

FRANCHISE DISCLOSURE DOCUMENT

Learning Express, Inc.
a Massachusetts Corporation
63 Walnut St.
Devens, Massachusetts 01434
(978) 889-1000
learningexpress.com



As a Learning Express franchisee, you will operate a single retail toy and gift business (the "Store").

The estimated total investment necessary to begin the operation of a standard Learning Express franchise is \$177,991 to \$373,514, which includes \$41,500 to be paid to the franchisor. The estimated total investment necessary to begin the operation of a Conversion Store franchise is \$21,375 to \$116,514, which includes \$19,000 to be paid to the franchisor.

This Disclosure Document summarizes provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in the 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 the Franchise Development Department at 63 Walnut St Devens, Massachusetts 01434 and (978) 889-1000.

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 to an advisor like a lawyer or 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 Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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How to Use This Franchise Disclosure Document

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

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

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 A.

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:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Massachusetts. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Massachusetts than in your own state.
2. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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

To simplify the language, this disclosure document uses “we”, “our” and “us” to mean Learning Express, Inc., the franchisor. “you” means the individual, corporation or other entity that buys a Learning Express franchise. If you are a business entity, “you” also means your owners.

The Franchisor, Its Parent, Predecessors and Affiliates

We were incorporated in Massachusetts on October 28, 1987 and maintain a principal business address at 63 Walnut St. Devens, Massachusetts 01434. We conduct business under our corporate name and the trade names “Learning Express”, “Learning Express Toys”, and “Learning Express Toys & Gifts.” We have no parent, predecessors or affiliates. We ran retail stores of the type being offered in this Disclosure Document from 1987 to 1993. We do not currently operate any Learning Express retail toy stores. Our agents for service of process are disclosed in Exhibit A to this disclosure document.

The Franchisor’s Business

We have offered local Store Franchises for sale since 1990. We do not operate any Store Franchises at this time. We have not offered franchises in any other line of business. We currently do not engage in any other business activities.

The Store Franchise

We franchise the right to operate a retail store (the “Store”), featuring toys, books, games, personalized gifts, children’s accessories and other related items under a Local Store Franchise Agreement (the “Franchise Agreement”), a copy of which is attached to this Disclosure Document as Exhibit J. Learning Express stores offer in-store activities and events, product demonstrations and customer-centric services such as a birthday gift registry, complimentary gift-wrapping, free personalization, VIP Programs and Fund Raising programs.

We locate our stores in malls, lifestyle centers, strip plazas and town centers, and they range in size from 815 sq. ft. to 4,328 sq. ft. Our average store size is approximately 2,270 sq. ft. in retail space and is usually located in high-traffic areas within well-established communities. The typical shoppers are parents, grandparents and other family members of households with children ranging in age from newborn to young adult. The retail toy business is year-round, with an emphasis on birthday related sales, seasonal events and November and December holiday sales.

Learning Express has developed (and continues to modify) a unique system for the operation of Learning Express Toy Stores (“System”). The distinguishing characteristics of the System include, our interior design, special décor and graphic design elements, layout, fixtures, color schemes, display units, signs, equipment, and a unique inventory mix; procedures for operations; computer software, websites, E-commerce platforms; quality and uniformity of services and products offered; local, regional and national events; procedures for management training and ongoing assistance; advertising, social media and promotional programs; and business formats, methods, procedures, designs, layouts, standards, and specifications, which we may change, improve and further develop.

We identify the System by means of the Learning Express name and mark and certain other names, marks, logos insignias, slogans, emblems, symbols, and designs (collectively, “Marks”). Every detail of the System is important to you, us and our other franchisees. You must develop, maintain and operate your Learning Express Business at the high and uniform standards of quality, operations and service established by us for the System (“System Standards”). Our System Standards are contained within our confidential operations

manuals ("Manuals"). As long as you are in compliance with your Franchise Agreement, we will provide you access to the Manual on our Intranet site for the term of your Franchise Agreement.

Under certain circumstances, we may allow a Store franchisee to operate a separate retail outlet (a "Satellite Location"). You do not have the right to operate a Satellite Location without our prior written consent, which we may withhold at our sole discretion.

We offer a Conversion Program that may allow a qualified existing independent retail store ("Conversion Store") to become a Learning Express Store Franchise.

Regional Franchise Owner

Beginning in 1995, we established a network of service providers to the Store franchisees. The Regional Franchise Owner will be our designee, responsible for developing new local store franchises, making proper disclosures under state and federal franchise laws, assisting in site selection and lease negotiations, assisting in pre-opening operations and training, and furnishing on-going support. The backgrounds of our Regional Franchise Owners are set out in Exhibit B to this Disclosure Document. In most areas of the country, we are responsible for the obligations described herein.

Regulation

As a retailer of children's products, you must ensure that you comply with federal and state laws that apply to the sale of children's products. You will also be required to comply with all local, state and federal laws and regulations that apply to businesses generally. We recommend that you consult with your attorney as to your obligations.

Competition

Your competitors will include local, regional and national retailers such as toy, hobby, gift stores and E-commerce sites. The market for the type of specialty toy retail store being offered in this Disclosure Document is well-established and developed. However, at times we develop proprietary products with our vendors, where, for a period of approximately three to twelve months, these products are exclusive to Learning Express.

ITEM 2: BUSINESS EXPERIENCE

Sharon DiMinico

Founder, Chair and Director

Ms. DiMinico founded Learning Express in 1987 and served as Chief Executive Officer until July 2022. From July 2022 to present, Ms. DiMinico serves as Chair of the Board of Directors.

Kathy Troknya

President and Chief Operating Officer

Ms. Troknya joined Learning Express as the Director of Franchise Operations in 1990, was promoted to Vice President in 1998, Senior Vice President in April 2000, Chief Operating Officer in January 2010 and President in November, 2011. Ms. Troknya oversees all franchise operations. From February 27, 2015 to present Ms. Troknya serves as Secretary for LE Toys of Bedford MA, Inc.

Lauren Derse

Chief Executive Officer, Secretary and Director

Ms. Derse joined Learning Express in June 2012 in a leadership development rotation. In January 2013 Ms. Derse was promoted to Director of Marketing. In February 2013, Ms. Derse was elected to the Learning Express Board of Directors. From July 2022 to present Ms. Derse serves as Chief Executive Officer.

William A. Doyno

Vice President, Information Technology

Mr. Doyno joined Learning Express as Director of Information Technology in October 1998 and was promoted to Vice President, Information Technology in April 2000.

Lisa Gray Visco

Vice President, Merchandising

Ms. Visco joined Learning Express as General Merchandise Manager in January 1999 and was promoted to Vice President, Merchandising in April 2000.

Kim Schneiderbauer

Vice President, Finance & Human Resources

Ms. Schneiderbauer joined Learning Express in 1999 as Director, New Owner Training. In 2006, Ms. Schneiderbauer was promoted to Director, Administration and Corporate Events. In January 2018 Ms. Schneiderbauer was promoted to Vice President, Finance & Human Resources.

Mike Derse

Chief Development Officer, Treasurer

Mr. Derse joined Learning Express in January 2012 in a leadership development rotation. In January 2013 Mr. Derse was promoted to Director, Business Development. In July 2022, Mr. Derse was promoted to Chief Development Officer and appointed Treasurer in January 2023.

Bruce Schneiderbauer

Development Manager

Mr. Schneiderbauer joined Learning Express in May 2016 as Development Manager.

ITEM 3: LITIGATION

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

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

All Learning Express franchisees pay an initial franchise fee of \$35,000, except pre-existing independent stores that convert to the Learning Express brand pay \$15,000, and existing Learning Express franchisees opening an additional location pay \$15,000.

A first payment of \$5,000 (“Reservation Fee”) is due upon signing our Reservation Agreement, attached as Exhibit C. The balance is due upon signing the franchise agreement. The Reservation Fee is refundable if you cannot locate a suitable site for your store. Once the initial franchise fee has been paid in full, it is not refundable.

All franchisees pay \$1,500 for a three-user or \$1,000 for a two-user point of sale access fee. This fee is not refundable.

Franchisees must spend a minimum of \$5,000 on marketing their Grand Opening. Conversion franchisees must spend a minimum of \$2,500 on marketing their Grand Opening. These payments are not refundable.

You do not pay us or our affiliates any other fees or payments for services or goods before your business opens.

ITEM 6: OTHER FEES

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fee (Notes A, B, C)	Greater of 5% of Gross Receipts or \$1,500.00 a month	Payable monthly on the 15 th day	Gross Receipts includes all revenue from the Franchise Business excluding returns and sales tax.
Payment by Credit Card (Notes A, B)	3.5% of Invoice Amount	Upon payment of the invoice	This fee is only applicable if paying us by credit card.
Advertising (Notes A, B)	1% of Gross Receipts	Payable monthly on the 15 th day	We have never charged this fee but may do so in the future.
Additional Assistance (Note A, B)	Travel, lodging and labor expenses	As invoiced	Only if store required a considerable level of additional support.
Gift Cards, Merchandise Credit Cards and Gift Card Holders (Notes A, B)	\$125, \$125 and \$55, respectively, plus \$25 if store number is printed on cards.	As invoiced	Sold in 500-piece increments.
Email, Social Media, Text and Loyalty Marketing Service (Note A, B)	\$25 - \$200 monthly	As invoiced	Payable to us. Subject to merchant pricing and/or number of contacts.
Audit Costs (Note A, B)	Cost of examination	As invoiced	Payable only if an audit is necessary due to your failure to provide timely and accurate information or payment of the amount due.

Type of Fee	Amount	Due Date	Remarks
Transfer Fee <i>(Notes A, B)</i>	\$15,000	On or before date of transfer	Payable to us from Buyer upon transfer of franchise.
Hold Over <i>(Notes A, B)</i>	\$100 per day	As invoiced	Incurred if you operate your franchise past your expiration date.
Costs and Attorney's Fees <i>(Notes A, B)</i>	Varies	As incurred	You are responsible for our costs and attorney's fees if we incur them in a lawsuit we win or if we get an injunction against you. You must pay us all damages, costs, and expenses, including all court costs, arbitration costs, and reasonable attorneys' fees, and other expenses we incur in enforcing any obligations or in defending against any claim, demand, action or proceeding relating to the Franchise Agreement, including the obtaining of injunctive relief.
Indemnification <i>(Notes A, B)</i>	Varies	As incurred	You are responsible for our costs if we are held liable for claims arising from your operation of your Store.
Late Payment (Interest) <i>(Notes A, B)</i>	Lesser of 3% per month or the maximum interest rate permitted by law	As invoiced	Applies to any past due amount. The highest interest rate allowed by law in California is 10% annually.
CounterPoint Enhancement Fee <i>(Notes A, B)</i>	\$250 annually	As invoiced	This fee helps us improve your point of sale with new functionality.
Shared Server Fee <i>(Notes A, B)</i>	\$180 annually	As invoiced	Subject to our vendor's pricing.
E-commerce Fees <i>(Notes A, B)</i>	\$125 monthly	Monthly	Participation in our E-commerce program is optional.
Grand Opening Marketing <i>(Note F)</i>	\$5,000 minimum	As invoiced	We may place advertisements on your behalf and invoice you at our actual cost.
Point of Sale Equipment <i>(Note D)</i>	\$5,116 - \$7,639	As invoiced	For your convenience, we may assist you with the purchase of your point-of-sale equipment.

Type of Fee	Amount	Due Date	Remarks
Direct Deal Program (Note E)	Varies	As invoiced	Only if you choose to purchase inventory through our Direct Deal Program.

Notes:

- A) All fees are imposed by, payable to, and collected by Learning Express, Inc. using electronic fund transfer (EFT), which you must authorize. The fees are uniform and non-refundable. Except when increased by our vendors, these fees do not increase during the term of your agreement. We do not finance any fee unless noted in Item 10. Refer to Franchise Agreement for more specific details.
- B) The fees in this Item 6 are only those payable to Learning Express, Inc. you will have other fees in your franchise operation, including, among others, marketing software, music subscription, rent and utilities that you will pay to third parties directly. We recommend that you evaluate these other costs carefully with the other franchisees listed in this disclosure document.
- C) Gross Receipts are defined to include all forms of revenue which you receive while conducting your Franchised Business including all forms of revenue from your main store location, Satellite Locations, fund raisers, local fairs, and any online sales. These revenues may take the form of cash, check, credit, charge account, merchandise exchange or barter. Gross Receipts includes money or credit which you receive from the sale of merchandise, from services which you or others may provide, or any other service or product for which you charge separately. Gross Receipts do not include the sale of merchandise for which refunds have been made in good faith to customers or any tax imposed by a governmental authority, which is collected by you and actually paid to the governmental authority.
- D) For your convenience, we may purchase your point-of-sale equipment on your behalf and invoice you at our actual cost. We may or may not offer this service.
- E) The Direct Deal Program offers stores an opportunity to maximize their collective purchasing power and obtain goods at significantly improved margins over everyday terms. During specific time periods throughout the year, we collect non-cancellable orders from stores for participating vendors and place a single combined order with the vendor. We pay the vendor directly and invoice stores for their share of the total order with no markup. Payment for Direct Deals is due and payable prior to shipment.
- F) As part of your Grand Opening Marketing Plan, we may place advertisements on your behalf and invoice you at our actual cost up to a maximum billable amount of \$5,000. You may choose to spend more than \$5,000 at your sole discretion. This estimate includes in-store events, print and digital marketing. Costs may vary depending on local media costs and demographics, and they are not refundable.

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

The following table outlines the estimated Initial Investment for new Store Franchises.

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee <i>(Note A)</i>	\$35,000	\$5,000 Reservation Fee, \$30,000 Balance	Fee due with Reservation Agreement. Balance at signing of Franchise Agreement	Us
Lease & Leasehold Improvements <i>(Note B)</i>	\$0 - \$50,000	As Incurred	Prior to opening	Contractors, Suppliers, Landlord
POS Equipment & Software <i>(Note C)</i>	\$5,116 - \$7,639	As Incurred	Prior to opening	Suppliers
POS User Access Fee <i>(Notes A, D)</i>	\$1,000 - \$1,500	Lump sum	Prior to opening	Us
Signage <i>(Note E)</i>	\$3,000 - \$12,000	As Incurred	Prior to opening	Signage Supplier
Furniture, Fixtures and Equipment <i>(Note F)</i>	\$25,000 - \$40,000	As Incurred	Prior to opening	Suppliers
Organizational and Training Costs <i>(Note G)</i>	\$1,500 - \$6,000	As Incurred	Prior to opening	Professional services, Travel providers
Opening Inventory <i>(Note H)</i>	\$90,000 - \$180,000	As Incurred	As Incurred	Various Vendors
Grand Opening Advertising <i>(Note I)</i>	\$5,000 (Minimum)	As Incurred	Prior to opening	Us, Various Vendors
Initial Gift Card Program Setup Fees <i>(Notes A, J)</i>	\$375	Lump sum	Within 10 days of store's Grand Opening	Us
Insurance <i>(Note K)</i>	\$2,000 - \$6,000	As Incurred	As Invoiced	Insurance Company

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional Funds (Working Capital – 3 months) <i>(Note L)</i>	\$10,000 - \$30,000	As Incurred	As Needed	Employees, Suppliers, Landlord
Total:	\$177,991 - \$373,514			

Notes:

- A) All fees imposed by and payable to Learning Express, Inc. will be collected using electronic fund transfer (EFT), which you must authorize. The fees are uniform and non-refundable, except the Reservation Fee is refundable as outlined in Item 5. Any fees we may finance are listed in Item 10. Fees paid to third-party vendors are according to negotiated terms.
- B) You are not expected to purchase real estate. You should anticipate leasing approximately 2,000-3,000 square feet of space, and you should familiarize yourself with market rents in your trade area, which may range from \$20-40 per square foot or more. Most leases will carry additional common area maintenance, insurance and tax expenses, which may range from \$8-15 per square foot or more. You will generally be required to pay one- or two-months deposits on rent, security and utilities.

The amount you spend on leasehold improvements will vary depending upon the size and condition of the premises. These costs are generally not refundable. Many landlords provide a portion of the leasehold improvements as consideration for the lease, which historically, has ranged from \$0 to over \$100,000.

- C) The estimated cost of \$7,639 is based on a standard configuration of two (2) point-of-sale (POS) Registers and a backroom workstation. If only one register is required, the estimated cost is \$5,116. The estimate includes all required hardware, non-POS software (such as Microsoft Office, antivirus and QuickBooks) and delivery services. You must obtain and install anti-virus and anti-malware software, and you must use QuickBooks Online software for your store’s financial accounting. These costs are subject to change based on third-party pricing, and they are non-refundable. We are currently evaluating new POS systems and may require you to update your hardware and software at your cost within the next 36 months. These costs are currently unknown.
- D) You must use our current POS software system which we provide and bill to you under our corporate license. We do not grant sublicenses. The software remains under our ownership and cannot be transferred or re-assigned. The access fee for the standard 3-user system is \$1,500, and the access fee for a 2-user system is \$1,000. This cost is not refundable. We are currently evaluating new POS systems and may require you to update your hardware and software at your cost within the next 36 months. These costs are currently unknown.
- E) This estimate includes exterior and interior signage and will vary depending upon the size and style of signage in addition to local ordinances and landlord requirements. We must approve your signage prior to purchase and installation. These costs paid to your sign vendor are generally not refundable.
- F) This estimate includes the furniture, fixtures and equipment necessary to open your store, excluding POS equipment and signage. These costs are not refundable.

- G) You should expect to spend between \$1,000 and \$2,500 on professional fees for an attorney and an accountant prior to opening your store. You are responsible for all transportation, living costs and salaries for during training, which will be held either via video conference or in-person at a Learning Express store. These costs may range from \$500 to \$3,500 and are generally not refundable.
- H) This estimate depends on the size of your store and the timing of your opening. A fourth-quarter opening, for example, will require a more sizeable inventory. These costs are not refundable. We guarantee payment of the initial merchandise inventory to allow you time to establish vendor credit. However, it is ultimately your sole responsibility to pay the vendors within the negotiated vendor terms. Learning Express Terms (Dating, Freight & Discounts) apply only if invoices are paid by the due date. We retain a right to communicate with vendors regarding your store's account with vendors or with us.
- I) This estimate includes in-store events, print and digital marketing. Costs may vary depending on local media costs and demographics, and they are not refundable.
- J) You are required to participate in the Gift Card Program currently in place. The initial fee includes 500 gift cards and holders, 500 merchandise credit cards, a point-of-sale fixture and signage. These costs are not refundable.
- K) We require that you have the following minimum insurance coverage to protect your Franchised Learning Express Store; General Liability \$1,000,000 occurrence / \$2,000,000 Aggregate (including products liability, property damage liability and personal injury); Owned, Hired/Non-Owned Liability of \$1,000,000 Combined single limit liability; Property Insurance for 100% of the replacement cost value of all improvements & betterments, Furniture, Fixtures and Equipment and inventory; Business Income coverage for not less than 50% of your annual sales; Workers' Compensation as required by state of operation and Employer's Liability for \$500,000 / \$ 500,000 / \$500,000; Umbrella Liability of \$1,000,000. All policies of insurance shall be primary and non-contributory to any policies that we might carry and be provided by an insurance company with an A.M. Best rating of not less than A-VII. Your landlord may require higher minimum insurance coverage which will vary from lease to lease.

Upon 30 days prior notice to you, we may increase the minimum protection requirement as of the renewal date of any policy, and require different or additional kinds of insurance to reflect inflation, identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. The estimated cost of insurance for the first year of operation, which is paid directly to the insurance company, is \$2,000.00 - \$6,000.00 depending on the state where your store is located.

Except for Employer Liability and Worker's Compensation coverage, the insurance policies you purchase must name Learning Express, Inc. as an additional insured and you must provide an updated Certificate of Insurance to us for our files upon the annual renewal.

- L) This figure includes back-up capital for expenses such as rent, initial payroll, other operational expenses and a minimum checking account balance. This figure does not include owner's benefit, which you should provide for separately. We base these estimates on experience from operating Affiliate stores and obtaining funding plans (FDD Exhibit D) prior to opening new stores. Once spent, the costs are generally not refundable.

Conversion Program: Your Estimated Initial Investment

The following table outlines the estimated Initial Investment for Conversion Stores participating in the Conversion Program only.

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee <i>(Note 1)</i>	\$15,000	Lump sum	Prior to opening	Us
Lease & Leasehold Improvements <i>(Note 2)</i>	\$0 - \$10,000	As Incurred	Prior to opening	Contractors, Suppliers, Landlord
POS Equipment & Software <i>(Note 3)</i>	\$0 - \$7,639	As Incurred	Prior to opening	Suppliers
POS User Access Fee <i>(Notes 1, 4)</i>	\$1,000 - \$1,500	Lump sum	Prior to opening	Us
Signage <i>(Note 5)</i>	\$1,000 - \$12,000	As Incurred	Prior to opening	Signage Supplier
Furniture, Fixtures and Equipment <i>(Note 6)</i>	\$0 - \$10,000	As Incurred	Prior to opening	Suppliers
Organizational and Training Costs <i>(Note 7)</i>	\$1,500 - \$6,000	As Incurred	Prior to opening	Professional services, Travel providers
Opening Inventory <i>(Note 8)</i>	\$0 - \$50,000	As Incurred	As Incurred	Various Vendors
Grand Opening Advertising <i>(Note 9)</i>	\$2,500 (Minimum)	As Incurred	Prior to opening	Us, Various Vendors
Initial Gift Card Program Setup Fees <i>(Notes 1, 10)</i>	\$375	Lump sum	Within 10 days of store's Grand Opening	Us
Insurance <i>(Note 11)</i>	\$0	As Incurred	As Invoiced	Insurance Company
Additional Funds (Working Capital) <i>(Note 12)</i>	\$0	As Incurred	As Needed	Employees, Suppliers, Landlord
Data Conversion Fee <i>(Note 13)</i>	\$0 - \$1,500	As Incurred	As Needed	Us
Total:	\$21,375 – 116,514			

- 1) All fees imposed by and payable to Learning Express, Inc. will be collected using electronic fund transfer (EFT), which you must authorize. The fees are uniform and non-refundable, except the Reservation Fee is refundable as outlined in Item 5. Any fees we may finance are listed in Item 10.
- 2) We assume that you have already purchased or leased acceptable real estate for your existing Store. Therefore, there is no minimum initial investment included in the summary above. You may need landlord approval if the store name is changed.

We may require that the interior of the store be renovated to conform to our Store Design Standard, but the amount will vary depending on the size and condition of the premises. These costs are generally not refundable. Many landlords provide a portion of the leasehold improvements as consideration for the lease, which historically, has ranged from \$0 to over \$100,000.

- 3) You will need to purchase new equipment only if you do not already own hardware and software meeting our requirements. The estimated cost of \$7,639 is based on a standard configuration of two (2) point-of-sale (POS) Registers and a backroom workstation. If only one register is required, the estimated cost is \$5,116. The estimate includes all required hardware, non-POS software (such as Microsoft Office, anti-virus and QuickBooks) and delivery services. You must obtain and install anti-virus and anti-malware software, and you must use QuickBooks Online software for your store's financial accounting. These costs are subject to change based on third-party pricing, and they are non-refundable. We are currently evaluating new POS systems and may require you to update your hardware and software at your cost within the next 36 months. These costs are currently unknown.
- 4) You must use our current POS software system which we provide and bill to you under our corporate license. We do not grant sublicenses. The software remains under our ownership and cannot be transferred or re-assigned. The access fee for the standard 3-user system is \$1,500, and the access fee for a 2-user system is \$1,000. This cost is not refundable. We are currently evaluating new POS systems and may require you to update your hardware and software at your cost within the next 36 months. These costs are currently unknown.
- 5) You may be required to make updates to existing interior and exterior signage. This estimate will vary depending upon the size and style of signage in addition to local ordinances and landlord requirements. We must approve your signage prior to purchase and installation. These costs are not refundable.
- 6) We may require upgrades if your current fixtures do not meet our Store Design Standard. This estimate includes the furniture, fixtures and equipment necessary to open your store, excluding POS equipment and signage. These costs are not refundable.
- 7) You should expect to spend between \$1,000 and \$2,500 on professional fees for an attorney and an accountant prior to converting your store. You are responsible for all transportation, living costs and salaries for during training, which will be held at a franchised store in Massachusetts. These costs may range from \$500 to \$3,500 and are generally not refundable.
- 8) You should expect that the total value of your inventory will be between \$80,000 and \$180,000. It is expected that you already own much or most of this inventory, so there is minimal additional investment required. This estimate depends on the size of your store and the timing of your opening. A fourth-quarter opening, for example, will require a more sizeable inventory. These costs are not refundable. We retain a right to communicate with vendors regarding your store's account with vendors or with us.
- 9) This estimate includes print advertisements, in-store events, and digital marketing. Costs may vary depending on local media costs and demographics, and they are not refundable.

- 10) You are required to participate in the Gift Card Program currently in place. The initial fee includes 500 gift cards and holders, 500 merchandise credit cards, a point-of-sale fixture and signage. These costs are not refundable.
- 11) It is expected that you already have insurance that meets our requirements. We require that you have the following minimum insurance coverage to protect your Franchised Learning Express Store; General Liability \$1,000,000 occurrence / \$2,000,000 Aggregate (including products liability, property damage liability and personal injury); Owned, Hired/Non-Owned Liability of \$1,000,000 Combined single limit liability; Property Insurance for 100% of the replacement cost value of all improvements & betterments, Furniture, Fixtures and Equipment and inventory; Business Income coverage for not less than 50% of your annual sales; Workers' Compensation as required by state of operation and Employer's Liability for \$500,000 / \$ 500,000 / \$500,000; Umbrella Liability of \$1,000,000. All policies of insurance shall be primary and non-contributory to any policies that we might carry and be provided by an insurance company with an A.M. Best rating of not less than A-VII. Your landlord may require higher minimum insurance coverage which will vary from lease to lease.

Upon 30 days prior notice to you, we may increase the minimum protection requirement as of the renewal date of any policy and require different or additional kinds of insurance to reflect inflation, identification of special risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. The estimated cost of insurance for the first year of operation, which is paid directly to the insurance company, is \$2,000.00 - \$6,000.00 depending on the state where your store is located.

Except for Employer Liability and Worker's Compensation coverage, the insurance policies you purchase must name Learning Express, Inc. as an additional insured and you must provide an updated Certificate of Insurance to us for our files upon the annual renewal.

- 12) It is expected that you already have sufficient Working Capital in your Conversion Store.
- 13) Data conversion needs may vary depending on the POS currently in use and the amount and type of data to be migrated to the Learning Express environment. These services will be billed on an as-needed basis and will vary.

General Item 7 Notes

All Item 7 estimates are based on our experience and the experience of our franchisees.

Generally, the foregoing costs, expenses and purchases are non-refundable. Any financing we may provide is detailed in Item 10.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except as indicated below, you are not required to purchase products or services from suppliers approved by us.

System Standards

To ensure that the highest degree of quality and service is maintained at all Learning Express Businesses, you must operate your Franchised Business in accordance with the System Standards. We have developed the System Standards based upon our experience and the experience of our franchisees. We disclose the System Standards to you in the Operations Manuals and our Intranet site and otherwise, in writing.

Furniture, Fixtures & Equipment Specifications

You must furnish and equip the franchise store according to our System Standards. All packaging, supplies, signs, equipment, furniture and other items used in the operations of the Franchised Store must comply with our specifications and be purchased from approved suppliers that we designate. We will provide you a list of specifications and equipment, supplies and other materials as well as a list of approved suppliers for some or all of these items in our Grand Opening Manual.

We require you to subscribe to an approved music subscription service that enhances the in-store shopping experience and will satisfy ASCAP and other licensing as specified in the Manuals.

Products

A substantial part of the goodwill associated with Learning Express comes from the quality and the educational and developmental orientation of the products which are sold by Store franchisees. You will offer for sale only those products which we deem to be appropriate. You have the right to add products to your inventory mix not included in the recommended Buying Program, but only if those products meet our standards for quality, safety, and value. As an independent store owner, you must require that all vendors not previously approved by us comply with all state and federal toy safety mandated regulations.

Learning Express System Standards may change periodically through updates in the Manuals and through operating memoranda issued by us, via e-mail or over the Learning Express Intranet. In determining which products to approve, we evaluate the quality and appropriateness of each item, the reputation of the manufacturer, the cost of the item as well as adherence to applicable current Consumer Product Safety Improvement Act standards. The criteria applied by us for supplier approval will be made available to you as requested. Specifications and standards for products, services and suppliers are sent by e-mail or delivered over the Learning Express Intranet. We negotiate terms and prices for products purchased by Store franchisees, but it is not our practice to negotiate terms and prices on behalf of the Store franchisees from vendors who are not on our approved supplier list. We do negotiate purchase arrangements with approved suppliers on behalf of franchisees and do provide material benefits to franchisees based on franchisee's use of designated or approved sources. We may purchase product on behalf of franchisees and invoice them as part of our Direct Deal Program.

Computer Hardware and Software

You will be required to use computer hardware and our proprietary software for use in the operation of your Store franchise. You must establish a high-speed Internet connection with a reputable Internet Service Provider ("ISP"), in connection with the operation of your Franchised Business. All internet connectivity to access our POS server, whether in-store or remote, must utilize a static IP address in order to ensure system security (exceptions will be handled on a case-by-case basis).

Digital Marketing

We restrict you from all E-commerce and digital marketing activities including advertising, marketing, social networking on any non-sanctioned web page, or other internet available media without our prior written consent. If we provide consent to a Digital Marketing Channel, we or our designee must be given administrator access to that Channel within 24 hours of publishing.

Email Marketing

When sending communication through email, you must comply with all laws including the CAN-SPAM Act of 2003, which establishes the United States' first national standards for the sending of commercial email and requires the Federal Trade Commission to enforce its provisions. We have an approved vendor who

meets these standards, and we provide support through platform tutorials and by supplying email content. We or our designee must be provided ongoing administrator access to your email marketing platform.

Miscellaneous

Other than the items listed above, there are currently no other items or services for which we or our affiliates are approved suppliers or the only approved suppliers.

There are no approved suppliers in which any of our officers owns an interest.

We negotiate discounted fees on many of your initial New Store Orders from certain approved vendors for your benefit. Other than free goods and discounts which we have negotiated on your behalf, there is no practice in effect by which we provide material benefits to you, such as a right of renewal or the awarding of additional franchises, based upon your use of approved suppliers.

We receive co-op advertising payments from some vendors whose products are chosen to be included in our catalogs and digital marketing. These amounts are used to reduce the cost of producing the catalogs you purchase from us.

We will be a source (and in some instances, the only source) for your advertising materials and of certain supplies, e.g., Point of Sale Enhancement and hosting fees; Catalogs, Tri-folds, Postcards, and various printed items bearing the Trademarks, e.g., business cards, postcards, stationery and brochures. Any payments received from you are intended to cover our costs incurred in supplying the items. We serve as a source of supply to maintain quality control over our Trademarks and to provide these items to you at a competitive cost. As of our fiscal year end December 31, 2022, we realized gross revenue of \$273,387.76 resulting from your purchases which accounted for 4.8% of our total revenues of \$5,696,874.

There are currently no formal purchasing or distribution cooperatives.

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 Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1.4, 3.1, 4.3, 7.1, 7.2, 9.3, 11.2 and 13.1 of Franchise Agreement	Items 1, 5, 7, 10, 11, 12 and 15
b. Pre-opening purchases/leases	Sections 5.5, 8.1, 9.3, 10.2, 10.3 and 10.8 of Franchise Agreement; Phase One of Conversion Addendum	Items 1, 5, 6, 7 and 8
c. Site development and other pre-opening requirements	Sections 1.8, 10.2 and 10.5 of Franchise Agreement; Section 4 of Conversion Addendum	Items 1, 5, 7 and 11
d. Initial and ongoing training	Sections 9.1, 9.2, 9.3 and 9.4 of Franchise Agreement; Sections 2 and 4 of Conversion Addendum	Items 1, 5, 6, 7 and 11

Obligation	Section In Agreement	Disclosure Document Item
e. Opening	Section 9.1 of Franchise Agreement	Items 7, 8, 10 and 11
f. Fees	Sections 1.6, 1.7, 1.8, 7.1, 7.2, 7.3, 7.4, 7.6, 8.1, 8.2, 8.3, 8.4, 10.2 and 10.8 of Franchise Agreement; Section 2 of Conversion Addendum	Items 5, 6 and 7
g. Compliance with standards and policies Operations Manuals	Sections 5.1, 6.3, 6.4, 8.1, 8.2, 8.3, 8.8, 9.4, 10.1, 10.2, 10.7, 10.8, 10.10, 10.11, 11.2, 14.1 and 16.4 of Franchise Agreement; Sections 3, 4, 5 and 6 of Conversion Addendum	Items 1, 7, 8, 10, 11, 12, 13, 14, 15 and 16
h. Trademarks and proprietary information	Sections 5, 6, 10.20, 11.1 and 17 of Franchise Agreement; Section 2 and 4 Conversion Addendum	Items 8, 13 and 14
i. Restrictions on products/services offered	Section 10.3 of Franchise Agreement; Section 3 of Conversion Addendum	Items 8, 12 and 16
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 8.7, 8.8, 8.9, 10.2 and 10.3 of Franchise Agreement; Sections 4 and 6 of Conversion Addendum	Items 8 and 16
m. Maintenance, appearance and remodeling requirement	Sections 3.1, 4.2 and 10.21 of Franchise Agreement; Sections 2 and 6 of Conversion Addendum	
n. Insurance	Section 10.5 of Franchise Agreement	Item 7
o. Advertising	Section 1.8 and 8 of Franchise Agreement; Sections 2, 4, 5 and 6 of Conversion Addendum	Items 6, 7, 8 and 11
p. Indemnification	Section 10.20 of Franchise Agreement; Section 2 of Conversion Addendum	Item 6
q. Owner's participation/management/staffing	Sections 9.1, 10.4 and 10.13 of Franchise Agreement	Items 11 and 15
r. Records and reports	Sections 10.6, 10.7, 10.9, 14.1K, Addendum D of Franchise Agreement	Items 6 and 11

Obligation	Section In Agreement	Disclosure Document Item
s. Inspections and audits	Section 10.6 and 10.7 of Franchise Agreement	Items 6 and 11
t. Transfer	Sections 2.2 and 11 of Franchise Agreement	Item 17
u. Renewal	Sections 1.3, 4.2, 6.2 and 9.7 of Franchise Agreement	Items 6, 7, 8 and 17
v. Post-termination obligations	Sections 2.3, 5.3, 6.3, 6.4, 10.7, 10.8, 10.20, 10.22, 13, 14, 15 and Addendum F of Franchise Agreement	Items 11, 14 and 17
w. Non-competition covenants	Section 15.1 of Franchise Agreement	Item 17
x. Dispute resolution	Sections 16.6, 16.7 and 16.12 of Franchise Agreement	Item 17

ITEM 10: FINANCING

Except as described in this Item 10, we do not offer any other direct or indirect financing or guarantee any loan, lease or obligation for any franchisee. We have no past practice or future intent of selling, assigning, or discounting franchisees’ financing arrangements to a third party. We do not receive any direct or indirect payments or other consideration from any person for the placement of financing with the lender.

We guarantee payment of the initial merchandise inventory to allow you time to establish vendor credit. However, it is ultimately your sole responsibility to pay the vendors within the negotiated vendor terms. Learning Express Terms (Dating, Freight & Discounts) apply only if invoices are paid by the due date. We retain a right to communicate with vendors regarding your store’s account with vendors or with us.

To secure the prompt performance of your franchise agreement obligations and to protect our trademarks and proprietary information, you must grant us a security interest in the royalties, equipment, fixtures, furniture, inventory and improvements at the Franchised Business. Upon execution of the franchise agreement, we may file a UCC-1 Financing Statement.

On a need basis and at our sole discretion, we may offer to finance part of your initial investment if you meet our minimum operational experience requirements. We would be the source of your financing, and the term of the loan would be seven (7) years. The interest rate would be fixed at loan origination at the prime rate as reported by the Wall Street Journal plus two percent (2%), but the first six months of the loan would be interest only. There would be no prepayment penalty, and you would be required to personally guarantee the loan. Your liability on default would be the loss of your franchise and attorney’s fees and costs. You would waive your rights to notice of a collection action and to assert any defenses to collection against us. If you were to transfer your franchise to another party, the full amount of the loan would be payable on or prior to the effective date of the transfer.

The following table summarizes a low and high estimate of initial investment we may finance and the estimated monthly payments for the loan based on a January 1, 2023 prime rate of 7.50%.

Item Financed	Loan to Value	Down Payment	Amount Financed
Initial Franchise Fee	50%	\$17,500	\$17,500
POS Equipment & Software	100%	\$0	\$5,116 - \$7,639
POS User Access Fee	100%	\$0	1,000 - \$1,500
Furniture, Fixtures and Equipment	100%	\$0	\$20,000 - \$34,300
Opening Inventory	50%	\$25,000 - \$65,000	\$25,000 - \$65,000
Grand Opening Advertising	50%	\$2,500	\$2,500
Initial Gift Card Program Setup Fees	100%	\$0	\$375
Totals		\$45,000 - 65,000	\$71,116 - \$128,814
Estimated Monthly Payment (1 st 6 Months – Interest Only)			\$563.00 - \$1,019.78
Estimated Monthly Payment (After 6 Months)			\$1,225.53 - \$2,219.82

Our standard loan agreement is attached as Addendum K to the franchise agreement.

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 Store Franchise for business, we, or our designee will:

- 1) Define a designated territory within which you will open a single Store at a site selected by you, although we will assist you with the site selection, demographic studies, lease review and negotiations (Franchise Agreement - Sections 1.4, 1.5 and 2.2). Our assistance may not be necessary for Conversion Stores. Our acceptance of a site does not constitute a representation or warranty that the location will be profitable or that your sales will attain any predetermined levels. Acceptance is intended only to indicate that the proposed site meets the minimum criteria for identifying sites. You will generally lease the premises for your Store from an independent third party. You are responsible for all aspects of your lease, including obtaining independent legal advice from your attorney regarding your lease, as we do not provide any legal language review, nor does our acceptance of your proposed site indicate that we approve any language in your lease. You are responsible for all aspects of construction of your Store, including permits, construction, labor, flooring, lighting, painting and installation of fixtures, equipment, signs and all other improvements, although we are available to consult with you and your contractors during the entire process.
- 2) Create a store fixture layout for your store location, provide you with a Grand Opening Manual, a list of build-out specifications and required equipment and a Grand Opening advertising and marketing plan. The store fixture layout does not apply to Conversion Stores.

- 3) Provide a New Store Owner Training Program for you and your designated management staff in the operation of your Store. There will be no charge for training, but you will be responsible for all transportation, living costs and salaries for you and your employees who attend training. If you employ a manager, your manager must attend New Store Owner Training. The training will take place online and/or at a franchised Learning Express store. New Store Owner Training is conducted as often as needed. The training program is mandatory and you and/or your designated manager must attend and complete the training to our satisfaction before you open your Store. The New Store Owner Training Program is outlined below and currently consists of approximately 5 days or 40 hours. In addition, you will be required to attend First Year Training during the year following your opening at our Annual Convention and Toy Fair (or similar industry event), if offered. You and designees from your management staff, at our discretion, may also be required by us to attend additional training online and/or at a Learning Express store. You will be responsible for all costs and expenses associated with attending any of these advanced training sessions (Franchise Agreement – Section 9.1).
- 4) Provide on-site assistance and guidance to you and your staff for the following: Receiving, Merchandising, Product Training, Sales Training, Customer Service Training, Marketing, Office Organization and Procedures, Buying and Inventory Management Training, Finance, the Intranet and Point-of Sale System (approximately 4 weeks, or 1 week for Conversion Stores).

Training Program*

The following training program applies to new Stores.

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Hiring / Training	2		Online and/or at a store in MA
Marketing	3		Online and/or at a store in MA
Buying / Merchandising	3		Online and/or at a store in MA
Website	1		Online and/or at a store in MA
Accounting	2		Online and/or at a store in MA
Point of Sale	1		Online and/or at a store in MA
Intranet	1.5		Online and/or at a store in MA
Personalization	1		Online and/or at a store in MA
Business Overview	1		Online and/or at a store in MA
On-Site Training		360	Franchisee's location
Follow-up visits Year 1		32	Franchisee's location
First Year Training	16	32	Annual Convention and Toy Fair (or similar industry event)

Training Program (Store Transfer)

The following training program applies to stores transferring to new owners only.

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Hiring / Training	2		Online and/or at a store in MA
Marketing	3		Online and/or at a store in MA
Buying / Merchandising	3		Online and/or at a store in MA
Website	1		Online and/or at a store in MA
Accounting	2		Online and/or at a store in MA
Point of Sale	1		Online and/or at a store in MA
Intranet	1.5		Online and/or at a store in MA
Personalization	1		Online and/or at a store in MA
Business Overview	1		Online and/or at a store in MA
On-Site Training		40	Franchisee's location
Follow-up visits Year 1		32	Franchisee's location
First Year Training	16	32	Annual Convention and Toy Fair (or similar industry event)

Training Program (Conversion Store)

The following training program applies to Conversion Stores only.

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Initial Classroom Training	28	0	Online and/or at a store in MA
On-Site Training*	0	40	Franchisee's location
First Year Training	16	32	Annual Convention and Toy Fair (or similar industry event)

*It is the nature of this business that all aspects of training are integrated that is, there are no definitive starting and stopping times. Time and content are subject to change without notice.

People

Our training team is led by Lauren Perry, who has 13 years of experience with us in toy retailing and training. Each trainer has a minimum of five years' experience in their field. Individuals instructing the training may vary.

Regional Franchise Owners (in certain parts of the country)

Our Regional Franchise Owners will assist you during the entire Opening Process. Their contact and background information can be found in Exhibit B to this Disclosure Document.

- 5) Make available to you, on loan, the Learning Express Confidential Manuals , which are and remain our property. The Manuals contain the System standards and procedures for the operation of your Store, for the business as a whole and will be updated via our Intranet as changes are made in the Learning Express franchise System (Franchise Agreement - Section 10.1).

The Table of Contents of the Manuals appears as Exhibit E to this Disclosure Document. The Learning Express Confidential Manuals contain 1,428 pages.

- 6) Order your initial inventory of products (New Store Order) and fixtures on your behalf (Franchise Agreement - Section 9.3C). This opening inventory order does not apply to Conversion Stores.

Post-Opening Assistance

During the operation of your Store, we or our designee will:

- 1) Periodically advise and offer general assistance to you by telephone, email, webinars and site visits on topics such as inventory control, assessment of new products as we deem appropriate, merchandising and marketing services, evaluation of sales and profitability, recommendations for operational improvements (Franchise Agreement – Section 9.4), and review of your books and records (Franchise Agreement – Section 10.6 and 10.7);
- 2) Provide updates, revisions and amendments to the Manuals via our Intranet (Franchise Agreement - Section 6.3);
- 3) Provide guidance and creative for your Grand Opening advertising print media and direct mail campaign. (Franchise Agreement – Section 1.8 and 8.1);
- 4) Establish and expend monies under the Learning Express National Advertising Fund, if and when established. We will notify you at least 60 days in advance before we begin collecting your contribution to the Learning Express National Advertising Fund. (Franchise Agreement - Sections 8.3 and 8.4);
- 5) Provide the Learning Express Internet Website and provide you with your Store profile page. (Franchise Agreement – Section 9.4J);
- 6) Periodically provide advertising, marketing and other promotional materials including ads, bag-stuffers, emails, brochures, catalogs and flyers (Section 9.4I).

Advertising Assistance

We will provide certain advertising services to you, either in-house or through an outside advertising agency, including assistance in the development of a grand opening campaign, press releases, brochures, catalogs and print ready artwork. You alone are responsible for the placement and payment for the grand opening advertising campaign and the local market advertising program. You must spend a minimum of 3% of your Gross Receipts on advertising and promoting the Store in your local market area. You may use your own advertising and promotional materials, but all local advertising and promotion is subject to our prior review and approval. You must adhere to our standards regarding your advertising and promotion efforts and expenditures. As a portion of the required 3% of your Gross Receipts spent on advertising and promotion, we strongly recommend that you participate in each printed corporate sponsored marketing event that is listed on the yearly Corporate Publication Schedule.

Currently, we provide certain marketing services to you, including assistance with social media management software, email marketing, software support, social media content you can use for platforms such as Facebook, TikTok, and Instagram, graphics for your email marketing campaigns and support locating and communicating with local media contacts. We will create custom press releases, upon request

and send them to your local media outlets. You must adhere to our standards of professional content in all interactions with the public.

We reserve the right to require that you contribute up to an additional 1% of your Gross Receipts for the Learning Express National Advertising Fund, in addition to the local marketing programs discussed above. The money collected will be placed in the Learning Express National Advertising Fund, to be used for the design, administration and placement of national advertising programs. No portion of the Learning Express National Advertising Fund will be used to sell franchises. We will notify you 60 days in advance, before we begin to collect the money for the Learning Express National Advertising Fund. Sections 8.3 and 8.4 of the Franchise Agreement contain further information about the Learning Express National Advertising Fund. No fiduciary relationship will be created by the existence of the Learning Express National Advertising Fund. Within 90 days following our fiscal year end, you may request a copy of the Learning Express National Advertising Fund's financial statement. We have not charged an Advertising Fund fee since our inception but may do so in the future.

There are currently no formal advertising cooperatives in place. Most advertisements are placed directly by the individual Store franchisee in print media. Store franchisees also engage in direct mailing to their customers, in the form of catalogs, postcards and announcements of special promotions. We do not have the power to require cooperatives to be formed, changed, dissolved or merged.

The Learning Express Franchise Advisory Council ("FAC") was formed in 2000. The FAC serves in an advisory capacity. The FAC is a volunteer organization made up of store owners who are interested in participating in a leadership and advisory committee. The by-laws of the FAC limit the number of members to a maximum of 12. We do not have the power to change or dissolve the FAC unless approved and voted upon by the current representatives, although we initiated its formation.

The Learning Express Marketing Advisory Committee ("MAC") was formed in 2002. The MAC is a committee of store owners appointed to represent the marketing interests of all Store franchisees. The MAC serves in an advisory capacity.

You or your representative must attend annually, at your expense, the Toy Fair (or similar industry event or show) and the Learning Express Annual Convention for all franchisees, Regional Franchise Owners and invited vendors (typically in June). Toy Fair, shows and Conventions are held in various US locations but are often held in Dallas, Atlanta and New York City.

Computer Systems

We require you to have one or two point of sale registers and one back-office computer. The cost of the system is \$5,116 for one POS registers or \$7,639 for two POS registers and includes a backroom computer and all of the hardware and software required by us. It is your sole responsibility to keep your computer system operational and up to date, including maintenance, repairs, upgrades, updates, anti-virus and Payment Card Industry (PCI) compliance. Our third-party data center team is responsible for the maintenance, repair, upgrades, and updates to the central server(s). There are no additional fees for maintenance, repair, upgrades, and updates to the central server(s) as this is included the CounterPoint Enhancement fee and the Shared Server fee listed in Item 6. Annually, you may be required to upgrade or add additional hardware and/or software or share in the cost to augment the centrally located hardware and software.

Your computers must have internet access with a static IP address. Our specific hardware and software requirements are provided to you in the Grand Opening Manual. Your equipment must be in good working condition and sufficient to carry out ordinary business functions as provided in our Manuals. Your computer

system must also have video conferencing capability with our required software, currently Zoom, which may change from time to time.

We, our computer support partners and your Regional Franchise Owner have the right to access your information stored on the central server and QuickBooks Online accounts without limitation or notice (Franchise Agreement - Section 8.8). Access may be for analysis support, service and/or auditing purposes.

We are currently evaluating new POS software systems that may require you to upgrade your hardware and software at your cost within the next 36 months.

Selection of the Location of Your Store

Either we or our designee will assist you in finding a site for your Store. While we need to accept your chosen location, you are solely responsible for the selection of your site. Among the many factors which we or our designee will consider are: the population, income level and volume of toy/retail spend of the trading area; pedestrian and vehicular traffic patterns; the number of compatible businesses in the immediate area; competition; parking and accessibility; visibility; and lease and rental terms. We or our designee will notify you within 30 days if we accept your site. If you cannot secure an accepted site for your Store within 180 days from the date of the Reservation Agreement, we will refund your Reservation Fee in full. While it is difficult to estimate the typical length of time between the signing of the Franchise Agreement and the opening of your Store for business, we anticipate that the period will run approximately 90 to 180 days. Among the factors affecting the time period will be: the availability of an appropriate site; financing arrangements; meeting the requirements of local and state ordinances; and the delivery and installation of equipment, inventory, signage, and fixtures. Site Selection assistance does not apply to Conversion Stores.

Internet

To protect our Brand, we have the right to approve, or control all of your digital media, including Internet activities, and e-mail marketing correspondence, digital content, and digital communications. This includes, but is not limited to, any websites and Social Networking and Marketing activities, including Twitter, TikTok, Facebook, Foursquare, LinkedIn, Pinterest, Instagram, Google, Yelp or any other Social media outlets. This also includes any group or social buying platforms, promotions or campaigns. You must follow the most recent rules and regulations published in our Operations Manuals or other manuals we have created regarding the upkeep and communications sent out via these channels.

You shall not establish a web site on the Internet using any domain name containing the words Learning Express .com, .net, .biz, .org or any variation thereof. We maintain the Learning Express Internet Website and provide you with access to our website and a Store page contained with our website for your Store. We may require that you utilize E-commerce products or services designated by us if you choose to participate in an E-commerce program.

Any digital content published must be within Brand communication standards and is subject to approval by us. All digital imagery bearing any Learning Express mark is subject to approval by us.

Due to the speed of digital communication, all instructions by us which are deemed to restrict, designate or control E-commerce activities must be responded to within 24 hours.

We also reserve the right to approve any existing or future (not yet developed) Social Media Page or other advertising or social networking services of the Franchised Business, including the sending of e-mail, other than in accordance with the guidelines in the Confidential Operations Manual or otherwise as we specify in writing.

E-commerce

You are eligible to participate in the Learning Express E-commerce Program if you meet the Store Requirements in the E-commerce Policy Manual. As an E-commerce store, you have various options to offer your customers. Available options include shipping direct to the customer, offer in-store pick-up, curbside pick-up or local home delivery. Each E-commerce store has their own credit card processing and can choose which options (credit cards, gift cards and Pay Pal) you want to offer your customers. There is a \$125.00 monthly fee for having a website, however there is no startup fee paid to us associated with having a website. This is in addition to the standard Monthly Royalty Fee.

Telephone Listings & Digital Media

You may have as many local telephone numbers and telephone directory listings and email addresses for your Franchised Business as you choose. However, you must transfer them to us upon the expiration, termination, repurchase or transfer of your franchise, at your expense. You must sign an authorization that grants us the right to change, transfer, or terminate your telephone listings, your e-mail addresses, Social Media accounts, domain names and comparable electronic identities, on your behalf upon expiration, termination, repurchase or transfer of your franchise. The Telephone Listing Agreement and Digital Media Listing Agreement appear in Addenda G and I to the Franchise Agreement.

ITEM 12: TERRITORY

Your Designated Territory

Your Learning Express Store Franchise will be located within a specific geographic area defined by zip codes, streets, city, town, drive times, and natural boundaries and/or by a distance radius (the "Designated Territory"). A map or description of the Designated Territory will be included in your Franchise Agreement. As long as you are not in default under the Franchise Agreement, you will be granted an exclusive territory and we will not place another Learning Express Store Franchise or operate a brick-and-mortar Learning Express Store selling same or similar products or services under same or similar trademarks, service marks, or logos within your Designated Territory without your permission. You have no other rights derived from the definition of the Designated Territory.

There are no restrictions on where your customers come from. There are restrictions on how you market to customers residing outside of your Designated Territory as specifically contained in the Learning Express Operation's Manual.

You may be eligible to participate in E-commerce based on the program outlined in our Manuals. We have the right to use the Internet or other channels of marketing and distribution for the sale of products inside or outside your Designated Territory under our principal trademarks and other trademarks, service marks, logos, and commercial symbols owned by us. If you elect not to participate in our E-commerce program you will receive no compensation for our sales through the Internet or alternative channels of marketing and distribution outside or inside your territory.

You will pay a royalty amount which is the greater of 5% of your Gross Receipts or \$1,500 per month, per location, as a Royalty. You will pay the same Royalty based upon your Gross Receipts from the operation of a Satellite Location. You maintain rights to your Designated Territory even though the population increases. There are no other circumstances by which we may modify your Designated Territory without your consent.

Relocation

You may operate from one location only. With our permission, you may relocate your Store. You are not entitled to relocate without our prior written consent, which we may withhold in our sole discretion. Depending on the site of your proposed relocation, a modification to your Designated Territory may be required.

Satellite Locations

With our permission, you may open one or more Satellite Locations to your Store. No additional territory is granted for a Satellite Location. You are not entitled to operate a Satellite Location without our prior written consent, which we may withhold in our sole discretion. We do not charge you an additional initial franchise fee if you open a Satellite Location.

The operation of a Satellite Location requires the complete submission of our NOI form, which is Addendum A to the Franchise Agreement. Your Store must be in compliance with your current Franchise Agreement in order to open and/or continue operation of a Satellite Location.

An additional store is considered a Satellite Location to your Store if it satisfies one or more of the following requirements:

- 1) The additional store is located within the Designated Territory of your Store.
- 2) The additional store has a lease term that is less than two years.
- 3) The lease for the additional store includes landlord termination rights that effectively reduce the guaranteed lease term to less than two years.


If, at any time, your Satellite Location does not satisfy one or more of the above requirements, then you will be required to execute a separate, then current Franchise Agreement for the Satellite Location and pay the additional Initial Franchise Fee described in Item 5.

At such time your Satellite location extends beyond the two years, regardless of lease conditions, then you will pay the additional license fee of \$15,000.00.

ITEM 13: TRADEMARKS

We grant you the right to use only the following Trademarks in the operation of your store. You may only use the Learning Express trademarks we designate to operate your Store. By "Trademark", we mean trade names, trademarks, service marks, logos and domain names that are a part of the Learning Express System and used to identify your Store.

We have registered the Trademarks listed below on the United States Patent and Trademark Office (USPTO) Principal Register and have filed all required affidavits and applications for renewal with the USPTO.

Trademark	Details	Registration Date	Registration #
"Learning Express"	(Words Only)	July 16, 1991	1,651,110
"Bunny Buffet"	(Words Only)	December 18, 2007	3,355,842
	(Logo)	January 3, 2023	6,940,783

We also consider our trade dress, i.e., elements of the Learning Express store fixtures, signage, and style, inherently and uniquely distinctive and protectable under applicable law.

You must follow our rules when you use these Trademarks. You may only use these Trademarks in the manner we authorize. You cannot use the Trademarks as part of a business entity name or with modifying words, designs or symbols except for those which we license to you. You may not use the Trademarks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

No third-party agreements limit our right to use or license the use of the above Trademarks.

In the event that a Conversion Store owns a separate trademark, your intellectual property, you will be required to show evidence that you have exclusive rights to the intellectual property, and you must grant us rights to your intellectual property including trademark, copyrights, the store name, store logo and store marketing materials ("Conversion Store Intellectual Property") and you must indemnify us of for any claims to our use of Conversion Store Intellectual Property. (Conversion Addendum Section 2)

You must notify us immediately when you learn about an infringement of, or challenge to your use of our Trademarks. We have no affirmative obligation to preserve and protect the ownership and validity of our trademarks. However, we will take the action we think is appropriate and have the right to control any administrative proceedings or litigation involving a Trademark licensed by us to you.

While we are not required to defend you against a claim against your use of our Trademarks, we will reimburse you for your liability and reasonable costs in connection with defending the Trademarks. To receive a reimbursement, you must have notified us immediately when you learned about the infringement or challenge.

You must modify or discontinue the use of a Trademark if we modify or discontinue it. If this happens, we will not reimburse you for your costs of compliance, including for example, the changing of signage and other trademarked materials. You must not directly or indirectly contest our right to the Trademarks, trade secrets or business techniques that are part of our business.

There are no currently effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, any state trademark administrator or any court involving a pending infringement, opposition or cancellation proceeding nor is there any pending material litigation involving the principal Trademarks.

We do not know of any infringing uses that could materially affect your use of the Trademarks.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents that are material to your Store. We claim copyright protection in advertisement and promotional materials, although these materials have not been registered with the United States Registrar of Copyrights. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect which significantly limit our right to use or license the copyrighted materials. There are no known infringing uses that could materially

affect your use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights.

You must treat all Manuals created for or approved for use in the operation of Store, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, or make them available to any unauthorized person. The Manuals remain our sole property and are available to you through our Intranet.

We may revise the contents of the Manuals, and you must comply with each new or changed System Standard. In the event of any disputes as to the contents of the Manuals, the terms of the master copy maintained by us at our Home Office will be controlling. The Manuals were most recently updated in 2022

We will disclose to you certain confidential or proprietary information and trade secrets. Except as is necessary for the operation of the Store Franchise and as we approve, you may not, during the term or at any time after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, directly or indirectly, use for your own benefit or communicate or divulge to, or use for the benefit of any other person or entity, any trade secrets, vendor lists, negotiated terms, confidential information, knowledge or know-how concerning the services, advertising, marketing, designs, plans, or methods of operation of Learning Express. You may disclose to your employees only that confidential, proprietary or trade secret information as is necessary to operate the business and then only while the Franchise Agreement is in effect. Any and all information, knowledge, or know-how, including, materials, equipment, marketing, and other data, which we designate as secret or confidential will be deemed secret and confidential for purposes of the Franchise Agreement. The Learning Express Intranet is a confidential resource and usernames and passwords provided must be kept protected at all times.

You must also promptly tell us when you learn about an unauthorized use of our proprietary information. We are not obligated to take any action, but we will respond as we deem appropriate. We will indemnify you for any losses you incur as the result of the actions of a third party concerning your use of any of this information.

We require your managers, agents, independent contractors, officers, directors and owners, or any entity having an interest in the franchise to sign our then current form of Confidentiality Agreement and Covenants Not to Compete, a sample of which is attached as Addendum C to the Franchise Agreement. We require your employees to sign our then current form of Confidentiality Agreement, a sample of which is attached as Addendum D to the Franchise Agreement.

You may compile and maintain customer lists for your Franchised Business, however, all customer lists are our property and may only be used for the normal conduct of the Franchised Business during the term of the Franchise Agreement. You must transfer them to us on the expiration, termination, repurchase or transfer of your franchise, at your expense. You must sign an authorization that grants us the right to acquire all customer lists upon expiration, termination, repurchase or transfer of your franchise. This Customer List Agreement appears as Addendum H to the Franchise Agreement.

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

Management structure is a crucial element in the operation of a Learning Express business. Your franchised store must always be under direct full-time supervision of you or your fully trained manager.

If you own more than one Store Franchise, you will be expected to oversee all of the Store Franchises, each of which must be managed by a full-time manager who has attended the Learning Express New Owner Training. Each manager will be required to sign a written agreement to maintain confidentiality of the trade secrets and to conform to the covenants not to compete described in Section 15.1 of the Franchise Agreement. You agree to be open for business the recommended minimum standard store hours or as defined by your lease or municipal guidelines. You may be obligated to maintain longer hours of operation if your location requires common hours of operation among all tenants. Furthermore, you should plan to operate with extended hours during the holidays. Your store hours must always accommodate the needs of your customers and maximize your opportunity for sales.

The manager need not have an ownership interest in the Store Franchise. You are responsible for ongoing training of your manager(s). There are no limitations on who you can hire as a manager.

Each individual who has a 5% or greater ownership interest in the entity that owns the Store Franchise must sign our Guaranty of Performance, which is Addendum B to the Franchise Agreement, assuming and agreeing to discharge all obligations of the “Franchisee” under the Franchise Agreement and our Confidentiality Agreement and Covenants Not to Compete, which is Addendum C to the Franchise Agreement. We also require that your spouse or domestic partner sign our Guaranty of Performance and a Non-Disclosure and Non-Competition Agreement which is Addendum F to the Franchise Agreement.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use the Franchised Business solely for the operation of a Learning Express Business and must maintain sufficient inventories, adequately staff each shift with qualified employees and continuously operate the Franchised Business at its maximum capacity and efficiency. We require you to offer and sell those products that are specifically approved by us. We have the right to add, delete or change, without limitation, the authorized products and services that you will offer. You will be notified of changes in approved suppliers and inventory through electronic mail or the Learning Express Intranet. You do have the right to add products to your inventory mix not included in the recommended Buying Program, but only if those products meet our System Standards for quality, safety, and value. As an independent store owner, you must require all vendors not previously approved by us to comply with all state and federal toy safety mandated regulations.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section In Franchise Agreement	Summary
a. Length of the franchise term	Section 4.1	10 years, unless terminated earlier

Provision	Section In Franchise Agreement	Summary
b. Renewal or extension of the term	Section 4.2	If you meet the conditions, you may enter into two (2) successive 10 year terms
c. Requirements for franchisee to renew or extend	Section 4.2	Notice, store upgraded to current System Standards, sign a general release, sign then-current franchise agreement which may contain materially different terms and conditions than your original Franchise Agreement including territory and royalties. All payables to suppliers, vendors and Learning Express must be current.
d. Termination by franchisee	Not applicable	Franchisee may terminate under any grounds permitted by law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sections 13.1, 13.2	Include failure to pay, file reports, or comply operationally, unauthorized transfer, insolvency, abandonment, maintaining false books, repeated defaults, and felony conviction (subject to applicable state law).
g. "Cause" defined – curable defaults	Section 13.2	Include failure to pay, file reports, or do not comply operationally or otherwise with the System Standards
h. "Cause" defined – non-curable defaults	Section 13.1	Include insolvency, abandonment, maintaining false books, repeated defaults, and felony conviction.
i. Franchisee's obligations on termination or non-renewal	Section 14.1	Pay royalties through termination, vendor payments, store transfer merchandise, outstanding gift card liabilities, rents, cease use of trademarks, return of proprietary information, place signage in window, and reimburse us for our costs to enforce your de-identification obligations. Allow us to notify vendors of store closing and email customers territory is available.

Provision	Section In Franchise Agreement	Summary
j. Assignment of contract by franchisor	Section 11.1	Freely assignable
k. "Transfer" by franchisee – definition	Section 11.2	Sale, assignment, transfer, mortgage, pledge
l. Franchisor's approval of transfer by franchisee	Section 11.2	Transferee has financial resources, background, etc.
m. Conditions for franchisor approval of transfer	Section 11.2	Pay the Transfer Fee if applicable and upgrade the store to convert to current System Standards. Under no circumstances may you transfer any assets including, inventory, fixtures, or lease to an entity intending to operate a retail toy store at the franchise location without first ensuring that the proposed transferee has signed a Learning Express franchise agreement.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11.2A	10 days on same terms as bona fide offer.
o. Franchisor's option to purchase franchisee's business	Section 11.2A	At our option, sell us equipment, fixtures, usable inventory at fair market value as determined by us.
p. Death or disability of franchisee	Section 11.2D	Timely transfer -immediately following your death or permanent incapacity you or your estate may assign the Franchised Business to a member of your immediate family approved by us. your heirs shall also have the right to sell the Franchised Business, provided that we have the right to purchase at a "Buy-Out Price" determined by third-party appraisers.
q. Non-competition covenants during the term of the franchise	Section 15.1	2 years in retail or wholesale toy business located within a 40-mile radius of any Learning Express store (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	Section 15.1	2 years in retail or wholesale toy business located within 40 miles of any

Provision	Section In Franchise Agreement	Summary
		Learning Express store (subject to applicable state law).
s. Modification of the agreement	Section 16.3	Only by agreement by both parties
t. Integration/merger clause	Section 16.2	Covers Agreement, including attachments (subject to applicable state law). Nothing in the Agreement or any related agreements is intended to disclaim representations made in the franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 16.6	Non-binding mediation for most disputes (subject to state law)
v. Choice of forum	Section 16.7	State or federal court in Massachusetts (1) (Subject to applicable state laws)
w. Choice of law	Section 16.7	Massachusetts law (1) (Subject to applicable state laws)

ITEM 18: PUBLIC FIGURES

We do not currently use any public figure to promote our Stores but reserve the right to do so at our sole discretion.

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 that 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 are reporting only on those businesses open one full-year or more and are comparable in size and scope to the offer described in this disclosure document. Of the 90 Stores operating on December 31, 2022, we are reporting on 82 stores. There are 6 stores that were open for a partial year and are not included. The Learning Express locations in Farmington, New Mexico and Fremont, Nebraska are located in areas with fewer than 50,000 people in a 5-mile radius and therefore are also not included below.

The financial performance representations for all reported stores are as follows:

	2020	2021	2022
Average Sales	\$605,817	\$1,650,513	\$1,081,417
Number of Stores	87	82	82
Number of Stores Surpassing Average	37	35	36
Percentage of Stores Surpassing Average	43%	43%	44%
Average Gross Margin (%)	49.26%	55.09%	51.26%
High	\$1,247,902	\$3,519,781	\$3,519,044
Low	\$138,622	\$338,225	\$181,987

Average Annual Sales Revenue is the total Annual Sales Revenue for the Stores in the sample, divided by the number of Stores in the sample. The Annual Sale Revenue ranges from \$3,519,044 to \$181,987.

	2020	2021	2022
Median Sales	\$545,754	\$1,479,179	\$1,039,747
Number of Stores	87	82	82
Number of Stores Sales Above Median	43	41	41
Number of Stores Sales Below Median	44	41	41

Median Annual Sales Revenue is the Annual Sales Revenue figure for which one-half of the sample had Gross Revenue greater than this figure, and one-half of the sample had less than the figure.

Of the 90 Stores operating on December 31, 2022, we had 11 multiple Store Owners operating 28 Stores in our system.

Of the 90 Stores operating on December 31, 2022, there were 2 Satellite Stores located within the same designated territory as their Primary store.

It is the nature of the toy industry where some year's sales fluctuate dramatically year over year due to the availability of certain products that are in high demand by the consumer (fads, hot toys).

We generally sell product at double the cost. However, there are products where we take less of a mark up to ensure we are competitively priced in the market. In addition, there are products where we take more of a markup as the local market allows.

Some stores have sold this amount. Your individual results may differ. There is no assurance you'll sell as much. The above figures were calculated based upon information reported to us by franchisees in their monthly sales reports. Accordingly, the above figures have not been audited.

The above figures do not reflect the costs of sales, operating expenses or other costs and expenses that must be deducted from the gross revenue or gross receipt 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 Learning Express Store.

Written substantiation of the data used in preparing the earnings claim will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Learning Express does 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 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 our Chief Executive Officer, Lauren Derse, Learning Express, Inc., 63 Walnut Street, Devens, Massachusetts 01434; Telephone: 978-889-1000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table 1

System-Wide Outlet Summary For Years 2020 – 2022

(Column 1) Outlet Type	(Column 2) Year	(Column 3) Outlets at the Start of the Year	(Column 4) Outlets at the End of The Year *	(Column 5) Net Change
Franchised	2020	101	90	-11
	2021	90	85	-5
	2022	85	89	4
Company Owned**	2020	2	2	0
	2021	2	1	-1
	2022	1	1	0
Total Outlets	2020	103	92	-11
	2021	92	86	-6
	2022	86	90	4

* All numbers are as of December 31 for each year.

** We do not operate any Company-Owned outlets. The Company-owned Outlets reflected in the above chart are owned and operated by our Affiliate, described in Item 1.

Table 2**Transfers of Outlets From Franchisees to New Owners (Other Than The Franchisor)
For Years 2020 – 2022****Number of Transfers**

(Column 1) State	(Column 2) Year	(Column 3) Number of Transfers
California	2020	1
	2021	0
	2022	1
Georgia	2020	0
	2021	2
	2022	0
Louisiana	2020	0
	2021	1
	2022	0
Massachusetts	2020	0
	2021	0
	2022	1
New Jersey	2020	0
	2021	0
	2022	0
Ohio	2020	1
	2021	1
	2022	0
Pennsylvania	2020	0
	2021	0
	2022	2
Tennessee	2020	0
	2021	0
	2022	1
Texas	2020	2
	2021	0
	2022	1
Total	2020	4
	2021	4
	2022	6

Table 3**Status of Franchised Outlets For Years 2020 – 2022**

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Termin- ations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations – Other Reasons	(Col. 9) Outlets at End of Year *
Alabama	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
California	2020	5	0	0	0	0	1	4
	2021	4	0	0	0	0	1	3
	2022	3	1	0	0	0	0	4
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Connecticut	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	9	0	0	0	0	4	5
	2021	5	0	0	0	0	1	4
	2022	4	1	0	0	0	0	5
Georgia	2020	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
Illinois	2020	7	0	0	0	0	1	6
	2021	6	0	0	0	0	1	5
	2022	5	0	0	0	0	0	5
Kentucky	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Louisiana	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Massachusetts	2020	9	0	0	0	0	1	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	1	7
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Nebraska	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Nevada	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	8	0	0	0	0	2	6
	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Termin- ations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations – Other Reasons	(Col. 9) Outlets at End of Year *
New Mexico	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
North Carolina	2020	5	0	0	0	0	0	5
	2021	5	0	0	0	0	1	4
	2022	4	0	0	0	0	0	4
Ohio	2020	8	0	0	0	0	1	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
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	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	10	0	0	0	0	2	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
South Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Texas	2020	11	1	0	0	0	0	12
	2021	12	0	0	0	0	1	11
	2022	11	2	0	0	0	0	13
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	101	1	0	0	0	12	90
	2021	90	1	0	0	0	6	85
	2022	85	5	0	0	0	1	89

* All numbers are as of December 31 for each year.

Table 4**Status of Company-Owned Outlets for Years 2020 to 2022**

(Col. 1) State	(Col. 2) Year	(Col. 3) Outlets at Start of the Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired From Franchisees	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisees	(Col. 8) Outlets at End of the Year *
Massachusetts	2020	2	0	0	0	0	2
	2021	2	0	0	1	0	1
	2022	1	0	0	0	0	1
Totals	2020	2	0	0	0	0	2
	2021	2	0	0	1	0	1
	2022	1	0	0	0	0	1

*All numbers are as of December 31 for each year.

** We do not operate any Company-Owned outlets. The Company-owned Outlets reflected in the above chart were owned and operated by our Affiliates. The last Affiliate operated the store in Bedford, MA and sold as a franchise on February 1, 2023.

Table 5**Projected New Franchised Outlets as of December 31, 2022**

(Column 1) State	(Column 2) Franchise Agreements Signed But Outlet Not Opened	(Column 3) Projected New Franchised Outlet in Next Fiscal Year	(Column 4) Projected New Company-Owned Outlets in the Next Fiscal Year
Pennsylvania	0	1	0
Texas	0	1	0
California	1	1	0
New Jersey	0	1	0
Massachusetts	0	1	0
Total	1	5	0

A list of our Store franchisees appears as Exhibit F.

The name, last known address and telephone number of those Store franchisees who have been terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Store Franchise Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the date of issuance of this disclosure document appears in Exhibit F.

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

During the last three fiscal years, we have not signed any agreements that contain confidentiality clauses with current or former franchisees.

You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

Other than the Learning Express Franchise Advisory Council and the Learning Express Marketing Advisory Committee located at 63 Walnut St, Devens, Massachusetts, 01434 (no web or e-mail address), we have not created, sponsored or endorsed any other trademark specific franchisee organization nor have any independent franchisee organizations asked to be included in this disclosure document.

ITEM 21: FINANCIAL STATEMENTS

The audited financial statements for the fiscal years ended December 31, 2022, 2021, and 2020 are attached as Exhibit G. These financial statements are prepared in accordance with generally accepted accounting principles by an independent auditor. Our fiscal year ends December 31.

ITEM 22: CONTRACTS

Attached, as Exhibit J, you will find a copy of the Learning Express Store Franchise Agreement with the Addenda.

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

ITEM 23: RECEIPT

The last page of this disclosure document is a receipt in duplicate for this disclosure document (and certain other documents) to be signed by you as a prospective franchisee.

Exhibit A: List Of Administrators/Agents For Service Of Process

List of State Agencies/Agents for Service of Process

Our registered agent in the State of Massachusetts is:

Sharon J. DiMinico
Founder and Chair
Learning Express, Inc.
63 Walnut St.
Devens, Massachusetts 01434

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation Telephone No: 1-866-ask-corp Los Angeles 320 West 4 th Street Suite 750 Los Angeles, CA 90013 Sacramento 2101 Arena Blvd. Sacramento, CA 95834 San Diego 1350 Front Street San Diego, CA 92101 San Francisco 1 Sansome Street Suite 600 San Francisco, CA 94104 1-866-275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street Los Angeles, CA 90013
Hawaii	Securities Examiner 1010 Richards Street Honolulu, HI 96813	Securities Examiner 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Division Office of Attorney General 500 South Second Street Springfield, IL 62706	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204	Administrative Office of the Secretary of State 201 State House Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021

STATE	AGENCY	PROCESS, IF DIFFERENT
Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 G. Mennen Williams Building 525 West. Ottawa Lansing, MI 48933	
Minnesota	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101	
New York	New York State Department of Law Bureau of Investor Protection and Securities 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222	Secretary of State State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231
North Dakota	Office of Securities Commissioner 600 East Boulevard State Capital 5 th Floor Bismarck, ND 58505	North Dakota Securities Department 600 East Boulevard Avenue State Capital 5th Floor Dept. 414 Bismarck, ND 58505-0510
Oregon	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310	
Rhode Island	Division of Securities Department of Business Regulations Bldg. 69, 1st Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920	
South Dakota	Department of Labor and Regulation Division of Securities 124 S. Euclid Ste. 104 Pierre, SD 57501	
Virginia	Ronald W. Thomas, Administrator State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219

STATE	AGENCY	PROCESS, IF DIFFERENT
Washington	Director of Dept. of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507 (360) 902-8760	Director of Dept. of Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Securities and Franchise Registration Division of Securities 4 th Floor 345 W. Washington Avenue Madison, WI 53703	

Exhibit B: Regional Franchise Owner and Territory Development and Support Backgrounds

Item 2: Business Experience

Regional Franchise Owner Information

Steven P. Kessel

Toy People, Inc.
44 Cross Hill Road
Newton, MA 02459
(617) 921-2591 office and cell

Since 1995, Mr. Kessel has been President of Toy People, Inc., and the Regional Franchise Owner for Alabama, Delaware, Florida, Pennsylvania, Rhode Island and Southern New Jersey. As former President of Learning Express Square One, Inc. he owned and operated a Learning Express store from 1994-2004.

Territory Development and Support

Richard Derr

Kids Point, Inc.
315 S. Rand Road
Lake Zurich, Illinois 60047
(847) 540-4566

Mr. Derr serves as the provider of Territory Development and Support for Illinois, Iowa, Minnesota, and Wisconsin. As President of Kids Point, Inc., he has also owned and operated a Learning Express store in Lake Zurich, Illinois, since 1996.

Item 3: Litigation

No litigation is required to be disclosed about any of the foregoing Regional Franchise Owners or providers of Territory Development and Support.

Item 4: Bankruptcy

No bankruptcy information is required to be disclosed in this Disclosure Document.

Exhibit C: Reservation Agreement

Reservation Agreement

Date: _____

Name _____

Store # _____

Street _____

City, State, Zip _____

Learning Express, Inc. ("Learning Express") hereby accepts the sum of Five Thousand dollars (\$5,000.00) from _____ ("me" or "I") as a reservation fee to be applied against the total fee of Thirty Five Thousand dollars (\$35,000.00) for the purchase of a Learning Express retail outlet to be operated in the Market Area of: _____.

I acknowledge and agree that in order to be approved as a Learning Express Franchisee, I must satisfy the standards established for new franchisees, must demonstrate the requisite character, creditworthiness, and must meet certain minimum financial requirements, as validated in a Final Funding Plan. I acknowledge that the payment of the Reservation Fee submitted does not ensure acceptance of me by Learning Express as a Learning Express franchisee.

As approved by Learning Express as a franchisee, then this Five Thousand dollars (\$5,000.00) Reservation Fee will be applied in full toward the non-refundable initial franchise fee. If I determine that I shall not become a franchisee prior to signing the Learning Express Local Store Franchise Agreement ("Franchise Agreement") or if I cannot locate a site agreeable to both parties, then this Reservation Fee will be refundable. In that event, I will execute and deliver to Learning Express, general releases of any and all claims I may have against Learning Express and its affiliates, and the respective officers, directors, employees and agents of Learning Express its affiliates and the Regional Franchise Owner (as defined below), in form and substance satisfactory to Learning Express.

I understand that upon execution of this Reservation Agreement, payment of my Five Thousand dollars (\$5,000.00) Reservation Fee, and submission of a Preliminary Funding Plan, Learning Express or the local Learning Express services provider (the "Regional Franchise Owner"), will assist me with site selection and lease negotiations, although I alone will assume the ultimate responsibility for the site selected, as well as the negotiations of my lease. I must seek the acceptance from Learning Express for the proposed location before I sign any lease or otherwise obligate myself to a landlord. In furnishing acceptance, Learning Express will consider general location and immediate surroundings, market demographic characteristics, traffic patterns, visibility, size, layout, rental and lease terms, competition and growth trends in the area. I must furnish Learning Express with a copy of the proposed lease and an outline of the lease's key business terms. Once I have signed the lease, I must furnish Learning Express with a fully executed copy. Learning Express' acceptance of a site does not constitute a representation or warranty that the location will be profitable or that my sales will attain any predetermined levels. Acceptance is intended only to indicate that the proposed site meets the minimum criteria for identifying sites. I agree that Learning Express' acceptance or refusal to accept a proposed site will not impose any liability or obligation on Learning Express.

I understand that I must undertake site selection activities immediately upon execution of this Reservation Agreement and will have one hundred eighty (180) days from the date of execution of this Reservation Agreement to secure a location which has been accepted by Learning Express. If I fail or refuse to enter into a lease for an accepted location within the one hundred eighty (180) day period, then upon notice from

Learning Express, this Reservation Agreement will then terminate and I will have no further rights to become a Learning Express franchisee. The one hundred eighty (180) day period to secure an accepted site may only be extended by mutual consent.

Learning Express will refund the Reservation Fee in the event that Learning Express has a prospect interested in the Market Area and I have not actively pursued a location in the Market Area defined in this Reservation Agreement.

I understand that in no event will Learning Express or the Regional Franchise Owner assume in any manner or otherwise be responsible for my lease. Learning Express will not guarantee, co-sign or in any other way guarantee performance of any lease.

I hereby acknowledge that I have received the Learning Express Disclosure Document at least fourteen (14) days prior to the date on which this Reservation Agreement is executed, and that I have received a copy of this Reservation Agreement containing an acknowledgment of receipt of the Five Thousand dollars (\$5,000.00) Reservation Fee.

Signature: _____

Name: _____

Date: _____

Receipt of Five Thousand dollars (\$5,000.00) is acknowledged:

Learning Express, Inc.

By: _____
Authorized Officer or Agent

Date: _____

Exhibit D: Funding Plan

As stated in Item 7 of the Franchise Disclosure Document (FDD), your Franchise Store Location will require adequate funding. Please estimate below the sources that you will use to fund your Learning Express Location.

This Funding Plan is:

- Preliminary (Documentation not required)
 Final (Documentation is required to verify fund sources)

Funding Sources (Liabilities)	Amount	Documentation Attached
Short-Term: Line of Credit	\$	<input type="checkbox"/>
Short-Term: Loan	\$	<input type="checkbox"/>
Long-Term: Loan (Family or Friends)	\$	<input type="checkbox"/>
Long-Term: Loan (401(k) or IRA)	\$	<input type="checkbox"/>
Long-Term: Loan (Bank, Small Business Loan, etc.)	\$	<input type="checkbox"/>
Total Liabilities	\$	

Funding Sources (Owner's Equity)	Amount	Documentation Attached
Cash (Checking or Savings)	\$	<input type="checkbox"/>
Cash (Short-Term Investments)	\$	<input type="checkbox"/>
Cash (Family or Friends)	\$	<input type="checkbox"/>
Cash (other)	\$	<input type="checkbox"/>
Total Owner's Equity	\$	

Total Funds (Liabilities + Owners Equity)	\$
Debt-to-Worth Ratio (Liabilities/Owner's Equity)	

Location: _____

Print Name: _____

Signature: _____

Date: _____

CORPORATE USE ONLY:	Plan Approved: _____ (Contracts)
<i>Shred documentation following verification.</i>	

Exhibit E: Local Store Confidential Manuals Table of Contents

Total Number of Pages: 1,428

- Guidelines, Policies and Requirements (35 pages)
- Resources (17 pages)
- Special Topics (20 pages)
- Human Resources (88 pages)
- Sales Floor (11 pages)
- Inventory (12 pages)
- Marketing (5 pages)
- E-Commerce (48 pages)
- Accounting (14 pages)
- Forms and Files (54 pages)
- Buying Manual (256 pages)
- CounterPoint Manual (268 pages)
- Ecommerce Manual (156 pages)
- Marketing Manual (153 pages)
- Staff Training (55 pages)
- Store Development (236 pages)

Exhibit F: Rosters of Franchisees

ALABAMA		
CAHABA HEIGHTS Mike and Melissa McCollum	3132 Heights Village Vestavia Hills, AL 35243	(205) 970-9710 Grand Opening 9/28/2007
HUNTSVILLE Rebecca and Willy Vergara	Village on Whitesburg 4800 Whitesburg Drive SE Suite 31 Huntsville, AL 35802	(256) 881-8855 Grand Opening 3/13/2015
CALIFORNIA		
LAFAYETTE Cindy Al Mashat	3568 Mt. Diablo Blvd. Lafayette, CA 94549	(925) 385-7135 Grand Opening 11/21/2014
ROSEVILLE Suchitha Chetia, Sweeta and Sukesh Belenje	Rocky Ridge Town Center 2030 Douglas Road Suite 25 Roseville, CA 95661	(916) 783-6310 Grand Opening 10/11/1996 Transfer Date 4/30/2017
SAN RAMON Joanna Thorgrimsson	The Marketplace at San Ramon 136 Market Place San Ramon, CA 94583	(925) 830-8697 Grand Opening 11/11/2011 Transfer Date 3/18/2022
COLORADO		
FT. COLLINS Brinda Gupta Choquette	4357 Corbett Drive Suite 100 Ft. Collins, CO 80525	(970) 282-6501 Grand Opening 11/27/1998 Transfer Date 7/24/2017
CONNECTICUT		
THE TOY CHEST Marilyn Caruso	973 Farmington Avenue West Hartford, CT 06107	(860) 233-5559 Grand Opening 11/6/1989
FLORIDA		
AVENTURA Isaac Bendrao, Valerie Zafrany	Promenade Shops 20335 Biscayne Blvd. L-15 Aventura, FL 33180	(305) 931-8085 Grand Opening 11/17/2010
BOCA RATON Marc and Pattie Monroe	3013 Yamato Road Suite B-18 Boca Raton, FL 33434	(561) 995-0055 Grand Opening 12/31/2010
PALM BEACH GARDENS James Arpe	Garden Square Shoppes 10941 N. Military Trail Palm Beach Gardens, FL 33410	(561) 799-2869 Grand Opening 10/15/1999
PINECREST Catherina Bartel	9529 S. Dixie Highway Pinecrest, FL 33156	(305) 663-8699 Grand Opening 10/20/2010
UNIVERSITY PARK Mark and Nannette Cobb	8451 Cooper Creek Blvd University Park, FL 34201	(941) 351-5556 Grand Opening 11/11/2022

GEORGIA		
ALPHARETTA Charles & Danielle Hoffman	7300 North Point Parkway Suite 112 Alpharetta, GA 30022	(770) 741-1523 Grand Opening 11/5/1999 Transfer Date 10/30/2021
ATLANTA BUCKHEAD James and Alina O'Neal	Roswell-Wieuca Shopping Center 4407 Roswell Road Atlanta, GA 30342	(404) 252-8881 Grand Opening 6/8/2007
EAST COBB MARIETTA Charles & Danielle Hoffman	1401 Johnson Ferry Rd. NE Suite 380 Marietta, GA 30062	(770) 321-3975 Grand Opening 10/19/2007 Transfer Date 10/30/2021
WHEEZY'S – A LEARNING EXPRESS STORE Charles & Danielle Hoffman	5806 S Vickery St Suite J12, Cumming, GA 30040	(678) 341-9182 Conversion Date 10/30/2021
WOODSTOCK Eric and Kimberly Gomillion	Towne Lake Center 2295 Towne Lake Parkway Suite 136 Woodstock, GA 30189	(770) 517-2766 Grand Opening 9/7/2007 Transfer 12/31/2018
ILLINOIS		
CLARENDON HILLS Noorali and Laurie Kherani	19-21 S. Prospect Ave. Clarendon Hills, IL 60521	(630) 590-5495 Grand Opening 9/27/2012
COUNTRYSIDE Noorali and Laurie Kherani	Countryside Plaza 18 Countryside Plaza Countryside, IL 60525	(708) 352-8697 Grand Opening 11/11/2009
GENEVA COMMONS John and Sarah Flanagan	Geneva Commons 1420 Commons Drive Geneva, IL 60134	(630) 232-8697 Grand Opening 9/25/2009
GLEN ELLYN Randy and Karen Horn	900 Roosevelt Road Glen Ellyn, IL 60137	(630) 942-8574 Grand Opening 3/26/1999
LAKE ZURICH Rick and Joanne Derr	315 S. Rand Road Lake Zurich, IL 60047	(847) 540-4566 Grand Opening 8/30/1996
KENTUCKY		
CRESTVIEW HILLS Kelley Stevens	2812 Town Center Blvd. Crestview Hills, KY 41017	(859) 331-2094 Grand Opening 7/30/2010 Transfer Date 7/31/2015
LOUISVILLE Linda Newhouse and Jan Wijdenes	Eastgate Shopping Center 12619 Shelbyville Road Louisville, KY 40243	(502) 254-7774 Grand Opening 9/11/2015
LOUISIANA		
MANDEVILLE Chris & Christine Breaux	The Village Shopping Center 2885 Highway 190 Unit C2-B Mandeville, LA 70471	(985) 231-7780 Grand Opening 11/7/2014 Transfer Date 8/1/2021

METAIRIE Mark and Linda Greenbaum	3300 Severn Ave. Suite C Metairie, LA 70002	(504) 883-8697 Grand Opening 11/12/2004
SHREVEPORT Tracy and Sarah Toups	5804 Line Avenue Shreveport, LA 71106	(318) 865-8697 Grand Opening 11/2/2012 Transfer Date 3/24/2016
MASSACHUSETTS		
ACTON Greg, Paul and Matt Sahagian	250 Great Road Acton, MA	(978) 263-4009 Grand Opening 3/27/1987
BEDFORD Sharon and Louis DiMinico, Lauren Derse and Michael DiMinico**	168 Great Road Bedford, MA 01730	(781) 243-8697 Grand Opening 9/23/2016
FRANKLIN Jane Ellis	Franklin Village Center 80 Franklin Village Drive Franklin, MA 02038	(508) 553-9876 Grand Opening 10/20/2014
LYNNFIELD Greg, Paul and Matt Sahagian	115 Market Street Lynnfield, MA 01940	(781) 334-4330 Grand Opening 10/11/2013
NEEDHAM Paul Sahagian	53 Chestnut Street Needham, MA 02492	(781) 444-8650 Grand Opening 9/10/1987
NEWTON Gabriela and Joseph Cefalo	1296 Centre Street Newton Centre, MA 02459	(617) 969-2722 Grand Opening 8/15/1992 Transfer Date 5/25/2022
SUDBURY Greg, Paul and Matt Sahagian	Sudbury Plaza Shopping Center 515 Boston Post Road Sudbury, MA 01776	(978) 443-9526 Grand Opening 4/7/1997
WESTBOROUGH Robert and Stacey Kracinovich	50 East Main Street Unit #5 Westborough, MA 01581	(508) 898-0076 Grand Opening 10/15/2005 Transfer Date 9/1/2018
NEBRASKA		
FREMONT Jack Barta and Christy Piti	1612 North Bell Street Fremont, NE 68025	(402) 721-7634 Grand Opening 11/30/2007
OMAHA Pat and Kim Schmiesing	120 Regency Parkway Omaha, NE 68114	(402) 498-8697 Grand Opening 4/4/1997
NEVADA		
RENO Jenny Frederito and Erin Seipel	197 Damonte Ranch Pkwy Suite D Reno, NV 89521	(775) 853-7884 Grand Opening 11/20/2007
NEW JERSEY		
MORRISTOWN Diane Bowser	158 South Street Morristown, NJ 07960	(973) 540-8358 Grand Opening 9/22/2014

OLD BRIDGE Jennifer Schanker	3865 US Highway 9N Old Bridge, NJ 08857	(732) 970-0002 Grand Opening 11/22/2019
SEA GIRT Beth Ann Coombs	Sea Girt Square 2100 Route 35 Sea Girt, NJ 08750	(732) 359-8600 Grand Opening 7/29/2013 Transfer Date 9/13/2019
SHREWSBURY Jennifer Schanker	1055 Broad Street Shrewsbury, NJ 07702	(732) 542-1222 Grand Opening 12/4/2014 Relocated from Holmdel 10/21/2017
VERONA Roy and Patrice Sommerhalter	643 Bloomfield Avenue Verona, NJ 07044	(973) 239-2559 Grand Opening 10/5/2007
WESTFIELD Elaine Jordan	104 Quimby Street Westfield, NJ 07090	(908) 233-1381 Grand Opening 10/20/2006
NEW MEXICO		
FARMINGTON Craig Stoabs	3701 Messina Drive Suite 101 Farmington, NM 87402	(505) 278-8234 Grand Opening 5/5/2015
NEW YORK		
NYC UPPER EAST SIDE Alexandra Garcia	1071 3 rd Avenue New York, NY 10065	(212) 369-8697 Grand Opening 11/20/2014
PORT WASHINGTON Michelle Pascucci	61 Shore Rd, Port Washington, NY 11050	(516) 266-1030 Grand Opening 10/21/2022
RYE BROOK Jim and Cristi Myers	14B Rye Ridge Plaza Rye Brook, NY 10573	(914) 481-1350 Grand Opening 9/12/2009
SCARSDALE Ken Levinsohn and Ellen Strauss	21 Spencer Place Scarsdale, NY 10583	(914) 723-3700 Grand Opening 8/28/1998
NORTH CAROLINA		
CARY W.R. and Tracy Meredith	2020 Kildaire Farm Road Cary, NC 27518	(919) 859-1989 Grand Opening 11/28/1997
NORTH RALEIGH W.R. and Tracy Meredith	9660 Falls of Neuse Road Suite 130 Raleigh, NC 27615	(919) 848-6262 Grand Opening 9/26/2013
RALEIGH W.R. and Tracy Meredith	4209 Lassiter at North Hills Road #128 Raleigh, NC 27609	(919) 881-4141 Grand Opening 7/1/2010
WILMINGTON-OLEANDER PARK Angela and Mark Fair	Hanover Center 3804 Oleander Drive Wilmington, NC 28403	(910) 313-3100 Grand Opening 10/28/2006 Transfer 7/11/2017
OHIO		

DAYTON Roy and Laurie Eberhard	Cross Pointe Center 101 E. Alex-Bell Road Suite 150 Dayton, OH 45459	(937) 436-3320 Grand Opening 11/1/1996
NEW ALBANY Todd and Connie Jacob	180 F Market Street New Albany, OH 43054	(614) 933-0333 Grand Opening 10/5/2001
STRONGSVILLE Rick Diefenderfer	70 South Park Center Space #HL-10 Strongsville, OH 44136	(440) 238-1207 Grand Opening 10/1/2011
SYLVANIA Rene & Rich Rusgo	Promenade Shops 5577 Monroe Street Sylvania, OH 43560	(419) 885-3959 Grand Opening 6/10/1994 Transfer Date 8/6/2021
UPPER ARLINGTON Todd and Connie Jacob	3140 Riverside Drive Upper Arlington, OH 43221	(614) 485-0005 Grand Opening 8/7/2015
WESTLAKE Melissa Lewis	Crocker Promenade 30061 Detroit Road Westlake, OH 44145	(440) 871-8697 Grand Opening 11/6/2009
WORTHINGTON Todd and Connie Jacob	The Shoppes at Worthington Place 7227 North High Street Worthington, OH 43085	(614) 880-0333 Grand Opening 12/7/2007
OKLAHOMA		
TULSA Charlene and Jason Darrow	7891 E. 108 th Place Suite X-8 Tulsa, OK 74133	(918) 970-6999 Grand Opening 4/24/2015
OREGON		
BEND Leticia Lees, James Lees and Alexandria Lees	Bend Factory Outlets 61334 South Highway 97 Suite 320 Bend, OR 97702	(541) 389-2447 Grand Opening 11/11/2017
PENNSYLVANIA		
BLUE BELL Richard and Caroline Brant	Center Square Plaza 1301 Skippack Pike Blue Bell, PA 19422	(610) 272-0777 Grand Opening 10/27/1995
COLLEGEVILLE Richard and Caroline Brant	Providence Town Center 160 Market Street Collegeville, PA 19426	(610) 489-9500 Grand Opening 11/22/2013 Transfer Date 2/1/2019
EXTON Rich and Fran Gordon	128 Eagleview Blvd. Exton, PA 19341	(610) 280-9512 Grand Opening 9/1/2000
HAVERTOWN Rich and Fran Gordon	Manoa Shopping Center 1305 West Chester Pike Unit 23 Havertown, PA 19083	(610) 352-8697 Grand Opening 5/12/2003 Relocated from Broomall

MT. LEBANON David and Amy Bahm	1500 Washington Road Suite 2503 Pittsburgh, PA 15228	(412) 341-8697 Grand Opening 6/4/2008
NEWTOWN Tyler and Alexandria Moore, Daniel and Ashley Rosenthal	Village at Newtown 2829 South Eagle Road Newtown, PA 18940	(215) 968-6850 Grand Opening 9/18/2004 Transfer Date 7/29/2022
RICHBORO Tyler and Alexandria Moore, Daniel and Ashley Rosenthal	Crossroads Plaza 800 Bustleton Pike Richboro, PA 18954	(215) 953-6800 Grand Opening 10/15/1999 Transfer Date 7/29/2022
WEXFORD Julie and Andrew Tsounos	10628 Perry Highway Wexford, PA 15090	(724) 364-3112 Grand Opening 9/23/2016
SOUTH CAROLINA		
LEXINGTON Paige Watson	Lexington Pavilion Shopping Center 5175 Sunset Blvd. Suite 12 Lexington, SC 29072	(803) 359-0008 Grand Opening 7/2/2009
TENNESSEE		
CHATTANOOGA Patrick and Joanna Holland	Two North Shore 313 Manufacturers Road Suite 103 Chattanooga, TN 37405	(423) 643-8697 Grand Opening 9/12/2008 Transfer 8/1/2017
FRANKLIN Deborah and Dustin Moss	The Shoppes at Thoroughbred Square 420 Cool Springs Blvd. Franklin, TN 37067	(615) 771-3434 Grand Opening 3/25/2009 Transfer Date 9/30/2022
MOUNTAIN TOP TOYS* Patrick and Joanna Holland	1231 Taft Highway Signal Mountain, TN 37377	(423) 886-6943 Converted to Learning Express 8/1/2017
TEXAS		
ALDEN BRIDGE Deborah and Kenneth Tandy	8000 Research Forest Drive Suite 140 The Woodlands, TX 77382	(281) 298-0444 Grand Opening 10/20/2011
AUSTIN Christopher Dodson	1201 Barbara Jordan Blvd Ste 620 Austin, TX 78723	(512) 350-2086 Grand Opening 11/11/2022
BEE CAVE Mike and Lisa Schlageter	12901 Hill Country Blvd. D1-103 Bee Cave, TX 78738	(512) 402-0808 Grand Opening 10/24/2007
COLLEGE STATION Bridget and Isaac Mais	1505 University Drive East Suite 130 College Station, TX 77840	(979) 234-9000 Grand Opening 5/30/2018

CYPRESS Rebecca (Becky) Souther	Cinemark Shopping Center 25704 Northwest Freeway Suite H Cypress, TX 77429	(281) 758-2232 Grand Opening 5/4/2007
FRISCO Thomas and Sonseeaharay (Sonnie) Stanford	3245 Main Street Suite 273 Frisco, TX 75034	(469) 579-4975 Grand Opening 3/24/2017
HIGHLAND VILLAGE Jennifer Kaplinsky	4081 Waller Creek #150, Highland Village, TX 75077	(469) 678-8227 Grand Opening 11/27/2020
KATY Margaret (Meg) Sides	6501 S. Fry Road Suite 500 Katy, TX 77494	(281) 347-8697 Grand Opening 6/1/2005
NEON ELEPHANT Jennifer Kaplinsky	4081 Waller Creek #130, Highland Village, TX 75077	(972) 920-6857 Grand Opening
PLANO Amy MacDonald	Preston Towne Crossing 2412 Preston Road Suite 140 Plano, TX 75093	(469) 626-0020 Grand Opening 5/31/2019
SAN ANTONIO Fernando Peralta and Mayra Farret	Alamo Quarry Market 255 E. Basse Road Suite 340 San Antonio, TX 78209	(210) 930-4442 Grand Opening 7/28/1997 Transfer Date 6/17/2022
SAN ANTONIO – STONE OAK Mary and Thomas Adams	Village at Stone Oak 22802 US Highway 281 North Suite 106 San Antonio, TX 78258	(210) 545-5445 Grand Opening 9/19/2008 Transfer Date 2/1/2019
TOWN & COUNTRY Margaret (Meg) and William (Billy) Sides	Town & Country Village 12850 Memorial Drive Suite 1160 Houston, TX 77024	(713) 465-8697 Grand Opening 8/26/2010
WASHINGTON		
RENTON Cody and Danica Perino	840 N. 10 th Place, Suite A Renton, WA 98057	(425) 264-3606 Grand Opening 5/13/2016
WISCONSIN		
BROOKFIELD William and Mary Lewis	Brookfield Square Shopping Center 95 N. Moorland Road A-96 Brookfield, WI 53005	(262) 785-0425 Grand Opening 10/29/2010

* Conversion Store

** Affiliate Store, sold as a franchise on February 1, 2023 to Kevin Read (781) 243-8697.

Former Franchisees

Franchisees no longer in the system:	Franchisees remaining in the system:
<p>Michael and Susan McCredie Newtown, PA and Richboro, PA Transfer of Ownership (215) 680-4370</p>	<p>Greg, Paul and Matt Sahagian Beverly, MA (781) 444-8650 Voluntary Consolidation of Stores</p>
<p>Christy and Troy Geuther Nashville, TN Transfer of Ownership (309) 236-0500</p>	
<p>Nancy Blom and Brad Kerstetter San Ramon, CA Transfer of Ownership (510) 610-6126</p>	
<p>Tim Hicks San Antonio, TX Transfer of Ownership (210) 289-4212</p>	
<p>Richard and Susan Gibson Newton, MA Transfer of Ownership (617) 538-1776</p>	

Exhibit G: Financial Statements



Business Consultants &
Certified Public Accountants

100 Front Street, 16th Floor
Worcester, MA 01608
Tel: (508) 757-3311
Fax: (508) 752-3577

Form F – Consent of Accountant

CONSENT

S&G, LLP consents to the use in the Franchise Disclosure Document issued by Learning Express, Inc. (“Franchisor”) on March 21, 2023, as it may be amended, of our report dated March 21, 2023, relating to the financial statements of Franchisor for the period ending December 31, 2022.

Erin Rosenlund, CPA
Erin Rosenlund, CPA
Partner

LEARNING EXPRESS, INC.
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DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Learning Express, Inc.
Devens, Massachusetts

Opinion

We have audited the accompanying financial statements of Learning Express, Inc. (an S-Corporation), which comprise the balance sheet as of December 31, 2022, and the related statements of operations and retained earnings and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Learning Express, Inc. as of December 31, 2022, and the results of its operations and 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. 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 Learning Express, Inc. 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.

Adjustments to Prior Period Financial Statements

The financial statements of Learning Express, Inc. as of December 31, 2021 were audited by other auditors whose report, dated March 10, 2022, expressed an unmodified opinion on those statements. As more fully described in Note 10, the Company has restated its 2021 financial statements during the current year to correct prior year misstatements. The other auditors reported on the 2021 financial statements before the restatement.

As part of our audit of the 2022 financial statements, we also audited adjustments described in Note 10 that were applied to restate the 2021 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the

2021 financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Learning Express, Inc.'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 Learning Express, Inc.'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.

S&G, LLP

Worcester, Massachusetts

March 21, 2023

LEARNING EXPRESS, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	Restated <u>2021</u>
CURRENT ASSETS		
Cash	\$ 3,067,298	\$ 2,808,638
Receivables:		
Trade - net	1,153,307	1,375,144
Employee Retention Tax Credit	-	88,344
Current portion of note receivable	12,431	-
Prepaid expenses	578,722	735,277
Refundable state taxes	57,716	-
TOTAL CURRENT ASSETS	<u>4,869,474</u>	<u>5,007,403</u>
PROPERTY AND EQUIPMENT		
Automobiles and trucks	149,881	237,217
Furniture and fixtures	-	430,783
Leasehold improvements	-	857,358
Machinery and equipment	101,182	600,976
Total	<u>251,063</u>	<u>2,126,334</u>
Less: accumulated depreciation	<u>(134,224)</u>	<u>(1,953,067)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>116,839</u>	<u>173,267</u>
OTHER ASSETS		
Long-term portion of note receivable	116,371	-
Intangible asset - net	17,573	12,208
Deferred tax asset	14,800	13,800
TOTAL OTHER ASSETS	<u>148,744</u>	<u>26,008</u>
TOTAL ASSETS	<u>\$ 5,135,057</u>	<u>\$ 5,206,678</u>

See accompanying notes and independent auditors' report.

LEARNING EXPRESS, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>2022</u>	<u>Restated 2021</u>
CURRENT LIABILITIES		
Accrued liabilities	\$ 153,092	\$ 136,250
Current portion of deferred revenue	72,068	18,558
TOTAL CURRENT LIABILITIES	225,160	154,808
LONG-TERM LIABILITIES		
Long-term portion of deferred revenue	117,407	76,259
Deferred tax liability	80,100	130,800
TOTAL LONG-TERM LIABILITIES	197,507	207,059
TOTAL LIABILITIES	422,667	361,867
STOCKHOLDERS' EQUITY		
Common stock - no par value		
30,000 shares authorized		
1,300 shares issued and outstanding	1,000	1,000
Additional paid-in capital	99,000	99,000
Retained earnings	4,612,390	4,744,811
TOTAL STOCKHOLDERS' EQUITY	4,712,390	4,844,811
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,135,057	\$ 5,206,678

See accompanying notes and independent auditors' report.

LEARNING EXPRESS, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>Restated 2021</u>
FRANCHISE FEE, ROYALTY INCOME, AND OTHER REVENUE	\$ 5,696,874	\$ 7,446,230
 OPERATING EXPENSES		
Salaries and wages	2,831,756	2,818,898
Advertising and marketing	261,991	199,553
Amortization and depreciation	46,412	32,743
Automobile	12,792	13,484
Bad debts	12,255	-
Charitable contributions	2,040	800
Commissions and royalties	551,572	849,828
Convention and toy fair	452,855	40,259
Insurance and employee benefits	205,679	174,611
Licenses and registration	3,601	3,124
Office	67,141	53,031
Professional fees	46,241	67,813
Rent	144,000	144,000
Repairs and maintenance	13,844	24,308
Supplies and software - net	317,659	218,564
Taxes:		
Payroll	201,718	211,760
Other	18,916	12,939
Telephone and communication	53,822	58,702
Training and seminars	122,330	26,778
Travel and entertainment	30,493	9,443
Utilities	6,760	11,889
TOTAL OPERATING EXPENSES	<u>5,403,877</u>	<u>4,972,527</u>
 INCOME FROM OPERATIONS	 <u>\$ 292,997</u>	 <u>\$ 2,473,703</u>

See accompanying notes and independent auditors' report.

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LEARNING EXPRESS, INC.
STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	Restated <u>2021</u>
OTHER INCOME (EXPENSE)		
Employee Retention Tax Credit	\$ -	\$ 106,182
Gift card gain (loss) - net	13,175	(72,826)
Impairment loss	(14,651)	-
Interest income	6,311	1,428
Gain on sale of property and equipment	650	44,000
Paycheck Protection Program loan forgiveness	-	513,894
TOTAL OTHER INCOME	<u>5,485</u>	<u>592,678</u>
 NET INCOME BEFORE (BENEFIT FROM) PROVISION FOR STATE INCOME TAXES	 298,482	 3,066,381
 (BENEFIT FROM) PROVISION FOR STATE INCOME TAXES	 <u>(12,586)</u>	 <u>229,577</u>
 NET INCOME	 <u>311,068</u>	 <u>2,836,804</u>
 RETAINED EARNINGS, BEGINNING OF YEAR AS PREVIOUSLY REPORTED	 4,744,811	 2,061,564
 PRIOR PERIOD ADJUSTMENT - Correction of an error	 <u>-</u>	 <u>(153,557)</u>
 RETAINED EARNINGS, BEGINNING OF YEAR AS ADJUSTED	 4,744,811	 1,908,007
 STOCKHOLDER DISTRIBUTIONS	 <u>443,489</u>	 <u>-</u>
 RETAINED EARNINGS, END OF YEAR	 <u>\$ 4,612,390</u>	 <u>\$ 4,744,811</u>

See accompanying notes and independent auditors' report.

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LEARNING EXPRESS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	Restated <u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 311,068	\$ 2,836,804
Adjustments to reconcile net income to net cash provided by operations:		
Amortization and depreciation	46,412	32,743
Bad debts	12,255	-
Deferred tax (benefit) expense	(51,700)	117,000
Gain on sale of fixed assets	(650)	(44,000)
Impairment loss	14,651	-
Paycheck Protection Program loan forgiveness	-	(513,894)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivables - trade - net	209,582	(271,047)
Employee Retention Tax Credit receivable	88,344	(88,344)
Grant receivable	-	75,000
Prepaid expenses	156,555	(650,343)
Refundable state taxes	(57,716)	-
Increase (decrease) in:		
Payables - trade	-	(87,429)
Accrued liabilities	16,842	136,250
Deferred revenue	94,658	(8,354)
Total adjustments	<u>529,233</u>	<u>(1,302,418)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>840,301</u>	<u>1,534,386</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(149,881)
Proceeds from sale of fixed assets	650	44,000
Development of intangible assets	(10,000)	(13,176)
Advances on note receivable	(128,802)	-
Stockholder distributions	(443,489)	-
NET CASH USED BY INVESTING ACTIVITIES	<u>(581,641)</u>	<u>(119,057)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Paycheck Protection Program loan	-	513,894
NET INCREASE IN CASH	\$ 258,660	\$ 1,929,223

See accompanying notes and independent auditors' report.

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LEARNING EXPRESS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	Restated <u>2021</u>
CASH, BEGINNING OF YEAR	\$ 2,808,638	\$ 879,415
CASH, END OF YEAR	<u>\$ 3,067,298</u>	<u>\$ 2,808,638</u>
 <u>SUPPLEMENTAL DISCLOSURES</u>		
Cash paid for income taxes	<u>\$ 87,961</u>	<u>\$ 112,578</u>

See accompanying notes and independent auditors' report.

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LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

1. NATURE OF OPERATIONS

Learning Express, Inc. (the “Company”), is a franchiser of approximately 90 retail businesses throughout the United States, which sells toys and games to the public under the trade name Learning Express.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when cash is received, and certain expenses are recognized when the obligation is incurred rather than when the cash is disbursed.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Cash includes all cash balances and highly liquid investments with an initial maturity of three months or less.

Receivables – Trade - Net

The Company carries its trade receivables at cost. On a periodic basis, management evaluates its trade receivables and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit conditions. The Company’s policy is to not accrue interest on trade receivables. The allowance was \$4,000 and \$2,000 as of December 31, 2022 and 2021, respectively.

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Additions and improvements are capitalized while maintenance and repair expenditures are charged to operations as incurred. Upon the sale or retirement of assets, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations. Depreciation is determined using straight-line method over the estimated useful lives of the assets, as follows:

<u>Asset Classification</u>	<u>Number of Years</u>
Automobiles and trucks	5 to 7
Furniture and fixtures	5 to 10
Leasehold improvements	20 to 39
Machinery and equipment	5 to 10

Depreciation expense was \$41,777 and \$31,775 for the years ended December 31, 2022 and 2021, respectively.

Impairment of Long-Lived Assets

The Company accounts for the Property, Plant and Equipment Topic of the FASB ASC 360-10, for the impairment of long-lived assets. This statement requires, among other things, that entities identify events or changes in circumstances that indicate that the carrying amount of an asset may not be recoverable. During the year ended December 31, 2022, the Company recognized an impairment loss of \$14,651 regarding the retirement of leasehold improvements, furniture, and equipment relating to a building that is no longer in use by the Company.

Intangible Asset - Net

The Company invests in software development that is used by the Company and its franchisees for their daily operations. The software enhancements are programmed by an outside vendor and are capitalized and amortized in accordance with FASB ASC 350-40 "Internal-Use Software." Amortization expense related to the software was \$4,635 and \$968 for the years ended December 31, 2022 and 2021, respectively.

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Asset – Net (continued)

The annual amortization expense is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 4,635
2024	4,635
2025	4,635
2026	<u>3,668</u>
Total	<u>\$ 17,573</u>

Deferred Revenue

The estimated amount of deferred revenue equals the transaction price allocated to unfulfilled performance obligations. As of December 31, 2022 and 2021, deferred revenue was \$189,475 and \$94,817, respectively. Of the total amounts, \$25,000 consisted of franchise deposits and \$21,400 of training and marketing fees for 2022 that had not yet been earned by the Company and are expected to be earned in the following year. The remaining amounts consisted of initial franchise fees of \$143,075 and \$94,817 as of December 31, 2022 and 2021, respectively, that are amortized over the life of the franchise license in accordance with FASB ASC 606 “Revenue from Contracts with Customers.” The amount of deferred revenue that is expected to be recognized in future years is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 72,068
2024	23,019
2025	17,945
2026	15,875
2027	13,888
Thereafter	<u>46,680</u>
Total	<u>\$ 189,475</u>

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Employees of the Company are entitled to paid vacation depending on their length of service. It is not practical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when paid to employees.

Revenue Recognition

The Company accounts for revenue from franchise fees using the accounting method prescribed under FASB ASC 606 "Revenue from Contracts with Customers." ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services.

The Company's significant performance obligations under the franchise agreements are as follows:

1. Prior to store opening:
 - a. Provide grand opening manual and assistance with grand opening advertising and marketing plan;
 - b. Provide a New Store Owner Training Program;
 - c. Assistance with site selection, demographic studies, lease review and negotiation;
 - d. Use of the Learning Express Trademark.
2. Subsequent to store opening:
 - a. Periodically advise or offer general assistance by telephone, email and webinar;
 - b. Provide updates and revisions to manuals;
 - c. Provide access to the Learning Express Internet Website;
 - d. Use of the Learning Express Trademark.

The Company has determined the franchise agreement should be disaggregated under ASC 606 and elects to use the practical expedients under ASU 2021-02. The performance obligations satisfied prior to and up to the store opening have been reported as a separate contract.

Initial franchise fees are recognized as the Company satisfies the performance obligation over the franchise term, which is 10 years. Payment of the initial franchise fee is due at the signing of the franchise agreement. Revenue recognized from franchise sales for the years ended December 31, 2022 and 2021 totaled \$20,542 and \$24,054, respectively. The remaining revenue represents services transferred at a point in time.

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

Royalties are based on 5 percent of sales and are recognized monthly at the time that the underlying sales occur.

Training, marketing, website, software, and convention fees are recognized as the revenues are earned.

Advertising and Marketing

The Company expenses advertising and marketing costs as they are incurred. These costs amounted to \$261,991 and \$199,553 for the years ended December 31, 2022 and 2021, respectively.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the difference between the financial statement carrying amount of existing assets and liabilities and their respective tax bases and for tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date.

The stockholders have elected, for federal and state income tax purposes, to be taxed as a small business corporation (S-Corporation). This election provides for the net income or loss of the Company to be reported on the personal federal and state income tax returns of the individual stockholders. The Company pays no federal income tax on its profits and receives no income tax benefit from its losses. In years when the Company's revenue exceeds \$6 million, the Company is taxed at the corporate level for Massachusetts income tax purposes.

During the years ended December 31, 2022 and 2021, the Company, under the Massachusetts elective pass-through excise tax provisions, elected to pay a Pass-Through Entity Excise Tax for its stockholders. The expense recognized by the Company for this tax was of \$39,114 and \$56,900 for the years ended December 31, 2022 and 2021, respectively. Such expense is to be allowed to be taken as a credit against the stockholders' tax on their individual Massachusetts income tax returns. In accordance with IRS Notice 2020-75, the payments are allowable as a tax deduction on the Company's federal tax return.

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

Management has elected under ASC 740 to present the Pass-Through Entity Excise Tax as an income tax. The amount is included in the provision for state income taxes in the statements of operations and retained earnings.

As of December 31, 2022, the income tax returns for the Company are subject to potential examination by taxing authorities for the years ended December 31, 2019 through 2022.

Reclassification

Certain reclassifications have been made to the prior year's financial statements in order for them to be comparable with the current year with no effect on net income or retained earnings.

3. NOTE RECEIVABLE

The note receivable consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Note receivable from a franchisee, personally guaranteed by the franchise owner, with interest at 6 percent, payable in monthly installments of principal and interest of \$1,998, due September 2029.	\$ 128,802	\$ -0-
Less: current portion of note receivable	<u>12,431</u>	<u>-0-</u>
Total note receivable, net of current portion	<u>\$ 116,371</u>	<u>\$ -0-</u>

LEARNING EXPRESS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022 AND 2021

3. NOTE RECEIVABLE (Continued)

Principal maturities of the note receivable are as follows:

Year Ending <u>August 31,</u>	<u>Amount</u>
2023	\$ 12,431
2024	17,454
2025	18,515
2026	19,642
2027	20,838
Thereafter	<u>39,922</u>
Total	<u>\$ 128,802</u>

4. RELATED PARTY TRANSACTIONS

Revenues

As of December 31, 2022, a related party owned one of the franchises. During the years ended December 31, 2022 and 2021, the Company collected royalty fees of \$69,165 and \$90,320 from the related party, respectively. At December 31, 2022 and 2021, the franchisee owed the Company \$12,104 and \$13,377, respectively, in royalty fees and other reimbursable expenses, which is included in trade receivables. As disclosed in Note 11, on February 1, 2023, the related party who owned this franchise sold it to a new unrelated franchisee.

Lease

The Company rents its office space from the stockholder as a tenant-at-will. Rent expense for each of the years ended December 31, 2022 and 2021 was \$144,000. The Company ceased renting the space upon the entry into an agreement by the stockholders to sell the building.

5. OTHER INCOME – CARES ACT

The Company applied for and was awarded a forgivable loan of \$513,894 from the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits, during a 24-week period (the covered period) as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the loan agreement, at the end of the covered period and the remainder of the

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

5. OTHER INCOME – CARES ACT (Continued)

funds will be due over a two-year period with interest at one percent. The Company received forgiveness of debt in the amount of \$513,894 in 2021, which has been recognized as other income in the statements of operations and retained earnings.

The Company applied for a refundable tax credit against certain employment taxes established by the CARES Act. The tax credit is equal to 50 to 70 percent of qualified wages, up to \$10,000 per employee, that an employer pays to employees after March 12, 2020 and before October 1, 2021. For the year ended December 31, 2021, a credit of \$106,182 has been recognized as other income in the statements of operations and retained earnings. The Company received \$17,837 of the credit in 2021, and a receivable of \$88,344 has been recognized in the balance sheet for the remainder. The remaining receivable was collected in full in 2022.

6. COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES

Uncertainties

In the normal course of business affairs and operations, the Company may be subject to certain claims and litigations. Management believes there are no material legal matters as of December 31, 2022 and 2021.

The COVID-19 outbreak in the United States and globally is unprecedented and has had a significant impact on the economy, businesses, and organizations. The United States and other countries removed the majority of COVID-19 restrictions in 2022, but could potentially reinstate restrictions should there be a resurgence in virus. There is still some uncertainty around the pandemic's duration and future impact, particularly as new variants of the virus emerge. COVID-19 could result in continued market volatility and possible economic downturn. The future impact on the Company's financial position and operating results cannot be reasonably determined at this time.

7. RETIREMENT PLAN

The Company maintains a 401(k) Plan, which permits employees to make elective deferrals up to the limits as permitted by IRS Regulations. The Company may match 15 percent of the deferral, limited to 6 percent of wages. There was no company contribution for the years ended December 31, 2022 and 2021.

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

8. INCOME TAXES

Deferred income tax assets and liabilities are computed on the difference in the book and tax basis of assets and liabilities that have future tax consequences and for tax credit carryforwards. These differences are calculated using the currently enacted tax laws and rates that apply to the periods in which they are expected to affect taxable income. Valuation allowances are established, if necessary, to reduce deferred tax asset accounts to the amounts that will likely be realized.

Income tax expense is the current tax payable or refundable for the period, plus or minus the net change in the deferred tax asset and liability accounts.

The net deferred tax amount included in the accompanying balance sheets includes the following:

	<u>2022</u>	<u>2021</u>
Deferred tax asset	\$ 14,800	\$ 13,800
Deferred tax liability	<u>(80,100)</u>	<u>(130,800)</u>
 Deferred tax liability - net	 <u>\$ (65,300)</u>	 <u>\$ (117,000)</u>

The deferred tax asset results from the use of the cash basis method of accounting for state income tax purposes and the allowance for doubtful accounts. The deferred tax liability results from the use of the cash basis method of accounting and accelerated methods of depreciation of property and equipment for state income tax purposes.

The components of income tax expense relating to continuing operations are as follows:

	<u>2022</u>	<u>2021</u>
Current:		
State	\$ -0-	\$ 55,677
Pass-through entity tax	39,114	56,900
Deferred:		
State	<u>(51,700)</u>	<u>117,000</u>
 Total	 <u>\$ (12,586)</u>	 <u>\$ 229,577</u>

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

9. CONCENTRATIONS

Concentration of Credit Risk

The Company maintains its cash balance at federally insured institutions. At times, cash balances may exceed the federal insured limit of \$250,000. Management monitors the financial condition of the banking institution, along with its cash balances, and tries to keep this potential risk to a minimum.

10. PRIOR PERIOD ADJUSTMENTS

Certain errors resulting in an understatement of previously reported prepaid expenses, accounts receivable, intangible asset - net, deferred tax asset, accrued expenses, deferred revenue, and deferred tax liability and an overstatement of property and equipment at December 31, 2021 were discovered during the current year. Accordingly, an adjustment of \$4,249 was made to decrease net income. Retained earnings was decreased by \$157,806, of which \$153,557 was for periods earlier than 2021.

The following is a summary of the line items from the 2021 financial statements that were restated as a result of the correction of errors and certain reclassifications made to the prior year's financial statements in order for them to be comparable with the current year.

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated Amount</u>
<u>Restatements to the balance sheet:</u>			
Receivables – trade - net	\$ 1,297,002	\$ 78,142	\$ 1,375,144
Employee Retention Tax Credit	-0-	88,344	88,344
Prepaid expenses	673,324	61,953	735,277
Total current assets	4,778,964	228,439	5,007,403
Automobiles and trucks	235,726	1,491	237,217
Leasehold improvements	856,357	1,001	857,358
Machinery and equipment	600,666	310	600,976
Less: accumulated depreciation	(1,899,879)	(53,188)	(1,953,067)
Total property and equipment	223,653	50,386)	173,267
Intangible asset - net	-0-	12,208	12,208
Deferred tax asset	-0-	13,800	13,800
Total other assets	-0-	26,008	26,008
Total assets	5,002,617	204,061	5,206,678
Accrued liabilities	-0-	136,250	136,250

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

10. PRIOR PERIOD ADJUSTMENTS (Continued)

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated Amount</u>
<u>Restatements to the balance sheet (continued):</u>			
Current portion of deferred revenue	\$ -0-	\$ 18,558	\$ 18,558
Total current liabilities	-0-	154,808	154,808
Long-term portion of deferred revenue	-0-	76,259	76,259
Deferred tax liability	-0-	130,800	130,800
Total long-term liabilities	-0-	207,059	207,059
Total liabilities	-0-	361,867	361,867
Retained earnings	4,902,617	(157,806)	4,744,811
Total liabilities and stockholders' equity	\$ 5,002,617	\$ 204,061	\$ 5,206,678
<u>Restatements to the statement of operations and retained earnings:</u>			
Total revenue	\$ 7,161,198	\$ 285,032	\$ 7,446,230
Salaries and wages	2,670,439	148,459	2,818,898
Amortization and depreciation	31,775	968	32,743
Charitable contributions	-0-	800	800
Convention and toy fair	-0-	40,259	40,259
Insurance and employee benefits	241,774	(67,163)	174,611
Office expense	45,304	7,727	53,031
Supplies and software - net	341,112	(122,548)	218,564
Taxes - payroll	206,269	5,491	211,760
Other taxes	-0-	12,939	12,939
Training and seminars	46,608	(19,830)	26,778
Total operating expenses	4,766,889	205,638	4,972,527
Employee Retention Tax Credit	-0-	106,182	106,182
Gift card loss - net	-0-	(72,826)	(72,826)
Total other income	559,322	33,356	592,678
Net income before provision for state income taxes	2,953,631	112,750	3,066,382
Provision for state income taxes	112,578	116,999	229,577
Net income	2,841,053	(4,249)	2,836,804
Retained earnings, end of year	\$ 4,902,617	\$ (157,806)	\$ 4,744,811

LEARNING EXPRESS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 21, 2023, which is the date the financial statements were available to be issued.

The predecessor auditor who audited the financial statements of Learning Express, Inc. as of December 31, 2021 and prior years retired his auditing practice and a new independent auditor was engaged as of January 16, 2023 to audit the year ended December 31, 2022.

In January 2023, the stockholder, who owns the building rented by the Company, entered into an agreement to sell the property. The Company expects its employees to continue working remotely and does not currently plan to relocate to a different facility.

As of February 1, 2023, the related party who owned a franchise sold it to a new unrelated franchisee.

BURKE & COMPANY LLC
Certified Public Accountants

481 MAIN STREET
STONEHAM, MASS. 02180 - 2698
TELEPHONE (781) 438-6700
FACSIMILE (781) 438-8023

MEMBER
AMERICAN INSTITUTE OF CPAs
MASSACHUSETTS SOCIETY OF CPAs

CONSENT

Burke & Company LLC consents to the use in the Franchise Disclosure Document issued by Learning Express, Inc. ("Franchisor"), on March 15, 2022, as it may be amended, of our report dated March 10, 2022, relating to the financial statements of Franchisor for the period ending December 31, 2021.



Burke & Company LLC
Certified Public Accountants

Stoneham, Massachusetts
March 10, 2022

LEARNING EXPRESS, INC.
(A SUBCHAPTER S CORPORATION)
DECEMBER 31, 2021, 2020 AND 2019

Presented by:

BURKE & COMPANY LLC
Certified Public Accountants
Stoneham, Massachusetts 02180

LEARNING EXPRESS, INC.
DECEMBER 31, 2021, 2020 AND 2019

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- Exhibit C - Statements of Cash Flows
Years Ended December 31, 2021, 2020 and 2019
- Exhibit D - Notes to the Financial Statements
December 31, 2021, 2020 and 2019

BURKE & COMPANY LLC

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Learning Express, Inc.
Devens, MA 01434

Opinion

We have audited the accompanying financial statements of Learning Express, Inc., (a Massachusetts corporation) which comprise the balance sheets as of December 31, 2021, 2020 and 2019, and the related statements of income, retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Learning Express, Inc. as of December 31, 2021, 2020 and 2019, 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. 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 Learning Express, Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the 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 Learning Express, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Learning Express, Inc.'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.



Burke & Company LLC
Certified Public Accountants

Stoneham, Massachusetts
March 10, 2022

Exhibit A

LEARNING EXPRESS, INC.
BALANCE SHEETS
DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
Cash	2,808,638	879,415	500,028
Accounts Receivable	1,297,002	1,104,097	1,650,917
Prepaid Expenses	673,324	84,934	50,141
Grant Receivable	<u>----</u>	<u>75,000</u>	<u>----</u>
<u>TOTAL CURRENT ASSETS</u>	<u>4,778,964</u>	<u>2,143,446</u>	<u>2,201,086</u>
<u>PROPERTY AND EQUIPMENT</u>			
Motor Vehicles	235,726	251,448	308,220
Equipment	600,666	600,666	600,684
Furniture and Fixtures	430,783	430,783	430,783
Leasehold Improvements	<u>856,357</u>	<u>856,357</u>	<u>856,357</u>
<u>TOTAL PROPERTY AND EQUIPMENT - AT COST</u>	<u>2,123,532</u>	<u>2,139,254</u>	<u>2,196,044</u>
<u>Less: Accumulated Depreciation</u>	<u>1,899,879</u>	<u>2,033,707</u>	<u>2,051,910</u>
<u>PROPERTY AND EQUIPMENT - NET OF DEPRECIATION</u>	<u>223,653</u>	<u>105,547</u>	<u>144,134</u>
<u>TOTAL ASSETS</u>	<u>5,002,617</u>	<u>2,248,993</u>	<u>2,345,220</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

LEARNING EXPRESS, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>FRANCHISE FEE AND ROYALTY INCOME</u>	7,161,198	3,419,868	4,508,873
<u>OPERATING EXPENSES</u>	<u>4,766,889</u>	<u>4,064,491</u>	<u>4,477,897</u>
<u>INCOME (LOSS) FROM OPERATIONS</u>	2,394,309	(644,623)	30,976
<u>OTHER INCOME</u>			
Gain on Sale of Autos	44,000	8,500	----
Interest Income	1,428	2,225	7,040
Payroll Protection Loan Debt Forgiveness	513,894	549,600	----
Grant Income	<u>----</u>	<u>75,000</u>	<u>----</u>
<u>INCOME (LOSS) BEFORE INCOME TAXES</u>	<u>2,953,631</u>	<u>(9,298)</u>	<u>38,016</u>
<u>PROVISION FOR INCOME TAXES</u>			
State	<u>112,578</u>	<u>2,308</u>	<u>4,132</u>
<u>NET INCOME (LOSS)</u>	2,841,053	(11,606)	33,884
<u>RETAINED EARNINGS - BEGINNING</u>	<u>2,061,564</u>	<u>2,073,170</u>	<u>2,039,286</u>
<u>RETAINED EARNINGS - ENDING</u>	<u>4,902,617</u>	<u>2,061,564</u>	<u>2,073,170</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

LEARNING EXPRESS, INC.
OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Advertising	1,017	8,077	38,060
Auto Expense	13,484	18,168	17,456
Bad Debts	---	183,912	8,472
Commissions and Royalties	849,828	318,874	509,558
Depreciation	31,775	38,568	60,976
Insurance and Employee Benefits	241,774	177,872	214,966
Licenses and Registration Fees	3,124	1,236	2,367
Office Expense and Credit Card Fees	45,304	65,108	103,584
Payroll and Payroll Taxes	2,876,708	2,635,671	2,885,712
Supplies and Software	341,112	212,652	285,558
Professional Fees	67,813	14,024	12,123
Repairs and Maintenance	24,308	20,385	27,534
Rent	144,000	165,000	90,000
Telephone and Communication	58,702	66,557	28,659
Training and Seminars	46,608	124,715	142,605
Travel	9,443	499	31,789
Utilities	<u>11,889</u>	<u>13,173</u>	<u>18,478</u>
<u>TOTAL OPERATING EXPENSES</u>	<u>4,766,889</u>	<u>4,064,491</u>	<u>4,477,897</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

LEARNING EXPRESS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Net Income (Loss)	2,841,053	(11,606)	33,884
Adjustments to Reconcile Net Income to Net Cash			
Depreciation	31,775	38,568	60,976
Gain on Sale of Fixed Assets	(42,000)	(8,500)	----
<u>(INCREASE) DECREASE IN ASSETS</u>			
Accounts Receivable	(192,905)	546,820	32,910
Prepaid Expenses	(588,390)	(34,793)	65,258
Grant Receivable	75,000	(75,000)	----
<u>INCREASE (DECREASE) IN LIABILITIES</u>			
Accounts Payable	(87,429)	(69,386)	(41,741)
Accrued Expenses	----	(15,216)	(27,271)
Franchise Deposits	----	----	(5,000)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>2,037,104</u>	<u>370,887</u>	<u>119,016</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Purchase of Property and Equipment	(149,881)	----	(20,520)
Proceeds on Sale of Fixed Assets	<u>42,000</u>	<u>8,500</u>	<u>----</u>
<u>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</u>	<u>(107,881)</u>	<u>8,500</u>	<u>(20,520)</u>
<u>NET INCREASE IN CASH</u>	<u>1,929,223</u>	<u>379,387</u>	<u>98,496</u>
<u>CASH - BEGINNING</u>	<u>879,415</u>	<u>500,028</u>	<u>401,532</u>
<u>CASH - ENDING</u>	<u>2,808,638</u>	<u>879,415</u>	<u>500,028</u>

SUPPLEMENTAL CASH FLOWS DISCLOSURES

<u>Cash Paid During the Years for:</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest	----	----	----
Income Taxes	112,578	2,308	4,132

SUPPLEMENTAL DISCLOSURES OF ACCOUNTING POLICY

For the purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

LEARNING EXPRESS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Operations

The Company is a franchiser of approximately 90 retail businesses throughout the United States, which sells toys and games to the public under the trade name Learning Express.

B. Bad Debts

Bad debts are written off when deemed uncollectible by management. Accounts receivable are net of an allowance of \$2,000, \$2,000 and \$1,000 at December 31, 2021, 2020 and 2019, respectively.

C. Fixed Assets

Fixed assets are stated at cost and are being depreciated using straight line and accelerated methods over their estimated useful lives ranging from 3 to 20 years.

D. Income Taxes

Effective January 1, 1998, the Company elected to be taxed as a Subchapter S Corporation. Income, including deferred income is passed through to the shareholders, who then are liable for taxes thereon. Some states tax the Corporation directly on income apportioned to that state. The Company has not been informed that its tax returns are under audit from any taxing authorities.

E. Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with United States generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

F. Subsequent Events

Management has evaluated subsequent events through March 10, 2022, the date of these financial statements.

NOTE 2 - RELATED PARTIES

The Company rents its office space from the stockholder as a tenant-at-will. Rent expense for 2021, 2020 and 2019 was \$144,000, \$165,000, \$90,000, respectively.

LEARNING EXPRESS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

NOTE 3 - REVENUE RECOGNITION

The Company has applied the revenue recognition accounting standards of the Financial Accounting Standards Board update 2014-09 Revenue from Contracts with Customers (Topic 606). Under ASC 606, contracts with customers are analyzed to determine the revenue streams and performance obligations under the contract, and whether the contract should be combined with other contracts with the same customer, or whether the contract should be disaggregated into two or more distinct groups of performance obligations. The company's franchise agreements constitute contracts under ASC 606. The company's franchise agreements provide for a franchise fee to be paid (currently \$35,000) prior to or upon the opening of a store, and for the franchise to pay a royalty of 5% of sales, to be calculated and paid monthly.

The company's significant performance obligations under the franchise agreement prior to store opening are as follows:

- Provide Grand Opening manual and assistance with Grand Opening advertising and marketing plan.
- Provide a New Store Owner Training Program. (Approximately 250 hours)
- Assistance with site selection, demographic studies, lease review and negotiation.
- Use of the Learning Express Trademark.

Subsequent to Store Opening:

- Periodically advise or offer general assistance by telephone, email and webinars.
- Provide updates and revisions to manuals.
- Provide access to the Learning Express Internet Website.

In the company's considerations of applying ASC 606 disaggregation concepts, the following factors were considered:

- The company's costs of performance obligations prior to store opening exceeds its franchise fee.
- Upon store opening, the franchise has received a distinct asset under the franchise agreement, which it is free to sell with no additional payments to the franchisor.
- The franchisor's cost of performance obligations subsequent to store opening are minimal, and the performance of the obligations are directly related to royalty revenues, and not franchise fees under the franchise agreement.

The Company has determined the franchise agreement should be disaggregated under ASC 606. The performance obligation costs related to costs incurred prior to and up to store opening and the related franchise fee have been reported as a separate contract. The performance obligation costs subsequent to store opening, and the related royalty income revenue have been treated as a separate contract.

Deposits received on franchise fees are recorded as liabilities, and revenue is deferred until store opening. As a practical expedient, incremental costs are expensed as incurred. Royalties are recorded as revenue on a monthly basis when earned. As such, there are no deferred assets or deferred revenues on franchise agreements with opened stores.

LEARNING EXPRESS, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019

NOTE 3 - REVENUE RECOGNITION (continued)

The franchise fee revenue and royalty revenue are broken down as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Regional Franchise Fees	\$ ----	\$ ----	\$ ----
Local Franchise Fees	35,000	70,000	25,000
Royalties	<u>7,126,198</u>	<u>3,349,868</u>	<u>4,483,873</u>
TOTALS	<u>\$7,161,198</u>	<u>\$3,419,868</u>	<u>\$4,508,873</u>

The provisions of ASC 606 did not change the company's revenue recognition policies from prior years. As such, restatements of prior year's revenues and restatement of retained earnings were not necessary.

NOTE 4 - CONTINGENCIES

The Company maintains cash balances, which from time to time, may be in excess of the F.D.I.C. insurance limits.

NOTE 5 - PENSION

The Company began a 401(k) Plan, which permits employees to make elective deferrals up to the limits as permitted by IRS Regulations. The Company may match 15% of the deferral, limited to 6% of wages. Pension expense was \$-0-, \$-0-, and \$-0- for 2021, 2020 and 2019, respectively.

NOTE 6 - OTHER INCOME

The Company received a Payroll Protection Loan through the United States Small Business Administration for \$549,600 in April of 2021. In December of 2021, the Company was notified that this loan was forgiven in full under the terms of the Payroll Protection Plan. In December of 2021, the Company was also awarded a \$75,000 grant from Massachusetts Growth Capital Corporation. The grant is recorded as a receivable at December 31, 2021, and was received in February of 2021. The Company received a second Payroll Protection Plan Loan in 2021 for \$513,894. This loan was forgiven in full in 2021.

Exhibit H to this Disclosure Document State Specific Addenda to the Disclosure Document

Information Required By the State of California

In recognition of the California Franchise Investment Law, Cal. Corp. Code § 31000, et seq., and the California Franchise Relations Act, Cal. Bus. & Prof. Code § 20000, et seq., the Franchise Disclosure Document for Learning Express, Inc. offering franchises under the “Learning Express” mark for use in the State of California shall be amended as follows:

The Cover Page shall be amended by adding the following disclosures:

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.

Registration does not constitute approval, recommendation, or endorsement by the commissioner.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints, concerning the contents of this website may be directed to the California Department of Financial Protection and Innovation at dfpi.ca.gov.

RISK FACTORS:

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.

Neither the franchisor, nor any person nor franchise broker in Item 2 of this Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

- 1) Item 3 “Litigation” shall be amended by the addition of the following paragraph:

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

- 2) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

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.

- 3) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

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

- 4) Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

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.

- 5) Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

The franchise agreement requires application of the laws of Massachusetts. This provision may not be enforceable under California law.

- 6) Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by adding the following disclosure:

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

- 7) Item 19, "Financial Performance Representations" shall be amended by adding the following disclosure:

The earnings claims figures do not reflect the cost of sales, operating expenses or other costs or expenses that must be deducted from 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 Store Franchise. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of information.

Information Required By the State of Indiana

In recognition of the Indiana Franchise Law, Title 23, Article 2, Chapter 2.5 Sections 1 through 51, the Franchise Disclosure Document for Learning Express, Inc. offering franchises under the "Learning Express" mark for use in the State of Indiana shall be amended as follows:

1) Item 17(c), pertaining to "Requirements for You to Renew or Extend" Your Franchise Agreement, is hereby amended by adding the following paragraph:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for You to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve Learning Express from liability imposed by Indiana State Code 23-2-2.7.

2) Item 17(m) pertaining to requirements for approval of transfer, is hereby amended by adding the following:

"Indiana State Code 23-2-2.7-1(5) deems it unlawful for You to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve Learning Express from liability imposed by Indiana State Code 23-2-2.7.

3) Item 17(r), pertaining to the post-termination non-competition covenants, is hereby amended by adding the following paragraph:

"The post-termination covenant not to compete complies with Indiana State Code 23-2-2.7-1(9) which prohibits Learning Express from prohibiting You from competing for a period longer than 3 years or in an area greater than the exclusive area contained in Your agreement."

4) Item 17(t), pertaining to the integration/merger clause, is hereby amended by adding the following paragraph:

"Notwithstanding anything to the contrary contained in Your agreement, You do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Uniform Franchise Disclosure Document."

5) Item 17(v), pertaining to the choice of forum, is hereby amended by adding the following paragraph:

"Choice of forum in any jurisdiction other than Indiana is prohibited under IC 23-2-2.7-1(10). Learning Express may not require that You agree to participate in any form of alternative dispute resolution other than arbitration before an independent arbitrator."

6) Item 17(w), pertaining to the choice of law, is hereby amended by adding the following paragraph:

"The choice of Massachusetts law shall be subject to the superseding provisions in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7."

7) Item 19, "Financial Performance Representations", is hereby amended by adding the following paragraph:

"Gross sales do not reflect the actual income of a franchised store and should not be used to calculate prospective profitability. The profitability of an individual store is dependent upon a number of factors, which may vary due to the distinct characteristics of the franchised business. In particular, variable costs such as those listed in Item 7 of this Disclosure Document, as well as costs associated with regulatory compliance, human resources and payments which You will be required to make to Learning Express should be considered."

Information Required By the State of Michigan

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.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise.

- (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. The 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.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires a 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.

ANY QUESTIONS REGARDING THE NOTICE SHOULD BE DIRECTED TO THE DEPARTMENT OF COMMERCE, CORPORATION AND SECURITIES BUREAU, 670 LAW BUILDING, LANSING, MICHIGAN 48913.

Information Required By the State of Minnesota

Franchise Disclosure Document for Learning Express, Inc. for use in the State of Minnesota shall be amended as follows:

Cover Page:

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

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

1. Item 13, Trademarks, shall be amended by the addition of the following paragraph:

"In compliance with Minn. Stat. ' 80C.12, Subd. 1(g), Learning Express will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

2. Item 17, Renewal, Termination, Transfer and Dispute Resolution, the following language shall be amended by adding the following:

"Minnesota Franchise Act, Minn. Stat. ' 80C.21, and Minn. Rule 2860.4400(J) prohibit us 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 this Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, including specifically Chapter 80C.17, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

3. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17:

"You will execute a general release, in a form prescribed by Learning Express, of any and all claims against Learning Express, its affiliates, and their respective officers, directors, agents and employees, excluding only such claims as you may have that has arisen under the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

"Notwithstanding the foregoing, your rights regarding renewal may be determined by applicable provisions of the Minnesota Franchise Act, Minn. Stat. ' 80C.14, and Minnesota Rule ' 2860.4400(M)."

"The transferor's execution of a general release under seal, in a form satisfactory to Learning Express, of any claims against Learning Express and its officers, directors, shareholders and employees, in their corporation and individual capacities, excluding only such claims as you may have that have arisen under

the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

"To the extent that the above provisions regarding termination are inconsistent with the requirements of the Minnesota Franchise Act, Minn. Stat. ' 80C.14 and Minn. Rules 2860.4400(E) and (F) (which, among other things, grant You the right, in most circumstances, to at least 90 days' prior written notice of termination, with 60 days to cure, and reason thereof, which must, in any case, be for good cause), the above termination provisions will be superseded by the Act's requirements and will have no force or effect."

Information Required By the State of New York

Registration of this franchise with the State does not mean that the State recommends it or has verified the information in this Disclosure Document. If you learn that anything in this Disclosure Document is untrue, contact the Federal Trade Commission and the State Administrator for this State listed in Exhibit A.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS AND AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ALTHOUGH THESE FRANCHISES HAVE BEEN ACCEPTED FOR FILING SUCH FILING UNDER GENERAL BUSINESS LAW, ARTICLE 33 OF THE STATE OF NEW YORK DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE NEW YORK STATE DEPARTMENT OF LAW THAT THE INFORMATION PROVIDED IN THIS AGREEMENT IS TRUE. THE DEPARTMENT'S REVIEW DID NOT INCLUDE A DETAILED EXAMINATION OF THE MATERIALS SUBMITTED. A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT MAY CONSTITUTE A VIOLATION OF BOTH FEDERAL AND STATE LAW, AND SHOULD BE REPORTED TO BOTH FEDERAL TRADE COMMISSION, WASHINGTON, DC 20580 AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.

GENERAL BUSINESS LAW, ARTICLE 33 OF THE STATE OF NEW YORK MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE A COPY OF THE OFFERING PROSPECTUS, TOGETHER WITH A COPY OF THE FRANCHISE AGREEMENT AT THE EARLIER OF (A) THE FIRST PERSONAL MEETING BETWEEN THE FRANCHISE OR ITS AGENT AND THE PROSPECTIVE FRANCHISEE, (B) AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE EXECUTION OF A BINDING FRANCHISE OR OTHER AGREEMENT OR (C) AT LEAST TEN (10) BUSINESS DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION IN CONNECTION WITH THE SALE OR PROPOSED SALE OF A FRANCHISE.

THE NAME AND ADDRESS OF THE FRANCHISOR'S AGENT IN THIS STATE AUTHORIZED TO RECEIVE SERVICE OF PROCESS IS: SECRETARY OF STATE, ONE COMMERCE PLAZA, 99 WASHINGTON AVENUE, ALBANY, NY 12231.

In recognition of the requirements of the New York Franchise Sales Act, the Uniform Franchise Disclosure Document for Learning Express, Inc. for use in the State of New York shall be amended as follows:

1. Item 3, "Litigation" shall be amended by deleting the disclosure made therein and inserting in its place the following:

"Neither Learning Express, its predecessor, nor any person or franchise sales agent identified in Item 2:

(i) Has pending any administrative criminal or material civil actions (or a significant number of civil actions irrespective of materially) alleging: a felony; a violation of any franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations;

(ii) Has been convicted of a felony or pleaded nolo contendere to felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of a misdemeanor or pleaded nolo contendere to a misdemeanor charge or been held liable in a civil action by final judgment or been the subject of a material complaint or other legal proceeding if such misdemeanor conviction or charge or civil action, complaint or other legal proceeding involved violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property or comparable allegations;

(iii) Is subject to any injunction or restrictive order or decree relating to franchises or under any Federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practices law as a result of a concluded or pending action or proceeding brought by a public agency."

2. Item 4, "Bankruptcy" shall be amended by deleting the disclosure made therein and inserting in its place the following:

"Neither the franchisor or any predecessor, officer or general partner of the franchisor has during the 15 year period immediately preceding the date of the offering prospectus been adjudged bankrupt or reorganized due to insolvency or was a principal officer of any partnership that was adjudged bankrupt or reorganized due to insolvency during or within 1 year after the period that such officer or general partner of the franchisor held such position in such company or partnership, and no such bankruptcy or reorganization proceeding has been commenced."

3. Item 5, "Initial Franchise Fee", shall be amended by adding the following additional information:

"The initial franchise fee will be used for the following purposes: the training and the initial operating support of the franchisees, travel expenses of Learning Express's personnel and brokerage and other commissions."

4. Item 8, "Restrictions on Sources of Products and Service", shall be amended by adding the following additional information:

"Learning Express recommends the type, quality and manufacturers of the toy inventory which You will carry in Your Learning Express store. Learning Express requires You to purchase certain computer hardware and software, the specifications for which are included in Item 11 of this Offering Prospectus. Other than the foregoing recommendations and requirements, Learning Express does not obligate You to make purchases in accordance with Learning Express's specifications".

5. Item 12, "Territory", shall be amended by adding the following additional information:

"Neither Learning Express nor any affiliate has established or may establish other franchises or company-owned outlets or other channels of distribution, selling or leasing similar products or services under a different trademark."

6. Item 17, "Renewal, Termination, Transfer and Dispute Resolution", shall be amended by adding the following additional information to Provision D:

"The Franchisee may terminate upon any grounds permitted by law".

7. Item 17, "Renewal, Termination, Transfer and Dispute Resolution", shall be amended by adding the following additional information to Provisions J and S:

"However, no assignment will be made except to an assignee who, in the good faith and judgment of the Franchisor, is willing and able to assume Franchisor's obligations under the Franchise Agreement."

8. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by adding the following additional information to Provision W.

9. Item 21 shall be amended by adding the following information:

The franchisor has represented the following:

- 1) that no portion of the initial franchise fee has been allocated to the trademark or intellectual property; and that
- 2) that the initial franchise fee consists only of payments for opening assistance, which is distinct from and not brand trademark related to the franchisor.

"The foregoing choice of law should not be considered a waiver of any right conferred upon the Franchisee by the General Business Law of the State of New York".

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF MATERIAL FACT.

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

Information Required By the State of Rhode Island

In recognition of the Rhode Island Franchise Investment Act, as amended, the Franchise Disclosure Document for Learning Express, Inc. for use in the State of Rhode Island shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution" shall be amended by the addition of the following paragraph:

If You are a franchisee in Rhode Island, then the choice of law and venue provisions of Your Franchise Agreement will not be enforceable."

Information Required By the State of Washington

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protect Act, Chapter 19.100 RCW shall prevail.

The State of Washington has a statute, RCW 19.100.180 which 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.

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

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

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.

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

The undersigned does hereby acknowledge receipt of this Addendum.

Dated this ____ day of _____, 20____.

Learning Express, Inc.

Prospective Franchisee

Information Required By the State of Wisconsin

Franchise Disclosure Document for Learning Express, Inc. for use in the State of Wisconsin shall be amended as follows:

Cover Page:

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

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

THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENTS ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures under the Store Franchise headings:

"To the extent that the provisions regarding renewal described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claim deficiencies), the renewal provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

"To the extent that the provisions regarding termination described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claim deficiencies), the termination provision will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect."

"To the extent that the provisions regarding termination described in the Franchise Agreement regarding repurchase of inventory are inconsistent with the requirements of § 135.045 of the Wisconsin Fair Dealership Law, the above-mentioned provisions will be superseded by the Law's requirements, which states that if Learning Express, at the option of You, repurchases inventory which was sold by Learning Express to You for resale, fair wholesale market value must be paid for all merchandise bearing a name, trade name, label or other mark which identifies Learning Express."

"Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law."

Exhibit I to This Disclosure Document State Specific Riders to the Franchise Agreement

AMENDMENT TO LEARNING EXPRESS LOCAL STORE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof. Code § 31000 et seq., and the California Franchise Relations Act, Cal. Corp. Code § 20000 et seq., the parties to the attached LOCAL STORE FRANCHISE AGREEMENT (the "Agreement") agree as follows:

1. Section 11.2 C of the Agreement, under the heading "Permitted Transfers" shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

You shall execute a general release under seal, in a form satisfactory to Us, of any and all claims against Us and Our officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, excluding only such claims as You may have that have arisen under the California Franchise Investment Law or the California Franchise Relations Act.

2. A new section 13.4 of the Agreement, under the heading "Termination in California" shall be added, as follows:

To the extent that the provisions of Sections 13.1 and 13.2 regarding termination are inconsistent with the requirements of the California Franchise Relations Act, the termination provisions are superseded by the Act's requirements and shall have no force or effect.

3. A new Section 15.3 of the Agreement, under the heading "Application of Covenants in California" shall be added as follows:

This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. Section 16.7 of the Agreement, under the heading "Governing Law", shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

This Agreement takes effect upon its acceptance and execution by Learning Express and shall be interpreted and construed under the laws of the Commonwealth of Massachusetts, which laws shall prevail in the event of any conflict of law (without regard to, and without giving effect to, the application of Massachusetts choice of law rules) except to the extent governed by the U.S. Trademark Act of 1946, 15 U.S.C. § 1051, et seq. (the "Lanham Act"); provided, however, that if the covenants in Section 15.1 of this Agreement would not be enforceable under the laws of Massachusetts, and the Franchised Business is located outside of Massachusetts, then such covenants shall be interpreted and construed under the laws of the state in which the Franchised Business is located. Nothing in this Section 15.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the Commonwealth of Massachusetts to which this Agreement would not otherwise be subject. However, these provisions may not be enforceable under California law.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

ATTEST: LEARNING EXPRESS, INC.

Witness By: _____ (Seal)
FRANCHISOR

ATTEST:

Witness By: _____ (Seal)
FRANCHISEE

ATTEST:

Witness By: _____ (Seal)

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Franchisee; each has read this Amendment to the Agreement; and each agrees to be individually bound by its terms.

ATTEST:

Witness (Seal)

Witness (Seal)

Witness (Seal)

**AMENDMENT TO LEARNING EXPRESS LOCAL STORE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA**

In recognition of Indiana Deceptive Franchise Practices Law, §§ IC 23-2-2.7. the parties to the attached Learning Express Franchise Agreement (the "Agreement") agree as follows:

1. Section 10.20 of the Agreement, under the heading "Independent Contractor and Indemnification", shall be supplemented by the addition of the following sentence:

"In no event shall this indemnification apply to liability caused by Your proper reliance on or use of procedures or materials provided by Learning Express or because of Learning Express's negligence."

2. Section 12.2 of the Agreement, under the heading "Duties of the Parties", Section 15.1 of the Agreement under the heading "Non-Competition" and Section 15.2 of the Agreement under the heading "Non-Disclosure", shall each be supplemented by the addition of the following paragraph:

"The reservation of rights by Learning Express to injunctive relief and specific damages or limitations on the remedies available to either party without benefit of appropriate process is prohibited under IC 23-2-2.7-1(10). You cannot be required to recognize the adequacy or inadequacy of any remedy. The waiver or release of any rights with regard to the Agreement is prohibited under IC 23-2-2.7-1(5)."

3. Section 11.2 of the Agreement under the heading "Assignment by You", shall be supplemented by the addition of the following sentence: "You cannot be required to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve Learning Express from liability under Indiana Code 23-2-2.7."

4. Section 16.2 of the Agreement, under the heading "Entire Agreement", shall be supplemented by the addition of the following sentence:

"Notwithstanding anything to the contrary in this provision, You do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document."

5. Section 16.7 of the Agreement, under the heading "Venue: Governing Law", shall be supplemented by the addition of the following paragraph:

"Notwithstanding anything to the contrary in this provision, venue for any cause of action brought under this Agreement shall be in Indiana pursuant to IC 23-2-2.7-1(10). Notwithstanding anything to the contrary in this provision, the choice of law for any cause of action brought under this Agreement shall be subject to any superseding provisions contained in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7. You shall be permitted to bring actions arising under IC 23-2-2.5 at any time within 3 years from the date of violation pursuant to IC 23-2-2.7-7."

IN WITNESS WHEREOF, the parties intending to be bound legally, have fully executed, sealed and delivered this Amendment to the Agreement as of the day and year contained in the Agreement.

Witness

Witness

Learning Express, Inc.
By: _____
Officer

By: _____
Franchisee

AMENDMENT TO LEARNING EXPRESS LOCAL STORE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchise Act, Minnesota Statutes, " 80C.01 - 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Commissioner of Commerce, the parties to the attached Learning Express Store Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.2 of the Agreement, under the heading "Renewal", shall be supplemented by the addition of a new final paragraph as follows:

"Notwithstanding the foregoing, Your rights regarding renewal may be determined by applicable provisions of the Minnesota Franchise Act, Minn. Stat. ' 80C.14 and Minn. Rules ' 2860.4400(M)."

2. Section 5.3 of the Agreement entitled "Trademark Prosecution" shall be supplemented by the addition of the following language:

"We will protect Your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify You from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name."

3. Section 11.2 C of the Agreement under the heading "Permitted Transfers", shall be deleted in its entirety and shall have no force or effect, and the following shall be inserted in lieu thereof:

"You must execute a general release under seal, in a form satisfactory to Us, of any claims against Learning Express and its officers, directors, shareholders and employees, in their corporation and individual capacities, excluding only such claims as You may have that have arisen under the Minnesota Franchise Act or the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

4. Section 13 of the Agreement under the heading "Default and Termination", shall be supplemented by the following new subparagraph 13.4 entitled "Termination Rights under Minnesota Law:

"Minnesota law provides You with certain termination, non-renewal and transfer rights. Minn Stat. ' 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement, and that consent to transfer of the franchise may not be unreasonably withheld."

5. Section 16.7 of the Agreement entitled "Venue: Governing Law" shall be supplemented by the addition of two final paragraphs as follows:

"With respect to franchises governed by Minnesota law, Learning Express will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require except in certain specified cases, that You be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement."

"Minnesota Franchise Act, Minn. Stat. ' 80C.21, and Minn. Rule 2860.4400(J) prohibit Us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Store Franchise Agreement can abrogate or reduce any of Your rights as provided for in Minnesota Statutes, Chapter 80C, or Your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. This includes Section 80C.17, subd. 5, which provides that no action may be commenced pursuant to this section more than 3 years after the cause of action accrues."

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

ATTEST:

LEARNING EXPRESS, INC.

Witness

By: _____

Franchisor

(Seal)

ATTEST:

Witness

By: _____

Franchisee

(Seal)

ATTEST:

Witness

By: _____

Franchisee

(Seal)

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Franchisee; each has read this Amendment to the Agreement; and each agrees to be individually bound by its terms.

ATTEST:

Witness

(Seal)

Witness

(Seal)

Witness

(Seal)

**AMENDMENT TO LEARNING EXPRESS, INC. LOCAL STORE FRANCHISE
AGREEMENT REQUIRED BY THE STATE OF NEW YORK**

In recognition of the requirements of the New York Franchise Law and the attendant Codes, Rules and Regulation, the parties to the attached Learning Express, Inc. Franchise Agreement agree as follows:

1. Article 14.1 H, entitled "Your Obligations" shall be amended by adding the following final clause:
"; provided, however, that all rights enjoyed by You as franchisee 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 GBL, Sections 687.4 and 687.5 be satisfied."

IN WITNESS WHEREOF, the parties have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written.

ATTEST:
LEARNING EXPRESS, INC.

FRANCHISOR:

Secretary

By: _____
Officer

WITNESS:

FRANCHISEE:
By: _____

**AMENDMENT TO LEARNING EXPRESS LOCAL STORE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the Rhode Island Franchise Investment Act, as amended, the parties to the attached Learning Express, Inc. FRANCHISE AGREEMENT (the "Agreement") agree as follows:

1. Section 16.7 of the Agreement, under the heading "Venue: Governing Law", shall be amended to add the following:

"Provided that the Rhode Island Franchise Investment Act or a successor law should void a choice of law provision enforcing the laws of a jurisdiction other than Rhode Island or void a venue provision which restricts jurisdiction outside of Rhode Island, then all references to choice of law and/or venue shall read "Rhode Island."

IN WITNESS WHEREOF, the parties intending to be bound legally, have fully executed, sealed and delivered this Amendment to the Agreement as of the day and year contained in the Agreement.

Learning Express, Inc.

Witness

By: _____
Officer

Witness

By: _____
Franchisee

AMENDMENT TO LEARNING EXPRESS LOCAL STORE FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protect Act, Chapter 19.100 RCW shall prevail.

The State of Washington has a statute, RCW 19.100.180 which 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.

The Franchise Agreement is amended as follows:

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.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

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.

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.

The undersigned does hereby acknowledge receipt of this Addendum.

Dated this ____ day of _____, 20____.

Learning Express, Inc.

Prospective Franchisee

**AMENDMENT TO LEARNING EXPRESS LOCAL STORE FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF WISCONSIN**

In recognition of the Wisconsin Fair Dealership Law, Wisconsin Statutes, §§ 135.01 -135.07, the parties to the attached Learning Express Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.2 of the Agreement, under the heading "Renewal", shall be supplemented by the addition of a new final paragraph as follows:

"To the extent that the provisions of § 4.2 regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect."

2. Section 13 of the Agreement under the heading "Default and Termination", shall be supplemented by the following new subparagraph 13.4 entitled "Termination Rights under Wisconsin Law:

"To the extent that the provision of § 13 regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

ATTEST: LEARNING EXPRESS, INC.

Witness By: _____ (Seal)
Franchisor

ATTEST:

Witness By: _____ (Seal)
Franchisee

ATTEST:

Witness By: _____ (Seal)
Franchisee

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Franchisee; each has read this Amendment to the Agreement; and each agrees to be individually bound by its terms.

ATTEST:

Witness (Seal)

Witness (Seal)

Witness (Seal)

Exhibit J: Local Store Franchise Agreement

Entity Name _____

Store Name _____

Store Number _____

Date _____

Learning Express, Inc. Franchise Agreement

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Learning Express, Inc. Franchise Agreement

This FRANCHISE AGREEMENT is made and entered into this date _____
by and between

Learning Express, Inc. a Massachusetts Corporation
63 Walnut Street
Devens, Massachusetts 01434

("We" or "Learning Express")

and

Entity Name _____

Entity Address _____

("You" or "Franchisee") and, if Franchisee is a partnership, corporation, limited liability company or trust, including each of its partners, shareholders, members, or trustees.

This Franchise Agreement (the "Agreement") is between Learning Express as Franchisor and You, as Franchisee. It is intended to describe and establish Our relationship during the term of this Agreement. Learning Express strongly encourages You to read this Agreement carefully and with the assistance of a professional advisor who is familiar with franchising and franchise agreements.

Recitals

We have developed a unique system ("System") for the operation of a Specialty Toy Store that features an eclectic mix of merchandise and customer centric services in a retail environment ("Learning Express Business").

The distinguishing characteristics of the System include, without limitation, Our interior design, special décor elements, layout, furnishings, fixtures, color schemes, display units, graphic design, signs, equipment, and a unique inventory mix; procedures for operations; computer software, websites, and E-commerce platforms; quality and uniformity of services and products offered; and customer recruitment and retention programs; local, regional and national events; procedures for management training and ongoing assistance; advertising, social media and promotional programs; and business formats, methods, procedures, designs, layouts, standards, and specifications ("System Standards"), which We may change, improve and further develop.

We have full rights, together with all goodwill connected with the use of the trade name, trademarks, service marks and logos (the "Marks") and any other Marks We continue to develop, use and control for the benefit and use of Learning Express and Our franchise owners, in order to create uniformity; uniformity being essential in creating public recognition, acceptance and patronage (the "Brand");

It is the purpose of this Agreement to set forth and ensure uniform standards of appearance, quality, and operations for all Stores, and to protect and enhance the name and Marks under the System Standards, and You understand and acknowledge this; and

You wish to obtain a license to use the System and the Marks to operate a franchised Learning Express business (the “Franchised Business”), and We wish to award You this license in accordance with the terms and provisions of this Agreement, the System Standards and the Confidential Operations Manuals, at the location and for the term as set forth below.

THEREFORE, in consideration of the mutual agreements, covenants and promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, You and Learning Express agree to be bound legally as follows:

1. Significant Franchise Agreement Provisions

- 1.1 Date of Agreement _____
- 1.2 Expiration Date _____
- 1.3 Renewal Notification Date _____
- 1.4 Store Location _____
- 1.5 Designated Territory _____
- 1.6 Initial Franchise Fee _____
- 1.7 Royalty Fee _____
- 1.8 Minimum Grand Opening Advertising _____
- 1.9 Store Name _____
- 1.10 Store Number _____

2. Award of License

2.1 Award

Subject to the terms and conditions of this Agreement, We hereby award You and You accept a license to operate a single Franchised Business, as may be modified from time to time. You are permitted to conduct and operate the Franchised Business only under the name “Learning Express Toys”. We award You the right to use the System and You agree as a condition to this award of a license to comply with the obligations, which You accept by signing this Agreement. This license does not award You the right to sell any service or product to others for resale, through other channels of distribution, or via electronic

commerce. Except as provided for in Section 8.8, You may not establish or maintain a Website for Your Franchised Business.

2.2 Designated Territory

- A) During the term of this Agreement, and provided that You are not in default of this Agreement or any other agreement between You and Us, We will not own, operate, sell, grant, license or approve the transfer of, a Learning Express franchise to a location within Your Designated Territory.
- B) Except as otherwise provided, We retain the right, in Our sole discretion, directly or through intermediaries or affiliates, to: (i) establish Stores, and to award others the right to establish Stores, at any location, without regard to the proximity thereof to other Store(s), on such terms and conditions as We deem appropriate, provided, however, that We will not operate or award or approve a franchise for a brick and mortar Learning Express Store within Your Designated Territory, (ii) operate and award others the right to operate or franchise other non-competing business systems at any location(s) and on such conditions as We deem appropriate, without awarding You any rights therein; and (iii) distribute, sell or license the distribution of any products, under or in connection with any trademarks, service marks, logos, and commercial symbols owned by Us, to any purchaser wherever located via the World Wide Web, the Internet, catalog, telephone or any other means.

2.3 Limited License

You do acknowledge that the license awarded hereby is a limited award of rights. Upon termination for any reason or upon expiration of this Agreement, Your rights to operate the Franchised Business will cease and this license will terminate.

3. Franchised Location

3.1 Accepted Location

The franchise which We award You by this Agreement is for the operation of one (1) Store, to be located at the address listed in Section 1.4 above within the Designated Territory defined in Section 1.5, that We have accepted. You may not relocate Your Local Store Franchise without Our prior written consent, which shall not be provided if payment of any money due to Us remains unpaid or if You are in default of Your Agreement. We will apply the same criteria to Your request to relocate as We apply to Your initial proposed location. In furnishing Our acceptance, We will consider such factors as general location and immediate surroundings, market demographic characteristics, traffic patterns, visibility, size, layout, lease terms, competition, growth trends in the area and Your proven operating skill and willingness to follow the Learning Express system. The new location must comply with the then current System Standards such as flooring, computers and fixtures. In all cases, You must furnish Us with a copy of Your proposed lease and an outline of the lease's key business terms. Once You have signed the lease, You must furnish Us with a fully executed copy. Our acceptance of any site does not constitute a representation or warranty that the location will be profitable or that Your sales will attain any predetermined levels. Our acceptance is intended only to indicate that the proposed site meets Our minimum criteria for identifying sites. You agree that Our acceptance or refusal to accept any proposed site will not impose any liability or obligation on Us.

4. Term and Renewal

4.1 Term

This Agreement will continue for a term of ten (10) years, as set forth in Section 1.2 of this Agreement, unless terminated sooner for any reason set forth in this Agreement.

4.2 Renewal

You will have the option to renew this Agreement for two (2) successive ten (10) year terms on the basis of Our then current franchise agreement, subject to certain conditions which follow:

- A) You have substantially complied with all the provisions of this Agreement during its term;
- B) You agree to refurbish, replace or redecorate all leasehold improvements, furniture and fixtures, equipment, material, inventory, supplies, signs and the like, to the extent that it is reasonable and necessary to comply with System Standards applicable under the then current franchise agreement;
- C) You notify Us of Your intention to exercise Your option to renew by sending Us written notice, no less than one (1) year, nor more than eighteen (18) months prior to the expiration of this Agreement. Within thirty (30) days after Our receipt of timely notice, We will furnish You with Our recommendations and/or requirements relating to the furniture and fixtures, equipment, supplies, and inventory, image, appearance, and decoration of Your Franchised Business.
- D) You must sign Our then current franchise agreement no later than three (3) months before the expiration date of this Agreement and You must agree to complete the changes proposed through Our recommendations or requirements. The new franchise agreement may contain different terms and obligations than the Agreement which You are signing today. You will also be required to complete such improvements as are, in Our opinion necessary or desirable to maintain the Learning Express Mark and Brand image. You must also execute a general release, in the form which We provide, of all claims against Your Regional Franchise Owner. You do not have the right to exercise this option to renew unless all monies owed are paid current to Us, suppliers and vendors and there are no defaults under the terms of this Agreement.
- E) If You continue to operate after the end of the Term or any Renewal Term without exercising an option to renew, You shall be deemed to be operating on a month-to-month basis under the terms and conditions of Our then-current form of renewal franchise agreement. In such circumstances, and notwithstanding the foregoing, We may, on ten (10) days written notice, terminate Your franchise agreement.
- F) If the renewal agreement has not been executed prior to its expiration date, a renewal late fee of One Hundred dollars (\$100.00) per day will be due to Us as reimbursement of Our costs due to Your delay in processing the renewal agreements.

4.3 Notice Required By Law

If a state or federal law should require Learning Express to provide You with a longer notice period, then this Agreement will remain in effect on a month-to-month basis until We have given You the amount of

notice which the law may require. You must, however, have a Store lease which is effective during this post-expiration period.

5. Trademarks

5.1 Ownership of the Marks

You acknowledge that We are the sole owner of the Trademarks (“Trademarks or “Marks”) and domain names (whether containing Our Marks or not), used to identify the System and any and all other proprietary marks and characteristics relating to Our business which are licensed to You under this Agreement. Your right to use the Marks is derived solely from this Agreement and is limited to Your conduct of business pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures. Your unauthorized use of the Marks will constitute a material breach of the terms of this Agreement. It is expressly recognized that all goodwill associated with the Marks, including any goodwill which may arise through Your activities, belongs exclusively to Us.

5.2 Identification of the Business

You must use the Marks as the sole identification of the Franchised Business and must identify Yourself as the independent owner in the manner prescribed by Us. You must not use any of the Marks as part of a business entity or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than expressly licensed to You), or in any modified form, nor can You use any of the Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Us. You agree to prominently display the Marks on, or in connection with in-store displays, forms, stationery and packaging materials designated by Us. You also agree that You will not display the trademark, service mark, trade name or logo of any other person, firm or company in Your Store without Our express prior written consent.

5.3 Trademark Prosecution

You expressly agree that during the term of this Agreement, and after its expiration or termination, You cannot directly or indirectly contest or aid in contesting the validity or ownership of the Marks. You agree to promptly notify Us of any claim, demand, or suit based upon, or arising from, the use or attempted use by any other person, firm or corporation, of the trade name, service and/or trademarks licensed here, or any Mark, copyright, or colorable variation, in which We have a proprietary interest. In the event We, in Our sole discretion and option, undertake the defense or prosecution of litigation, You agree to execute and convey any and all documents and do all acts and things as may, in the opinion of Our counsel, be necessary to carry out this defense or prosecution, either in Our name or in Your name, as We may elect, at Our expense.

5.4 Change of the Trademarks

If, at any time, in Our sole discretion, We determine that it is advisable for Us and/or You to modify or discontinue the use of any Mark, or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, You agree that after notice from Us, You will comply within a reasonable time. This may include changing signs, graphics, interior trade dress, interior decor, labels, products and supplies at Your sole expense.

5.5 Signs

You must prominently display, in places prescribed by Us, upon the structure at which the Franchised Business may be located, advertising signs of such nature, form, color, number, location and size, containing those legends of which We approve. You must use and maintain in good condition all interior and exterior signs for Your Franchised Business premises.

6. Proprietary Information

6.1 Our Trade Secrets

We possess proprietary knowledge comprising methods, techniques, systems, drawings, specifications, procedures, information (including that pertaining to customers of the System), vendor lists and vendor terms, knowledge of and experience in the design and operation of the Franchised Business and the purchase and sale of authorized and approved products and services (collectively, the "Trade Secrets"). You acknowledge that You had no part in creating or developing, no prior knowledge of and no other rights or claims in or to, any element of the System, including Our Trade Secrets. We, or Your Regional Franchise Owner, will disclose the Trade Secrets to You by furnishing information regarding equipment, supplies, inventory, layouts, vendor lists, specifications and guidance in the development of the Franchised Business, the training program, Our Confidential Operations Manuals and by guiding You during the term of the Agreement. You understand and acknowledge that You will not acquire any interest in the Trade Secrets, other than the right to utilize the Trade Secrets in the development and operation of the Franchised Business during the term of this Agreement. Information other than Trade Secrets, that belongs to Us or is licensed by Us, that is of a confidential or secret nature and not generally known to the public is deemed to be "Confidential Information" and shall be treated by You as You are obligated to treat Trade Secrets.

6.2 Confidentiality of the Trade Secrets

You acknowledge that, except to the extent that the Trade Secrets are or become generally known in the industry, they are confidential and You agree to maintain this confidentiality during and after the term of this Agreement and any renewal term, and will adopt and implement all reasonable procedures prescribed by Us to prevent unauthorized use or disclosure. You must not copy, duplicate, record, or otherwise reproduce these materials or make them available to any unauthorized person. You agree not to divulge Our Trade Secrets to toy representatives, toy suppliers or toy competitors. You also agree not to disclose or post the Trade Secrets on the Internet.

6.3 Confidential Operations Manuals

In order to protect the reputation and goodwill associated with the name and Marks, and to maintain the uniform standards of operation, You will conduct Your Franchised Business in strict accordance with Our System Standards as provided in the Learning Express Confidential Operations Manuals (also referred to as the "Manuals") and otherwise in writing. Any required System Standards exist to protect Our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to You. The required System Standards generally will be set forth in the Manuals or other written materials. The Manuals also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some

other suitable alternative, provided You meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect Our interests in the System and the Marks, We reserve the right to determine if You are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines. The Manuals remain Our property; We make them available to You on the Learning Express Intranet. We will amend and update the Manuals as conditions warrant and make it available to You over the Learning Express Intranet or sent by electronic transmission. You agree:

- A) To treat the Manuals, including all updates, as confidential and not disclose the contents to unauthorized persons. Authorized employees must sign the Learning Express Confidentiality Agreement as set forth in Addendum D.
- B) Not to disclose usernames and passwords provided to You to access the Learning Express Intranet;
- C) Upon Our demand or upon the termination or expiration of this Agreement, Your access to the Manuals will cease.
- D) That Our Manual and other System communications will be in the English language only.

6.4 Customer Information

Any and all customer lists and their contents relating to the Franchised Business, whether compiled or developed by You or any other person, are owned by, and are the proprietary property of, Learning Express (whether supplied by Learning Express or not) and You shall not use the customer lists for any purpose whatsoever other than in the normal conduct of the Franchised Business during the term of this Agreement. To the extent that You may have or claim any right, title or interest in or to such customer lists and contents, You agree to, and do hereby, assign to Us all of Your right, title and interest therein. Upon termination or expiration of this Agreement, You will, upon demand, promptly deliver to Us a complete list of current and former customers, including name, telephone number, complete mailing address, and other information concerning such customers as requested by Us. You expressly acknowledge that Your ability to operate, develop and expand the Franchised Business is based largely on the goodwill of the Marks and know-how embodied in the Learning Express System. Accordingly, You agree that We are the sole owner of all customer lists and relationships and all other goodwill arising from Your operation of the Franchised Business. Any attempt by You to offer any services or product similar to those provided by the Franchised Business to any customers or prospective customers of the Franchised Business following any expiration or termination of this Agreement shall be a violation of our rights in such customer lists and relationships and goodwill. You agree that in the event of any such action or threatened action by You, We shall be entitled to a preliminary or permanent injunction or other equitable relief to restrain such actions, and to recover its damages equal to the amount of profits received by You from any such action in violation of Our rights.

6.5 Talent Release

You, Your Owners and each of Your employees agree that We and Our affiliates have the right and permission to make, use and publish the photographs/film/videotapes/electronic representations and/or sound recordings made in connection with Our training, marketing, events, and other materials utilized or developed in connection with the System and We and Our affiliates are authorized to reproduce, copyright,

exhibit, broadcast, and distribute the photographs/film/videotapes/electronic representations and/or sound recordings at Our discretion without limitation and compensation.

7. Franchise Fees

7.1 Initial Franchise Fee

You will pay Learning Express the initial franchise fee listed in Section 1.6. If this is Your first Learning Express franchise, the initial franchise fee for a single retail location, will be Thirty-Five Thousand dollars (\$35,000.00). We must be in receipt of the Initial Franchise Fee before You sign a lease naming Your corporation as a d/b/a Learning Express and before You attend our New Store Owner Training program. You understand and acknowledge that Learning Express has earned this fee because of the award of this franchise. The fee is fully earned upon Learning Express signing this Agreement and will not be refunded or forgiven for any reason.

7.2 Additional Franchise Fees

- A) Subsequent Locations. For each additional franchise for which You qualify, the initial fee will be Fifteen Thousand dollars (\$15,000.00). To obtain additional Learning Express franchises, You must satisfy Our criteria for new franchisees, demonstrate Your ability to provide adequate time and attention to each unit of a multi-unit endeavor, not be in default of any franchise or other agreement with Us and have opened all Stores for which You have signed franchise agreements. You must submit Our Notice of Intent, which is attached hereto as Addendum A to this Agreement and provide the information requested. You must execute Our then current form franchise agreement for each additional franchise. You are not entitled, however, to operate a Subsequent Location absent Learning Express' prior written consent, which Learning Express can withhold at its sole discretion.
- B) Satellite Locations. You may operate one or more Satellite Locations to Your Store. You are not entitled, however, to operate a Satellite Location absent Learning Express' prior written consent, which Learning Express can withhold at its sole discretion. Training sessions are currently held at Our headquarters in Devens, Massachusetts, although the location is subject to change. There is no franchise fee paid in connection with the operation of a Satellite Location. The operation of a Satellite Location requires the complete submission of Our Notice of Intent ("NOI") form, which is Addendum A to the Franchise Agreement, and the NOI's required attachments. An additional store is considered a Satellite Location to Your Store if it satisfies one or more of the following requirements:
- i. The additional store is located within the Designated Territory of Your Store.
 - ii. The additional store has a lease term that is less than two (2) years.
 - iii. The lease for the additional store includes landlord termination rights that effectively reduce the guaranteed lease term to less than two (2) years.

If, at any time, Your Satellite Location does not satisfy one or more of the above requirements, then You will be required to execute a separate, then-current Franchise Agreement for the Satellite Location and pay the additional Initial Franchise Fee described in 7.2A.

At such time Your Satellite location extends beyond the two (2) years, regardless of any lease conditions, then You will pay the additional license fee of Fifteen Thousand dollars (\$15,000.00).

7.3 Royalty Fee

As a royalty for the license of intellectual property and ongoing support, (the "Royalty"), You agree to pay Us without right of offset, credit or deduction, five percent (5%) of Your monthly Gross Receipts (defined below) or a minimum of One Thousand Five Hundred dollars (\$1,500.00) per month, whichever is greater. All Royalties must be received by Us, at Our offices or such other location as We may designate, on the fifteenth (15th) calendar day (or the next business day, if the 15th day is a weekend or bank holiday) of the following month. You agree to participate in Our electronic funds transfer program which authorizes Us to utilize a pre-authorized bank draft system. You must sign and deliver to Us an irrevocable authorization in the form attached hereto as Addendum E, to enable Our financial institution to debit Your account at Your bank in order to pay Us the Royalty and other amounts which You may owe Us under this Agreement or any other agreement between You and Us.

7.4 Gross Receipts

You agree that "Gross Receipts" include all forms of revenue which You receive while conducting the Franchised Business, including all forms of revenue from all locations, fundraisers, local fairs and any on-line sales. These revenues may take the form of cash, check, credit, charge account, merchandise exchange or barter. Gross Receipts includes money or credit which You receive from the sale of merchandise, from services which You or others may provide or any other service or product for which You charge separately. Gross Receipts will not include the sale of merchandise for which refunds have been made in good faith to customers or any form of tax imposed by a governmental authority, which is collected by You and actually paid to such governmental authority.

7.5 Security Interest

In order to secure the prompt performance of Your obligations under this Agreement and to secure Us with respect to the proper use and display of the Proprietary Marks and Our proprietary property, including the Learning Express trade dress, You grant Us a security interest in the equipment, furniture, fixtures, inventory and improvements at Your Store. This Agreement shall constitute a security agreement, and, You agree to execute any additional instruments required to perfect this security interest including, without limitation, a standard Uniform Commercial Code ("UCC") financing statement which may be filed immediately upon execution of this Agreement. You authorize Learning Express:

- A) To file a copy of this Agreement, a UCC financing statement and any other documents that may be necessary to perfect the security interest granted herein and;
- B) To sign on Your behalf and to file in any jurisdiction with or without Your signature, financing statements with respect to this security interest and security agreement.

7.6 Payment by Credit Card

You agree that all payments made to Us in the form of a credit card will incur a fee of three- and one-half percent (3.5%) of the invoice. This fee is collected with the credit card, at the same time the invoice is processed. This fee is subject to change.

8. Franchisee Advertising and Promotion

8.1 Grand Opening Advertising

You acknowledge the value of initial advertising and promotion. Therefore, You agree to spend the minimum set forth in Section 1.8 of this Agreement for advertising and promotion of the opening of Your Store's operations in accordance with the Grand Opening Manual. We will assist You in developing the Grand Opening Advertising Campaign, and You agree to spend the full Grand Opening Advertising Budget according to Our recommendations and submit receipts to Us demonstrating the fulfillment of Your obligation.

8.2 Local Market Advertising

In acknowledging that You must further the public image and recognition of Your Store, You agree to spend at least three percent (3%) of Your Gross Receipts on advertising and promoting the Store in Your local market area. At Our discretion, all local advertising and promotion shall be subject to Our prior review and approval. You agree to adhere to Our System Standards and advice regarding Your advertising and promotion efforts and expenditures. At Our request, You agree to submit to Us or Our designated agency, for Our approval, all sales promotion materials and advertising to be used by You, including without limitation, newspaper, radio and television advertising, signs, promotional items and products, posters, boxes, bags, wrapping paper and digital media. Your local market advertising program shall be in strict conformity with the policies established and amended from time to time in the Manuals. As a portion of the required local market advertising spend, We strongly recommended that You participate in each corporate-sponsored marketing publication (i.e. catalogs, postcards, tri-folds and flyers) as outlined in Our Operations Manual.

8.3 Learning Express National Advertising Fund

We reserve the right to require You to contribute (and You agree to pay to Learning Express) up to one percent (1%) of Your Gross Receipts, in addition to those expenditures which You will be obligated to make under Section 8.2 above. The money collected will be placed in the Learning Express National Advertising Fund, to be used for the design, administration and placement of advertising programs. You will, upon sixty (60) days' prior written notice from Us, pay this contribution in the same manner specified in Section 7.3 above. Currently We do not collect a national advertising fee. We reserve the right to institute this fee at any time.

8.4 Use of Learning Express National Advertising Fund

The Learning Express National Advertising Fund will be used for the design and production of printed and electronic media and the payment of administrative expenses to Learning Express or its advertising agencies. It is understood and agreed that Learning Express may use the Learning Express National Advertising Fund to offset its in-house advertising and design costs whether in print or electronic media.

You acknowledge that Learning Express will use its good faith discretion in the administration of the Learning Express National Advertising Fund and that Learning Express will not allocate or spend money from the Learning Express National Advertising Fund to benefit any particular franchisee or group of franchisees on a pro rata basis. There is no fiduciary duty owed to You by Learning Express by virtue of the Learning Express National Advertising Fund nor is any trust created thereby. Within ninety (90) days of the end of each fiscal year, You may request a copy of the annual financial statement of the Learning Express National Advertising Fund.

8.5 Community Service

You acknowledge the importance of participating in and servicing community organizations, and We encourage You to become a member of one or more civic organization(s) in the community in which Your Store is located. It is recommended that You participate in Our Fundraising Programs and any other Community Service Programs that We develop.

8.6 Franchisee Development of Advertising Materials

You agree during the term of this Agreement, to make available to Us for use by other parties, all advertising, marketing and other promotional materials that You develop. We require all other franchisees to share developed advertising, marketing and other promotional concepts in the same manner.

8.7 Advertising Campaigns

From time to time during the term hereof, We have the right to establish and conduct promotional campaigns on a national or regional basis, which may, by way of illustration and not limitation, promote particular products or marketing themes. You agree to participate in such promotional campaigns upon such terms and conditions as We may establish. You acknowledge and agree that such participation may require You to incur mailing and other costs and to purchase point of sale advertising material, posters, flyers, product displays and other promotional material. Nothing herein shall be construed to require You to charge any prices for the goods and services offered at other than those determined by You in Your sole and absolute discretion.

8.8 E-commerce and Digital Marketing

We restrict, designate, and have the right to approve or control all of Your digital marketing and E-commerce activities, including advertising, marketing, e-mail marketing correspondence, digital content, social media, E-commerce and digital communications. This includes any websites and Social Networking and Marketing activities, including but not limited to TikTok, Twitter, Facebook, Foursquare, LinkedIn, Pinterest Amazon, eBay, Yelp, Google or any other E-commerce or social media outlets. If We provide consent to a Digital Marketing or E-Commerce Channel, We or Our designee must be provided administrator access to that Channel within twenty-four (24) hours of publishing. When making digital content available to the public, You must comply with all laws and regulations, including but not limited to the Americans with Disabilities Act (ADA).

You shall not establish a web site or sell online without Our consent. We retain the sole right to control all Internet and Intranet activity and the creation of all web sites and E-commerce accounts. All Learning Express web sites will be hosted by Us or a designated web hosting partner. We maintain the Learning Express Internet Website and provide You with access to Our website and a store page contained within Our website for Your Local Store Franchise. Each Local Store Franchise is required to keep current and

maintain their Store page. We may require You to utilize E-commerce products or services designated by Us, which We may change without notice. You acknowledge that We are the owner of all right, title and interest in and to such domain names as We shall designate.

You may be eligible to participate in Our current E-commerce activities if You are in compliance with Our current E-commerce Policy. You must follow the most current rules and regulations published in the Confidential Operation's Manuals or other manuals as they pertain to these channels. We require You to utilize all E-commerce products or services designated by Us. Any digital or electronic content published must be within Brand communication standards and is subject to approval by Us. All digital imagery bearing any of Our Marks is subject to approval by Us. All instructions by Us which are deemed to restrict, designate or control E-commerce activities must be responded to within twenty-four (24) hours. We may approve or control any existing or future (not yet developed) or other advertising or social networking services or E-commerce or daily deal sites of the Franchised Business, including the sending of bulk e-mail, other than in accordance with the guidelines in the Confidential Operation's Manual or otherwise as We specify in writing. We have the right to terminate Your participation in E-commerce in Our sole discretion if We deem necessary to protect Our Brand.

We, Our computer support partners and Your Regional Franchise Owner have the right to access Your information stored on the central server and Your QuickBooks Online accounts without limitation or notice to You. Access may be for analysis, support and/or service purposes. You must provide and keep current a specific number of corporate accounts that will allow access to Your stored information. We may require You to use a designated ISP and prescribed method for transmitting electronic data.

8.9 Gift Card Program

We require You to participate in our Gift Card Program. The initial cost to participate in this program is Three Hundred Seventy-Five dollars (\$375.00), which covers the cost of the initial online setup paid to Us, a gift card counter display, signage, and five hundred (500) each of gift cards, merchandise credit cards and holders. Additionally, gift cards, merchandise credit cards and holders must be purchased from Us in five hundred (500) piece increments. The cost of gift cards is One Hundred Twenty-Five dollars (\$125.00); the cost of merchandise credit cards is One Hundred Twenty Five dollars (\$125.00) and holders for the cards are Fifty dollars (\$50.00), plus applicable shipping costs. If store numbers are printed on cards, there will be an additional Twenty-Five dollar (\$25.00) charge. We reserve the right to adjust this fee based on a change in circumstance such as increased costs from the vendor or 3rd party, or other activity which affects the cost of providing this service.

9. Training and Assistance

9.1 Initial Training and Assistance

We, or Our designee, will make available to You and Your staff, initial orientation and training courses, before You open for business. The initial orientation and training course will be held online and/or at a Learning Express store. Additionally, We provide up to a four (4) week training program as part of Your Grand Opening, to be conducted at Your Store. We, or Our designee, will bear the cost of the initial orientation and training course, except that You will be responsible for all travel, salary and other expenses paid to or incurred by or on behalf of You or Your employee(s) in connection with this training. You will hire all initial and subsequent employees for the Franchised Business and be exclusively responsible for the terms of their employment, their compensation and for their required training. If You hire a manager and

We determine it necessary, Your manager must attend the New Store Owner training. You will always need a sufficient number of employees to provide quality customer service during all times of the year. All employees must be hired before Your trainer arrives for Grand Opening training.

If offered, You are required to attend the Training Program held at Our Annual Convention and Toy Fair.

In the event You and persons designated from Your management staff are required to attend additional training online and/or at a Learning Express store, You will be responsible for all travel, salary and other expenses paid to or incurred by or on behalf of You or Your employee(s) in connection with all supplemental training.

9.2 Extra Assistance

If You request additional assistance for operational problems after You have operated Your Franchised Business for ninety (90) days, which, based on Our experience, We reasonably determine to be extraordinary, We, or Your Regional Franchise Owner, may make available to You, a qualified representative as may be reasonably necessary. You must pay all reasonable labor and, if necessary, travel and living expenses, as well as the then-current per diem rate for the representative.

9.3 Additional Services

So long as You are not in default under this Agreement, We, or Our designee, will provide You with the following additional services:

- A) Access to Our Intranet.
- B) Confidential Operation's Manuals. We will provide You electronic access via Our Intranet, a copy of the Manuals, as more fully described in Section 6.3;
- C) Advisory Services. We, or Our designee, will assist You with site-selection and lease negotiation, provide you supplier lists for furniture, fixtures and equipment, create a store fixture layout, and order Your initial product inventory, the New Store Order, on Your behalf.
- D) Graphics support. Our graphics department will provide You with specialized graphics support for Your store, upon request.

9.4 On-Going Training and Assistance

We, or Our designee, will advise You periodically and will furnish You with on-going guidance in the operation of Your Franchised Business. This guidance will be furnished through the Manuals and all updates to the Manuals, bulletins, e-mail messages, over Our Intranet, other written materials, telephone consultations, webinars and meetings online or on-site at Your Store.

We will provide You with the following:

- A) Information concerning developments regarding additional training programs and materials;
- B) Updates or other bulletins detailing activities of other franchisees, as well as other matters of mutual interest;
- C) Media coverage, which may or may not affect Your market area;

- D) Continuing advisory assistance, including but not limited to, consultation concerning the promotion and operation of the Franchised Business;
- E) Information concerning the toy industry, and related products and services, and other related matters concerning the System;
- F) Telephone assistance concerning the selling of any product or service and other matters pertaining to the operation of the Franchised Business;
- G) Information and assessment of new products, services, product lines and other items;
- H) Inventory control and Open to Buy tools to aid in inventory management;
- I) Advertising, marketing and other promotional materials that We may create and develop for use by Learning Express franchisees and tools to determine return on investment of same; and
- J) A store Profile Page on Our public website which will contain contact information for Your Local Store Franchise.
- K) A Cloud based POS system required for the operation of your store in support of purchasing, receiving, sales, inventory and customer management functions.

You will provide Us with administrative privileges to Your QuickBooks Online account. You will pay the provider a monthly fee for the QuickBooks Online service. We reserve the right to adjust this fee based on a change in circumstance such as increased costs from the vendor or 3rd party, or other activity which affects the cost of providing this service.

We provide an Email marketing service to You, where You pay Us a rate of Twenty-Five dollars (\$25.00) to One Hundred dollars (\$100.00) per month, depending on the number of Emails sent in each Email campaign. We reserve the right to adjust this fee based on a change in circumstance such as increased costs from the vendor or 3rd party, or other activity which affects the cost of providing this service.

9.5 Limitation of Liability

While Learning Express agrees that it will apply, and will require Your Regional Franchisor Owner to apply, their skill and judgment to training and assisting You in the operation of Your Franchised Business, You agree that neither Learning Express, its advisors, consultants, contractors, employees nor Your Regional Franchise Owner will be liable to You or to any third-party for Your performance or failure to perform.

9.6 Confirmation of Performance

After We have completed Our pre-opening obligations to You under this Agreement, We may ask that You sign and deliver to Us a confirmation (the "Confirmation of Performance"), in a form We reasonably request, verifying that We have performed those obligations. If We ask You to provide Us with such a certificate, then You agree to sign and deliver the Confirmation of Performance to Us within three (3) business days 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 three (3) day period, give Us written notice specifically describing the obligations that We have not performed. Not later than three (3) business days after We complete all the obligations that You specified in that notice, You must sign and deliver the

Confirmation of Performance to Us. The term "pre-opening obligations" means the obligations We have to You under this Agreement that must be performed before the date when Your Franchised Business starts its operations.

9.7 Communications

You acknowledge and agree that exchanging information with Us by electronic transmission ("e-mail") is efficient and desirable for day-to-day communications and that We and You may utilize e-mail for such communications. You authorize the transmission of e-mail by Us and Our employees, vendors, and affiliates ("Official Senders") to You during the Term and any renewal thereof. You further agree that: (a) Official Senders are authorized to send e-mails to those of Your employees as You may occasionally authorize for the purpose of communicating with Us; (b) You will cause Your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) You will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with You; and (d) You will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term and any renewal thereof. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement pursuant to Subsection 16.8 unless the parties otherwise agree in a written document signed by both parties.

10. Operation of Business

10.1 Compliance With the Manuals

You agree to conduct Your Franchised Business with the provisions set forth in the Learning Express Manuals, as they are changed or modified from time to time.

The Franchisor has the right to add or otherwise modify the Manuals from time to time to reflect changes in the System Standards and other specifications, standards, operating procedures and rules prescribed by the Franchisor.

The manuals contain Trade Secrets and other Confidential Information of the Franchisor and its contents shall be kept confidential by Franchisee in a secure location during the term of this agreement. If the manuals are in an electronic form, Franchisee must maintain the Manuals in a password protected file.

You acknowledge that this is necessary to protect the reputation and goodwill of the Marks and to maintain the uniform System Standards of operation throughout the Learning Express System. Adherence to the Manuals is vitally important to You, to Learning Express and to the collective success of all Learning Express franchisees.

10.2 Initial Construction of The Franchised Business

Upon delivery to You of the Store premises from Your landlord, You agree to begin construction within thirty (30) days thereafter. In connection therewith, You are responsible for the following:

- A) You must obtain all required permits and licenses necessary to commence construction;
- B) You must purchase all necessary equipment, furniture and fixtures, signs, supplies, opening inventory, and other items that We require You to have in order to commence doing business;

Between cash in bank and loan guarantees, Your business must be fully capitalized before Grand Opening day;

- C) You must construct, or cause to be constructed, all required leasehold improvements within the Store premises, and decorate the Franchised Business in compliance with the layouts and specifications approved by Us;
- D) You must install all fixtures, signs and equipment required for the Franchised Business including, without limitation, the then-current point-of-sale (POS) and accounting software provided. Upon Our request, You agree to install, update or replace any equipment, including POS or software We designate for use pursuant to the System, including, software designated to facilitate or enhance communications and software designated for the purpose of recording receipts at point of sale, and to utilize equipment including totaling devices and software of a kind and in a manner as We specify in the Operations Manual or otherwise in writing; and
- E) You must establish a high-speed internet connection of a kind and in a manner as We specify in the Operations Manual or otherwise in writing;
- F) Your POS software is provided under a Corporate License for Learning Express, Inc. The POS System will cost a minimum of Seven Thousand Six Hundred Twenty Seven dollars (\$7,627.00) which includes procurement and delivery of all hardware and software required to run Your Learning Express business based on Our standard POS configuration of two (2) registers and one (1) back room workstation.
 - i. Hardware connectivity support and hosting services to the central application server are provided by Our third-party partner. The cost of this service is One Hundred dollars (\$100.00) per month and billed separately each quarter. We reserve the right to adjust this fee based on a change in circumstance such as increased costs from the vendor or 3rd party, or other activity which affects the cost of providing this service.
 - ii. A CounterPoint Enhancement Fee of Two Hundred Fifty dollars (\$250.00) is payable to Learning Express and invoiced by Us annually, for each store You own. The CounterPoint Enhancement Fee is used to fund enhancements and/or modifications of the current POS software. This fee is subject to change.
 - iii. A Shared Server fee of One Hundred Eighty dollars (\$180.00) is collected by Learning Express and is invoiced annually for each store You own. This fee is used to keep the central and associated hardware and software (other than CounterPoint) current and operational. This fee is subject to change.
 - iv. The estimated cost for External Credit Card Terminals is Four Hundred dollars (\$400.00) each for pin pad device and is billed by the supporting credit card processor. This cost is set by the supplier and is subject to change.

10.3 Approval of Products and Services

We have developed and refined specific Trade Secrets for the sale of toys and related products and services, and We enjoy a wide public acceptance. You recognize that the image, reputation and goodwill

that We have established is based upon the sale of those products and services, and as such can only be maintained and enhanced by Your sale of those quality products and services, which have acceptable standards, performance, appearance and other characteristics to be relevant. You must purchase products only from suppliers that meet Our criteria for safety, durability, value, appearance and quality. We may be one of such suppliers. We will provide You with a list of approved vendors and suppliers prior to the opening and during the operation of the Franchised Business. You agree to maintain at all times an inventory of recommended products, in sufficient supply to satisfy reasonable customer demand.

The Learning Express system works best when franchisees carry a core of best-selling products recommended by Us and round out the product assortment with local market best sellers. Accordingly, You agree to use reasonable efforts to review Our New Store Order and carry a substantial percentage of such products.

If You wish to sell a product which has not been previously authorized, approved or recommended by Learning Express, then You must furnish information about the product and the supplier. We will notify You only if the product is not approved. If We advise You that the product is not approved or not appropriate to Our Brand, You agree to use up Your unused inventory or immediately dispose of such inventory, at Our option. You must require all vendors not previously approved by Us to comply with all state and federal toy safety mandated regulations.

In order for Us to provide accurate sales information to You and other franchisees, You agree to conform to the Learning Express product identification numbers and category designations.

10.4 Management of Business

You understand and agree that active full-time participation of the franchisee is a critical element of the system. You will devote a minimum of thirty (30) hours per week managing, operating and developing the Franchised Business. During the term of this Agreement, You agree not to engage in any other business or investment requiring Your active participation during normal business hours that would interfere with Your managing the operations of the Franchised Business. In the event that we approve an arrangement in which the Franchised Business is managed by a qualified, full-time, management level employee who has attended the New Store Owner Training Program, You agree to devote a sufficient number of hours per week to the oversight of the Franchised Business.

10.5 Insurance

We will furnish You with minimum standards and limits for certain types of insurance coverage which You must secure and maintain at Your own expense. These minimum standards and limits may change, at Our sole discretion. We will advise You of these changes through the Manuals or other advisory memoranda, and You agree to secure immediately the changed level of coverage. As required in the Confidential Operations Manual, certain insurance which You purchase must name Learning Express as an additional insured and You must provide an updated Certificate of Insurance to Us for Our files upon the annual renewal. Your insurance policy will also provide that We will be given at least ten (10) days of prior written notice of any termination, amendment, cancellation or modification of Your policy. We also reserve the right, but not the duty, to force place coverage on Your behalf and collect from You any premium and administrative charges that may apply if You fail to comply with the insurance requirements as stated in the Confidential Operations Manual.

10.6 Entry and Audit

We and Our designees have the right at any time during business hours, to audit the Franchised Business and Your business records and files, bookkeeping records, sales receipts, purchase orders, invoices, payroll records, sales tax records and returns, and any other records and documents. If We find that You have underreported Your Gross Receipts, You agree to pay immediately all monies owing to Us, along with accrued interest, as set forth in Section 10.8 below, as well as the costs of the audit(s). In order to preserve the validity and integrity of the Marks and to assure that You are properly employing their use in the operation of the Franchised Business, We, or Your Regional Franchise Owner, will at all times have the right to observe the manner in which You are offering for sale products and services to the public and to confer with Your employees and customers. Any evaluation or inspection We conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Business or to assume any responsibility for Your obligations under this Agreement.

10.7 Records and Reports

- A) You agree to record all Gross Receipts of the Franchised Business in a manner and on forms prescribed by Us. You must keep and preserve during the term of the Agreement, full and complete books of account that accurately reflect the day-to-day operations of the Franchised Business. You must submit to Us periodic reports, forms and records, as We may specify. Any intentionally false statements in these or any other reports which You provide to Us shall be grounds for immediate termination of this Agreement. All profit and loss statements and balance sheets must be prepared in accordance with generally accepted accounting principles, applied on a consistent basis, and must be submitted to Us for Our examination at Our option. You must also submit to Us other periodic reports, copies of purchase orders, forms, information and records (including, without limitation, federal tax returns, monthly sales tax reports and monthly reports on advertising). You agree to maintain all records of the Franchised Business for five (5) years.
- B) You will compile and provide to Us, in the manner specified by Us, any statistical or financial information regarding the operation of Your Store, the products and services sold by it, or data of a similar nature including, without limitation, any financial data that We believe that We need to compile or disclose in connection with the sale of franchises or that We may elect to disclose in connection with the sale of franchises. All data provided to Us under this Paragraph will belong to Us and may be used and published by Us in connection with the Learning Express System.
- C) On or before the third (3rd) business day of each month, You agree to send electronically or via facsimile to Our offices, or such other location as We may designate, Our then current version of the Monthly Sales Worksheet (the "Worksheet"), containing all the information and detail supporting reports from Your point of sale system, as we may specify. We collect data related to sales, customer and inventory activity on a daily basis. The information so provided each day, may be included in the "Best Sellers" information presented on the Intranet. If in the future, We develop methods to retrieve this information from our POS system, You agree to participate in the process using methods and procedures developed by Us or Our assigned partners.

10.8 Late Payments

All Royalty Fees, advertising fees, amounts due for Your purchases from Us and other amounts which You owe Us, will, at Our option, bear interest after the due date at the rate of three percent (3.0%) per month, or

the maximum rate permitted by applicable law, whichever is less. You acknowledge that the foregoing does not constitute Our agreement to accept payments after they are due or Our commitment to extend credit to, or otherwise finance Your Franchised Business. In order to protect Our Brand You further agree that upon Your delinquency of any amounts due to Us under this Agreement or any Learning Express trade vendor, We have the right to restrict Intranet access, withhold graphics support and notify any trade vendors with whom We have negotiated a discount, terms or other material benefit on Your behalf of Your delinquency so as to suspend those benefits until You are current with Your financial obligations to Us and/or any Learning Express trade vendor. We have the right to restrict Your ability to sell gift cards at Your store if You have any past due balance of more than sixty (60) days to Us until You are current with Your obligations to Us. Further, You acknowledge that Your failure to pay all amounts when due will constitute grounds for termination of this Agreement. In Our sole discretion, We can apply any of Your payments to any of Your past due indebtedness to Us.

10.9 Your Bank Account

You agree to open and maintain a bank account and to follow banking and administrative procedures which We may require of You. You also agree to maintain an account (with sufficient available funds) in a bank which can administer wire transfers or electronic funds transfers for the purpose of paying Your Royalty Fees and other amounts due Us and agree to do so or as set forth in Section 7.3, as We may otherwise direct.

10.10 Specifications, Standards and Operating Procedures

You recognize the importance of maintaining the highest standards of quality for performance, appearance, and service of the Stores. Therefore, You agree to maintain these high standards by complying with System Standards and other specifications and operating procedures relating to the operation of the Franchised Business which We have established including, without limitation, the safety, cleanliness and appearance of the Franchised Business premises, fixtures, equipment, supplies and products; the quality of products and services sold by You in Your Store; the use of Our Marks and the use and protection of Our Trade Secrets; the display of advertising materials; the use and display of signs, posters, merchandising and promotional materials, the training and appearance of employees; customer service standards; the preparation and retention of records and reports; the use and retention of standard forms; the materials and supplies used in operation of the Franchised Business; the establishment of school and civic fundraising programs, a corporate toy service program, and Your identification as the independent owner of the Franchised Business in the manner We direct.

10.11 Compliance With Law

You agree to operate the Franchised Business in strict compliance with applicable laws, rules and regulations of all governmental authorities. You agree to be responsible for knowledge of, and compliance with, all applicable laws and regulations of the federal, state or local governments. It is Your responsibility to make sure that You are in compliance with all laws that are applicable to the POS System or other technology used in the operation of Your Franchised Business, including all data protection or security laws as well as Payment Card Industry (PCI) compliance. You also agree to prepare and file all appropriate tax returns when due and to pay promptly all taxes imposed on You and upon Your Franchised Business.

10.12 Suggested Retail Prices

Although We may provide You with suggested retail prices, You acknowledge and agree that any list or schedule of prices which We furnish to You is by way of recommendation and is not binding on You or mandatory. However, certain pricing guidelines are required for E-commerce and direct mail participants as specified in the Operations Manual or otherwise in writing.

10.13 Your Employees

You agree to employ and properly train a sufficient number of competent employees and, where appropriate, managers, of good character and of neat appearance to service the customers of Your Store in keeping with Our service-oriented philosophy. It is understood that You will have sole responsibility for Your employees and all acts of Your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. You must disclose to each of Your employees in writing, in a form approved by us in advance, that We are not a "joint employer" of the Franchisee's employees. You acknowledge that We do not control Your personnel policies.

10.14 Taxes

You agree to pay any tax imposed by the state in which Your local store is located if such tax is imposed on Royalties or other payments made to Us hereunder.

10.15 Incurring Debt

You agree that You have not, and will not, borrow money for the business for any non-business related purpose without Our prior written consent. If You secure a loan for the business, You will be required to provide Us with a copy of the loan documentation.

10.16 Financials

You agree to provide complete financials including Profit and Loss, Balance Sheet and payables report to Us annually.

10.17 Hours of Operation

You agree to be open for business the recommended minimum Store hours or as required by Your landlord or municipal guidelines. Depending upon Your location, You may be obligated to maintain longer hours of operation during the holidays.

10.18 New York Toy Fair

You agree that You or Your representative will attend the annual Toy Fair in New York City (or similar industry event)..

10.19 Annual Convention

You agree that You or Your representative will attend the Annual Convention scheduled by Learning Express for all franchisees and Regional Franchise Owners in various US destinations as determined by Us.

10.20 Independent Contractor and Indemnification

- A) You understand and agree that this Agreement does not create an agency relationship between Us, that You are an independent contractor and that nothing in this Agreement is intended to make either You or Learning Express a general or special agent, legal representative, subsidiary, joint venture partner, or other partner, or employee of the other. Neither You nor Learning Express will make any express or implied agreements, warranties or representations, or incur any debt, in the name of or on behalf of the other or represent that Our relationship is other than Franchisor and Franchisee. Neither You nor Learning Express will be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized, nor will Learning Express be obligated for any damages to person or property directly or indirectly arising out of the operation of the Franchised Business authorized by or conducted pursuant to the license awarded hereby.
- B) You agree to indemnify and hold Us, Our subsidiaries, affiliates, stockholders, directors, officers, employees, agents, assignees and Your Regional Franchise Owner harmless against, and to reimburse them for, all obligations, actual and consequential damages and taxes for which any of them is held liable and for all costs, reasonably incurred by any of them in the defense of any claim brought against any of them or in any action in which any of them is named as a party, arising directly or indirectly from any act or omission of Yours or any of Your shareholders, trustees, directors, members, managers, officers, employees, representatives or agents, as a result of, or in connection with the operation of Your Franchised Business, the actions of any of Your shareholders, directors, members, managers, officers, employees, representatives or agents, or any action arising from an allegation of a violation of labor or employment law, including but not limited to any violation of the Americans with Disabilities Act; or by reason of any act occurring on, at or from the premises of the Franchised Business or by reason of an omission relating to the operation of the Franchised Business, as well as the costs, including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses We incur in defending against such claims or actions. The indemnities and assumptions of liabilities and obligations will continue in full force and effect following the expiration or termination of this Agreement.
- C) We will not take responsibility for the actions of Your employees, nor will We take any control over Your employees' employment, discharge, pay or working conditions. No employee of Yours will be deemed to be an employee of Ours for any purpose whatsoever, and nothing in any aspect of the System or Trademarks in any way shifts any employee or employment related responsibility from You to Us. You alone are responsible for hiring, firing, training, setting hours for and supervising all employees. As between Us and You, You are solely responsible for the safety and well-being of Your employees and the customers of Your Franchise Business.

10.21 Renovations to Premises

After Your Store has been in operation for ten (10) years, Learning Express may direct You to complete renovations which are part of an individual or system-wide updating program. You agree to complete such renovations at Your own expense at such time as reasonably directed by Learning Express.

10.22 Trade Accounts

You agree to promptly pay all accounts and indebtedness of every kind incurred by You in the conduct of the Franchised Business and to inform us if any trade vendor account is more than thirty (30) days past due. You further agree that upon termination of this Agreement We have the right to notify trade vendors of the termination and collect amounts due to trade vendors from You under the Guaranty of Performance, Addendum B to this Agreement.

In order to protect Our Brand We have an unrestricted right to communicate to Our vendors information regarding Your Store and Franchised Business that would include the closing of Your Store or past due invoices with vendors or Us.

10.23 Innovation

You agree to promptly disclose to Us all Innovations, whether or not protectable intellectual property, and whether created by or for You or Your Owners or employees. All Innovations will be deemed Our sole and exclusive property and works made-for-hire for Us. We have the right to incorporate Innovations into the System and may use them and may authorize You and others to use them in the operation of Learning Express businesses. Innovations will then also constitute Confidential Information. We will disclose to You Innovations that are made a part of the System in this manner. To the extent any Innovation does not qualify as a work made-for-hire for Us, by this paragraph You assign ownership of that Innovation, and all intellectual property and other rights to the Innovation, to Us and agree to sign and deliver such instruments and documents, provide such assistance and perform such other acts as We periodically designate in order for Us or Our designee to obtain exclusive rights in such Innovations. We will have no obligation to make any lump sum or other payments to You or any other person with respect to any such Innovations. You will not use, nor will You allow any other person to use, any such Innovations, whether in connection with the Franchise Business or otherwise, without obtaining Our prior written approval. You also agree that if You shall develop any new trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, associated logos, designs, e-marks, copyrights, emblems, concepts, processes or improvements in the operation or promotion of the Franchised Business, We will immediately become sole owner and licensor.

11. Assignment and Right of First Refusal

11.1 Assignment by Learning Express

We may freely transfer or assign Our rights and obligations under this Agreement to any person, corporation or other entity. The transfer or assignment will be binding upon and will inure to the benefit of the successors and assigns of Learning Express.

- A) You agree that Learning Express has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities under the Trademarks or any other marks following Learning Express' purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which You acknowledge may be within Your Designated Territory, proximate thereto, or proximate to any of Your locations). In the event of any territorial conflict or overlap, Learning

Express shall use its best efforts to resolve same within nine (9) months of any such purchase, merger, acquisition or affiliation.

- B) You agree and affirm that Learning Express may: sell itself; its assets; the Trademarks and/or the System to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other business entities, or be acquired by another business entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, You expressly and specifically waive any claims, demands or damages arising from or related to the loss of Learning Express' name, Marks (or any variation thereof) and System and/or the loss of association with or identification of Learning Express as the Franchisor under this Agreement.

11.2 Assignment by You

You understand and acknowledge that the rights and duties created by this Agreement are personal to You (and Your owners, if You are a business organization, as defined hereinafter), and that We have awarded this license in reliance on many factors, including without limitation, the individual or collective character, skill, aptitude and business and financial capacity, of You and any person owning an interest in You. Accordingly, neither You nor any person owning any direct or indirect equity interest in You, shall without Our prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest: (a) in this Agreement or any portion or aspect thereof; (b) the Franchised Business; (c) in the assets (excluding this Agreement) of the Franchised Business, or (d) any equity or voting interest in You nor permit the Franchised Business to be operated, managed, directed or controlled directly or indirectly, by any person other than You (any such act or event is referred to as a "Transfer"), without Our prior written approval. Any such purported Transfer occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without Our prior written consent, shall be a mutual default of this Agreement, but the transferor shall remain obligated under this Agreement until released by Us, or until this Agreement is terminated and all post-term obligations pursuant to Section 14 are fulfilled. You further agree to follow all assignment procedures required by the Learning Express Manual, including the accountability of gift cards and store credit liabilities prior to Transfer.

- A) Right of First Refusal. If You desire to engage in a Transfer, You shall deliver to Us written notice setting forth all the terms of the proposed Transfer and all information that We request concerning the proposed assignee. We shall have the option, during ten (10) days after receipt of the notice or ten (10) days after receipt of all additional information We request, to purchase the Franchised Business and accept assignment of this Agreement on the terms contained in the notice, provided that We shall have the right to substitute cash for any non-cash consideration described in such notice. If We exercise this option, the purchase of the Franchised Business by Us must be completed no later than thirty (30) days after Our notice to You of Our purchase election.
- B) If We do not exercise this option during such ten (10) day period, then You may, during the following one hundred twenty (120) days, transfer the Franchised Business to the proposed assignee on the terms in the notice, provided that the Transfer shall be made, without limitation, in compliance with this Section 11.2C. Any proposed Transfer not completed within such one hundred twenty (120) day period or any material change in the terms of the proposed transaction prior to closing, shall constitute a new offer and shall require compliance with this Section 11.2A.

- C) Permitted Transfers. If We elect not to exercise Our right of first refusal, Our approval to a proposed Transferee shall not be unreasonably withheld. However, without limitation of the foregoing, imposition of any or all of the following conditions precedent to Our approval shall be deemed to be reasonable:
- i. that the proposed assignee or, if the proposed assignee is a business organization, its principal officers, stockholders, directors, partners, members or managers, attend a personal interview at Our offices, demonstrate skills, qualifications and economic resources necessary in Our reasonable judgment, to operate the franchise that this Agreement contemplates, and, in any event, shall at least be equal to Your skills, qualifications and financial resources;
 - ii. that the proposed assignee expressly assumes in writing, for Our benefit, all Your obligations under this Agreement including, without limitation, Your gift card and store credit liabilities and Your payables to landlord, vendors and other Learning Express franchisees;
 - iii. that the proposed assignee shall have completed Our New Store Owner Training Program to Our sole, subjective satisfaction, at the assignee's sole cost and expense;
 - iv. that as of the date of any such Transfer, You shall have fully complied with all of Your monetary and non-monetary obligations to Us under this Agreement and any other agreement, arrangement or understanding;
 - v. that the proposed assignee executes Our franchise agreement then being offered to prospective franchisees, except that no initial franchise fee shall be required from the proposed assignee and the term of the Agreement shall be modified to equal the remaining term under this Agreement. Under no circumstances may You transfer any assets including, without limitation, inventory, fixtures, or lease to an entity intending to operate a retail toy store at the franchise location without first ensuring that the proposed transferee has executed a Learning Express franchise agreement;
 - vi. that the proposed assignee pays Us on or before the date of transfer a transfer fee equal to Fifteen Thousand dollars (\$15,000.00) to cover Our expenses relating to such Transfer and the training required under this Agreement;
 - vii. You must execute a general release, in the form which We provide, of all claims against Learning Express, its affiliates, stockholders, directors, officers, employees, agents and Your Regional Franchise Owner;
 - viii. if We request, assignee, at its expense, shall upgrade the Store to conform to the then-current System Standards of Stores then being established in the System, and shall complete the upgrading and other requirements within the time specified by Us.

You agree that You will not retain a security interest in the Franchised Business or its assets without Our express prior consent.

If You are a Business Organization, any owner whose ownership is the subject of a Transfer and any third party who acquires the ownership interest, shall be subject to the provisions of the covenants set forth in Section 15 of this Agreement after the Transfer has been completed.

- ix. You must pay any Loan balance then owing under this Agreement in full on or prior to the effective date of the Transfer.

- D) Transfer upon Death or Permanent Incapacity. Immediately following Your death or permanent incapacity (or if You are a corporation, immediately following the death or permanent incapacity of the major stockholder, or if You are a limited liability company, immediately following the death or permanent incapacity of the manager or a majority member), Learning Express or Our representative may assume operation of the Franchised Business, if there are no qualified members of Your immediate family available to do so. We will allow Your estate to assign the Franchised Business to a member of Your immediate family, provided that he/she/they meet Our reasonable qualifications to operate the Store. Immediate family members shall mean Your parents, Your children, Your siblings or Your spouse or domestic partner. Your heirs shall also have the right to sell the Franchised Business, provided that they follow the requirements of Section 11.2C. In lieu of the right of first refusal as set out in Section 11.2A, Learning Express will have the right to purchase the Franchised Business at a price representing the average appraisal of the Franchised Business made by three (3) independent business appraisers (the "Buy-Out Price"). We will choose one (1) appraiser, Your estate will choose one (1) appraiser and the two (2) appraisers so chosen will choose the third appraiser. This right of first refusal in Learning Express shall extend for a period of ninety (90) days following Your death or permanent incapacity. You agree that Your heirs, beneficiaries and successors will sign all documents which Learning Express may require to show that the franchise and the Franchised Business were acquired by Learning Express, upon the payment of the Buy-Out Price. You agree that permanent incapacity will mean that You are unable to operate the Franchised Business on a full-time basis for six (6) consecutive months. Once You are considered to be permanently incapacitated, You or Your legal representative must transfer the Franchised Business as provided for above.

11.3 Transfer to Business Organization

You may transfer this Agreement and the assets and liabilities of Your Franchised Business to a business organization or entity (i.e., a corporation, partnership, limited liability company, trust or other similar entity) (a "Business Organization"), if all the following conditions are met:

- A) The Business Organization must be newly formed and conduct no business other than the Franchised Business.
- B) You must actively manage the Business Organization and own, control and direct its operations, either through binding written agreements, governing documents or voting power.
- C) You and Your Spouse or Domestic Partner must personally guarantee performance of all of the Business Organization's obligations under this Agreement, by signing Learning Express' standard form of Personal Guaranty (Addendum B) and execute Learning Express' form Confidentiality Agreement and Covenants Not to Compete (Addendum C).
- D) You must provide Learning Express with copies of all governing documents (articles of incorporation or organization, bylaws, agreements among owners, etc.).

- E) The governing documents of the Business Organization must recite that the issuance and assignment of any ownership interest (i.e., corporate stock, or partnership or membership interests) are restricted by the terms of this Agreement.
- F) All issued and outstanding ownership interests must bear a legend reciting or referring to the restrictions of this Agreement on the issuance and transfer of ownership interests in the Business Organization.
- G) As a condition of Learning Express' approval of the issuance or transfer of ownership interests to any person other than You, subject to the provisions of Sections 11.2B and C of this Agreement, Learning Express may require (in addition to the other requirements Learning Express has the right to impose) that the proposed owner sign Our standard form of personal guaranty.
- H) You must promptly notify Learning Express of any proposed changes in the principal owners and the governing documents.

12. Step-In Rights

12.1 Cause for Step-In

If a material default under this Agreement occurs and remains uncured, or is not subject to cure, or if Your actions jeopardize the integrity of Our Marks or Our System, then You authorize Us or Our designee to operate the Franchised Business for as long as in Our reasonable judgment, We believe that it is necessary or practical. You acknowledge that this right to step-in is necessary to preserve the value and integrity of the System. Even if We exercise this right to step-in, You agree that We do not lose or waive a right to exercise any other rights or remedies which We may have legally under this Agreement. Among the reasons We may act under these step-in rights are:

- A) We reasonably determine that You are unable to operate the Franchised Business because You are absent or incapacitated because of illness, accident, injury or death; or
- B) You have not paid Your monetary obligations to Us or others when they are due; or
- C) You have not removed non-consensual liens or encumbrances which have been placed against Your Franchised Business; or
- D) We determine that material operational problems require that We operate Your Franchised Business for a period of time.

12.2 Duties of the Parties

During a step-in period, Learning Express will maintain in a separate account, all Gross Receipts of the Franchised Business. From that account We will pay all expenses of the Franchised Business, which will include the Royalty Fee, all advertising contributions or payments, and reasonable compensation and expenses for the representatives of Learning Express. If We exercise these step-in rights, then You agree to hold harmless Learning Express and its representatives for all actions or omissions which occur during the course of the temporary operation. You agree to pay Us Our reasonable attorneys' fees and costs which might arise from the exercise of these step-in rights. Nothing in this Section 12 will prevent Us from

exercising any other rights which We may have under this Agreement, including the right to terminate the Agreement.

13. Default and Termination

13.1 Immediate Termination

If any of the following defaults occur, then We can terminate this Agreement immediately upon written notice to You without providing You with an opportunity to cure the default:

- A) If You become bankrupt or insolvent or enter into any insolvency arrangement, unless You:
 - i. promptly undertake to reaffirm the obligations under this Agreement;
 - ii. promptly comply with all conditions as legally may be imposed by Learning Express upon such an undertaking to reaffirm this Agreement; and
 - iii. promptly comply with such other conditions and provide such assurances as may be required in relevant provisions of the appropriate bankruptcy rules and regulations; provided, however, that the parties acknowledge that this Agreement constitutes a personal service contract and that We have relied to a degree and in a manner material to this Agreement upon Your personal promises and/or Your directors, officers, shareholders, trustees, partners, members or managers, as the case may be, to participate personally on a full-time basis in the management and operation of the Franchised Business, and, consequently, the parties agree that any attempt by any other party, including the trustee in bankruptcy or any third party, to assume or to accept an assignment of this Agreement, shall be void.
- B) You attempt to transfer some or all of the assets of the Franchised Business without first seeking and receiving the prior approval of Learning Express;
- C) You abandon the Franchised Business or cease to operate it Yourself or with full-time management or You fail to operate for three (3) consecutive days within any twelve (12) month period without Our consent or You fail to open Your Franchised Business within one (1) year of the date of this Agreement;
- D) You are convicted or plead no contest to: 1) a felony or misdemeanor which relates to the operation of Your business; or 2) a felony or misdemeanor which involves moral turpitude;
- E) You commit an act or conduct Yourself so as to impair substantially or jeopardize, the goodwill associated with the Marks, the System or other affiliated or franchised Learning Express businesses;
- F) You violate the provisions of Article 15;
- G) You, or Your employees with Your knowledge, do not report or record all sales;
- H) You do not complete Our New Store Owner Training Program;

- I) You provide Learning Express with false information or You omit material information in Your initial application, whether written or oral; or
- J) If You engage in any act(s) that is so dishonest, untrustworthy, self-dealing, and/or fraudulent, that it goes to the essence of the Franchise Agreement and/or frustrates one of the principal purposes of the Franchise Agreement and/or irreparably damages the trust between Us; or
- K) If Your material breach cannot be cured; or
- L) If You or any other business entity under common control default on any other agreement with Us and the default is not cured in accordance with the terms of the other agreement.

In the event that we issue a Notice of Default hereunder, we will simultaneously notify Your trade vendors that You are no longer in good standing with us.

13.2 Termination With Notice to Cure

If You should be in default as set forth below and You do not cure that default within ten (10) calendar days of written notice by Us to You, then We can deny You access to the Learning Express Intranet and/or We can terminate this Agreement upon delivery to You of a subsequent written notice of termination:

- A) If You do not or refuse to pay promptly to Us any money due Us under this Agreement;
- B) If You do not or refuse to pay a trade debt, a bank debt, a landlord, a lending institution or a supplier without reasonable cause; or
- C) If You do not submit in a timely manner the reports or financial information which We require of You under this Agreement; or
- D) If You do not comply with any other provisions in this Agreement, the Manuals or other operating directives issued by Learning Express.

In the event that we issue a Notice of Default hereunder, We will simultaneously suspend all operating assistance and Your access to the Intranet site and notify Your trade vendors that You are no longer entitled to the discount or terms benefits until such time as the Default has been cured.

13.3 Conformity With Law

If there is a valid law or regulation which limits the right to terminate or which requires Learning Express to provide You with longer notice periods, then this Agreement will be deemed amended to conform to the minimum notice periods which the law or regulations may require.

14. Rights and Duties of Parties Upon Expiration or Termination

14.1 Your Obligations

Upon the expiration or termination of this Agreement (collectively, "termination"), You agree to leave peacefully the Store premises to the possession of Learning Express, without any formal demand or notice

to You, unless We notify You expressly that We will not assume the operation of Your Store. In addition, upon termination, You will:

- A) Pay all Royalty Fees and all other charges or amounts which are owed to Us;
- B) Pay all rents due to Your landlord through the date of termination of this Agreement;
- C) Pay all amounts due to Your trade vendors through the date of termination of this Agreement;
- D) Cease to hold Yourself out as a Learning Express franchisee, cease to use the Marks, System and materials, and promptly take such action as may be specified by Us in the Manual or otherwise in writing to de-identity the location of the former Franchised Business, so as to distinguish and disassociate that location from the System, Marks and Learning Express and not directly or indirectly, represent to the public that the former Franchised Business is or was operated or in any way connected with Learning Express or hold Yourself out as a present or former Learning Express franchisee at or with respect to location of the former Franchised Business;
- E) Return to Us all Trade Secrets and other confidential materials, equipment and other property owned by Us, and all copies thereof, You shall retain no copy or record of any of the foregoing; provided You may retain Your copy of this Agreement, any correspondence between the parties, and any other document which You reasonably need for compliance with any applicable provision of law;
- F) Cease to use in advertising, or in any manner whatsoever, any methods, procedures or techniques associated with the System in which We have a proprietary right, title or interest, and remove all physical characteristics, color combinations and other indications of operation under the System from the location of the former Franchised Business. You will cease all forms of advertising, including without limitation, all signs, advertising and promotional materials, displays, stationery, forms, and any other articles which display the Marks. Without limiting the generality of the foregoing, You agree that in the event of any termination, non-renewal or expiration of this Agreement, You will remove any items which are characteristic of the System "trade dress" (including fixtures), from the location of the former Franchised Business. In addition, You agree to return to Us, at Your sole cost and expense, all unused material containing Our Marks, including but not limited to, store transferred merchandise, Gift Cards and Certificates, Merchandise Credit Cards, VIP Cards, Professional Discount Cards, sales books, bags, stationery, gift wrap and business cards. You also agree to provide to Us or cause to be provided to Us, at Your sole cost and expense, Your customer list, in paper or electronic form owned by or required to be transferred to Us under Section 6.4. Furthermore, You shall not use, in any manner, or for any purpose, directly or indirectly, any of Our Trade Secrets, trade dress, Confidential Information, procedures, techniques, or materials acquired by You by virtue of the relationship established by this Agreement, including, without limiting the generality of the foregoing: (i) all bulletins, instruction sheets, and supplements thereto; and (ii) all product, vendor, supplier and customer lists, specifications or standards, item files, vendor files and sales history files, regardless of the method and/or media in or on which same is contained set forth or recorded. Moreover, You shall cause the item files, vendor files and sales history files to be permanently deleted or destroyed from all computer based or paper based files;

- G) Discontinue the sale of gift cards and pay to Us the balance of Your outstanding gift card liability as reported by Our third-party vendor.
- H) At Our option:
- i. Remove all signage, Learning Express property and inventory from the Store premises or should You fail or refuse to do so, then, without prior notice to You, Our agents, servants, or employees may at any time enter the premises of the formerly Franchised Business and remove any and all signs and Learning Express property from the premises, without paying for them, and without being guilty of trespass or other tort and You will reimburse Us all of Our the cost for doing so;
 - ii. Sell the equipment, fixtures, and usable inventory to Us at the fair market value, as We reasonably determine. You also agree to transfer all transferable licenses and permits. We will not be liable for payment to You for licenses, permits, customer information or goodwill. We will have the right to offset against the purchase price all amounts which You owe to Us;
- I) At Our request, You will transfer to Us or Our designee at Your cost, all telephone, facsimile or Internet numbers (together with any domain names(s)), in use by You on the date of termination, and inform the Yellow Pages and any other directory of the same. Where no such request is made, You shall promptly cancel and discontinue use of the telephone, facsimile and/or Internet number(s) which served the Franchised Business at the time of termination and delete Your Learning Express listing in the Yellow Pages for the service area of the Franchised Business and in any other directory, including any domain name(s);
- J) You hereby constitute and irrevocably appoint Learning Express, pursuant to the terms of this Agreement, with full power of substitution and revocation by Learning Express, as Your true and lawful attorney-in-fact, to the full extent permitted by law to cancel, terminate, assign, discontinue or take any and all lawful action with respect to all customer lists, telephone, facsimile or Internet numbers, including any domain name(s), Social Media accounts and comparable electronic identities, which serve the Franchised Business, including, without limitation, the power to take such steps as in the opinion of Learning Express may be necessary to delete the Learning Express listing or advertising in the Yellow Pages and any other directories and to terminate any other listing which indicates that You are or were affiliated with Learning Express. You shall indemnify and hold harmless each such telephone company, directory publisher, Internet provider and other person or entity against all costs, damages, attorneys' fees, expenses and liabilities which may be incurred or sustained in connection with or as a result of any action taken in reliance on the foregoing power of attorney, which shall be coupled with an interest;
- K) Provide Us or Our designee with all records of the Franchised Business, including, without limitations, customer lists and any other pertinent information of the Franchised Business, provided You may retain such copies as are necessary for compliance with any applicable provision of law;
- L) Sign all documents which Learning Express may reasonably require, to evidence the termination of the franchise and Your rights to use the Marks. You agree to appoint Us as Your attorney-in-fact, in the forms attached to this Agreement as Addenda G, H and I, or as amended by Us from time to time, with full power and authority, to sign the documents on Your behalf;

- M) Not reference Learning Express or the Learning Express System in any meta tags, links or frames; and;
- N) If You fail or refuse to perform any of the above obligations, then Our agents, representatives or employees may, at any time, enter the premises of the formerly Franchised Business and perform or cause to be performed all of the above obligations on Your part to be performed, and without being guilty of trespass or other tort.

15. Non-Competition and Non-Disclosure Covenants

15.1 Non-Competition

You cannot, either directly or indirectly (e.g. through a parent, spouse, domestic partner, child or Business Organization), as a proprietor, partner, investor, lender, trustee, shareholder, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise, for Yourself or on behalf of or in conjunction with any other person, persons, partnership, corporation, or other business entity own, maintain, engage in, participate or have any interest in the operation of any retail or wholesale toy business selling the same or substantially similar goods or services of the System, during the term of this Agreement or for a two (2) year period following its termination or expiration, regardless of the cause thereof, at Your Store, or within a forty (40) mile radius of Your Store or a then existing franchised or affiliated Store. This prohibition against competition will apply to Your participation in, ownership of, or interest in, any method of distribution, including without limitation, mail order sales, and e-commerce. This prohibition against competition also includes the participation, ownership or interest in a competitive business, as defined above, by a member of Your immediate family, as defined in Section 11.2D above. You cannot divert or attempt to divert any business or customers of any Stores to any other competitive business by direct or indirect means. The amounts of time and distance set forth above may be divisible into units of one (1) month and one (1) mile and may be reduced, should a court find them to be unreasonable. If You are an individual, then You expressly acknowledge that You possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive You of Your personal goodwill, or ability to earn a living. Additionally, We shall have the right to seek injunctive relief to enforce Our rights and You agree to pay the attorneys' fees We incur and Our costs in connection with enforcement of this provision. In the event that You violate this non-competition covenant and without limiting any other remedies which may be available to Us, You agree to pay to Us through the expiration date hereof and, for a period of two (2) years thereafter, on a monthly basis, a fee equal to five percent (5%) of the gross receipts generated by the business conducted in violation of this Section. If You violate this provision during the term of this Agreement, then We can terminate this Agreement pursuant to Section 13.1. In no event will this non-competition covenant apply to any interest in additional Stores licensed under franchise agreements with Us.

15.2 Non-Disclosure

You acknowledge that disclosure of any aspect of the Trade Secrets, Confidential Information, System, or duplication or disclosure of the Manuals could harm Us, You and other Learning Express franchisees. You agree that at no time during or after the term of this Agreement will You disclose or duplicate in any way, or make available the contents of the Manuals, Trade Secrets, Confidential Information, or other aspects of the System to any person, corporation, other business entity or professional advisor. Such persons may

have access to the materials only to the extent necessary for the transaction of business by You. You agree that no one shall be permitted to have possession of any materials or retain copies of or notes concerning any of these materials. All of the above shall be returned to Us immediately upon termination or expiration of this Agreement. We shall have the right to injunctive relief to enforce the provisions of this Section and You agree to pay Our attorneys' fees and costs in connection with such injunctive relief.

16. General Conditions and Provisions

16.1 Titles for Convenience

The titles of the sections and paragraphs are for convenience only and are not a part of this Agreement.

16.2 Entire Agreement

This Agreement, including any incorporated documents, reflects the entire agreement of the parties. All negotiations, commitments, representations and understandings of the parties (including representations made or understandings communicated via Our Disclosure Document) which have taken place are merged into this Agreement. There are no other oral or written understandings or agreements which relate to this Agreement. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations We made in the Franchise Disclosure Document that We furnished to You.

16.3 Amendment in Writing

The parties agree that no modification of this Agreement will be valid unless both parties execute such modification in writing.

16.4 No Waiver

We will not be liable if We waive any breach or default in performance by You or other Learning Express franchisees. We may require strict compliance with this Agreement even if We have waived a breach or breaches during an earlier period under this Agreement, except changes to the Manuals.

16.5 Severability

The provisions of this Agreement are severable, and in the event that any portion of this Agreement is declared illegal or unenforceable, the remainder of this Agreement shall be in effect and binding on Us.

16.6 Mediation

In order to reduce instances of possible dispute and to make the resolution of any disputes which do arise less expensive, quicker, less subject to public notoriety and to attempt to resolve disputes in a less formal and adversarial manner, as well as to increase the opportunities for Learning Express and You to maintain a mutually beneficial business relationship, We and You agree as follows:

- A) ANY LITIGATION, CLAIM, DISPUTE, SUIT, ACTION, CONTROVERSY, PROCEEDING OR OTHERWISE ("CLAIM"), BETWEEN OR INVOLVING YOU (AND/OR AN OWNER OR GUARANTOR OF A BUSINESS ORGANIZATION FRANCHISEE OR WHICH COULD BE BROUGHT BY OR ON ANY SUCH PERSON'S BEHALF) AND US, EXCEPT AS EXPRESSLY PROVIDED BELOW, WHETHER ARISING OUT OF OR RELATING IN ANY WAY TO THIS

AND/OR ANY OTHER AGREEMENT AND/OR ANY OTHER DOCUMENT, ANY ALLEGED BREACH OF ANY DUTY OR OTHERWISE (INCLUDING, BUT NOT LIMITED TO, THE UNDERLYING LEGALITY OF THE OFFER AND/OR SALE OF THE LEARNING EXPRESS FRANCHISE, ANY ACTION FOR RESCISSION OR OTHER SETTING ASIDE OF SUCH SALE OR ANY TRANSACTION, AGREEMENT OR DOCUMENT AND ANY CLAIM THAT THIS AGREEMENT OR ANY PORTION THEREOF IS INVALID, ILLEGAL, VOID, VOIDABLE OR OTHERWISE AND ANY CLAIM OF FRAUD) AND ON WHATEVER THEORY AND/OR FACTS BASED, WILL PRIOR TO SUCH CLAIM BEING BROUGHT IN A COURT, BE SUBMITTED TO NON-BINDING MEDIATION. THE MEDIATION SHALL BE CONDUCTED THROUGH EITHER AN INDIVIDUAL MEDIATOR OR A MEDIATOR APPOINTED BY A MEDIATION SERVICES ORGANIZATION OR BODY, EXPERIENCED IN THE MEDIATION OF DISPUTES BETWEEN FRANCHISORS AND FRANCHISEES, AGREED UPON BY THE PARTIES AND, FAILING SUCH AGREEMENT WITHIN A REASONABLE PERIOD OF TIME AFTER EITHER PARTY HAS NOTIFIED THE OTHER OF ITS DESIRE TO SEEK MEDIATION OF ANY CLAIM (NOT TO EXCEED 15 DAYS), BY THE AMERICAN ARBITRATION ASSOCIATION (OR ANY SUCCESSOR ORGANIZATION) IN ACCORDANCE WITH ITS RULES GOVERNING MEDIATION. IF THE PARTIES ARE UNABLE TO RESOLVE THE CLAIM WITHIN NINETY (90) DAYS AFTER THE MEDIATOR HAS BEEN CHOSEN, THEN EITHER PARTY MAY BRING AN ACTION IN A COURT HAVING JURISDICTION IN ACCORDANCE WITH SECTION 16.7 BELOW.

- B) ANY MEDIATION WILL BE CONDUCTED AT OUR HEADQUARTERS. THE COSTS AND EXPENSES OF MEDIATION, INCLUDING COMPENSATION AND EXPENSES OF THE MEDIATOR (EXCEPT THAT THE PARTIES WILL BEAR THEIR OWN COSTS, INCLUDING ATTORNEYS' FEES) SHALL BE BORNE BY THE PARTIES EQUALLY. ANY CLAIM, AND ANY MEDIATION, WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS ONLY AND NOT ON A CLASSWIDE, MULTIPLE PLAINTIFF OR SIMILAR BASIS.
- C) THE OBLIGATION HEREIN TO MEDIATE WILL NOT BE BINDING UPON LEARNING EXPRESS WITH RESPECT TO CLAIMS OR ISSUES RELATING PRIMARILY TO (i) THE VALIDITY OF ANY MARKS OWNED BY US, (ii) MONIES OWED BY YOU TO US, AND/OR (iii) OUR RIGHTS TO RECEIVE AND ENFORCE A TEMPORARY RESTRAINING ORDER, PRELIMINARY INJUNCTION, PERMANENT INJUNCTION OR OTHER EQUITABLE RELIEF.

16.7 Venue: Governing Law

With respect to any claims, controversies or disputes not resolved through mediation, You hereby irrevocably submit to the state and federal courts in Massachusetts nearest Our headquarters. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision and agree that service of process may be made by any means allowed by Massachusetts or federal law. With respect to any action for monies owed or injunctive or other extraordinary relief, We may bring such action in any state or federal court which has jurisdiction over You. This Agreement will be governed by and interpreted by the laws of the Commonwealth of Massachusetts. You also agree to bring a cause of action against Learning Express within one (1) year of the occurrence of the facts which give rise to the claim. If any provision of this Agreement or the Manuals is found to be invalid, the remaining provisions of this Agreement or the Manuals will be considered valid and enforceable.

16.8 Notices

You agree that all written notices which are required by this Agreement or the Manuals will be considered delivered three (3) days after being placed in the U.S. Mail, by certified mail, return receipt requested, or one (1) day after being sent by e-mail or comparable electronic system or Federal Express or other receipted overnight courier service, if they are sent to the address for each party cited at the beginning of this Agreement or to another address, as long as the party with the changed address has notified the other party in writing.

16.9 Force Majeure

Except for Your obligation to pay any Royalty Fee, Learning Express National Advertising Fund contributions or other payments under this Agreement, neither of Us will be liable to the other for failure to perform under this Agreement, in whole or in part, when such failure is due to governmental restrictions, failure of utilities, strikes, labor troubles, riots, storms, fires, explosions, floods, wars, embargoes, blockades, legal restrictions, insurrections, acts of God or any other cause similar thereto which is beyond the reasonable control of the parties. In the event of such delay, the time for performance will be extended by a period of time equal to such delay if such extension is reasonably needed.

16.10 Specific Performance/Injunctive Relief

Nothing contained in this Agreement shall prohibit Us from obtaining specific performance of the provisions of this Agreement and injunctive relief against existing or threatened conduct that will cause Us loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You agree that We may have such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and that Your sole remedy, in the event of the entry of such injunction, shall be the dissolution of such injunction, if warranted, upon a proper hearing (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby by You). Should legal proceedings have to be brought by Us against You to enforce any Non-Competition Covenant or for Your failure to maintain Confidentiality and Protect against Infringement, the period of restriction shall be deemed to begin running on the date of entry of an order granting Us injunctive relief and shall continue uninterrupted for the entire period of restriction.

16.11 Attorney's Fees

In any action or proceeding brought for the purpose of enforcing, or preventing the breach of, any provision of this Agreement, whether by judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorney's fees for the services rendered to such prevailing party at all trial and appellate levels. All sums, which are due but unpaid to either party, shall bear interest from the date due at the highest rate permissible by applicable law.

16.12 WAIVER OF JURY TRIAL

YOU AND WE EACH IRREVOCABLY WAIVE OUR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. YOU AND WE ACKNOWLEDGE THAT THIS WAIVER OF JURY TRIAL RIGHTS PROVIDES THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT

AND RESOLUTION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT AND ANY ASPECT OF THE PARTIES' RELATIONSHIP. YOU AND WE FURTHER ACKNOWLEDGE THE SUFFICIENCY AND RECEIPT OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.

16.13 Reasonable Business Judgement

Whenever We reserve or are deemed to have reserved discretion in a particular area or where We agree or are deemed to be required to exercise Our rights reasonably or in good faith, We will satisfy Our obligations whenever We exercise Reasonable Business Judgement in making Our decision or exercising Our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgement, even if other reasonable or even arguably preferable alternatives are available, if Our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Our financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving customer service and satisfaction, improving service or product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. We are not required to consider any of Your or any other franchisee's particular economic or other circumstances when exercising Our Reasonable Business Judgement. Decisions We make using Our Reasonable Business Judgement will not affect all franchisees equally, and some may be benefited while others are not. Neither You nor any third party (including without limitation an arbitrator or a court of competent jurisdiction), shall substitute its judgment for Our Reasonable Business Judgement.

16.14 English Language

This Agreement has been negotiated in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. You represent that You and Your Primary Owner are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the Parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations, arbitration and litigation, will be conducted and written in the English language. In addition, We will provide all services and materials under this Agreement, including without limitations the Manuals and all training programs, seminars, conventions, programs and meetings, in the English language and will not have a duty to provide any translation or interpreter services for any of Your personnel. You will be solely responsible for the cost of any related translation or interpreter services.

17. Acknowledgement

This Section is a confirmation that You have had an opportunity to review this Agreement and that You have had the chance to consult with an attorney or other professional advisor.

You confirm Your understanding that any training, support, guidance or tools We provide to You as part of the Franchise Business are for the purpose of protecting the Learning Express Brand and Trademarks and to assist You in the operation of Your business and not for the purpose of controlling or in any way intended to exercise or exert control over Your decisions or day-to-day operations of Your business, including Your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Your employees and all other employment and employee related matters.

You further acknowledge that You have entered into this Agreement after making an independent investigation of the Franchised Business and of Learning Express.

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

IN WITNESS WHEREOF, the parties intending to be bound legally have fully executed, sealed and delivered this Agreement as of the day and year first above written.

FRANCHISOR

LEARNING EXPRESS, INC.

By _____

Title _____

Print Name _____

Date _____

FRANCHISEE

Entity Name _____

By _____

Title _____

Print Name _____

Date _____

Addendum A: Notice of Intent (NOI) for Additional Location

Store Owner: _____

Estimated Grand Opening Date: _____

Proposed Location: _____

Store Type: Permanent Additional Initial Franchise Fee applies

Satellite Fee above deferred for two (2) years

If Satellite, one (1) or more of the following are met:

Proposed Location is in my Designated Territory

Lease is less than two (2) years

Landlord termination rights reduce guaranteed lease term to less than two (2) years

Required Documents: Vendor Aging Report

(Please attach) Store Income Statement

Final Funding Plan

Written Statement detailing how store will be run

I understand and agree to the following:

- 1) I must submit this NOI and the above required documents prior to Learning Express, Inc. considering my application. Learning Express retains the right to request additional information in order to support my application.
- 2) I agree to sign the appropriate authorization in order for Learning Express to run both a business and personal credit check.
- 3) I must meet certain minimum financial requirements, satisfy the standards established for multiple store owners, and be in good standing as a Learning Express franchisee. In order to be approved to own & operate multiple stores, the performance of my existing Learning Express location(s) will be considered.
- 4) Learning Express, Inc. must review the required documents and accept in writing the Proposed Location prior to any commitment to a landlord or lease signing.
- 5) If awarded an Additional Location and not already completed, I must attend Multi-Store Owner Training, and the manager of my Proposed Location must attend New Owner Training.

Store Owner Signature: _____

Date: _____

Regional Franchise Owner Signature: _____

Date: _____

Approved: _____

Date: _____

Addendum B: Guaranty of Performance of Learning Express Local Store Franchise Agreement

In consideration of the award of this Learning Express franchise to _____ (the "Franchisee") and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the undersigned, the undersigned agrees to guarantee throughout the term of the Franchise Agreement and thereafter, if applicable, each and every obligation contained in this Agreement and to be bound individually by the restrictive covenants contained in Article 15 of the Franchise Agreement. The undersigned further agrees to allow Learning Express to pursue the undersigned with respect to any obligation without first pursuing a claim against the Franchisee or any other guarantor of the Franchisee. This guaranty of performance shall survive the expiration or termination of the Franchise Agreement.

GUARANTOR

By _____

Guarantor, Jointly and Severally

Print Name _____

Date: _____

GUARANTOR

By _____

Guarantor, Jointly and Severally

Print Name _____

Date: _____

Addendum C: Form of Confidentiality Agreement and Covenants Not to Compete

This Agreement is made and entered into this date _____ between Learning Express, Inc., a Massachusetts corporation (“Franchisor”),

Entity Name: _____ (“Franchisee”), and

Covenantor Name(s) _____ (“Covenantor”).

Recitals

WHEREAS, Franchisor and Franchisee entered into a Learning Express Local Store Franchise Agreement on _____ (“Franchise Agreement”); and

WHEREAS, under that Franchise Agreement, Franchisee was awarded the right to operate a Franchised Business and use the System, Trade Secrets and Confidential Information of Franchisor, all as defined in said Franchise Agreement; and

WHEREAS, it will be necessary for certain employees, agents, independent contractors, officers, directors, managers and owners of Franchisee, or any entity having an interest in Franchisee (collectively “Covenantor”) to have access to and to use some or all of the Trade Secrets and Confidential Information in the management and operation of the Franchised Business using the System; and

WHEREAS, Franchisee has agreed to obtain from those Covenantors, written agreements protecting the Trade Secrets, Confidential Information and the System against unfair competition; and

WHEREAS, Covenantor is, wishes to remain, or wishes to become associated with or employed by Franchisee; and

WHEREAS, Covenantor wishes and needs to receive and use the Trade Secrets and Confidential Information and have access to the System in the course of his employment or association with Franchisee in order to effectively perform services for Franchisee; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Trade Secrets and Confidential Information have access to the System constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenant and obligations contained herein, the parties agree as follows:

Confidentiality Agreement

- 1) Franchisor and/or Franchisee shall disclose to Covenantor some or all of the Trade Secrets and Confidential Information relating to the System. All information and materials, including, without limitation, manuals, drawings, marketing techniques, specifications, techniques and compilations of data which Franchisor provides to Franchisee and/or Covenantor, shall be deemed confidential Trade Secrets for the purposes of this Agreement.
- 2) Covenantor shall receive the Trade Secrets and Confidential Information in confidence and shall, at all times, maintain them in confidence, and use them only in the course of his employment or association with

Franchisee and then only in connection with the development and/or operation by Franchisee of the Franchised Business for so long as Franchisee is licensed by Franchisor to use the System.

- 3) Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Trade Secrets and Confidential Information without Franchisor's express written permission.
- 4) Covenantor shall not at any time disclose or permit the disclosure of the Trade Secrets or Confidential Information except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee in the development or operation of the Franchised Business.
- 5) Covenantor shall surrender any material containing some or all of the Trade Secrets or Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which such information or material may have been furnished to Covenantor.
- 6) Covenantor shall not at any time, directly or indirectly, do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Trade Secrets, Confidential Information and the System.

Covenants Not to Compete

1. In order to protect the goodwill and unique qualities of the System and the confidentiality and value of the Trade Secrets and Confidential Information, and in consideration for the disclosure to Covenantor of the Trade Secrets and Confidential Information, Covenantor further agrees and covenants during the period of Covenantor's association with or employment by Franchisee, as follows,

- a. not to divert, or attempt to divert, directly or indirectly, any business, business opportunity, or customer of the Franchised Business to any competitor; and
- b. except with respect to the Franchised Business not, either directly or indirectly, as a proprietor, partner, investor, lender, trustee, shareholder, owner, director, officer, member, manager, employee, principal, agent, representative, advisor, franchisor, franchisee, consultant or otherwise, for himself/herself or on behalf of or in conjunction with any other person, persons, partnership, corporation, or other business entity own, maintain, engage in, participate or have any interest in any business that is of a character and concept similar to the Franchised Business (the "Competitive Business"). As used in this Agreement, the term "similar", means a business which in any substantial way looks like, copies, imitates, or operates in a manner similar to the Franchised Business and which is at, or is within a forty (40) mile radius of the location of the Franchised Business or a then existing franchised or affiliated Store. This prohibition against competition will apply to Covenantor's participation in, ownership of, or interest in, any method of distribution, including without limitation, mail order sales, and Internet access and sales. This prohibition against competition also includes the participation, ownership or interest in a Competitive Business, by a member of Covenantor's immediate family, as defined in Section 11.2C of the Franchise Agreement. The amounts of time and distance set forth above may be divisible into units of one (1) month and one (1) mile and may be reduced, should a court find them to be unreasonable. The running of any period of time specified herein will be tolled and suspended for any period of time in which Covenantor is found by a court of competent jurisdiction to have been in violation of any of the restrictive covenants set forth herein. Covenantor expressly acknowledges that Covenantor possesses skills and abilities of a general nature and has other opportunities for exploiting such skills. Consequently, enforcement of the covenants made herein will not deprive Covenantor, of Covenantor's personal goodwill or ability to earn a living.

2. In further consideration for the disclosure to Covenantor of the Trade Secrets and Confidential Information and to protect the uniqueness of the System, Covenantor agrees and covenants that for two (2) years following the earlier of the expiration, termination, non-renewal or transfer of all Franchisee's interest in the Franchise Agreement or the termination of his association with or employment by Franchisee, Covenantor will not, without the prior written consent of Franchisor divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of the Franchised Business to any competitor.

Miscellaneous

- 1) Franchisee shall make all commercially reasonable efforts to ensure that Covenantor acts as required by this Agreement.
- 2) Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisor shall be entitled to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies are made available to it at law or in equity, including the right to terminate the Franchise Agreement, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
- 3) Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.
- 4) Any failure by Franchisor and/or Franchisee to object to or take action with respect to any breach of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.
- 5) AS TO ANY ACTION IN WHICH FRANCHISOR IS A PARTY, THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MASSACHUSETTS. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF TO THE JURISDICTION OF THE STATE COURTS OF MIDDLESEX COUNTY, MASSACHUSETTS AND THE FEDERAL DISTRICT COURT FOR THE EASTERN DISTRICT OF MASSACHUSETTS. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY MASSACHUSETTS OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE MIDDLESEX COUNTY, MASSACHUSETTS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.
- 6) The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of the activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which Franchisor is a part, Covenantor expressly agrees to be bound by any lesser

covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law as if the resulting covenant were separately stated in and made a part of this Agreement.

- 7) In the event that Covenantor violates the non-competition covenant and without limiting any other remedies which may be available to Franchisor and/or Franchisee, Covenantor agrees to pay monthly to Franchisor or Franchisee (as the case may be), for a period of two (2) years following such violation, an amount equal to five percent (5%) of the gross receipts generated by the business or activity conducted in violation of that covenant.
- 8) This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.
- 9) All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be addressed to:

Learning Express, Inc.
63 Walnut Street
Devens, Massachusetts 01434-5026
Attention: Lauren Derse

If directed to Franchisee, the notice shall be addressed to:

Attention: _____

If directed to Covenantor, the notice shall be addressed to:

Attention: _____

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given 3 business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving 15 days written notice of such change to the other parties.

- 10) The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successor and assigns. The respective obligations

of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR

LEARNING EXPRESS, INC.

By _____

Title _____

Print Name _____

Date _____

FRANCHISEE

Entity Name _____

By _____

Title _____

Print Name _____

Date _____

COVENANTOR

(Each owner must sign individually)

By _____

Print Name _____
(an individual)

Date _____

By _____

Print Name _____
(an individual)

Date _____

Addendum D: Form of Employee Confidentiality Agreement

This Agreement is made and entered into on this _____ day of _____, 20____ by and between _____ (“Employer”) and _____ (“Employee”).

Recitals

WHEREAS, Employer is a franchisee of Learning Express, Inc. (hereinafter “LEI”) and as such utilizes a unique system (hereinafter the “LEI SYSTEM”) for the development and operation of a single retail toy and gift business under the trade name and mark LEARNING EXPRESS®; and

WHEREAS, LEI’s Confidential Information or Materials provide economic advantages to LEI and its franchisees including Employer and which are not generally known to nor readily ascertainable by proper means by LEI’s competitors who could obtain economic value from knowledge and use of LEI’s Trade Secrets; and

WHEREAS, Employer has promised to take and intends to take all reasonable steps to maintain the confidentiality and secrecy of LEI’s Confidential Information or Materials; and

WHEREAS, it will be necessary for Employee to have access to and to use some or all of LEI’s Confidential Information or Materials as an employee of Employer:

WHEREAS, Employee wishes to remain, or wishes to become, an employee of Employer; and

WHEREAS, Employee wishes and needs to receive and use LEI’s Confidential Information or Materials in the course of Employee’s employment in order to effectively perform Employee’s services for Employer;

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

- 1) FOR PURPOSES OF THIS AGREEMENT, THE TERM “CONFIDENTIAL INFORMATION OR MATERIALS” MAY INCLUDE WITHOUT LIMITATION, ALL TRADE SECRETS; OPERATING, MARKETING, PROMOTIONS, ADVERTISING, HUMAN RESOURCES AND TRAINING MANUALS; MEMORANDA, VIDEO AND AUDIO TAPES, SLIDE PRESENTATIONS AND OTHER MATERIALS; CHARACTERS, SYSTEMS, LOGOS AND OTHER SIMILAR PROPERTY, CREATIONS AND IDEAS; PROGRAMS, STUDIES, SOFTWARE, INVENTORY CONTROL, AGREEMENTS, CORRESPONDENCE, RECORDS, PLANS AND REPORTS USED OR CREATED BY LEI OR SUPPLIED TO LEI; CUSTOMER LISTS AND INFORMATION; IDENTITIES OF SUPPLIERS; RECRUITING TECHNIQUES; AND OPERATIONAL, ACCOUNTING AND QUALITY CONTROL PROCEDURES; ARCHITECTURAL AND CONSTRUCTION RELATED PLANS AND SPECIFICATIONS, AND GENERALLY ALL OTHER INFORMATION, WHICH EMPLOYER TREATS AS CONFIDENTIAL.
- 2) EMPLOYEE ACKNOWLEDGES THAT DURING HIS/HER EMPLOYMENT, EMPLOYEE MAY GAIN KNOWLEDGE OF PROPRIETARY CONFIDENTIAL INFORMATION OR MATERIALS. EMPLOYEE RECOGNIZES THAT EMPLOYER AND LEI HAVE A COMPELLING NEED TO MAINTAIN THE CONFIDENTIALITY OF SUCH CONFIDENTIAL INFORMATION AND MATERIALS. ACCORDINGLY, EMPLOYEE AGREES THAT:
 - A) EMPLOYEE SHALL RECEIVE LEI’S CONFIDENTIAL INFORMATION OR MATERIALS IN CONFIDENCE, MAINTAIN THEM IN CONFIDENCE, AND USE THEM ONLY IN THE COURSE OF EMPLOYEE’S EMPLOYMENT BY EMPLOYER.

- B) EMPLOYEE WILL NOT, DURING THE TERM OF THIS AGREEMENT OR THEREAFTER, DIRECTLY OR INDIRECTLY DISCLOSE TO ANY OTHER PERSON OR ENTITY, OR USE FOR EMPLOYEE'S OWN ACCOUNT, OR FOR OTHER THAN EMPLOYER'S BUSINESS, ANY CONFIDENTIAL INFORMATION OR MATERIALS WITHOUT FIRST OBTAINING THE WRITTEN CONSENT OF LEI. EMPLOYEE SHALL AT ALL TIMES KEEP CONFIDENTIAL ALL CONFIDENTIAL INFORMATION OR MATERIALS OF EMPLOYER AND LEI.
- C) EMPLOYEE WILL RETAIN NO COPIES OF, AND SHALL PROMPTLY DELIVER TO EMPLOYER, UPON THE TERMINATION OF EMPLOYEE'S SERVICES OR AT ANY OTHER TIME EMPLOYER MAY REQUEST ANY AND ALL DOCUMENTARY AND OTHER MATERIALS (INCLUDING SOFTWARE) AND ALL COPIES THEREOF IN WHATEVER FORM, INCLUDING ELECTRONIC VERSIONS THEREOF, MADE, COMPILED OR OTHERWISE OBTAINED BY OR DELIVERED OR DISCLOSED TO EMPLOYEE CONCERNING ANY CONFIDENTIAL INFORMATION OR MATERIALS OF EMPLOYER OR LEI.
- 3) EMPLOYEE SHALL NOT AT ANY TIME MAKE COPIES OF ANY DOCUMENTS OR COMPILATIONS CONTAINING SOME OR ALL OF LEI'S CONFIDENTIAL INFORMATION OR MATERIALS WITHOUT THE EXPRESS WRITTEN PERMISSION OF EMPLOYER.
- 4) EMPLOYEE SHALL NOT DISCLOSE OR PERMIT THE DISCLOSURE OF LEI'S CONFIDENTIAL INFORMATION OR MATERIALS EXCEPT TO OTHER EMPLOYEES OF EMPLOYER AND ONLY TO THE LIMITED EXTENT NECESSARY TO TRAIN OR ASSIST OTHER EMPLOYEES OF EMPLOYER WHO HAVE ALSO SIGNED CONFIDENTIALITY AGREEMENTS OR NON-DISCLOSURE AND NON-COMPETITION AGREEMENTS.
- 5) EMPLOYEE UNDERSTANDS AND AGREES THAT THIS AGREEMENT MAY BE ENFORCED BY EITHER EMPLOYER OR BY LEI.
- 6) EMPLOYEE AGREES THAT IN THE EVENT OF A BREACH OF THIS AGREEMENT, EMPLOYER AND/OR LEI WOULD BE IRREPARABLY INJURED AND BE WITHOUT AN ADEQUATE REMEDY AT LAW. THEREFORE, IN THE EVENT OF SUCH A BREACH, OR THREATENED OR ATTEMPTED BREACH OF ANY OF THE PROVISIONS THEREOF, EMPLOYER AND/OR LEI SHALL BE ENTITLED TO ENFORCE THE PROVISIONS OF THIS AGREEMENT AGAINST EMPLOYEE, AND MAY SEEK, IN ADDITION TO ANY OTHER REMEDIES WHICH ARE MADE AVAILABLE TO IT AT LAW OR IN EQUITY, A TEMPORARY AND /OR PERMANENT INJUNCTION AND A DECREE FOR THE SPECIFIC PERFORMANCE OF THE TERMS OF THIS AGREEMENT, WITHOUT BEING REQUIRED TO FURNISH A BOND OR OTHER SECURITY.
- 7) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED UNDER THE LAWS OF THE STATE OF _____.
- 8) IF ANY COURT OR OTHER TRIBUNAL HAVING JURISDICTION TO DETERMINE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT DETERMINES THAT IT WOULD BE UNENFORCEABLE AS WRITTEN, ITS PROVISIONS SHALL BE DETERMINED TO BE WITHHELD, MODIFIED OR LIMITED TO SUCH EXTENT OR IN SUCH MANNER AS IS NECESSARY FOR IT TO BE VALID AND ENFORCEABLE TO THE GREATEST EXTENT POSSIBLE.

WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

EMPLOYER

By: _____

Name: _____

Title: _____

Date: _____

EMPLOYEE

By: _____

Name: _____

Date: _____

Addendum E: Learning Express, Inc. Electronic Funds Transfer Authorization

The undersigned Franchisee hereby authorizes Learning Express, Inc., a Massachusetts corporation, with principal offices at 63 Walnut Street, Devens, MA 01434-5026, to initiate electronic transfer of funds out of Franchisee's business bank account into Learning Express, Inc.'s bank account for payment of Royalties or other amounts which Franchisee may owe Learning Express, Inc. on the due date as specified on the invoice or terms set forth in the Operations Manual. All costs and expenses, including any resulting from the dishonor by Your bank of any electronic funds transfer, shall be Your sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying Learning Express Franchise Agreement.

Franchisee: _____

Address: _____

Name of Bank: _____

Bank Address: _____

ABA Routing and Transit Number: _____

Account Number: _____

Authorized By: _____
(signature)

Print Name: _____

Title: _____

Date: _____

Addendum F: Spousal Non-Disclosure and Non-Competition Agreement

This Agreement is made and entered into this date _____ between Learning Express, Inc., a Massachusetts corporation, with its principal place of business at 63 Walnut Street, Devens, Massachusetts 01434-5026 ("Franchisor") and _____, with its principal place of business at _____ ("Franchisee") and _____, the spouse or domestic partner of an owner of Franchisee with a primary residence at _____ ("Signer").

RECITALS

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter "LEARNING EXPRESS SYSTEM") for the development and operation of a retail toy and children's gift business under the trade name and mark LEARNING EXPRESS (hereinafter "LEARNING EXPRESS");

WHEREAS, LEARNING EXPRESS SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark LEARNING EXPRESS, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying LEARNING EXPRESS SYSTEM, and such other distinguishing characteristics of LEARNING EXPRESS SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing bookkeeping and operational support for small businesses; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time ("Trade Secrets");

WHEREAS, Franchisor's Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor's competitors who could obtain economic value from knowledge and use of Franchisor's Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor's Trade Secrets;

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement which will grant Franchisee a limited right to operate a Franchised Business within a territory using LEARNING EXPRESS SYSTEM and Franchisor's Trade Secrets for a period defined in the Franchise Agreement ("Franchise Agreement");

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of LEARNING EXPRESS SYSTEM of restricting use, access and dissemination of Franchisor's Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to learn Franchisor's Trade Secrets as Franchisee develops and maintains Franchisee's Business using LEARNING EXPRESS SYSTEM.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to LEARNING EXPRESS SYSTEM.
2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchised Business using LEARNING EXPRESS SYSTEM for so long as Franchisee is licensed by Franchisor to use LEARNING EXPRESS SYSTEM.
3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.
4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.
5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.
6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with LEARNING EXPRESS SYSTEM.
7. In order to protect the goodwill and unique qualities of LEARNING EXPRESS SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the two (2) years following the termination or expiration of Franchisee's Franchise Agreement, Signer will not:
 - (a) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by LEARNING EXPRESS which business is, or is intended to be located, within the United States; or
 - (b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor.
8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.
9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.
10. Signer agrees that the period during which the post-termination/expiration restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.
11. This Agreement shall be governed by and construed under the laws of Massachusetts.
12. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be

withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISOR

LEARNING EXPRESS, INC.

By _____

Title _____

Print Name _____

Date _____

FRANCHISEE

Entity Name _____

By _____

Title _____

Print Name _____

Date _____

SIGNER

By _____

Print Name _____
(an individual)

Date _____

Addendum G: Telephone Listing Agreement

THIS TELEPHONE LISTING AGREEMENT (the "Telephone Listing Agreement") is made and entered into

this date _____ between Learning Express, Inc., a Massachusetts corporation, with its principal place of business at 63 Walnut Street, Devens, Massachusetts 01434-5026 ("Franchisor") and

_____, with its principal place of business at _____ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Learning Express Franchised Business (the "Franchise Agreement"); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the "Numbers and Listings") related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as "Franchisee's Interest").

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone

Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts, without regard to the application of Massachusetts conflict of law rules.

[Remainder of page intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISOR

FRANCHISEE

LEARNING EXPRESS, INC.

Entity Name _____

By _____

By _____

Title _____

Title _____

Print Name _____

Print Name _____

Date _____

Date _____

Addendum H: Customer List Agreement

THIS CUSTOMER LIST AGREEMENT (the “Customer List Agreement”) is made and entered into

this date _____ between Learning Express, Inc., a Massachusetts corporation, with its principal place of business at 63 Walnut Street, Devens, Massachusetts 01434-5026 (“Franchisor”) and

_____, with its principal place of business at _____ (“Franchisee”).

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Learning Express Franchised Business (the “Franchise Agreement”); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Customer List Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Customer List Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Customer Lists. Franchisee has or will compile, assemble and/or acquire during the term of the Franchise Agreement, certain customer lists, (the “Customer Lists”) related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all mailing houses and mailing services (collectively, the “Mailing Companies”) with which Franchisee has provided the Customer Lists: (i) to transfer all Franchisee’s Interest in such Customer Lists to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Customer Lists, Franchisee will immediately direct the Mailing Companies to terminate such Customer Lists or will take such other actions with respect to the Customer Lists as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Customer

List Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Customer List Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Customer List Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Mailing Companies to transfer all Franchisee's Interest in and to the Customer Lists to Franchisor; and

2.3.2 Execute the Mailing Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Mailing Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Mailing Companies have duly transferred all Franchisee's Interest in such Customer Lists to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in such Customer Lists. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Mailing Companies for the sums Franchisee is obligated to pay such Mailing Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Customer List Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Mailing Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Customer List Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Customer List Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Customer List Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Customer Lists.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Customer List Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Customer List Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Customer List Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Customer List Agreement, all provisions of the Franchise Agreement and exhibits thereto shall remain in effect as set forth therein.

3.7 Survival. This Customer List Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Customer List Agreement shall be joint and several

3.9 Governing Law. This Customer List Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts, without regard to the application of Massachusetts conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Customer List Agreement as of the Effective Date.

FRANCHISOR

FRANCHISEE

LEARNING EXPRESS, INC.

Entity Name _____

By _____

By _____

Title _____

Title _____

Print Name _____

Print Name _____

Date _____

Date _____

Addendum I: Digital Media Listing Agreement

THIS DIGITAL MEDIA LISTING AGREEMENT (the “Digital Media Listing Agreement”) is made and entered into

this date _____ between Learning Express, Inc., a Massachusetts corporation, with its principal place of business at 63 Walnut Street, Devens, Massachusetts 01434-5026 (“Franchisor”) and

_____, with its principal place of business at _____ (“Franchisee”).

WITNESSETH:

WHEREAS, Franchisee desires to enter into a Franchise Agreement with Franchisor for a Learning Express Franchised Business (the “Franchise Agreement”); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Digital Media Listings Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Digital Media Listing Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1 Interest in Digital Media and Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Digital Media and the right to hyperlink to certain web sites and listings on various Internet search engines, Social Media accounts, and comparable electronic identities, (collectively, the “Digital Media and Listings”) related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Digital Media, Internet and Web Site service providers, domain name registries, Internet search engines, and other listing agencies (collectively, the “Digital Media Companies”) with which Franchisee has Digital Media and Listings: (i) to transfer all of Franchisee’s Interest in such Digital Media

and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Digital Media and Listings, Franchisee will immediately direct the Digital Media Companies to terminate such Digital Media and Listings or will take such other actions with respect to the Digital Media and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Digital Media Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Digital Media Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Digital Media Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Digital Media Companies to transfer all Franchisee's Interest in and to the Digital Media and Listings to Franchisor;

2.3.2 Direct the Digital Media Companies to terminate any or all of the Digital Media and Listings; and

2.3.3 Execute the Digital Media Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Digital Media Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Digital Media Companies have duly transferred all Franchisee's Interest in such Digital Media and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Digital Media and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Digital Media Companies for the sums Franchisee is obligated to pay such Digital Media Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Digital Media Listing Agreement.

3. MISCELLANEOUS

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Digital Media Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed,

suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Digital Media Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Digital Media Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Digital Media and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Digital Media Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Digital Media Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Digital Media Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Digital Media Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Digital Media Listing Agreement shall be joint and several.

3.9 Governing Law. This Digital Media Listing Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts, without regard to the application of Massachusetts conflict of law rules.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Digital Media Listing Agreement as of the Effective Date.

FRANCHISOR

FRANCHISEE

LEARNING EXPRESS, INC.

Entity Name _____

By _____

By _____

Title _____

Title _____

Print Name _____

Print Name _____

Date _____

Date _____

Addendum J: Store Conversion

This Addendum J is attached to and forms part of the Franchise Agreement between Learning Express, Inc., a Massachusetts corporation ("Us") and YOUR COMPANY HERE, a STATE corporation and OWNER 1 and OWNER 2/SPOUSE/DOMESTIC PARTNER, individuals ("You") dated _____.

To the extent that any of the terms or conditions contained in this Addendum J may contradict or conflict with any of the terms or conditions of the Franchise Agreement, it is expressly understood and agreed that the terms of this Addendum I shall take precedence and supersede the Franchise Agreement.

Recitals

1. YOU WANT TO CONVERT CONVERSION STORE NAME INTO A LEARNING EXPRESS FRANCHISE, WHILE KEEPING THE "SPIRIT" OF THE CONVERSION STORE TRADE NAME BRAND.
2. WE WANT TO PROTECT AND MAINTAIN THE LEARNING EXPRESS BRAND FOR THE BENEFIT OF ALL LEARNING EXPRESS FRANCHISEES, CUSTOMERS, VENDORS AND OTHER STAKEHOLDERS.

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

Definitions & Background Information

Conversion Store:	The current toy store known as CONVERSION STORE TRADE NAME and owned by You and located at ADDRESS.
Transition Phase One/Two	The first/second part of the transition of the Conversion Store into a Learning Express Local Store Franchise.
Phase One Completion Date:	Ninety (90) days following the Effective Date of this Franchise Agreement
Phase Two Completion Date:	The earlier of a) relocation or remodeling of the Conversion Store or b) three hundred sixty-five (365) days following the Effective Date of this Franchise Agreement.

Franchise Agreement Modifications

Initial Franchise Fee

Significant Franchise Agreement Provisions 1.6 (Initial Franchise Fee) is amended to Fifteen Thousand dollars (\$15,000.00).

Franchise Agreement Section 7.1 Initial Franchise Fee is hereby modified by striking the second sentence only (beginning with "If this Your first...") in its entirety and replacing it with the following:

Section 7.1 Initial Franchise Fee. If this is Your first Learning Express franchise, the initial franchise fee for a single retail location will be Fifteen Thousand dollars (\$15,000.00).

Trademarks and Other Intellectual Property

You declare that You are the sole owner of CONVERSION STORE TRADENAME, trademarks, copyrights or other intellectual property, including, but not limited to, the store name, store logo and store marketing materials ("Conversion Store Intellectual Property"). On the date of this Agreement, You will execute the Intellectual Property Assignment Agreement set forth as an Exhibit and will assign to Us the Conversion Store Intellectual Property, excluding any liabilities or third-party claims relating thereto. You agree to indemnify and hold Us, Our subsidiaries, affiliates, stockholders, directors, officers, employees, agents, assignees and Your Regional Franchise Owner harmless against, and to reimburse them for, all obligations, actual and consequential damages and taxes for which any of them is held liable and for all costs, reasonably incurred by any of them in the defense of any claim brought against any of them or in any action in which any of them is named as a party, which arise out of the use Your Conversion Store Intellectual Property. We have the right to defend any colorable claim at Your sole expense. The indemnities and assumptions of liabilities and obligations will continue in full force and effect following the expiration or termination of this Agreement.

Advertising and Promotion

Franchise Agreement Sections 8.1 (Grand Opening Advertising) and 1.8 (Minimum Grand Opening Advertising) are hereby deleted from the Franchise Agreement. The remainder of Franchise Agreement Section 8. (Franchisee Advertising and Promotion) remains in full effect.

Training and Assistance

The third (3rd) sentence only of Franchise Agreement Section 9.1 (Initial Training and Assistance) beginning with "Additionally, We provide..." is hereby deleted and replaced with the following:

Additionally, We provide up to a two (2) week training program as part of Your initial Store Conversion, to be conducted at Your Store.

Initial Construction

Unless You are moving or renovating Your Store location within 30 days of the date of this Franchise Agreement, Franchise Agreement Section 10.2 (Initial Construction of the Franchised Business) paragraphs A, B and C do not apply. The remainder of Section 10.2 remains intact, including the POS Transition in 10.2 D and the fees outlined in 10.2 F.

Rights and Duties of Parties Upon Expiration or Termination

Franchise Agreement Section 14.1 (Your Obligations) is amended by the following:

You agree that the Store Trade Name and Intellectual Property You used prior to Your Store Conversion are part of Our Marks that You must cease to use.

Operation of the Conversion Store

Subject to the Franchise Agreement and the Confidential Operations Manuals, You will transition the Conversion Store into the Learning Express community by meeting the requirements outlined in the following two phases, Transition Phase One and Transition Phase Two. Where noted, We will assist You with the transition, but any fees or costs associated with the transition will be paid by You.

You may only operate one Conversion Store location. Any relocation of the Conversion Store must be approved by Us, at Our sole discretion.

Conversion Phase One

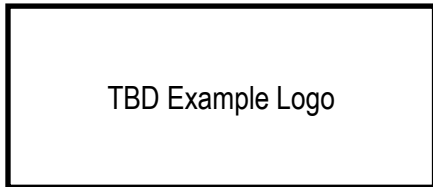
The following transition requirements for the Conversion Store shall be accomplished on or before the Phase One Completion Date. All of the changes covered by this Section 3 and its subsections shall remain in effect for the term of the Franchise Agreement except those specifically addressed in Section 5 below.

Branding Requirements

Store Trade Name

The Store Trade Name shall be changed to TBD (e.g. CONVERSION STORE TRADE NAME, A Learning Express Store). Store Logo

A new logo will be designed by Us and reasonably approved by You. The logo below is to show intent and is for demonstrative purposes only. You agree that We will own the new Store Logo and that the Store Logo will become one of Our Marks as pertaining to Section 5 (Trademarks) of this Franchise Agreement. You will have a limited right to use the Store Logo derived solely from this Addendum.



Store Tagline (if applicable)

Where appropriate, You may keep the following phrase as a store tagline for Conversion Store only: "Example Tagline." Upon request, We will alter the Store Logo to include the Store Tagline as reasonably approved by You.

Store Design Requirements

Exterior Storefront Sign

No changes during Transition Phase One.

Interior Signage

You will apply approximately TBD-inch (TBD") high full-color applied vinyl lettering as an interior sign in a mutually-agreeable location. We will design the final logo as reasonably approved by You. The mockup below is for demonstrative purposes only.



Exterior Signage

You will apply to Your LOCATION approximately six-inch (6") high white applied vinyl lettering in a mutually-agreeable location. The final logo will be designed by Us and reasonably approved by You and is subject to any applicable Landlord or Municipality requirements or approval, which You shall diligently pursue. The mockup below is for demonstrative purposes only.

TBD Mockup Exterior Signage

Leasehold Improvements

No requirements during Transition Phase One.

Store Fixtures

No requirements during Transition Phase One.

Service Requirements

Free Personalization

You will offer free personalization for the best-selling products typically personalized by Learning Express but will have no obligation to carry and personalize items that do not sell well for the store, at Your discretion.

Birthday Box Program

You will participate in the Birthday Box Program under the branding provided by Us.

Free Gift Wrap

You will offer free wrapping, including cello bags with tissue, curling ribbon and store label for appropriately sized gifts, and wrapping paper for boxed items. On all purchases, You will offer the customer a choice of gift wrap, including, but not limited to, the standard Learning Express birthday wrap. While it is highly recommended from a brand perspective to use the Learning Express wrap whenever possible, You may wrap purchases as the customer desires.

Marketing Requirements

Shopping Bags

Upon the earlier of a) the depletion of existing customer shopping bag stock or b) the Phase One Completion Date, You will begin to use Learning Express Brand shopping bags.

Address Labels

You will use a new address label that We design as reasonably approved by You. The shape of the label will be at Your discretion.

Gift Cards

Subject to Section 8.9 of this Franchise Agreement, You will participate in Our Gift Card Program. You can redeem, but not sell or reload, Conversion Store gift cards from the Conversion Store location.

Facebook, Social Media and other Webpages

Subject to Section 8.8 of this Franchise Agreement, You will appoint Our representative as administrator of the Conversion Store Facebook page and any other applicable social media pages or websites, and You will modify the current trade name and logo on those pages and sites to reflect the new Store Trade Name.

Learning Express Catalogs

It is strongly recommended that Conversion Store participates in each of the Learning Express printed publications.

LearningExpress.com Store Page

We will create a store page on learningexpress.com for the Conversion Store.

Operational Requirements

Staff Training

You will train the staff at the Conversion Store in accordance with our requirements and the employees shall be required to sign Employee Confidentiality Agreements as set forth in Addendum D.

POS Transition

With Our assistance, You will transition Your Point of Sale system and Merchant Services to our current requirements. You will be responsible for any required hardware costs and software licenses and fees, whether payable to Us or a third-party provider. Any requested data to be included in the new POS system shall meet our conversion requirements. You will be responsible for any costs associated with the data conversion, including but not limited to supplying Conversion Store data in the format We request.

Additional Advertising Requirements

Itemize advertising plan, such as Facebook posts, newspaper ads, parties, press releases, etc. [insert here]

Transition Phase Two

The following transition requirements for the Conversion Store shall be completed on or before the Phase Two Completion Date.

Store Design Requirements

Exterior Storefront Sign

You must modify your Exterior Storefront Sign to reflect the new store name "CONVERSION STORE TRADE NAME: A Learning Express Store". We must approve the new sign design and placement prior to You placing an order with a sign vendor.

Interior Sign

You must install a new or refurbished Interior Sign per mutually-developed and -approved design specifications.

Leasehold Improvements

You must make changes as requested by us to conform to our current Store Design Standard and comply with Section 10.2 of the Franchise Agreement, including, but not limited to, paint, flooring, slatwall, shelving and lighting requirements. The requested changes shall not exceed Ten Thousand dollars (\$10,000.00) in total project cost.

Store Fixtures

You must make changes as requested by us to modify your Store Fixtures and/or cash wrap. The requested changes shall not exceed Five Thousand dollars (\$5,000) total.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the undersigned have entered into this Addendum as witnessed by their signatures below.

FRANCHISOR

LEARNING EXPRESS, INC.

By _____

Title _____

Print Name _____

Date _____

FRANCHISEE

Entity Name _____

By _____

Title _____

Print Name _____

Date _____

COVENANTOR

(Each owner must sign individually)

By _____

Print Name _____
(an individual)

Date _____

By _____

Print Name _____
(an individual)

Date _____

EXHIBIT A: FORM OF ASSIGNMENT OF INTELLECTUAL PROPERTY

THIS ASSIGNMENT OF INTELLECTUAL PROPERTY (U.S.) (this "Agreement") is made as of _____ by _____, a _____ (the "Assignor"), to LEARNING EXPRESS, INC., a Massachusetts corporation (the "Assignee").

Recitals

WHEREAS The Assignor has adopted and used and is using the trademarks, copyrights or other intellectual property assets, including, but not limited to, the store name, store logo and store marketing materials (the "Intellectual Property") identified on Exhibit 1 hereto, [and is the owner of the registration of such Intellectual Property in the United States Patent and Trademark Office identified on Exhibit 1 hereto]; and

WHEREAS the Assignee desires to acquire the Intellectual Property and the registration thereof in connection with the franchising of retail toy and children's gift businesses and related services.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the Assignor does hereby assign, sell and transfer unto the Assignee all right, title and interest in and to the Intellectual Property, together with (a) the registrations of the Intellectual Property, if any (b) the goodwill of the business symbolized by and associated with the Intellectual Property and any registration thereof, and (c) the right to sue and recover for, and the right to profits or damages due or accrued arising out of or in connection with, any and all past, present or future infringements or dilution of or damage or injury to the Intellectual Property or the registration thereof or such associated goodwill.

This Assignment is intended to and shall take effect as a sealed instrument at such time as the Assignee shall complete this instrument by signing its acceptance of this Assignment below.

IN WITNESS WHEREOF, the Assignor, by its duly authorized officer, has executed this assignment, as an instrument under seal, as of _____.

[ASSIGNOR]

By: _____

Name: _____

Title: _____

The foregoing assignment of the Intellectual Property [and the registrations thereof and registration applications] therefor by the Assignee is hereby accepted as of _____.

LEARNING EXPRESS, INC.

By: _____

Name: _____

Title: _____

EXHIBIT 1

1. Trademarks and Service Marks
2. Registrations and Pending Registration
3. Other Intellectual Property

Addendum K: Form of Loan Agreement

THIS LOAN AGREEMENT (this "Loan Agreement") is dated _____ between Learning Express, Inc. with its principal place of business at 63 Walnut St. Devens, MA 01434 ("We," "Us," "Lender," or "Franchisor") and _____, with its principal place of business at _____ ("You," "Borrower", or "Franchisee").

WHEREAS Franchisor and Franchisee entered into a Franchise Agreement dated _____ with respect to the operation of a specialty toy store and the sale of related products and services ("Franchise Agreement");

WHEREAS Franchisor wishes to loan certain monies ("Loan") to Franchisee with the Franchisee repaying the Loan to the Franchisor.

NOW THEREFORE, in consideration of the mutual covenants contained herein and in the Franchise Agreement, and other good and valuable consideration, both parties agree to the following terms.

1) Loan Amount & Interest.

- a. Franchisor promises to loan _____ Dollars (\$_____) to Franchisee, and Franchisee promises to repay this principal amount to Franchisor with interest payable on the unpaid principal at the rate of _____ (_____%) percent per annum from the date of this loan until paid.

2) Payment.

- a. The unpaid Principal and accrued interest shall be payable via Electronic Funds Transfer (EFT) in monthly installments of _____ (\$_____) on the first day of each month commencing _____ and continuing until _____ with the balance then owing under this Agreement being paid at that time. All costs and expenses, including any resulting from the dishonor by the Borrower of any electronic funds transfer shall be the sole responsibility of the Borrower. Any payments received seven (7) days after the due date shall be subject to a service charge of one hundred dollars (\$100.00). A loan amortization schedule is attached hereto as Exhibit A.
- b. At any time while not in default under this Loan Agreement or under the Franchise Agreement, the Borrower may prepay the outstanding balance (in whole or in part) then owing under this Agreement to the Lender without further bonus or penalty. However, no such prepayments shall be made in amounts less than One Hundred Dollars (\$100.00).
- c. All payments from Franchisee to Franchisor under this Loan shall be applied (1) first in payment of any amounts due under the Franchise Agreement; (2) next, to payment of service charges due under this Loan; (3) next, to payment of accrued interest; and (4) next, to the payment of principal.

- d. All sums which become due under the terms of this Loan shall be payable in lawful money of the United States of America to the Lender at 63 Walnut St. Devens, MA 01434, or at such other place as Lender may designate in writing.
- e. _____ and _____ (spouse) acknowledge that they are jointly and severally liable under this Agreement as detailed in the attached Guaranty.

3) Default.

- a. If Franchisee defaults in the performance of any obligation under this Loan Agreement, Franchisor may declare the principal amount owing, interest due and fees under this Loan Agreement at this time to be immediately due and payable.
- b. A default under this Loan Agreement will constitute a default in the Franchise Agreement, and a default in the Franchise Agreement will constitute a default in this Loan Agreement.

4) Governing Law.

- a. This Agreement will be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts.

5) Costs

- a. All costs, expenses and expenditures including, without limitation, the complete legal costs incurred by enforcing this Agreement as a result of any default by the Borrower, will be added to the principal then outstanding and will be immediately paid by the Borrower.

6) Binding Effect

- a. This Agreement will pass to the benefit of and be binding upon the respective heirs, executors, administrators, successors and permitted assigns of the Borrower and the Lender. The Borrower waives presentment for payment, notice of non-payment, protest and notice of protest.

7) Amendments

- a. This Agreement may only be amended or modified by a written instrument executed by both the Borrower and the Lender.

8) Severability

- a. The clauses and paragraphs contained in this Agreement are intended to be read and construed independently of each other. If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, it is the parties' intent that such provision be reduced in scope by the court only to the extent deemed necessary by that court to render the provision reasonable and enforceable and the remainder of the provisions of this Agreement will in no way be affected, impaired or invalidated as a result.

9) General Provisions

- a. Headings are inserted for the convenience of the parties only and are not considered when interpreting this Agreement. Words in the singular mean and include the plural and vice versa. Words in the masculine mean and include the feminine and vice versa.

10) Entire Agreement

- a. This Agreement constitutes the entire agreement between the parties and there are no further items or provisions, either oral or otherwise.

11) Permitted Transfer

- a. Notwithstanding Paragraphs 1 and 2 of this Loan Agreement, if You perform a Permitted Transfer pursuant to Section 11 of this Agreement, the balance then owing under this Agreement shall be paid in full on or prior to the effective date of the Permitted Transfer.

12) Life Insurance

- a. Throughout the term of this Loan Agreement, You agree to hold and collaterally assign to Us an existing or new decreasing term or universal life insurance policy on the life of _____ with a minimum death benefit of the outstanding amount due under this Loan Agreement.

IN WITNESS WHEREOF, the parties have duly affixed their signatures under hand and seal.

FRANCHISOR

FRANCHISEE

LEARNING EXPRESS, INC.

Entity Name _____

By _____

By _____

Title _____

Title _____

Print Name _____

Print Name _____

Date _____

Date _____

GUARANTY

This Loan Agreement is personally guaranteed jointly and severally by _____ (the "Guarantor"). Guarantor unconditionally guarantees payment to Franchisor of all amounts owing under the Loan Agreement. This Guaranty remains in effect until the Loan is paid in full. Guarantor must pay all amounts due under the Agreement when Lender makes written demand upon Guarantor. Franchisor is not required to seek payment from any other source before demanding payment from Guarantor.

GUARANTOR

By _____
Guarantor, Jointly and Severally

Print Name _____

Date: _____

GUARANTOR

By _____
Guarantor, Jointly and Severally

Print Name _____

Date: _____

Loan Amortization Schedule					Exhibit A	
	Loan Amount	\$ 128,814.00		Loan Origination Date	3/15/2023	
	Annual Interest Rate	9.500%		1st Payment Date	5/1/2023	
	Loan Period in Months	84		Interest Only Period in Months	6	
				Interest Only Payment	\$ 1,019.78	
				Scheduled Payment	\$ 2,219.82	
Payment Number	Due Date	Payment	Additional Payment	Interest	Principal	Balance
	4/1/2023					128,814.00
1	5/1/2023	1,019.78	-	1,019.78	-	128,814.00
2	6/1/2023	1,019.78	-	1,019.78	-	128,814.00
3	7/1/2023	1,019.78	-	1,019.78	-	128,814.00
4	8/1/2023	1,019.78	-	1,019.78	-	128,814.00
5	9/1/2023	1,019.78	-	1,019.78	-	128,814.00
6	10/1/2023	1,019.78	-	1,019.78	-	128,814.00
7	11/1/2023	2,219.82	-	1,019.78	1,200.04	127,613.96
8	12/1/2023	2,219.82	-	1,010.28	1,209.54	126,404.42
9	1/1/2024	2,219.82	-	1,000.70	1,219.12	125,185.30
10	2/1/2024	2,219.82	-	991.05	1,228.77	123,956.53
11	3/1/2024	2,219.82	-	981.32	1,238.50	122,718.03
12	4/1/2024	2,219.82	-	971.52	1,248.30	121,469.73
13	5/1/2024	2,219.82	-	961.64	1,258.18	120,211.55
14	6/1/2024	2,219.82	-	951.67	1,268.15	118,943.40
15	7/1/2024	2,219.82	-	941.64	1,278.18	117,665.22
16	8/1/2024	2,219.82	-	931.52	1,288.30	116,376.92
17	9/1/2024	2,219.82	-	921.32	1,298.50	115,078.42
18	10/1/2024	2,219.82	-	911.04	1,308.78	113,769.64
19	11/1/2024	2,219.82	-	900.68	1,319.14	112,450.50
20	12/1/2024	2,219.82	-	890.23	1,329.59	111,120.91
21	1/1/2025	2,219.82	-	879.71	1,340.11	109,780.80
22	2/1/2025	2,219.82	-	869.10	1,350.72	108,430.08
23	3/1/2025	2,219.82	-	858.40	1,361.42	107,068.66
24	4/1/2025	2,219.82	-	847.63	1,372.19	105,696.47
25	5/1/2025	2,219.82	-	836.76	1,383.06	104,313.41
26	6/1/2025	2,219.82	-	825.81	1,394.01	102,919.40
27	7/1/2025	2,219.82	-	814.78	1,405.04	101,514.36
28	8/1/2025	2,219.82	-	803.66	1,416.16	100,098.20
29	9/1/2025	2,219.82	-	792.44	1,427.38	98,670.82
30	10/1/2025	2,219.82	-	781.14	1,438.68	97,232.14
31	11/1/2025	2,219.82	-	769.75	1,450.07	95,782.07
32	12/1/2025	2,219.82	-	758.27	1,461.55	94,320.52
33	1/1/2026	2,219.82	-	746.70	1,473.12	92,847.40
34	2/1/2026	2,219.82	-	735.04	1,484.78	91,362.62
35	3/1/2026	2,219.82	-	723.29	1,496.53	89,866.09
36	4/1/2026	2,219.82	-	711.44	1,508.38	88,357.71
37	5/1/2026	2,219.82	-	699.50	1,520.32	86,837.39
38	6/1/2026	2,219.82	-	687.46	1,532.36	85,305.03
39	7/1/2026	2,219.82	-	675.33	1,544.49	83,760.54
40	8/1/2026	2,219.82	-	663.10	1,556.72	82,203.82
41	9/1/2026	2,219.82	-	650.78	1,569.04	80,634.78
42	10/1/2026	2,219.82	-	638.36	1,581.46	79,053.32

43	11/1/2026	2,219.82	-	625.84	1,593.98	77,459.34
44	12/1/2026	2,219.82	-	613.22	1,606.60	75,852.74
45	1/1/2027	2,219.82	-	600.50	1,619.32	74,233.42
46	2/1/2027	2,219.82	-	587.68	1,632.14	72,601.28
47	3/1/2027	2,219.82	-	574.76	1,645.06	70,956.22
48	4/1/2027	2,219.82	-	561.74	1,658.08	69,298.14
49	5/1/2027	2,219.82	-	548.61	1,671.21	67,626.93
50	6/1/2027	2,219.82	-	535.38	1,684.44	65,942.49
51	7/1/2027	2,219.82	-	522.04	1,697.78	64,244.71
52	8/1/2027	2,219.82	-	508.60	1,711.22	62,533.49
53	9/1/2027	2,219.82	-	495.06	1,724.76	60,808.73
54	10/1/2027	2,219.82	-	481.40	1,738.42	59,070.31
55	11/1/2027	2,219.82	-	467.64	1,752.18	57,318.13
56	12/1/2027	2,219.82	-	453.77	1,766.05	55,552.08
57	1/1/2028	2,219.82	-	439.79	1,780.03	53,772.05
58	2/1/2028	2,219.82	-	425.70	1,794.12	51,977.93
59	3/1/2028	2,219.82	-	411.49	1,808.33	50,169.60
60	4/1/2028	2,219.82	-	397.18	1,822.64	48,346.96
61	5/1/2028	2,219.82	-	382.75	1,837.07	46,509.89
62	6/1/2028	2,219.82	-	368.20	1,851.62	44,658.27
63	7/1/2028	2,219.82	-	353.54	1,866.28	42,791.99
64	8/1/2028	2,219.82	-	338.77	1,881.05	40,910.94
65	9/1/2028	2,219.82	-	323.88	1,895.94	39,015.00
66	10/1/2028	2,219.82	-	308.87	1,910.95	37,104.05
67	11/1/2028	2,219.82	-	293.74	1,926.08	35,177.97
68	12/1/2028	2,219.82	-	278.49	1,941.33	33,236.64
69	1/1/2029	2,219.82	-	263.12	1,956.70	31,279.94
70	2/1/2029	2,219.82	-	247.63	1,972.19	29,307.75
71	3/1/2029	2,219.82	-	232.02	1,987.80	27,319.95
72	4/1/2029	2,219.82	-	216.28	2,003.54	25,316.41
73	5/1/2029	2,219.82	-	200.42	2,019.40	23,297.01
74	6/1/2029	2,219.82	-	184.43	2,035.39	21,261.62
75	7/1/2029	2,219.82	-	168.32	2,051.50	19,210.12
76	8/1/2029	2,219.82	-	152.08	2,067.74	17,142.38
77	9/1/2029	2,219.82	-	135.71	2,084.11	15,058.27
78	10/1/2029	2,219.82	-	119.21	2,100.61	12,957.66
79	11/1/2029	2,219.82	-	102.58	2,117.24	10,840.42
80	12/1/2029	2,219.82	-	85.82	2,134.00	8,706.42
81	1/1/2030	2,219.82	-	68.93	2,150.89	6,555.53
82	2/1/2030	2,219.82	-	51.90	2,167.92	4,387.61
83	3/1/2030	2,219.82	-	34.74	2,185.08	2,202.53
84	4/1/2030	2,219.82	-	17.44	2,202.38	0.15

State Effective Dates

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

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

State	Effective Date
California	Pending
Illinois	April 4, 2023
Indiana	March 31, 2023
Michigan	
Minnesota	May 2, 2023
New York	April 5, 2023
Rhode Island	April 1, 2023
Virginia	April 4, 2023
Washington	Pending
Wisconsin	October 21, 2022, as amended March 30, 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.

Receipt

This disclosure document summarizes certain provisions of the local store franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Learning Express, Inc. offers you a franchise, it must provide this disclosure document 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Learning Express, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate State Agency listed in Exhibit A.

Franchise seller: Sharon J. DiMinico, Learning Express, Inc., 63 Walnut St, Devens, MA 01434;
Telephone: 978-889-1000

Other Sellers: See Attached.

Date of Issuance: March 21, 2023

See Exhibit A for Our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated March 21, 2023 that included the following Exhibits:

- EXHIBIT A LIST OF ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- EXHIBIT B REGIONAL FRANCHISE OWNER AND TERRITORY AND DEVELOPMENT AND SUPPORT BACKGROUNDS
- EXHIBIT C RESERVATION AGREEMENT
- EXHIBIT D FUNDING PLAN
- EXHIBIT E LOCAL STORE CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS
- EXHIBIT F ROSTER OF FRANCHISEES
- EXHIBIT G FINANCIAL STATEMENTS
- EXHIBIT H STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT
- EXHIBIT I STATE SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT
- EXHIBIT J LOCAL STORE FRANCHISE AGREEMENT

Date: _____

(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Date: _____

(Do not leave blank)

Signature of Prospective Franchisee

Print Name

KEEP THIS COPY FOR YOUR RECORDS.

NOTICE OF AVAILABLE DISCLOSURE

This disclosure document is also available in pdf format through electronic transmission upon request after qualification. Because the Disclosure Document will be transmitted in pdf format, you will need to have Adobe Reader software installed on Your computer to view and print the Disclosure Document.

Additional Sellers:

Michael Derse	63 Walnut Street, Devens, MA 01434	(978) 889-1000
Bruce Schneiderbauer	63 Walnut Street, Devens, MA 01434	(978) 889-1000
Kim Schneiderbauer	63 Walnut Street, Devens, MA 01434	(978) 889-1000
Kathleen Troknya	63 Walnut Street, Devens, MA 01434	(978) 889-1000

Receipt

This disclosure document summarizes certain provisions of the local store franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Learning Express, Inc. offers you a franchise, it must provide this disclosure document 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Learning Express, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the appropriate State Agency listed in Exhibit A.

Franchise Seller: Sharon J. DiMinico, Learning Express, Inc., 63 Walnut Street, Devens, Massachusetts 01434; Telephone: 978-889-1000

Other Sellers: See Attached.

Date of Issuance: March 21, 2023

See Exhibit A for Our registered agents authorized to receive service of process.

I have received a Franchise Disclosure Document dated March 21, 2023 that included the following Exhibits:

- EXHIBIT A LIST OF ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
- EXHIBIT B REGIONAL FRANCHISE OWNER AND TERRITORY AND DEVELOPMENT AND SUPPORT BACKGROUNDS
- EXHIBIT C RESERVATION AGREEMENT
- EXHIBIT D FUNDING PLAN
- EXHIBIT E LOCAL STORE CONFIDENTIAL OPERATIONS MANUAL TABLE OF CONTENTS
- EXHIBIT F ROSTER OF FRANCHISEES
- EXHIBIT G FINANCIAL STATEMENTS
- EXHIBIT H STATE SPECIFIC ADDENDA TO THE DISCLOSURE DOCUMENT
- EXHIBIT I STATE SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT
- EXHIBIT J LOCAL STORE FRANCHISE AGREEMENT

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

NOTICE OF AVAILABLE DISCLOSURE

This disclosure document is also available in pdf format through electronic transmission upon request after qualification. Because the Disclosure Document will be transmitted in pdf format, you will need to have Adobe Reader software installed on Your computer to view and print the Disclosure Document.

Please sign this copy of the receipt, date Your signature, and return it to Learning Express, Inc., 63 Walnut Street, Devens, Massachusetts 01434-5026.

Additional Sellers:

Michael Derse	63 Walnut Street, Devens, MA 01434	(978) 889-1000
Bruce Schneiderbauer	63 Walnut Street, Devens, MA 01434	(978) 889-1000
Kim Schneiderbauer	63 Walnut Street, Devens, MA 01434	(978) 889-1000
Kathleen Troknya	63 Walnut Street, Devens, MA 01434	(978) 889-1000