>\$25,865.17</b>
Other Current Liabilities	
2200 Accrued Liabilities	0.00
2205 Accrued Expenses	115,681.65
2206 Accrued Canadian Non- Resident Tax	55,034.86
2210 Accrued Franchise Tax	3,741.68
<b>Total 2205 Accrued Expenses</b>	<b>174,458.19</b>
2215 Accrued Management Fees	253,333.34
2220 AP Other	0.00
2225 Employee Reimbursements Payable	0.00
2230 FranchiCzar Digital Marketing Payable	0.00
2235 Insurance Payable	0.00
2240 Interest Payable	56,129.06
2245 Intracompany Transfers	
CNP Transfers	0.00
FC Transfers	0.00
GV Transfers	0.00
TG Transfers	0.00
<b>Total 2245 Intracompany Transfers</b>	<b>0.00</b>
2270 Payroll Liabilities	
2275 Accrued Salaries	71,625.25
2280 Child Support Payable	0.00
2285 Employee Bonuses Payable	293,139.36
2290 Federal Taxes (941/944)	45,296.09
2295 Federal Unemployment (940)	0.00
2300 Health/Medical Insurance Payable - EE Portion	-17,181.45
2305 HSA/FSA Contributions Payable - EE Portion	35.20
2310 Life Insurance & Other EE Payable	-1,066.03
2315 Retirement Contributions Payable	1,047.18
2320 TX Unemployment Tax	-54.27
<b>Total 2270 Payroll Liabilities</b>	<b>392,841.33</b>
2325 Professional Fees Payable	81,326.67
2330 Stripe Reserved Funds	-3,589.81
2335 Vendor Bulk Order Payable	0.00
<b>Total 2200 Accrued Liabilities</b>	<b>954,498.78</b>
2340 Brand Funds Payable	
2345 CAN Brand Fund Payable	83,882.46
2350 UK Brand Fund Payable	0.00
2355 US Brand Fund Payable	249,888.72

# Code Ninjas LLC

Code Ninjas - Amended 2023 FDD (223)

## Balance Sheet As of April 30, 2023

	TOTAL
<b>Total 2340 Brand Funds Payable</b>	<b>333,771.18</b>
2360 Deferred Revenues, Annual Conference	0.00
2365 Deferred Revenues, Current Portion	440,693.33
2370 FranchiCzar Royalties Payable	83,005.72
2375 Notes Payable-CN	
2390 Eagle Notes Payable	1,000,000.00
Contra Debt Account	0.00
Due to Eagle Merchant Partners	0.00
Notes Payable-Audit	0.00
PPP Notes Payable	0.00
<b>Total 2375 Notes Payable-CN</b>	<b>1,000,000.00</b>
2410 Suspense	666.20
Peachjar Payable	0.00
<b>Total Other Current Liabilities</b>	<b>\$2,812,635.21</b>
<b>Total Current Liabilities</b>	<b>\$3,325,525.41</b>
Long-Term Liabilities	
2500 Deferred Revenues, Long Term	0.00
2505 L-T Notes Payable-CN	
Due to FranchiCzar	0.00
L-T Notes Payable-Audit	0.00
<b>Total 2505 L-T Notes Payable-CN</b>	<b>0.00</b>
<b>Total Long-Term Liabilities</b>	<b>\$0.00</b>
<b>Total Liabilities</b>	<b>\$3,325,525.41</b>
Equity	
3320 Intercompany Distributions	-4,751,524.33
3350 Prior Period Adjustment	-259,224.00
3360 APIC - Stock Options	140,872.16
3370 Code Ninjas Holdings Equity	6,322,848.03
3380 EMP Ninja 1 Equity	0.00
3390 EMP Ninja 2 Equity	0.00
3400 FranchiCzar Holdings Equity	0.00
3405 Opening Balance Equity	0.00
3410 Owner's Withdrawal	-37,258.64
3415 Retained Earnings	-2,125,050.73
Net Income	395,169.81
<b>Total Equity</b>	<b>\$ -314,167.70</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$3,011,357.71</b>

# Code Ninjas LLC

Code Ninjas - Amended 2023 FDD (224)

## Profit and Loss January - April, 2023

	TOTAL
Income	
4000 Code Ninjas Royalty Income	
4010 CAN Royalty	270,306.84
4030 US Royalty	1,388,563.20
<b>Total 4000 Code Ninjas Royalty Income</b>	<b>1,658,870.04</b>
4070 Franchise Fees	
4080 Franchise Sales	
4090 CAN Franchise Sales	135,000.00
4110 US Franchise Sales	270,500.00
<b>Total 4080 Franchise Sales</b>	<b>405,500.00</b>
4120 Franchise Sales Adjustments	
4130 Franchise Sales Adjustments - CAN	-26,444.44
4150 Franchise Sales Adjustments - US	-53,055.56
<b>Total 4120 Franchise Sales Adjustments</b>	<b>-79,500.00</b>
<b>Total 4070 Franchise Fees</b>	<b>326,000.00</b>
4200 Other Revenue	
4330 One-Time Income	
4390 Default Income	4,000.00
4450 Renewal Fee	80,000.00
4470 Transfer Fee	57,000.00
<b>Total 4330 One-Time Income</b>	<b>141,000.00</b>
4480 Regular Income	
4490 Administrative Fees	
4500 Email Web Hosting Income	
4510 CAN Email Web Hosting Fee	97,480.00
4530 US Email Web Hosting Fee	421,395.74
<b>Total 4500 Email Web Hosting Income</b>	<b>518,875.74</b>
<b>Total 4490 Administrative Fees</b>	<b>518,875.74</b>
<b>Total 4480 Regular Income</b>	<b>518,875.74</b>
<b>Total 4200 Other Revenue</b>	<b>659,875.74</b>
4580 Rebate Income	55,275.75
<b>Total Income</b>	<b>\$2,700,021.53</b>
<b>GROSS PROFIT</b>	<b>\$2,700,021.53</b>
Expenses	
6000 Building & Grounds	
6005 Rent or Lease	34,748.36
6015 Utilities	587.40
<b>Total 6000 Building &amp; Grounds</b>	<b>35,335.76</b>
6020 Code Ninjas Branded Merchandise	579.54



# Code Ninjas LLC

Code Ninjas - Amended 2023 FDD (225)

## Profit and Loss January - April, 2023

	TOTAL
6025 Corporate Marketing Spend on Leads	42,639.56
6090 Marketing	1,123.15
6095 Conference	-3,777.37
6105 Conference Lodging & Airfare	1,513.50
6130 Staff Auto	191.70
<b>Total 6095 Conference</b>	<b>-2,072.17</b>
6160 Shared Marketing	51,898.35
6170 Outsourcing	0.00
<b>Total 6160 Shared Marketing</b>	<b>51,898.35</b>
6185 US & CAN Marketing	345.00
<b>Total 6090 Marketing</b>	<b>51,294.33</b>
6190 Meals and Entertainment	7,839.85
6200 Operations	
6205 Bank Charges & Credit Card Fees	20,150.25
6220 Dues & Subscriptions	11,159.50
6230 Franchise Tax Expense	6,666.68
6235 Freight & Shipping	399.64
6245 Insurance	24,616.19
6250 Bonds Expense	1,306.66
6255 Liability & Other	4,471.08
<b>Total 6245 Insurance</b>	<b>30,393.93</b>
6265 Office Supplies	1,032.22
6275 Phone & Internet Reimb	1,381.31
6290 Stationery & Printing	2,146.58
6295 Taxes & Licenses	2,978.38
6300 Canadian Tax Obligation	26,967.25
<b>Total 6295 Taxes &amp; Licenses</b>	<b>29,945.63</b>
<b>Total 6200 Operations</b>	<b>103,275.74</b>
6315 Payroll Expenses	
6320 Commission & Bonuses	80,861.91
6325 Insurance	
6335 Insurance - Health	36,122.51
6340 Insurance - Life & Other	2,072.85
6345 Insurance - Workers Comp	3,377.29
<b>Total 6325 Insurance</b>	<b>41,572.65</b>
6350 Payroll Administrative Fees	16,305.30
6355 Payroll Taxes	116,050.09
6365 Retirement Expense - ER portion	27,585.55
6370 Salary & Wages	1,094,874.04
<b>Total 6315 Payroll Expenses</b>	<b>1,377,249.54</b>

## Code Ninjas LLC

Code Ninjas - Amended 2023 FDD (226)

## Profit and Loss

January - April, 2023

	TOTAL
6385 Professional Fees	27,352.00
6390 Accounting	44,065.71
6395 Consulting Fees	4,166.40
6410 General Consulting	175.00
<b>Total 6395 Consulting Fees</b>	<b>4,341.40</b>
6420 Human Resources	2,211.45
6425 Legal	43,673.46
<b>Total 6385 Professional Fees</b>	<b>121,644.02</b>
6430 Stripe Transaction Fees	1,719.83
6435 Technology & Licenses	6,639.06
6440 Administrative	202,839.90
6445 Code Combat License Expense	-15,881.50
6460 Education	4,618.12
6465 Marketing	11,914.74
6470 Operations	34,501.07
6475 Other Pass-through Tech Costs	185,687.45
6480 Support	59.20
<b>Total 6435 Technology &amp; Licenses</b>	<b>430,378.04</b>
6485 Travel Expenses	24,245.43
6490 Auto	5,560.37
6495 Lodging & Airfare	28,713.00
6500 Travel Meals	8,779.91
<b>Total 6485 Travel Expenses</b>	<b>67,298.71</b>
<b>Total Expenses</b>	<b>\$2,239,254.92</b>
NET OPERATING INCOME	<b>\$460,766.61</b>
Other Income	
7020 Other Income-CN	83,240.66
<b>Total Other Income</b>	<b>\$83,240.66</b>
Other Expenses	
Unrealized Gain or Loss	0.00
8000 Amortization expense	9,126.68
8010 Bad Debts	53,092.30
8020 Depreciation Expense-CN	12,405.59
8030 Exchange Gain or Loss-CN	-7,250.51
8040 Gain or Loss on Disposal of Fixed Assets	1,463.38
8050 Interest Expense-CN	26,666.68
8070 Management Fees	53,333.34
<b>Total Other Expenses</b>	<b>\$148,837.46</b>
NET OTHER INCOME	<b>\$ -65,596.80</b>
NET INCOME	<b>\$395,169.81</b>

**EXHIBIT H**

**State-Specific Addenda**

---

**State-Specific Disclosures  
and  
State-Specific Amendments to Franchise Agreement**

### California Disclosure Addendum

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000-20043, the Disclosure Document for Code Ninjas LLC in connection with the offer and sale of franchises for use in the State of California is amended to include the following:

1. Our website, <https://www.codeninjas.com>, has not been reviewed or approved by the California Dep't of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Dep't of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
2. 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.
3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE § 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§ 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE § 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§ 20000 THROUGH 20043).
5. In Item 3, "Litigation," is amended by adding the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 above, 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, 15 U.S.C. § 78a, et seq.) suspending or expelling such person from membership in such association or exchange.
6. Item 5, "Initial Fees" is amended by adding the following sentence at the end of the first paragraph:

Based on our financial condition, the State of California has required a financial assurance. Therefore, we have posted a surety bond with the State of California guaranteeing our obligations under the Franchise Agreement and the Area Development Agreement. You may contact the state agency listed in Exhibit C for more information.
7. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by adding the following paragraph at the conclusion of the Item:

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101, et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement requires application of the laws of Texas. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires that you litigate with us in Texas. You may be required to pay our legal fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

8. The Franchise Disclosure Document is amended to include the following:

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

9. Item 19, "Financial Performance Representations," is amended by adding the following paragraph:

The earnings claim (or, "financial performance representation") figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the disclosure document, may be one source of this information.

10. This addendum will apply only if the California Franchise Investment Law or the California Franchise Relations Act would apply on its own without referring to this addendum.



## Hawaii Disclosure Addendum

The Disclosure Document for Code Ninjas LLC for use in the State of Hawaii is amended to include the following:

The following paragraphs are to be added in the state cover page:

THESE FRANCHISES WILL BE FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS 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 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, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, AND THIS ADDENDUM, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS ADDENDUM AND THE DISCLOSURE DOCUMENT CONTAIN 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 FRANCHISEE.

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., the Disclosure Document for Code Ninjas LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

1. Item 20 "List of Outlets," shall be amended by the addition of the following paragraph:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

2. This addendum will apply only if the Hawaii Franchise Investment Law, Hawaii Rev. Stat. §§ 482E, et seq., would apply on its own without referring to this addendum.

## Illinois Disclosure Addendum

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44 the Disclosure Document for Code Ninjas LLC for use in the State of Illinois is amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by adding the following:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your right upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. This addendum will apply only if the Illinois Franchise Disclosure Act would apply on its own without referring to this addendum.

## Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Disclosure Document for Code Ninjas LLC for use in the State of Maryland is amended as follows:

1. Item 5, "Initial Fees," is amended by adding the following language:

Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.

2. Item 17, "Renewal, Termination, Transfer, and Dispute Resolution," is amended by adding the following language:

The general releases 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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

3. This addendum will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this addendum.

### Michigan Disclosure Addendum

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(A) A PROHIBITION ON THE RIGHT OF A FRANCHISEE TO JOIN AN ASSOCIATION OF FRANCHISEES.

(B) A REQUIREMENT THAT A FRANCHISEE ASSENT TO A RELEASE, ASSIGNMENT, NOVATION, WAIVER, OR ESTOPPEL WHICH DEPRIVES A FRANCHISEE OF RIGHTS AND PROTECTIONS PROVIDED IN THIS ACT. THIS SHALL NOT PRECLUDE A FRANCHISEE, AFTER ENTERING INTO A FRANCHISE AGREEMENT, FROM SETTLING ANY AND ALL CLAIMS.

(C) A PROVISION THAT PERMITS A FRANCHISOR TO TERMINATE A FRANCHISE PRIOR TO THE EXPIRATION OF ITS TERM EXCEPT FOR GOOD CAUSE. GOOD CAUSE SHALL INCLUDE THE FAILURE OF THE FRANCHISEE TO COMPLY WITH ANY LAWFUL PROVISION OF THE FRANCHISE AGREEMENT AND TO CURE SUCH FAILURE AFTER BEING GIVEN WRITTEN NOTICE THEREOF AND A REASONABLE OPPORTUNITY, WHICH IN NO EVENT NEED BE MORE THAN 30 DAYS, TO CURE SUCH FAILURE.

(D) A PROVISION THAT PERMITS A FRANCHISOR TO REFUSE TO RENEW A FRANCHISE WITHOUT FAIRLY COMPENSATING THE FRANCHISEE BY REPURCHASE OR OTHER MEANS FOR THE FAIR MARKET VALUE, AT THE TIME OF EXPIRATION, OF THE FRANCHISEE'S INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS. PERSONALIZED MATERIALS WHICH HAVE NO VALUE TO THE FRANCHISOR AND INVENTORY, SUPPLIES, EQUIPMENT, FIXTURES, AND FURNISHINGS NOT REASONABLY REQUIRED IN THE CONDUCT OF THE FRANCHISE BUSINESS ARE NOT SUBJECT TO COMPENSATION. THIS SUBSECTION APPLIES ONLY IF: (i) THE TERM OF THE FRANCHISE IS LESS THAN 5 YEARS; AND (ii) THE FRANCHISEE IS PROHIBITED BY THE FRANCHISE OR OTHER AGREEMENT FROM CONTINUING TO CONDUCT SUBSTANTIALLY THE SAME BUSINESS UNDER ANOTHER TRADEMARK, SERVICE MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION BE CONDUCTED OUTSIDE THIS STATE.\* THIS SHALL NOT PRECLUDE THE FRANCHISEE FROM ENTERING INTO AN AGREEMENT, AT THE TIME OF ARBITRATION, TO CONDUCT ARBITRATION AT A LOCATION OUTSIDE THIS STATE. (\* - DESPITE THIS PROVISION OF THE STATE LAW, WE INTEND TO SEEK ENFORCEMENT OF THE ARBITRATION CLAUSE, AS PROVIDED IN THE FRANCHISE AGREEMENT, TO THE FULLEST EXTENT PERMITTED UNDER THE FEDERAL ARBITRATION ACT.)

(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 FRANCHISEE 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 FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE REQUIRED CONTRACTUAL SERVICES.

\* \* \* \*

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.

\* \* \* \*

IF THE FRANCHISOR'S MOST RECENT FINANCIAL STATEMENTS ARE UNAUDITED AND SHOW A NET WORTH OF LESS THAN \$100,000, THE FRANCHISOR MUST, AT THE REQUEST OF THE FRANCHISEE, ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS PAID BY THE FRANCHISEE UNTIL THE OBLIGATIONS TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING, OR OTHER

ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT THE OPTION OF THE FRANCHISOR, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.

\* \* \* \*

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: DEPT. OF ENERGY, LABOR, & ECONOMIC GROWTH, CORPORATIONS DIVISION, P.O. BOX 30054, LANSING, MICHIGAN 48909; 7150 HARRIS DRIVE, LANSING, MICHIGAN 48909.

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

DEPARTMENT OF THE ATTORNEY GENERAL'S OFFICE  
CONSUMER PROTECTION DIVISION  
ATTN: FRANCHISE SECTION  
525 W. OTTAWA ST., FIRST FLOOR  
LANSING, MICHIGAN 48913  
(517) 373-7117

THIS ADDENDUM WILL APPLY ONLY IF THE MICHIGAN FRANCHISE INVESTMENT LAW WOULD APPLY ON ITS OWN WITHOUT REFERRING TO THIS ADDENDUM.



## Minnesota Disclosure Addendum

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Disclosure Document for Code Ninjas LLC for use in the State of Minnesota is amended to include the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

This addendum will apply only if the Minnesota Franchises Law would apply on its own without referring to this addendum.

Item 5, "Initial Fees," is amended by adding the following language:

Based on our financial condition, the State of Minnesota has required a financial assurance. Therefore, we have posted a surety bond with the State of Minnesota guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.

## New York Disclosure Addendum

The Disclosure Document for Code Ninjas LLC for use in the State of New York is amended to include the following:

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 SOURCES OF 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 DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005.**

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.**

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

Except as noted above, with regard 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, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of

an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Except as noted above, neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

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

9. This addendum will apply only if the New York Franchise Law (N.Y. General Business Law, Article 33) would apply on its own without referring to this addendum.

**STATEMENT OF DISCLOSURE DOCUMENT ACCURACY**

**THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

## North Dakota Disclosure Addendum

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Disclosure Document for Code Ninjas LLC in connection with the offer and sale of franchises in the North Dakota is amended to include the following:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (N.D. Cent. Code Section 51-19-09):
  - A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to N.D. Century Code Section 9-08-06, without further disclosing that such covenants will be subject to this statute.
  - B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
  - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
  - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
  - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
  - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
  - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
  - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
  - I. Limitation of Claims: Requiring that North Dakota franchisees consent to a limitation of claims. The statute of limitations under North Dakota law applies.
  - J. Enforcement of Agreement: Requiring that North Dakota franchisees pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
2. Item 5, "Initial Fees," is amended by adding the following language:
 

Based on our financial condition, the State of North Dakota has required a financial assurance. Therefore, we have posted a surety bond with the State of North Dakota guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.
3. This addendum will apply only if the North Dakota Franchise Investment Law (N.D. Cent. Code, §§ 51-19-1 through 51-19-17) would apply on its own without referring to this addendum.

## South Dakota Disclosure

In recognition of the requirements of the South Dakota Codified Laws, the Disclosure Document for Code Ninjas LLC for use in the State of South Dakota is amended to include the following:

1. Item 5, "Initial Fees," is amended by the addition of the following language:

The South Dakota Securities Regulation Office has required a financial assurance based on the franchisor's financial statements. Therefore, all initial fees and payments owed by franchisees in South Dakota will be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, payment of the Development Fee for developers in South Dakota will be due to the franchisor, on a pro-rata basis, upon the franchisor's completion of its pre-opening obligations for each franchise opened under the Development Agreement.

2. This addendum will apply only if the South Dakota Codified Laws would apply independently without referring to this addendum.



## Rhode Island Disclosure Addendum

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen Laws §§ 19-28.1-1 through 19-28.1-34, the Disclosure Document for Code Ninjas LLC for use in Rhode Island is amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by adding the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This addendum will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, would apply on its own without referring to this addendum.

## Virginia Disclosure Addendum

In recognition of the restrictions contained in the Virginia Retail Franchising Act, Va. Code Section 13.1-564, Item 17 of the Franchise Disclosure Document of Code Ninjas LLC in connection with the offer and sale of franchises in Virginia is amended to include the following:

1. Item 17, Additional Disclosure. The following statement is added to Item 17.h:

Pursuant to Va. Code Section 13.1-564, the Virginia Retail Franchising Act, it is “unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to [the franchisee] by any provision contained in the [Franchise Agreement].” If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

2. This addendum will apply only if the Virginia Retail Franchising Act would apply on its own without referring to this addendum.

## Washington Disclosure Addendum

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.180, the Disclosure Document for Code Ninjas LLC in connection with the offer and sale of franchises in the State of Washington is amended to include the following:

1. Item 5 of Code Ninjas LLC's Franchise Disclosure Document is amended by adding the following:

Based on our financial condition, the State of Washington has required a financial assurance. Therefore, we have posted a surety bond with the State of Washington guaranteeing our obligations under the Franchise Agreement and the Area Development Agreement. You may contact the state agency listed in Exhibit C for more information.

2. Item 17(d) of Code Ninjas LLC's Franchise Disclosure Document is amended by adding the following:

Franchisees may terminate the Franchise Agreement under any grounds permitted by law.

3. The parties further agree as follows:

- a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
- b. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- c. 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.
- d. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

- f. 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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
- g. 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.
- h. The undersigned does hereby acknowledge receipt of this addendum.
- i. This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply on its own without referring to this amendment.

**California Amendment to the Franchise Agreement**

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Code Ninjas LLC Franchise Agreement (the “**Agreement**”) agree as follows:

1. Section 4.1 of the Agreement is amended by adding the following:

Based on our financial condition, the State of California has required a financial assurance. Therefore, we have posted a surety bond with the State of California guaranteeing our obligations under this Agreement.

2. This amendment will apply only if the California Franchise Investment Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_ **Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**California Amendment to the Development Agreement**

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Code Ninjas LLC Development Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement is amended by adding the following:

Based on our financial condition, the State of California has required a financial assurance. Therefore, we have posted a surety bond with the State of California guaranteeing our obligations under this Agreement.

2. This amendment will apply only if the California Franchise Investment Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**Illinois Amendment to the Franchise Agreement**

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Code Ninjas LLC Franchise Agreement (the "Agreement") for use in Illinois agree as follows:

1. Section 2 of the Agreement, under the heading "Term and Renewal," is amended by adding the following new paragraph 2.3:

2.3 If any of the provisions of this Section 2 are inconsistent with Section 20 of the Illinois Franchise Disclosure Act, the provisions of the Act will apply. If we refuse to renew this Agreement, we will compensate you if (and to the extent) such compensation is required under Section 20 of the Illinois Franchise Disclosure Act.

2. Section 17 of the Agreement, under the heading "Default and Termination," is amended by adding the following new paragraph 17.8:

17.8 If any of the provisions of this Section 17 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law will apply.

3. Section 27.7 of the Agreement, under the subheading "Must Bring Claims within One Year," is amended by adding the following at the end of the paragraph:

Notwithstanding the provisions of Section 27.7, any claims arising under the Illinois Franchise Disclosure Act (the "Act") must be brought before the earlier to occur of: the expiration of 3 years after the act or transaction constituting the violation upon which the claim is based; the expiration of one year after the you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act; or 90 days after delivery to you of a written notice disclosing the violation. No cause of action barred under existing law on the effective date of the Act will be revived by the Act. Every cause of action under the Act survives the death of any person who might have been a plaintiff or defendant.

4. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by adding the following new Section 27.10:

27.10 Nothing contained in this Section 27 will constitute a condition, stipulation, or provision purporting to bind any Illinois Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met), including, without limiting the provisions of Section 705/41 of the Illinois Franchise Disclosure Act.

5. This amendment will apply only if the Illinois Franchise Disclosure Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Illinois Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Illinois Amendment to the Development Agreement**

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§ 705/1 to 705/44, the parties to the attached Code Ninjas LLC Development Agreement (the "Agreement") for use in Illinois agree as follows:

1. Section 11.4 and Section 13 of the Agreement, under the heading "Default and Termination," is amended by adding the following new Section 13.3:

13.3 If any of the provisions of Sections 11.4 and 13 of this Agreement are inconsistent with Section 19 of the Illinois Franchise Disclosure Act, then said Illinois law will apply.

2. Section 11.13 of the Agreement, under the subheading "Must Bring Claims within One Year," is amended by adding the following language at the end of the paragraph:

Notwithstanding the provisions of this Section, any claims arising under the Illinois Franchise Disclosure Act (the "Act") must be brought before the earlier to occur of: the expiration of 3 years after the act or transaction constituting the violation upon which the claim is based; the expiration of one year after the you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act; or 90 days after delivery to you of a written notice disclosing the violation. No cause of action barred under existing law on the effective date of the Act will be revived by the Act. Every cause of action under the Act survives the death of any person who might have been a plaintiff or defendant.

3. Sections 11.13 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by adding the following at the end of Section 11.13:

Nothing contained in this Agreement will constitute a condition, stipulation, or provision purporting to bind any Illinois Franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other Illinois law (as long as the jurisdictional requirements of the Illinois Franchise Disclosure Act are met), including, without limiting the provisions of Section 705/41 of the Illinois Franchise Disclosure Act.

4. This amendment will apply only if the Illinois Franchise Disclosure Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Illinois Amendment to the Development Agreement on the same date as the Development Agreement was signed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Maryland Amendment to the Franchise Agreement**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Code Ninjas LLC Franchise Agreement (the "Agreement") for use in Maryland agree as follows:

- 1. Section 4.1 of the Agreement is amended by adding the following:  
Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement and the Development Agreement.
- 2. Sections 2.2.7 and 16.5.1 of the Agreement are amended by adding the following:  
The general releases required as a condition of renewal or sale, and as a condition of assignment or transfer, will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- 3. Section 27 of the Agreement is amended by adding the following:  
You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- 4. Sections 27.7 of the Agreement is amended by adding the following:  
Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
- 5. Sections 25 and 28 of the Agreement are amended by adding the following:  
All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.  
  
The Franchise Disclosure Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.
- 6. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Maryland Amendment to the Development Agreement**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Code Ninjas LLC Development Agreement (the "Agreement") for use in Maryland agree as follows:

- 1. Section 4.1 of the Agreement is amended by adding the following:

Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.

- 2. Section 11.3 of the Agreement is amended by adding the following:

The general releases required as a condition of assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

- 3. Section 11.13 of the Agreement is amended by adding the following:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

- 4. Sections 11.14 and 14 of the Agreement are amended by the following:

All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Disclosure Certification is not intended to, and shall not act, as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## Minnesota Amendment to the Franchise Agreement

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. § 80C., and of the Rules and Regulations promulgated thereunder by the Commissioner of Commerce, the parties to the attached Code Ninjas LLC Franchise Agreement (the “Agreement”) for use in Minnesota agree as follows:

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:
  - a. Minn. Stats., Section 80C.21 and Minn. Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Stats., Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
  - b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stats., Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
  - c. The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
  - d. Minnesota considers it unfair to not protect the franchisee’s rights to use the trademarks. Refer to Minn. Stats., Section 80C.12, Subd. 1(g).
  - e. Minn. Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
  - f. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
  - g. The Limitations of Claims section must comply with Minn. Stats., Section 80C.17, Subd. 5.
2. This amendment will apply only if the Minnesota Franchise Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas LLC**

**Franchisor**

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

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

Title: \_\_\_\_\_

\_\_\_\_\_

**Franchisee Entity**

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

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

Title: \_\_\_\_\_



## Minnesota Amendment to the Development Agreement

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. § 80C., and of the Rules and Regulations promulgated thereunder by the Commissioner of Commerce, the parties to the attached Code Ninjas LLC Development Agreement (the “Agreement”) for use in Minnesota agree as follows:

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and Franchise Disclosure Document contain provisions that are inconsistent with the following, such provisions are hereby amended:
  - a. Minn. Stats., Section 80C.21 and Minn. Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Stats., Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
  - b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stats., Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
  - c. The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
  - d. Minnesota considers it unfair to not protect the franchisee’s rights to use the trademarks. Refer to Minn. Stats., Section 80C.12, Subd. 1(g).
  - e. Minn. Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
  - f. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
  - g. The Limitations of Claims section must comply with Minn. Stats., Section 80C.17, Subd. 5.
2. This amendment will apply only if the Minnesota Franchise Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have executed and delivered this Minnesota Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas LLC  
Franchisor**

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

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

Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

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

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

Title: \_\_\_\_\_

**New York Amendment to the Franchise Agreement**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.2 through 201.16), the parties to the attached Code Ninjas LLC Franchise Agreement (the "Agreement") for use in New York agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term and Renewal," is amended by adding the following:

Nothing in this Section to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest", is amended by adding the following:

Nothing in this Section to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Section 27.5 of the Agreement, under the heading "Injunctions," is deleted in its entirety, and will have no force or effect; and the following paragraph is substituted in its place:

Nothing in this Agreement bars our right to seek injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.

4. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by adding the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.

5. This amendment will apply only if the New York Franchise Law (N.Y. Gen. Bus. Law Article 33) would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**New York Amendment to the Development Agreement**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.2 through 201.16), the parties to the attached Code Ninjas LLC Development Agreement (the "Agreement") for use in New York agree as follows:

- 1. Sections 11.3 and 12 shall be amended by the addition of the following:  
 Nothing in this Agreement to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.
- 2. Section 11.13 of the Agreement (which incorporates by reference Section 27.5 of the Franchise Agreement) shall be amended by inserting the following:  
 Nothing in this Agreement bars our right to seek injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
- 3. Section 11.13 of the Agreement shall be amended by adding the following language:  
 Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.
- 4. This amendment will apply only if the New York Franchise Law (N.Y. Gen. Bus. Law Article 33) would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this New York Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas LLC**  
**Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## North Dakota Amendment to the Franchise Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement for Code Ninjas LLC for use in North Dakota shall be amended as follows:

1. The Franchise Agreement shall be amended by adding the following Section 29:
  29. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:
    - A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to N.D. Cent. Code Section 9-08-06 without further disclosing that such covenants will be subject to this statute.
    - B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
    - C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
    - D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
    - E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
    - F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.
    - G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
    - H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
    - I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. This amendment will apply only if the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this North Dakota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas LLC**  
**Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## North Dakota Amendment to the Development Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Development Agreement for Code Ninjas LLC for use in North Dakota shall be amended as follows:

1. The Development Agreement shall be amended by adding the following Section 18:
  18. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:
    - A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to N.D. Cent. Code Section 9-08-06 without further disclosing that such covenants will be subject to this statute.
    - B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
    - C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
    - D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
    - E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
    - F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.
    - G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
    - H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
    - I. Limitation of Claims: Development Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
    - J. Enforcement of Agreement: Development Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. This amendment will apply only if the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51 19 01 through 51 19 17, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this North Dakota Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas LLC**  
**Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Rhode Island Amendment to the Franchise Agreement**

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Code Ninjas LLC Franchise Agreement (the "Agreement") for use in Rhode Island agree as follows:

1. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," will be amended by the addition of the following:

27.10 Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Rhode Island amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Rhode Island Amendment to the Development Agreement**

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, the parties to the attached Code Ninjas LLC Development Agreement (the "Agreement") for use in Rhode Island agree as follows:

1. Section 11.13 of the Agreement, under the heading "Applicable Law and Dispute Resolution," will be amended by the addition of the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. This amendment will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. Laws §§ 19-28.1-1 through 19-28.1-34, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Rhode Island amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**South Dakota Amendment to the Franchise Agreement**

In recognition of the requirements of the South Dakota Codified Laws 37-5B-5, the parties to the attached Code Ninjas LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, under the subheading "Initial Franchise Fee," will be amended by the addition of the following:

The South Dakota Securities Regulation Office has required us to defer payment of the initial franchise fee and other initial payments owed by a franchisee in South Dakota to us until we have completed our pre-opening obligations under the Agreement, based on our financial condition.

IN WITNESS WHEREOF, the parties have signed and delivered this South Dakota amendment on the same date as the Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**South Dakota Amendment to the Area Development Agreement**

In recognition of the requirements of the South Dakota Codified Laws Section 37-5B-5, the parties to the attached Code Ninjas LLC Area Development Agreement (the "Agreement") agree as follows

1. Section 4 of the Agreement, under the subheading "Fees and Payments," will be amended by the addition of the following:

The South Dakota Securities Regulation Office has required us to defer payment of the area development fee due from a Developer in South Dakota under the Agreement (as well as the initial franchise fee and other initial payments owed to us by a Franchisee in South Dakota) until we have completed our pre-opening obligations under each franchise agreement, based upon our financial condition. Payment of the area development fee will be due to us, on a pro-rata basis, when we complete our pre-opening obligations for each franchise in South Dakota to be opened under the Agreement.

IN WITNESS WHEREOF, the parties have signed and delivered this South Dakota amendment on the same date as the Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Washington Amendment to the Franchise Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act, RCW 19.100, the parties to the attached Code Ninjas LLC Franchise Agreement (the "Agreement") agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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 provisions contained in the Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. 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 Agreement or elsewhere are void and unenforceable in Washington.
8. A surety bond in the amount of \$100,000 has been obtained by Franchisor. The Washington Securities Division has made the issuance of Franchisor's permit contingent upon Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization

to the contrary.

9. Section 23.2 of the Agreement (“No Warranties or Guarantees”) is deleted.

10. In all other respects, the Agreement will be construed and enforced in accordance with its terms.

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Franchise Agreement on the same date as the Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## Washington Amendment to the Development Agreement

In recognition of the requirements of the Washington Franchise Investment Protection Act, RCW 19.100, the parties to the attached Code Ninjas LLC Development Agreement (the "Agreement") agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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 provisions contained in the Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. 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 Agreement or elsewhere are void and unenforceable in Washington.
8. A surety bond in the amount of \$100,000 has been obtained by Franchisor. The Washington Securities Division has made the issuance of Franchisor's permit contingent upon Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization

to the contrary.

9. In all other respects, the Agreement will be construed and enforced in accordance with its terms.

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Development Agreement on the same date as the Agreement was executed.

**Code Ninjas LLC  
Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT I****List of Current and Former Franchisees**

Current franchisees as of our fiscal year ended December 31, 2022:

Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Gwen and Ernest Musengwa	1501 SE Walton Boulevard, Suite 115	Bentonville	AR	72712	479.268.4391	
Code Jones LLC	17200 Chenal Parkway, Suite 280	Little Rock	AR	72223	501.830.3109	
Pelican Services LLC**	2820 S Alma School Road, Suite #22	Chandler	AZ	85286	480.248.6866	Y
Shiksha Yatra, LLC	20329 N. 59th Avenue, Suite 6A	Glendale	AZ	85308	602.935.1423	Y
Pelican Services LLC**	4909 East Chandler Boulevard, Suite #504	Phoenix	AZ	85048	480.867.1158	Y
KANN, LLC	14891 N. Northsight Boulevard, Suite 129	Scottsdale	AZ	85260	480.361.5260	
LEARN2CODE LLC <sup>+</sup>	1773 E. Prince Road	Tucson	AZ	85719	520.222.6261	
Lost Code Inc	745 East Altadena Drive	Altadena	CA	91001	626.714.1444	Y
Suraya Enterprises, LLC	5769 E Santa Ana Canyon Rd., Suite P	Anaheim	CA	92807	n/a	Y
Code Create, INC	8 E. Foothill Boulevard, 1st Floor	Arcadia	CA	91006	626.317.6885	Y
Jampana Enterprises LLC	11900 South Street, Suite 114	Cerritos	CA	90703	562.732.2633	Y
Sirlopu Technology Group, LLC	4511 Chino Hills Parkway, Suite E	Chino Hills	CA	91709	909.536.2633	
Scott West	2318 Proctor Valley Road, Suite 104	Chula Vista	CA	91914	858.621.3406	Y
Excellent Learning LLC	1835 Newport Blvd, Suite D-252	Costa Mesa	CA	92627	949.652.2633	Y
GA Ventures LLC	19770 Stevens Creek Boulevard	Cupertino	CA	95014	669.777.2633	Y
Chihhao Hsieh	710-B S. Allied Way	El Segundo	CA	90245	310.616.3225	
C and Y Services, LLC	8641 Elk Grove Boulevard	Elk Grove	CA	95624	916.883.2633	
SHERRI & RONNIE HARRISON, IRA & DAWN KRISTOL	290 N. El Camino Real, Suite 290-B	Encinitas	CA	92024	760.880.1669	Y
UIUCode LLC	17326 Ventura Boulevard	Encino	CA	91316	818.405.6942	
Haisen Haven LLC	1012 East Bidwell Street, Ste C600	Folsom	CA	95630	916.270.6826	Y
Kimstitute LLC	18587 Brookhurst Street	Fountain Valley	CA	92708	714.465.9559	
EliteCoders INC	61 Fremont Hub Courtyard	Fremont	CA	94538	510.894.2092	
Falcon Minds Inc	46525 Mission Blvd, Suite 710	Fremont	CA	94539	510.400.1466	
Metta Blocks LLC	9575 Chapman Avenue	Garden Grove	CA	92841	714.462.6371	
DIY Code LLC	17142 Colima Rd, Suite D	Hacienda Heights	CA	91745	626.910.2020	
JCS & JC, LLC,	5321-B University Drive	Irvine	CA	92612	949.679.2633	Y

Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Jampana Enterprises LLC	1472 S. Harbor Boulevard, Suite 12	La Habra	CA	90631	657.258.2633	Y
MBB&D, LLC	25652 Crown Valley Parkway, Suite F-1	Ladera Ranch	CA	92694	949.229.2853	Y
SVS Inc.	4290 Katella Avenue	Los Alamitos	CA	90720	562.249.6242	
Code Angels Inc.	2712 Griffith Park Boulevard	Los Angeles	CA	90027	323.488.3121	
Jennifer Heo and Gina Kang	39815 Alta Murrieta Drive #C7	Murrieta	CA	92563	714.388.2596	
CBYTE, LLC	9060 Tampa Avenue	Northridge	CA	91324	818.639.4925	
Calvo Learning Centers, LLC,	2550 S. Archibald Avenue, Suite D-E	Ontario	CA	91761	909.947.2633	Y
Jaid Greenfield Inc	4811 Hopyard Road, Ste G-5	Pleasanton	CA	94588	925.425.7089	
Haisen Haven Inc	2209 Sunset Boulevard, Suite 905	Rocklin	CA	95765	916.354.5659	Y
Steam Engine LLC	60 Peninsula Center	Rolling Hills Estates	CA	90274	424.903.0355	
Haisen Haven Inc	5015 Foothills Boulevard, Suite 6	Roseville	CA	95747	916.354.5659	Y
Aura Thrive LLC.	16773 Bernardo Center Drive, Suite E	San Diego	CA	92128	858.376.7596	Y
Sunshine Vibes LLC	9420 Mira Mesa Boulevard, Suite E, Suite E	San Diego	CA	92126	858.879.9200	
Kids Code 1. INC	8204 Huntington Drive, Unit A	San Gabriel	CA	91775	626.606.9609	Y
Evergreen Square LLC	4878 San Felipe Road, Suite 120	San Jose	CA	95135	408.684.3022	
TOSJ TC Projects LLC	1701 Lundy Avenue, Suite 120	San Jose	CA	95131	408.753.2633	
PARAMOUNT EDUCATION LLC	2415 San Ramon Valley Blvd, Suite 15, Suite B	San Ramon	CA	94583	925.690.2633	Y
Reeser Holdings, LLC	26867 Sierra Highway	Santa Clarita	CA	91321	661.360.5050	Y
Sergiy & Cristina Zarubin	25939 The Old Road	Stevenson Ranch	CA	91381	661.430.2633	
So-Cal Coding Schools LLC	4636 Del Amo Boulevard	Torrance	CA	90503	424.291.2633	
Smarter Data, Inc	1841 W 11th St	Tracy	CA	95377	209.319.0600	Y
Everlearn, Inc.	13011 Newport Avenue, Suite 108	Tustin	CA	92780	714.202.7591	
Flying Squirrels Inc.	1772 Decoto Road, Suite 1772	Union City	CA	94587	510.585.9945	
Paramount Education, LLC	1661 Botelho Drive, Suite 160	Walnut Creek	CA	94596	925.690.2633	Y
Rotter Ninjas Denver West	7705 Wadsworth Boulevard, Suite 15	Arvada	CO	80003	720.432.2799	
STEM Enrichment Academy, LLC	12920 Lowell Boulevard, Unit A	Broomfield	CO	80020	303.536.1318	Y
Andy & Kristy Lathrop	3855 Ambrosia Street, Suite 102	Castle Rock	CO	80109	303.997.6781	Y
Samuelsen Holdings LLC	101 Ulster Court	Denver	CO	80230	720.594.2633	



Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Craig and Joanna Little	730 Mesa Avenue	Grand Junction	CO	81501	970.822.7118	
Cheap FX LLC	4239 Centerplace Drive, Unit 1F	Greeley	CO	80634	970.673.7268	
Rotter Ninjas Denver West LLC	2229 Wildcat Reserve Parkway, Suite A6	Highlands Ranch	CO	80129	720.638.8760	
Ascendent Minds, Inc.	9068 FORSSTROM DRIVE, SUITE C-10	Lone Tree	CO	80124	720.651.9003	
Craig & Robyn Foster	1387 E. South Boulder Road (Units E&F)	Louisville	CO	80027	720.379.7638	
LATHROP PRO CODERS INC,	12231 Pine Bluffs Way, Suite 107	Parker	CO	80134	720.535.4390	Y
SAMPATTI LLC	665 Commerce Drive	Fairfield	CT	6825	203.816.5239	Y
Basanth Marigodawar and Anil Kumar	388 Middle Turnpike W	Manchester	CT	6040	860.288.2425	
SRM LEARNING	111 High Ridge Road, Suite 6	Stamford	CT	06905	203.633.8000	Y
Medha Kids Tech Inc.	4244 Madison Avenue	Trumbull	CT	06611	203.816.5239	Y
Quadrant LLC	Pike Creek Shopping Center	Wilmington	DE	19808	302.501.6660	Y
Ninja Coders Aventura Inc	18821 Biscayne Boulevard	Aventura	FL	33180	305.395.7080	Y
CN Boca Raton, LLC	19605 N State Road 7, Suite D	Boca Raton	FL	33498	561.440.8229	Y
Ninja Coder Holdings LLC*	8788 Boynton Beach Boulevard, Suite 110	Boynton Beach	FL	33472	561.336.0540	Y
Ninja Coder Cooper City LLC**	5534 S Flamingo Road	Cooper City	FL	33330	954.399.7000	Y
CN Coral Springs, LLC**	4669 N. University Drive, Suite 47-48	Coral Springs	FL	33067	954.651.8147	Y
CODE COAST CONSULTING, INC.	1811 Golden Eagle Way, Suite 28	Fleming Island	FL	32003	904.375.0653	
NINJA CODER HOLDINGS, LLC	1120 Townpark Avenue, Suite 1022	Lake Mary	FL	32746	407.500.3863	Y
Learn to Code, LLC	3421 N. Dixie Hwy, Suite 3421	Oakland Park	FL	33334	954.869.1234	
Angel Oak Franchises LLC	2560 Maguire Road, Suite 210	Ocoee	FL	34761	407.618.0031	
Brock Horton	10743 Narcoossee Rd, Suite A11	Orlando	FL	32832	407.203.3006	
DGID, LLC	12484 Lake Underhill Road	Orlando	FL	32828	855.563.2633	
CODING KIDS, LLC	3 West Nine Mile Road, Suite #5	Pensacola	FL	32534	775.655.9058	Y
Takka Takka Too II, LLC	8000 W Broward Boulevard, Ste 1729	Plantation	FL	33388	954.399.7000	Y
Ryan Clark	258 Solana Rd	Ponte Vedra Beach	FL	32082	904.834.2359	
Great Minds Viera, LLC	1950 Viera Boulevard, Suite 112	Rockledge	FL	32955	321.622.4358	
Julington Creek Ninjas LLC	2758 Race Track Road, Suite 401	St Johns	FL	32259	904.500.2633	Y
J.G. Limited LLC.	19038 Bruce B. Downs Blvd, Suite B-2	Tampa	FL	33647	813.893.4067	

Franchisee	Address	City	ST	Zip	Tel	Devel- oper
JVME Media LLC*	14349 N Dale Mabry Highway	Tampa	FL	33618	813.603.6509	Y
KIDZCODING, LLC	10720 FL-54, Suite 103	Trinity	FL	34655	727.835.5099	Y
CN Wellington, LLC	10660 Forest Hill Boulevard, Suite 160	Wellington	FL	33414	561.440.8229	Y
Ninja Coder Weston , LLC**	1374 SW 160th Avenue, Suite E-3/E-4	Weston	FL	33326	954.500.2633	Y
Mission Moriah Inc	2538 Cedarcrest Rd, Suite 107-109	Acworth	GA	30101	678.370.0565	Y
S&A SSB LLC+	12460 Crabapple Rd, Suite 401	Alpharetta	GA	30004	443.562.5472	
Cato Learning LLC	1520 Avenue Place, Suite B1-110	Atlanta	GA	30329	678.880.4292	
Cato Sensei LLC	4691 S Atlanta Road SE	Atlanta	GA	30339	678.203.8603	
DynaGeex, LLC	2350 Atlanta Highway, Suite 106-107	Cumming	GA	30040	470.253.9632	Y
Krisan Coding, LLC**	2130 Hamilton Creek Parkway, Suite 107	Dacula	GA	30019	941.720.5112	Y
Cato Sensei LLC	3142 Golf Ridge Boulevard, Suite 1B	Douglasville	GA	30135	404.698.1458	
Rebranded Design & Marketing LLC.	1200 Town Park Lane, Suite 102	Evans	GA	30809	706.842.6795	
Sovot Legacy LLC	1250 Scenic Highway, Suite 1716	Lawrenceville	GA	30045	770.695.0255	Y
Abhi Reddy,Noor Panjwani,Samir Panjwani,Shayan Panjwani	4880 Lower Roswell Road, Suite 620	Marietta	GA	30068	770.325.3743	Y
Krisan Academics LLC	245 Peachtree Industrial Boulevard, Suite 102	Sugar Hill	GA	30518	770.353.9946	
Kyle Kuehl	4750 Utica Ridge Rd, Suite 400	Davenport	IA	52807	563.900.4426	
IDAHO CODERS LLC	1793 W. Chinden Boulevard, #150	Meridian	ID	83646	208.565.0025	Y
Matthew Grace Education, LLC	2755 Algonquin Road	Algonquin	IL	60102	224.333.1236	Y
NZ Invest Again, LLC	69 W. Rand Road	Arlington Heights	IL	60004	847.873.1025	Y
Young Grasshopper LLC	807 IL-59	Bartlett	IL	60103	630.995.9577	Y
Akram Inc.	579-581 N York Road	Elmhurst	IL	60126	630.359.5095	Y
Programmer Kids LLC	2735 Pflingsten Rd	Glenview	IL	60026	847.715.9056	Y
IT Strategic Partners	6021 Washington St, Suite C	Gurnee	IL	60031	847.986.9386	Y
Young Mantis LLC	1710 W Algonquin	Hoffman Estates	IL	60192	847.348.9515	Y
Melissa and Gerald Potempa	14236 S Bell Road	Homer Glen	IL	60491	708.675.8183	Y
Coder Kids LLC	1324 S Milwaukee Avenue	Libertyville	IL	60048	847.549.3908	Y
NZ INVESTMENTS LLC	4194 IL-83, Unit B	Long Grove	IL	60047	847.250.6838	Y
Aryom, LLC	3108 S Route 59, Suite 144	Naperville	IL	60564	331.229.8922	Y

Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Kiwano Corporation	1305 S Naper Boulevard	Naperville	IL	60540	630.300.3636	Y
Team Nunchuk LLC	2756 US Highway 34	Oswego	IL	60543	630.485.7327	Y
Canny Tots LLC	7800 N Sommer Street	Peoria	IL	61615	309.431.4648	Y
Wu Master, LLC*	842 E Ogden Avenue	Westmont	IL	60559	630.568.5634	Y
40-Love NC, LLC	2436 East 146th Street	Carmel	IN	46033	317.587.8660	Y
Expedition Future, Corp	125 E 107th Ave.	Crown Point	IN	46307	219.661.7484	
40-Love NC, LLC	11501 Geist Pavilion Drive, Suite 112	Fishers	IN	46037	317.827.6192	Y
SHARPEST CODING CO.	1259 North State Road 135, Suite B	Greenwood	IN	46142	317.360.9732	
Tiger Ninjas LLC	8657 Siegen Lane	Baton Rouge	LA	70810	225.427.0701	Y
CR Edutech Solutions Corp.	1137 South Bernard Road, Suite B	Broussard	LA	70518	337.330.2185	
Comanche Piper LLC	3501 Severn Avenue, Suite 5B	Metairie	LA	70002	504.235.4100	
Pevey Investments, LLC	1938 E 70th Street, Suite B	Shreveport	LA	71105	318.606.2573	
New England CWI, LLC	683 Massachusetts Avenue	Arlington	MA	02476	781.645.7978	
Blue Cardinal LLC	18 North Meadow Road	Medfield	MA	02052	508.233.3528	
Hoppy Enterprises LLC	10010-F, Shops Way	Northborough	MA	01532	774.214.0446	
CN SUDBURY, LLC	528 Boston Post Road #B	Sudbury	MA	01776	978.579.4300	
Code 3X, LLC	3 Crescent St	Waltham	MA	02453	617.407.9443	
Maverick Coding Services LLC	161 Linden Street	Wellesley	MA	02482	781.591.2413	
The Sackks Group Corporation	145 Mitchells Chance Road	Edgewater	MD	21037	443.203.8415	
The Reliem Company	5725 Richards Valley Road, Ste. A-3	Ellicott City	MD	21043	410.680.2633	Y
3C Dream LLC	5726-A Buckeystown Pike	Frederick	MD	21704	240.655.5060	Y
Compower LLC	12974 Middlebrook Road	Germantown	MD	20874	301.371.2572	Y
Imminent Path, Inc.	7550 Teague Road, #113	Hanover	MD	21076	443.718.9027	Y
Canton Coding, LLC	6445 N. Canton Center Road	Canton	MI	48187	734.738.6917	
Michigan Ninjas, LLC	51226 Romeo Plank Road	Macomb	MI	48042	586.800.2633	Y
SYNTAX UNICORN LLC	2885 W Maple Rd	Troy	MI	48084	248.854.2262	
Code Logic LLC	426 Pond Promenade	Chanhassen	MN	55317	952.381.9956	
Jonathan E. Blood & Darren F. Dierbeck	3016 W 66th Street	Edina	MN	55423	612.324.7836	Y
Daniel Flores	126 17th Avenue NW	Rochester	MN	55901	507.361.2633	
Jonathan E. Blood & Darren F. Dierbeck	8160 W County Road 42, Suite 400	Savage	MN	55378	612.324.4263	Y
Shelley Bush Rowe and William Rowe	10 West Nifong Square, Suite 117	Columbia	MO	65211	573.754.7007	
Heinz Technology Enterprises Inc.	2955 Hwy K	O'Fallon	MO	63368	636.851.9634	

Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Vibranium WorX, LLC	14825 Ballantyne Village Way, Suite 170	Charlotte	NC	28277	704.322.3658	
Liquid Metal Solutions LLC	8905 Christenbury Parkway, Suite 20	Concord	NC	28027	704.765.2028	Y
Steven Price	1748-1800 Skibo Rd	Fayetteville	NC	28303	910.745.8946	
AVSM Associates High Point, LLC	1589 Skeet Club Road, Suite 103	High Point	NC	27265	336.860.0600	Y
Flora and Airtio, LLC	146 West Holly Springs Road	Holly Springs	NC	27540	919.387.0888	Y
Lakshmi-Gopala Holdings LLC	6405 Old Monroe Road, Suite C	Indian Trail	NC	28079	980.288.4975	
Ashok Kumar	3033 Village Market Place	Morrisville	NC	27560	919.694.7171	
Flora and Airtio, LLC	2409-103 Crabtree Blvd	Raleigh	NC	27604	919.354.8290	Y
MSIX WF LLC*	941 Gateway Commons Circle, Suite 117	Wake Forest	NC	27587	919.296.8330	Y
Zoe Mathews LLC	1982 Eastwood Road	Wilmington	NC	28403	910.899.3986	
Learn Co LLC	4480 23rd Avenue S.	Fargo	ND	58104	701.404.7620	
502 Code LLC	18924 Evans Street, Suite 102	Omaha	NE	68022	531.867.8447	Y
502 Code LLC*	7051 S 181st Street, Suite 102	Omaha	NE	68136	402.819.0769	Y
J2 TECHNOLOGIES, LLC	338 Route 22 East	Bridgewater	NJ	08807	908.533.1525	Y
CN Cherry Hill East, LLC	100 Springdale Road, Suite A1	Cherry Hill	NJ	08003	856.553.4183	Y
Kunal Shah	1041 Bloomfield Ave	Clifton	NJ	07012	201.600.4373	
Cardillo Holdings, LLC	3130 Route 10 West	Denville	NJ	07834	973.370.4570	Y
Greyson Holdings, LLC	215 Route 22 East	Green Brook	NJ	08812	908.533.1525	
Coleman Coding Academy LLC	649 Route 206 N, Suite 1C	Hillsborough	NJ	08844	908.533.1525	
CNTIFICS LLC	4014 U.S. 9	Howell Township	NJ	07731	732.595.2633	
AARPS Robotics LLC	37 Gill Lane	Iselin	NJ	08830	732.646.5030	
EBelong technologies, LLC	3146 State Route 27	Kendall Park	NJ	08824	Not able to locate	
Shubh Deip Holdings LLC	97 South Livingston Avenue, Suite S	Livingston	NJ	07039	862.962.2633	Y
Geekatorium Corp	85 Godwin Avenue	Midland Park	NJ	07432	201.882.1234	Y
PGK ENTERPRISES, INC.	508 Livingston Street	Norwood	NJ	07648	201.267.2633	Y
LSRS Learning LLC	3873 Route 516 East	Old Bridge	NJ	08857	732.800.0062	
PearTree Learning LLC+	1506 Stelton Road	Piscataway Township	NJ	08854	732.253.7407	
Code Guru LLC+	3495 U. S. Route 1	Princeton	NJ	08540	609.250.2409	
Plumeria Ventures, LLC	171 Lake Street	Ramsey	NJ	07446	201.402.2601	Y
CODE NJ LLC	498 State Route 35 South	Red Bank	NJ	07701	732.704.4154	
Code Camp LLC	1063 Washington Boulevard	Robbinsville	NJ	08691	609.208.3724	
Shubh Deip Holdings LLC	383 Market Street, Building B, Unit 6	Saddle Brook	NJ	07663	551.300.2633	Y

Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Code Reality LLC	1256 Indian Head Road, Suite 33	Toms River	NJ	08755	732.573.4632	
Cent Ursini LLC <sup>+</sup>	1006 S Ave W.	Westfield	NJ	07090	908.516.8869	
Kalmore Enterprises LLC	2642 W. Horizon Ridge Parkway, Suite A6	Henderson	NV	89052	702.802.1934	
Big Dreams Vegas Inc	7501 W Lake Mead Boulevard	Las Vegas	NV	89128	702.518.0116	
Center of Science & Technology, LLC,	6955 N. Durango, Suite 1113-1114	Las Vegas	NV	89149	702.741.4284	
Techucation LLC	7111 S. Virginia Street, Suite A-13	Reno	NV	89511	775.200.7000	Y
Ronny Beyer & Cheng Yang	31-35 31st Street	Astoria	NY	11106	718.971.9935	
Vidyullatha Jakkani, Neelima Kanakamedala & Kiran Kumar Kothamachu	15 Park Avenue	Clifton Park	NY	12065	518.400.2013	Y
Kee and Jennifer Ma	246 Jericho Turnpike	Floral Park	NY	11001	516.253.0328	
CN Westchester One LLC	41 S. Moger Ave, Suite G4	Mount Kisco	NY	10549	914.920.9898	Y
Corlim Corporation	3040 Monroe Avenue	Rochester	NY	14618	585.900.2633	
Jamolyn Corporation	848 Long Pond Road	Rochester	NY	14612	585.900.2633	
Inkling Coding Group, LLC	6507 Harrison Ave	Cincinnati	OH	45247	513.878.1338	
UNCOMMON SENSE I OF ANDERSON TOWNSHIP, LLC	7426 Beechmont Avenue, Suite 210	Cincinnati	OH	45255	513.233.2633	Y
Coding4Fun LLC	2333 Miamisburg- Centerville Road	Dayton	OH	45459	937.716.1306	
STUEBS ENTERPRISES HILLIARD LLC	3971 Trueman Boulevard	Hilliard	OH	43026	614.219.1746	Y
Coding of Ohio LLC	5850 Darrow Road	Hudson	OH	44236	234.284.9196	
STUEBS ENTERPRISES POWELL LLC	254 West Olentangy Street	Powell	OH	43065	614.389.3376	Y
Brainiac Inc	4024 N. Holland Sylvania Rd, Suite 10 &11	Toledo	OH	43623	419.605.0970	
KPSI Tulsa LLC	10126 South Memorial Drive, Suite B	Tulsa	OK	74133	918.707.2633	Y
LEARNENCODE, LLC	200 E. 11th Ave, Suite 140	Eugene	OR	97401	541.933.5386	
Tiny Rocket Inc.	135 NE 43rd Ave	Hillsboro	OR	97124	503.995.8787	Y
Bnew LLC	725 NW Dale Avenue, Suite 101	Portland	OR	97229	971.286.7300	Y
Bnew LLC	18081 SW Lower Boones Ferry Road, Suite 1	Tigard	OR	97224	971.229.2900	Y
Learn2Code, Inc	74 Pottstown Pike, Suite 1006 - 1007	Chester Springs	PA	19425	484.202.0001	
Unique Minds LLC	150 East Pennsylvania Avenue, Suite 410	Downingtown	PA	19335	484.364.4964	



Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Born Genius, LLC	65 E. Germantown Pike	East Norriton	PA	19401	405.362.6337	
AFS Enterprises Inc	314 Horsham Road, Suite J	Horsham	PA	19044	215.420.7221	
Phan VD, LLC	215 Lancaster Avenue, Suite E-9	Malvern	PA	19355	484.872.2633	Y
ForceChamp LLC	125 Gateway Drive, Unit A-113	Mechanicsburg	PA	17050	717.546.4652	
TYSOCODE LLC	777 South Broad St, Retail 3	Philadelphia	PA	19147	445.942.0955	
TLY 670 LLC	678 Stony Hill Road, Suite 9	Yardley	PA	19067	267.819.2633	Y
Jagadeesh Gajula	1099 E Butler Road	Greenville	SC	29607	864.920.2633	Y
Kevin Fay	624-I Long Point Rd	Mount Pleasant	SC	29464	843.352.8090	
Lazar Academics, LLC	1135 Stonecrest Boulevard, Suite 105	Tega Cay	SC	29708	803.620.3994	
Black Hills Ninjas, LLC	5565 Bendt Drive, Suite: 404	Rapid City	SD	57702	605.219.8150	
Five Ninjas LLC	513 West 85th Street	Sioux Falls	SD	57108	605.679.6960	
1670 Investments LLC	875 W. Poplar Ave, Suite 28	Collierville	TN	38017	901.910.6510	Y
PROMETHEUS LLC	1113 Murfreesboro Road	Franklin	TN	37064	615.640.2633	Y
CC&C LLC	8127 Mesa Drive, Suite C-299	Austin	TX	78759	512.382.6215	
R&C Learning Investment Group, LLC	28255 IH 10 West, Suite 104	Boerne	TX	78006	830.999.2633	
HGB Enterprises, LLC	635 Cibolo Valley Drive, Suite 157	Cibolo	TX	78108	210.314.4605	Y
TIC LEARNING LLC*	4444 Highway 6, Suite 700	College Station	TX	77845	979.690.8828	
Code Dallas Two LLC*	580 S. Denton Tap Rd., Ste 121	Coppell	TX	75019	469.632.0822	Y
Code Dallas One, LLC	11661 Preston Rd, Suite 250	Dallas	TX	75230	469.638.5659	Y
Twelve Stones Studio DS, LLC	4002 E Hwy 290	Dripping Springs	TX	78620	512.351.0156	
Loyal Bodify LLC	6450 N. Desert Blvd, Suite G-103	El Paso	TX	79912	915.249.6432	
R2 CODERS, LLC	3529 Heritage Trace Pkw, Suite 173	Fort Worth	TX	76244	817.617.7173	
TIMUR LEARNING CENTERS, INC	10990 Rolater Road, Ste. 100	Frisco	TX	75035	972.987.5655	
TIMUR LEARNING CENTERS, INC	252 W Stonebrook Parkway, Suite 700	Frisco	TX	75034	214.308.9232	
COL MacWatters LLC	4853 Williams Dr, Suite 103	Georgetown	TX	78633	737.253.8995	
NINJA SENSE, LLC	12645 Memorial Drive	Houston	TX	77024	832.356.3773	
Northstar Private Ventures	5709 Woodway Dr, Ste G	Houston	TX	77057	832.777.3662	
Yao's Code Center LLC	2780 FM 1463	Katy	TX	77494	281.665.7412	
ATIF AND NAEEM INVESTMENTS, LLC	4525 Kingwood Drive, Suite 120	Kingwood	TX	77345	281.727.0900	Y



Franchisee	Address	City	ST	Zip	Tel	Developer
Twelve Stones Investments, LLC .	844 Kohlers Crossing, Suite 250	Kyle	TX	78640	512.862.2633	
KIDCARE, LLC	3725 East League City Parkway, Suite 140	League City	TX	77573	281.339.7482	
Lazy S Ventures LLC	6305 66th Street, Suite 400	Lubbock	TX	79424	806.370.0022	
ATL LEARNING INC	6875 FM 1488, Suite 1100	Magnolia	TX	77354	281.756.7645	
K4 Group Holdings Inc.†	2240 Matlock Road, Suite 110	Mansfield	TX	76063	682.777.2633	
KMBH CN2 LLC	3241 S. Custer Road	McKinney	TX	75070	469.631.7272	Y
Jaclyn Gaona	3211 W. Wadley, Suite 13	Midland	TX	79705	432.244.3416	
KMBH CN1 LLC	109 N Murphy Road	Murphy	TX	75094	972.349.1133	Y
COULON LEARNING, LLC	1847 W State Highway 46, Suite D	New Braunfels	TX	78132	830.632.5623	
Frament Enterprises, INC	7315 Fairmont Parkway, Suite 130	Pasadena	TX	77505	281.930.7347	
Bluebliss, LLC	1130 Broadway St., Suite 122	Pearland	TX	77581	832.569.5176	Y
Chhandogya LLC.	10223 Grand Parkway, Suite 101	Richmond	TX	77407	281.456.3010	Y
Coulon Learning, LLC	20322 Huebner Road, Ste 105	San Antonio	TX	78258	210.960.5380	
ATIF AND NAEEM INVESTMENTS, LLC	9702 Spring Cypress, Suite 117	Spring	TX	77379	281.727.0900	Y
HEALE, Inc.	1104 Rayford Road, Suite 700	Spring	TX	77386	832.813.8911	Y
Aitareya LLC	18318 University Boulevard, Ste 100	Sugar Land	TX	77479	281.456.3010	Y
Brihadaryanyaka, LLC	17101 Grand Parkway, Suite 65	Sugar Land	TX	77479	281.456.3010	Y
5S Technology, LLC	8926 S. Broadway, Suite 172	Tyler	TX	75703	903.405.1495	
CN Bountiful, LLC*	555 South 200 West, Suite C	Bountiful	UT	84010	801.516.8656	Y
CN Draper, LLC	153 West 12300 South, Units #5-6	Draper	UT	84020	801.601.1908	
CN HOLLADAY, LLC	1957 East Murray Holladay Road	Holladay	UT	84117	385.463.4443	
Brandon Robins	1402 E 3500 N, Suite 101	Lehi	UT	84043	801.642.2633	Y
Eclipse Learning Corporation	1856 East 9400 South	Sandy	UT	84093	801.893.6750	Y
Brandon Robins	3721 W South Jordan Parkway, Ste 130	South Jordan	UT	84009	801.785.7192	Y
Eclipse Learning Corporation	5735 Harrison Blvd	South Ogden	UT	84403	801.810.6826	Y
FISHER-RYAN CONSULTING, LLC	4694 King Street, Suite 15	Alexandria	VA	22302	703.375.9540	Y
Play Koders Enterprises, LLC	44110 Ashburn Shopping Plaza, Unit #130	Ashburn	VA	20147	571.349.8882	Y

Franchisee	Address	City	ST	Zip	Tel	Devel- oper
Lopez Ventures LLC	9526 Old Keene Mill Road, Suite A	Burke	VA	22015	571.310.1143	
CN Stone Ridge, LLC*	24640 South Point Drive, Suite 150	Chantilly	VA	20152	571.581.2633	
Julian Rivera and John McLaren	561 Cedar Road, Suite 4	Chesapeake	VA	23322	757.720.7789	Y
Accent Media Group LLC	133 N. Royal Avenue	Front Royal	VA	22630	540.749.2443	
Infinite Ventures LLC	7543 Somerset Crossing Drive	Gainesville	VA	20155	571.248.0465	
PHARAM LLC	10811 W Broad Street, Suite 17	Glen Allen	VA	23060	804.396.4411	
Mike & Laura Catan	663 Potomac Station Drive NE, Suite 10	Leesburg	VA	20176	571.577.8832	
Infinite Ventures, LLC	10884 Sudley Manor Drive	Manassas	VA	20109	571.379.4099	
Ajay Kadyan	13569 Midlothian Turnpike	Midlothian	VA	23113	804.893.4285	
Jessica and Anthony Massey	373 Garrisonville Road, Suite 101 and 103	Stafford	VA	22554	540.699.2459	
Julian Rivera and John McLaren	3300 Princess Anne Rd, Suite 739	Virginia Beach	VA	23456	757.866.4652	Y
Bigo Systems LLC	17265 SE Wax Rd, Suite 104	Covington	WA	98042	253.220.0987	
Moneystalk LLC	15704 Mill Creek Boulevard, Suites 5&6	Mill Creek	WA	98012	425.780.5109	
CN Newcastle LLC	13316 Newcastle Commons Drive	Newcastle	WA	98059	206.550.9872	
CNSI LLC	3056 Issaquah Pine Lake Road SE	Sammamish	WA	98075	425.999.0186	
Code R&R LLC	10009 Holman Rd NW	Seattle	WA	98177	206.201.1140	
Milwaukee Schwabes, LLC	3815 N. Brookfield Road, Suite 101	Brookfield	WI	53045	262.649.3027	
CODE VOYAGE LLC	743 N. High Point Rd	Madison	WI	53717	608.203.9447	
Uhler Coders, Inc.	2414 Montana Avenue	Sun Prairie	WI	53590	608.710.4195	
Sarah Romer & Thea True Wells	4080 S. Poplar, Suite 480	Casper	WY	82601	307.333.1127	

Franchisees who have signed a franchise agreement, but whose outlet had not opened as of Dec. 31, 2022:

Franchisee	Address	City	ST	Zip	Phone Number
Pelican Services LLC	NEC Ellsworth Rd and Elliot Rd	Mesa	AZ	85212	480.371.6023
Kelvin Ly & Vikas Korde	5070 S.Gilbert Rd., Suite 2-3	Chandler	AZ	85249	000.000.0000
GA Ventures LLC	917 W. El Camino Real	Sunnyvale	CA	94087	408.203.6868
David & Irene Yu	Golden Springs Dr & Grand Ave	Diamond Bar	CA	91765	626.456.3363

Franchisee	Address	City	ST	Zip	Phone Number
Maria Zielke	74600 Highway 111, Suite E2	Palm Desert	CA	92260	510.813.4200
MARC Education Corp	1414 S. Azusa Ave, #13	West Covina	CA	91791	
SILICON VALLEY CODING SCHOOL LLC	El Camino Real & San Antonio Rd	Mountain View	CA	94040	
Suraya Enterprises, LLC	664 N. Rose	Placentia	CA	92870	
JEA Venture Corp	COLDWATER CANYON BLVD. & VENTURA BLVD	Los Angeles	CA	91604	
CODING EDUCATION, LLC	2222 Foothill Boulevard, Unit C	La Canada	CA	91011	
Ashima Gupta and Akshi Dabral	1368 Madera Rd, Suite 10	Simi Valley	CA	93065	214.868.3224
MBB&D, LLC	27792 Aliso Creek Rd., Ste. B180	Aliso Viejo	CA	92656	408.656.0986
CODE COAST CONSULTING, INC.	533 West Twin Court Trail, Unit 704	St. Augustine	FL	32095	210.592.3924
YULEE TUTORING AND ENRICHMENT CENTER LLC	1722 S 8th St	Fenandina Beach	FL	32034	904.567.7427
BTG, Coaching, Counseling and Consulting LLC	168 Peachtree E. Shopping Center	Peachtree City	GA	30269	
Tiger Ninjas LLC	14639 Airline Hwy, Suite 108	Gonzales	LA	70737	2252295153
Dream Squad, LLC	3570 Vicksburg Lane, Suite 400	Plymouth	MN	55447	267.243.6224
Tejal Patel	N Beverwyck Rd & Vail Rd	Parsippany	NJ	07054	201.214.8216
Tejal Patel	Oradell Ave & Forest Ave	Oradell	NJ	07649	201.214.8216
Diversified Ventures LLC	Creedmoor Rd & Lynn Rd	Raleigh	NC	27613	
Hendrick and Stuebs Dublin LLC	7020 Hospital Drive	Dublin	OH	43016	9373611119
	S Lewis Ave & E 31st St	Tulsa	OK	74105	918.906.3723
CODEITBLUE, LLC	9029 Highway 6, Suite 140	Missouri City	TX	77459	
Eclipse Learning Corporation	E Bay Blvd & S University Ave Provo	Provo	UT	84606	617.513.5606
AZZAAZ LLC	Main Street & Highway 123	Fairfax	VA	22030	
8SIXEIGHT LLC	4819 Point Fosdick Dr	Gig Harbor	WA	98335	
CNK EDUCATIONS, LLC	Kirkland Way & NE 85th St	Kirkland	WA	98033	425.894.8604

Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ended December 31, 2022 (and those with whom we have not communicated during the 10 weeks before the issuance date of this disclosure document)

Franchisee	Street Address	City	State	Zip	Phone Number
CN Grand Prairie LLC* +++	404 Bridgewater Place	Flower Mound	TX	75028	214.799.8612
JJSD Holdings, LLC	4611 Zacharys Run	Cedar Park	TX	78613	832.367.1759
ABK2 Investments, LLC	115 Lakestone Pkwy	Woodstock	GA	30188	678.982.7148
Melissa and Gerald Potempa* ++	16119 South Sandy Bank Court	Homer Glen	IL	60491	708.363.3249
Iowa Ninjas LLC	512 N. 29th St.	Cumming	IA	50061	515.537.0479
Barta Enterprises LLC	1010 Lake Vista Dr.	Papillion	NE	68046	402.541.4623
JLH Legacy Holdings* ++++	8835 Redbud Ln.	Lenexa	KS	66330	913.732.3242
Two Pizzas Enterprises, LLC* ++	270 Tracey Rd.	Hanover	PA	17331	717.465.8388
Enrique Villarreal	16340 East Garrison Dr.	Marina	CA	93933	912.492.4017
Fisher-Ryan Consulting, LLC	502A Woodland Terrance	Alexandria	VA	22302	202.812.2646
Cloude, Inc.	230 Manor Terrace	Lexington	MA	02420	617.257.6049
A. Samir, Noor & Shayan Panjwani, & Abhi Reddy	320 Satterwhite Dr.	Alpharetta	GA	30022	770.344.7324

\* designates a multi-unit area developer

++ had two outlets leave system

+++ had three outlets leave system

++++ had four outlets leave system

**EXHIBIT J** **List of Affiliate-Owned Learning Centers**

Current company-owned Learning Centers as of our fiscal year ended Dec. 31, 2022:

<b>Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Phone Number</b>
North Carlsbad	1850 Marron Rd Suite 112	Carlsbad	CA	92008	(760) 260-9275
Canton	95 Washington St #560	Canton	MA	02021	(774) 469-0121
Cedar Park	3621 E Whitestone Blvd Suite 500	Cedar Park	TX	78613	(512) 910-5521
Cinco Ranch	22167 Westheimer Pkwy Suite 140	Katy	TX	77450	(281) 301-5380
Round Rock	4500 E Palm Valley Blvd #104	Round Rock	TX	78665	(512) 710-7864
Alamo Ranch	7915 W Loop 1604 N #115	San Antonio	TX	78254	(210) 776-4652

**EXHIBIT K**

**Reserved**

---



**EXHIBIT L**

**Financing Documents**

---

**EXHIBIT M****State Effective Dates****STATE EFFECTIVE DATES**

The following states 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 Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California	June 8, 2023
Hawaii	Pending
Illinois	Pending
Indiana	May 1, 2023
Maryland	Pending
Michigan	May 2, 2023
Minnesota	Pending
New York	May 23, 2023
North Dakota	June 8, 2023
Rhode Island	April 12, 2023
South Dakota	May 1, 2023
Virginia	Pending
Washington	Pending
Wisconsin	May 1, 2023

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 N**

**Item 23 Receipt**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Code Ninjas LLC (“**CN**”) offers you a franchise, it must provide this disclosure document to you: (a) 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; (b) in New York, at the earlier of: (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; (c) in Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (d) in Michigan, at least 10 business days before the earlier of when you sign a binding franchise or other agreement or pay any consideration to us (or an affiliate of ours).

If CN does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to your state authority listed on Exhibit C.

The franchisor is Code Ninjas LLC, 200 E Augustine #1332, Deer Park, TX 77536 (tel - 855.446.4652). The franchise seller is: Navin Gurnaney at Code Ninjas LLC, 200 E Augustine #1332, Deer Park, TX 77536 tel - 855.446.4652). Any additional individual franchise sellers involved in offering the franchise are: \_\_\_\_\_.

The issuance date of this Franchise Disclosure Document is April 28, 2023, as amended August 17, 2023. CN authorizes the agents listed in Exhibit C to receive service of process for us.

I received a disclosure document dated April 28, 2023, as amended August 17, 2023, that included the following exhibits:

- |   |                                       |   |  |
|---|---------------------------------------|---|--|
| A | Franchise Agreement with Exhibits     | H | State-Specific Addenda                   |
| B | Development Agreement with Exhibits   | I | List of Current and Former Franchisees   |
| C | List of State Administrators          | J | List of Affiliate-Owned Learning Centers |
| D | List of Agents for Service of Process | K | Reserved                                 |
| E | Form of General Release               | L | Financing Documents                      |
| F | Table of Contents to Brand Manual     | M | State Effective Dates                    |
| G | Financial Statements                  | N | Item 23 Receipts                         |

\_\_\_\_\_  
Date Received

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Name (Please print)

\_\_\_\_\_  
Address

Please keep this copy of the receipt with your FDD

**EXHIBIT N**

**Item 23 Receipt**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Code Ninjas LLC (“**CN**”) offers you a franchise, it must provide this disclosure document to you: (a) 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; (b) in New York, at the earlier of: (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; (c) in Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (d) in Michigan, at least 10 business days before the earlier of when you sign a binding franchise or other agreement or pay any consideration to us (or an affiliate of ours).

If CN does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to your state authority listed on Exhibit C.

The franchisor is Code Ninjas LLC, 200 E Augustine #1332, Deer Park, TX 77536 (tel - 855.446.4652). The franchise seller is: Navin Gurnaney at Code Ninjas LLC, 200 E Augustine #1332, Deer Park, TX 77536 tel - 855.446.4652). Any additional individual franchise sellers involved in offering the franchise are: \_\_\_\_\_.

The issuance date of this Franchise Disclosure Document is April 28, 2023, as amended August 17, 2023. CN authorizes the agents listed in Exhibit C to receive service of process for us.

I received a disclosure document dated April 28, 2023, as amended August 17, 2023, that included the following exhibits:

- |   |                                       |   |  |
|---|---------------------------------------|---|--|
| A | Franchise Agreement with Exhibits     | H | State-Specific Addenda                   |
| B | Development Agreement with Exhibits   | I | List of Current and Former Franchisees   |
| C | List of State Administrators          | J | List of Affiliate-Owned Learning Centers |
| D | List of Agents for Service of Process | K | Reserved                                 |
| E | Form of General Release               | L | Financing Documents                      |
| F | Table of Contents to Brand Manual     | M | State Effective Dates                    |
| G | Financial Statements                  | N | Item 23 Receipts                         |

\_\_\_\_\_  
Date Received

\_\_\_\_\_  
Prospective Franchisee

\_\_\_\_\_  
Name (Please print)

\_\_\_\_\_  
Address

Please sign, date, and return this copy of the receipt to CN