

FRANCHISE DISCLOSURE DOCUMENT

KSS Franchising LLC
An Illinois limited liability company
770 W. Gladys Ave., Unit 1
Chicago, IL 60661
312-757-5000
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www.kidsstemstudio.com



The franchisee will operate a business that offers fun and highly educational hands-on activities for kids ages 4 to 14 for exploring science, technology, engineering and math under the name “Kids STEM Studio”

The total investment necessary to begin operation of a Kids STEM Studio franchise business is \$77,000 to 108,250. This includes \$26,500 to \$28,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss availability of disclosures in different formats, contact Mukesh Muthu, 770 W. Gladys Avenue, Unit 1, Chicago, IL 60661, 312-757-5000.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as a “*A Consumer's Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home

page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: April 26, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 E.
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 D 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 Kids Stem Studio 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 Kids Stem Studio franchisee?	Item 20 or Exhibit E 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 Illinois. 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 Illinois than in your own state.
2. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.
3. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
4. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.

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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Exhibits

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Assumption of Obligations and other exhibits)
- C. Franchisee Disclosure Acknowledgement Statement
- D. Financial Statements
- E. Lists of Current and Former Franchisees
- F. Software License Agreement
- G. State Addendum (if applicable)

Receipt of Disclosure Document (Two)

Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The franchisor is KSS Franchising LLC. To simplify the language in this Disclosure Document, the franchisor will be referred to as "Company," "us" or "we." "You" means the entity that buys the franchise. Certain provisions of the franchise agreement also apply to your direct or indirect owners and will be noted. These owners must personally guarantee payment and performance of all of your obligations to us.

KSS Franchising LLC is an Illinois limited liability company organized on December 6, 2019. We do business under our corporate name and under the name "Kids STEM Studio." Our principal business address is 770 W. Gladys Avenue, Unit 1, Chicago, IL 60661. Our agent for service of process in your state, if applicable, is disclosed in Exhibit A.

We do not have a parent company. Our affiliate is Kids Stem Studio, Inc. Kids Stem Studio, Inc. developed the Kids STEM Studio System and has operated a business similar to the franchised businesses offered under this Disclosure Document since August 2015. Kids Stem Studio, Inc. has granted us a license to use and to sublicense the services marks, trademarks, logos and designs and the intellectual property relating to the Kids STEM Studio System.

We have no affiliates which are offering franchises in any line of business or are providing products or services to our franchisees.

We offer franchises for the establishment and operation of a business that offers fun and highly educational hands-on activities for kids ages 4 to 14 for exploring science, technology, engineering and math using our proprietary curriculum and a unique system ("Franchised Business"). You must sign our standard franchise agreement (the "Franchise Agreement") which is attached to this Disclosure Document as Exhibit B. You must operate your Franchised Business following the designs, systems, methods, formulas, specifications, standards, policies and procedures, including certain confidential information and trade secrets, and equipment, furniture, fixtures, materials and supplies and services required for all Kids STEM Studio businesses (all of which is referred to as the "System"). We may change, improve or further develop the System at any time. The System is currently identified by and Franchised Businesses will be operated under the service mark "Kids STEM Studio". The service mark Kids STEM Studio", the related logo, and all other proprietary trademarks, service marks, domain names, related logos and other commercial symbols owned by us or our affiliate or to be developed in the future are referred to in this Disclosure Document as the "Marks."

We have no other business activities besides selling and supporting the Franchised Businesses.

You will operate the Franchised Business from a learning center ("Learning Center") that will offer programs, classes, workshops, camps, parties and field trips using our proprietary curriculum. Some of the programs, classes, workshops, camps, parties and field trips may be conducted at off-site locations such as schools, park districts, day care centers, and similar locations ("Third Party Sites"). The services will be offered to general public with the specific activities being targeted for children ages 4 to 14. You will compete with independent and franchised businesses that offer educational

services and activities in the area of science, technology, engineering and math. Our focus is to provide such services to children in a manner that will be fun and entertaining for the children. The market for these services is developed and competitive. Since sales of services generally increases when children are not in school (i.e., summer months and holidays) there is a seasonal aspect to the Franchised Business.

You must comply with all local, state and federal laws that apply to the operation of the Franchised Business. Where our affiliate has operated, to date there are no licensing requirements for businesses offering educational services and activities. However, there may be laws, regulations or licensing requirements that will apply to a Franchised Business in your area. Therefore, you must investigate whether any such laws, regulations or licensing requirements exist and what you need to do to comply.

We have never operated a Franchised Business. Our affiliate, Kids Stem Studio, Inc. has operated a business similar to the Franchised Business since August 2015. It opened a second learning center in October 2018.

We have never offered franchises in any other line of business. None of our affiliated companies have offered franchises for businesses similar to the Franchised Business or franchises in any other line of business.

Item 2 **BUSINESS EXPERIENCE**

Manager and President/CEO: Mukesh Muthu

Mr. Muthu has been our Manager and President and Chief Executive Officer since our inception in December 2019. From August 2015 to the present, Mr. Muthu has been President of Kids Stem Studio, Inc. in Chicago, Illinois.

Manager and Director of Franchising: Nirmala Mukesh

Ms. Mukesh has been our Manager and Director of Franchising since our inception in December 2019. From April 2020 to the present, she has been Software Engineering Manager at Caterpillar in Chicago, Illinois. From January 2018 to April 2020, she was QA Manager of Morningstar in Chicago, Illinois. From March 2017 to December 2017, she was a Director of Kids Stem Studio, Inc. in Chicago, Illinois. From December 2014 to March 2017, she was QA Lead/Manager for Narrative Science in Chicago, Illinois.

Item 3 **LITIGATION**

No litigation is required to be disclosed in this Item.

The remainder of this page has been left blank intentionally.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

You must pay an initial franchise fee of \$25,000 in cash when you sign the Franchise Agreement. The franchise fee is not refundable under any circumstances.

We offer reduced initial franchise fees in the following circumstances:

- (i) an initial franchise fee of \$12,500 if you are an existing franchisee in good standing under an existing franchise agreement with us purchasing an additional franchise;
- (ii) an initial franchise fee of \$18,750 if you have been a certified teacher for a minimum of 1 year;
- (iii) an initial franchise fee of \$18,750 if you are an honorably discharged U.S. veteran;
- (iv) an initial franchise fee of \$12,500 if have worked for us or our affiliate for a minimum of one year; and
- (v) an initial franchise fee of \$18,750 if you have worked for one of our franchisees for a minimum of one year.

The initial franchise fee is not refundable under any circumstances.

Training and On-Site Assistance Fees

At least 10 days before you start the initial training program, you must pay us a non-refundable initial training fee in the amount of \$1,500.00 in cash in full. This fee covers the cost of up to 2 franchise owners attending the initial training program.

If you request, we will send one of our representatives to your Territory to provide on-site opening assistance at the Learning Center around the time of the opening of your Kids STEM Studio Business. You must pay us our then-current daily fee for such on-site assistance, and you will be responsible for all expenses, including, without limitation, travel, room, and board, incurred by our representative in traveling to your Territory. We estimate that you will spend \$0 to \$1,500 for this on-site opening assistance. Fees paid to us for this assistance are non-refundable.

Item 6
OTHER FEES

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
Royalty Fee	7% of Gross Revenue ³ ; beginning in the first full calendar month after the first 4 months of operation, you must pay the greater of 7% of Gross Revenue or \$500 per month.	On the 10 th day of each calendar month.	Covers Gross Revenue for the preceding calendar month.
Brand Fund Contribution	Up to 2% of Gross Revenue ³ . Currently not being charged.	On the 10 th day of each calendar month	Covers Gross Revenue for the preceding calendar month. 60 days prior notice is given for any change in the percentage.
Technology Fee	As determined by us based on technology costs for the franchise system. Currently not being charged.	As determined by us	We will give you 60 days prior notice before we begin charging the fee or before changing the amount of the fee.
Local Advertising	\$600 per quarter	As incurred by you.	Paid to third parties. Within 30 days from the end of the calendar quarter, you must submit quarterly reports to us documenting your expenditures for the previous calendar quarter.
Cooperative Advertising	As determined by a majority of the members of the cooperative. Contributions to cooperative are credited against the local advertising requirement.	As determined by members of the cooperative	Payable if a cooperative is established in your area. All Franchised Businesses included in the cooperative, including company-owned or affiliate-owned stores, will have one vote per Learning Center.
Additional Owner/Manager Training Fee	Currently \$1,000 per person per training session.	Before training	We provide initial training for up to 2 owners and all managers we require to attend the initial training for the initial training fee. If you want to send additional individuals or a replacement manager to the initial training or if we require additional owner training for successful completion, we will provide training based on availability for an additional

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
			training fee.
On-Site Start-up Assistance Fee	Then current daily fee, plus all travel and living expenses for our representative. Currently daily fee is \$300.	Upon billing.	This fee is payable only if you request that we provide on-site start-up assistance around the time of the opening of your Franchised Business.
Additional Operating Assistance	Then current daily fee, plus travel and living costs of our representative. Currently daily fee is \$300.	Upon billing.	We provide on-site assistance and training to you around the time of opening at no additional cost. This fee is payable if we provide you, at your request, operating training and/or assistance beyond what is typically provided to franchisees, or if we require additional assistance and training because your business operations are not in compliance.
National Account administrative services fee	Reasonable fee for our services. Undetermined at this time.	Upon demand.	If we will be providing administrative, billing and/or collection services with respect to any National Account, we have the right to charge you a reasonable administrative fee for such services.
Cross territory fine	50% of the gross revenue from any activity conducted in the other franchisee's territory	Upon demand	Payable for each program, class, workshop, camp, party or field trip you conduct in another franchisee's territory after the new franchisee purchases the territory. Fine is in addition to our right to terminate for breach.
Transfer Fee	\$5,000. In addition, the transferee must pay the then current Initial Training Fee.	Before transfer	Payable when you transfer the franchise, an interest in Franchised Business, the assets of Franchised Business or an interest in the franchisee.
Renewal Fee	\$3,000	When you sign renewal agreement	Payable if you renew your franchise at the end of the initial term.
Audit/Inspection Costs	Cost of audit or inspection, including charges of	Within 10 days of audit report	Payable if audit necessary because of your failure to file

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
	professional advisors, and travel expenses, room and board and compensation or fees of our employees or agents.	showing understatement	reports, supporting records, financial statements, or other required information in a timely fashion or if any audit reveals an understatement of the reported Gross Revenue of greater than 2%.
Interest on late payments	Interest will be charged for any payments more than 5 days late at an interest rate of 10% per annum, but not to exceed maximum required by law.	Upon billing	Payable on all amounts not paid by 5 days after the due date.
Insufficient funds fee	\$50 per occurrence	Upon demand	If at any time we make an electronic transfer of funds and you do not have sufficient funds in the account.
Late report fee	\$50 every 5 days until submitted for each instance in which you fail to submit a report or financial statements to us by the due date.	Upon billing	Payable if you don't submit a report by the due date.
Management Fee	Then-current management fee, plus travel and living expenses of our appointed manager. Currently fee is \$300 per day plus expenses.	As agreed	Payable to us during period that our appointed manager manages the Franchised Business, at our option, after 14 days from your receipt of a default notice or 30 days following your death or disability.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for all our damages, costs, liabilities and expenses incurred by us in the defense of any such claim brought against us or in any such action in which we are named as a party; for any liability, cost or expense we suffer, sustain or incur arising out of or relating to your development and/or operation of your Franchised Business or any of your Owners', Managers', employees', or other agents' acts or failure to act in the operation of the

TYPE OF FEE ^{1,2}	AMOUNT	DUE DATE	REMARKS
			Franchised Business, and all cost, expense or loss we incur in enforcing the provisions of the Franchise Agreement, in defending our actions taken relating to the Franchise Agreement, or resulting from your breach of the Franchise Agreement.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	You must reimburse us for costs and attorney's fees incurred in enforcing the covenants not to compete, in obtaining an injunction or order for specific performance or in any other legal proceeding relating to the Franchise Agreement.
Reimbursement for insurance costs	Costs and premiums incurred by us on your behalf, plus a 10% administrative fee.	Upon demand	Payable if we incur costs to purchase insurance for you if you fail to do so.
Reimbursement of Taxes	Actual assessed taxes against us based on your operation of the Franchised Business or on any payments you make to us.	Upon demand	Only payable if taxes of this type are assessed against us.
Software license fees	\$2 per student per month; subject to increase upon 60 days' prior notice; currently not being charged	On the 10 th day of each calendar month.	Fee for use by your students of our proprietary learning management software.
De-identification expenses	Actual expenses we incur.	Upon demand	If you fail to de-identify the Learning Center upon termination or expiration and we make required changes.

1. Unless otherwise noted, all fees are imposed by and payable to us. All fees are non-refundable. The above fees are uniformly imposed on franchisees.

2. You must pay the royalty fee, brand fund contribution, software license fees and any other amounts due to us by electronic transfer of funds.

3. The term "Gross Revenue" means the total receipts of all money or property of any kind, for or in connection with the services rendered by you at the Learning Center or any other location, and any products sold, directly or indirectly, in connection with the Franchised Business. The term shall

include checks, drafts, money orders, credit card payments, and all other instruments and forms of payment whether or not the same are postdated or are later dishonored or rescinded or payment is stopped thereon. Gross Revenue is considered received on the date that payment in whatever form is actually collected and received by the Franchised Business. The term shall not include applicable sales, use or service taxes collected from customers and paid to the appropriate taxing authority. You must submit a monthly report of Gross Revenue to us.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount-Range Estimated	Method of Payment	When Payable	To Whom Payment is Made
Initial Franchise Fee (Note 1)	\$25,000	Lump sum	Upon signing franchise agreement	Us
Initial Training Fee (Note 1)	\$1,500	Lump sum	Before attending training	Us
Travel and Living Costs while Training (Note 2)	\$1,000	As arranged	As agreed	Transportation lines, hotels, restaurants
Security Deposit and Rent (1 st 3 months) (Note 3)	\$7,500 to \$10,500	As arranged	As arranged	Lessor
Leasehold Improvements (Note 4)	\$10,000 to \$20,000	As incurred	As agreed	Contractors
Furniture, Fixtures and Equipment (Note 5)	\$5,000 to \$7,000	As incurred	As agreed	Suppliers
Office Equipment and Supplies (Note 6)	\$1,200 to \$2,500	As incurred	As agreed	Suppliers
Opening Inventory and Supplies	\$200 to \$400	As incurred	As agreed	Suppliers
Computers and Technology for Students (Note 7)	\$6,200 to \$9,700	As incurred	As agreed	Suppliers
Professional Services (Note 8)	\$200 to \$1,000	As incurred	As agreed	Accountants, attorneys, other advisors
Licenses, Permits, Registrations (Note 9)	\$500 to \$750	As incurred	As incurred	Licensing agencies
Insurance (Note 10)	\$200 to \$400	As incurred	As arranged	Insurance company
On-Site Opening Assistance (Note 11)	\$0 to \$1,500	Lump sum	Upon your request for assistance	Us
Grand Opening Marketing (Note 12)	\$1,500 to \$4,000	As incurred	During the 60 days after opening	Suppliers

Signage (Note 13)	\$6,000 to \$8,000	As incurred	As agreed	Suppliers
Additional Funds (for 3 months of operation) (Note 14)	\$10,500 to \$15,000	As incurred	As incurred	You determine
TOTAL ESTIMATED INITIAL INVESTMENT	\$77,000 to \$108,250			

Explanatory Notes:

This is our estimate of the costs you will incur to develop and open a Franchised Business. The factors that underlie this estimate can vary considerably depending on a number of variables, and the actual investment you may make in developing and opening your Franchised Business may be less or greater than the estimates given. Payments to us are non-refundable. You will need to determine if payments to third parties are refundable.

1. **Initial Franchise Fee; Training Fee.** The Initial Franchise Fee is paid to us when you sign the Franchise Agreement and the Training Fee is due 10 days before you start the initial training program. The Initial Franchise Fee is non-refundable under any circumstances. See Item 5 regarding reduced initial franchise fees offered to existing franchisees, veterans, certified teachers and employees of ours, our affiliates or our franchisees.
2. **Training Expenses.** In addition to the training fee, you are responsible for the cost of transportation, lodging and meals for your owners attending the initial training. The amount of these costs will vary depending upon a number of factors, including travel distances from the state of your residence and your choices for lodging and meals. This estimate is based on 2 people attending training.
3. **Lease Costs.** This estimate covers the security deposit (assuming one month's rent) and rent for the first 3 months for leasing a site for the Learning Center ranging in size from 1,200 to 2,500 square feet. The rent will vary depending on the size, type, condition and location of the premises and local rental rates. We have not included an estimate for purchasing a site since we would not recommend it.
4. **Leasehold Improvements.** You must make certain leasehold improvements at the site of the Learning Center according to our plans and specifications, including signs, flooring, paint and portioning walls. The cost of the improvements varies greatly depending upon the size, condition, configuration, and geographical location of the premises, local zoning and building ordinances, labor and material costs, and other economic factors. This estimate includes the cost of contractors and building and decorating materials and supplies. Your expense will be less if you can arrange for the landlord to cover some of the costs of leasehold improvements.
5. **Furniture, Fixtures, and Equipment.** This estimate includes tables, chairs, writable wall, projector, shelving and similar items for a classroom setting.
6. **Office Equipment and Supplies.** This estimate includes the computer system (hardware and

software) for managing and operating the Franchised Business, printer, telephones, internet connection, and miscellaneous office supplies.

7. **Computers and Technology for Students.** This estimate is for 8 laptops and 4 tablets for classroom use, 3 Lego Wedo, 3 Lego Spike Essential and 3 Lego Spike Prime.
8. **Professional Services.** This estimate is for fees charged for retaining an attorney to review the franchise and lease documents, an advisor to assist you in establishing a business entity to own and operate the Franchised Business, and an accountant or other financial advisor to advise you on accounting and other financial matters relating to your Franchised Business. Actual fees will vary depending on the specific work you request, the advisors you select and the rates for professional fees in your area.
9. **Licenses, Permits, Registrations.** You are responsible for obtaining all licenses, permits or registrations required of your Franchised Business by your state and/or local government. You should consult with professional advisors and/or government authorities about the specific legal requirements that apply to the operation of your Franchised Business.
10. **Insurance.** You must purchase and maintain insurance coverage in minimum amounts we require. The required insurance is described in Item 8 of this Disclosure Document and in the Franchise Agreement. The premiums that franchisees will be charged will vary from market to market. The estimate is for 3 monthly installments.
11. **On-Site Opening Assistance.** Around the time of the opening of your Kids STEM Studio Business, if you request and at your expense, we will send one of our representatives to your Territory to provide on-site opening assistance at the Learning Center. We will determine when the on-site assistance and training will take place and how long it will last. You must pay us our then-current daily fee for such on-site assistance, and you will be responsible for all expenses, including, without limitation, travel, room, and board, incurred by our representative in traveling to your Territory. The estimate provided is for 3 days of on-site assistance.
12. **Grand Opening Marketing.** During the first 60 days of operation, you must spend a minimum of \$1,500 on a grand opening marketing campaign conducted in your Territory following our guidelines.
13. **Signage.** This estimate includes exterior and interior signs.
14. **Additional Funds.** This item estimates your expenses for the first 3 months of operation. It includes payroll, utilities, transportation expenses, inventory purchases, and other operating costs, and royalty fees, software license fees and other fees paid to us. The estimate does not include a salary or draw for your owners and does not include debt service.

In compiling these estimates, we relied on the experience of our affiliate who owns and operates a similar business under the System.

We do not offer financing directly or indirectly for any part of the initial investment.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must license from us and use our proprietary web-based learning management system. You must sign the Software License Agreement that is at Exhibit F to this Franchise Disclosure Document and pay all applicable fees for the use of the learning management system.

We may develop certain proprietary and/or branded products, materials, supplies, apparel, or other items branded with the Marks ("Proprietary Products") for use or sale in your Franchised Business. If we do develop Proprietary Products, you may be required to purchase the Proprietary Products from us or a supplier we designate.

You must use and follow the Kids STEM Studio curriculum provided to you by us in conducting all programs, classes, workshops, camps, parties and field trips. You do not pay any additional fees for the Kids STEM Studio curriculum we provide you, including new curriculum developed by us in the future. You shall not use any lesson plans or curriculum developed by you or any third party.

You must purchase your online registration software from our designated supplier.

You must purchase fixtures, furniture, equipment (including the required office computer system and the computers for student use), signs, and supplies and certain services from approved suppliers and/or that meet our standards and specifications. Currently neither we nor our affiliate is an approved supplier of any products or services.

We will provide you with the specifications and standards and lists of approved or recommended suppliers and approved supplies in the Operations Manual or otherwise in writing or by electronic communication. These specifications and standards relate to product quality, consistency, reliability, frequency of delivery, financial capability, labor relations and customer relations.

We may modify the list of approved product types, brands and/or suppliers, and you may not, after receipt in writing of any modification, reorder any product type or brand or reorder from any supplier which is no longer approved. If you propose to use any of type or brand of fixtures, furniture, equipment, signs or supplies, and/or suppliers which are not then approved, you must first notify us and submit sufficient information, specifications and samples concerning such product type or brand and/or supplier as we request for our determination of whether the product complies with our specifications and standards and/or the supplier meets our approved supplier criteria. We will notify you of whether or not the proposed brand and/or supplier is approved within 14 business days of submission of all required information. Our criteria for approving suppliers is not available to franchisees. If we later revoke the approval of a brand or supplier previously approved, we will notify you in writing and you must then cease making purchases of the brand or from the supplier.

In addition to purchases or leases discussed above, you must maintain, at your expense, the insurance coverage we require and must meet the other insurance related obligations in the Franchise

Agreement. All required insurance policies must be issued by one or more insurance carriers acceptable to us and must name us as an additional insured. Currently the following is required:

Coverage Types	Required Limits of Coverage
General Liability	\$2 million aggregate \$1 million per occurrence
Personal Injury	\$1 million per occurrence \$10,000 per person medical benefits
All Risk Property Insurance	At replacement cost
Business Interruption	12 months
Umbrella Liability	\$2 million minimum coverage
Educators Legal/Sexual Molestation Insurance	\$1million per occurrence and in the aggregate
Employer's Liability and Worker's Compensation	As required by state law
Other Insurances	As required by local, state or federal laws; or by the landlord

You must obtain any additional insurance and/or higher minimum limits as we may reasonably require during the franchise term.

None of our officers owns any ownership interest in an approved or designated supplier.

The cost of all purchases from designated suppliers, approved suppliers or following our standards and specifications represents 35% to 45% of your total purchases in establishing your franchise, and 2% to 5% of your total purchases in operating the franchise.

In our fiscal year ended December 31, 2022, neither we nor our affiliate derived revenue from the purchase of goods and services by our Franchisees.

We do not currently receive payments from approved suppliers with respect to your purchases, but reserve the right to do so. There are currently no purchasing or distribution cooperatives. We may in the future negotiate purchase arrangements with suppliers. You will receive no material benefits based on your purchases from approved suppliers. However, you must comply with the requirements to purchase from designated or approved suppliers to be in compliance with your Franchise Agreement.

Prior to your use of them, you must submit to us for approval or disapproval samples of all local marketing, advertising and promotional materials, programs and information, and content for your webpage (linked to our website), any listing on the Internet, or any information to be displayed on any social media site not prepared by us or our approved advertising or public relations agency or not previously approved by us. If you do not receive written approval within 5 business days from the date of our receipt of such materials, programs or content submitted by you, the materials,

programs or content will be deemed disapproved. You may not use any marketing, advertising or promotional materials or programs or content that we have disapproved. All marketing, advertising and promotional materials and content you use must be completely factual, in good taste (as determined in our sole discretion) and must conform to the highest standards of ethical advertising. You agree to refrain from any marketing, advertising or promotion practice which may be harmful to your Franchised Business, us, our Marks or other Kids STEM Studio Businesses.

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 Franchise Disclosure Document.

<u>Obligation</u>	<u>Section In Agreement</u>	<u>Disclosure Document Item</u>
(a) Site selection and acquisition/lease	Sec. 4.A., D., E.	Items 7, 11 and 12
(b) Pre-opening purchases/leases	Sec. 4.B.	Item 7 and 8
(c) Site development and other pre-opening requirements	Sec. 4.A., B., C., E.	Items 6, 7, 11
(d) Initial and ongoing training	Sec. 5.A., B., C., D.,	Item 11
(e) Opening	Sec. 4.F.	Item 11
(f) Fees	Sec. 3.C., 5.A.,B.,D.,E.,G., J., 9., 10.J., 11.B., D., 13.C., 14.D., and 17.J.	Items 5, 6 and 7
(g) Compliance with standards and policies (Operations Manual)	Sec. 5.I. and 10.E.	Item 8, 11 and 16
(h) Trademarks and proprietary information	Sec. 6. and 7	Items 13 and 14
(i) Restrictions on products/services offered	Sec. 10.A., C., D., E.	Items 8 and 16
(j) Warranty and customer service requirements	Sec. 10.E.	None
(k) Territory development	Sec. 2.B.	Item 12
(l) On-going product/services purchases	Sec. 5.F., 10.B., C., D., E., J., K., L.	Item 8

(m) Maintenance, appearance and remodeling requirements	Sec. 10.B.	Item 11
(n) Insurance	Sec. 10.J.	Items 6 and 7
(o) Advertising	Sec. 11	Items 6, 7, and 11
(p) Indemnification	Sec. 8.C., 14.D.	Item 6
(q) Owner's participation/management/staffing	Sec. 10.H., I.	Items 11 and 15
(r) Records/reports	Sec. 12.A., B.	Item 6 and 11
(s) Inspections/audits	Sec. 6.F., 12.C.	Item 6 and 11
(t) Transfer	Sec. 13	Item 6 and 17
(u) Renewal	Sec. 3	Item 6 and 17
(v) Post-termination Obligations	Sec. 15	Item 17
(w) Non-competition Covenants	Sec. 7.C., 16.	Item 17
(x) Dispute Resolution	Sec. 17.E., F., G., H., I., J.	Item 17
(y) Guaranty	Sec. 19	Item 15

Item 10
FINANCING

We do not offer direct or indirect financing. We do not guaranty your note, lease or obligation.

Item 11
FRANCHISOR'S ASSISTANCE, ADVERTISING,
COMPUTER SYSTEMS AND TRAINING

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

Before you open your Franchised Business

1. We may, but are not obligated to, provide assistance to you in finding a location for your Learning Center. Our approval of the location does not ensure that your Franchised Business will be successful at the approved location. The factors that we may consider in determining whether a proposed location for the Learning Center is acceptable include traffic patterns, whether it is a retail area, demographics of the area including average income, whether other children's activities are offered in the area, and the ratings of the local school district. We will provide you written notice of approval or disapproval of a proposed site within 30 days of receiving your request and all necessary documents. Any lease for the location must include certain terms we require. You must obtain our approval of your location for the Learning Center and have secured a

lease for the location within 90 days of signing the franchise agreement. If you fail to do so, your franchise can be terminated by us. (Franchise Agreement, Section 4.A and 4.B.)

You will be responsible for finding and securing suitable sites to serve as your Third Party Sites for offering Kids STEM Studio services beyond the Learning Center. We will furnish you with our standard site selection guidelines. (Franchise Agreement, Section 4.H.)

2. We will furnish you with plans and specifications reflecting our requirements for interior layout, design, decoration, fixtures, furniture, equipment and signs for your Learning Center. You must obtain our approval of any variation from our plans and specifications necessary to comply with applicable ordinances, building codes, permit requirements, and lease requirements. (Franchise Agreement, Section 4.C.)

3. We will provide standards and specifications and list of approved suppliers for purchasing furniture, fixtures, equipment, computer systems, signs, and other materials and supplies necessary for a Franchised Business to begin operations. (Franchise Agreement, Sections 4.E., 10.D. and 10.E.)

4. We will determine that you have met the requirements to open for business and issue a written consent to open (Franchise Agreement, Section 4.F.)

5. We will provide you access to an electronic copy of the Operations Manual (described below). (Franchise Agreement, Section 5.I.)

6. We will provide initial training to your owners (Franchise Agreement, Section 5.A.) This training will be described in detail later in this item.

7. We will provide on-site start-up assistance and training to you at your Learning Center around the date of the opening of your Learning Center at your request and at your expense. (Franchise Agreement, Section 5.B.)

During your operation of Franchised Business

1. We provide guidelines regarding the Grand Opening Marketing that you must conduct during the first 60 days of operation. (Franchise Agreement, Section 11.B.)

2. We furnish you with guidance and assistance in the operation of your Franchised Business as we deem appropriate. Operating assistance may consist of advice and guidance with respect to sale of products and provision of services, and any changes in the authorized services and products; recommended pricing; purchasing requirements; advertising and promotional programs; administrative, bookkeeping, accounting, sales and general operating procedures; and employee training programs. This guidance will be furnished in the Operations Manual (defined below), lists of approved suppliers, other written materials, electronic communication, consultations by phone, webinars and/or consultations at our office or at your Franchised Business. (Franchise Agreement, Section 5.F.)

3. Upon your request and at our sole discretion, we will send a representative to your Learning Center to provide additional guidance and assistance for a fee. We may require this additional

guidance and assistance if you are not operating your Franchised Business in compliance with the Franchise Agreement. (Franchise Agreement, Sections 5.H.)

4. We loan to you for use during the term of the franchise our proprietary curriculum for programs, classes, workshops, camps, parties and field trips. (Franchise Agreement, Section 5.H.)

5. During the term of the Franchise Agreement, we provide you access on a web platform to an operating and procedures manual (the "Operations Manual"), containing mandatory and suggested specifications, standards and operating procedures prescribed from time to time by us for Franchised Businesses and information on other obligations you have under the Franchise Agreement. The Operations Manual may be modified at any time to reflect changes in the System, including additions to and deletions from authorized products and services, specifications, standards and operating procedures of a Franchised Business and under the Franchise Agreement. (Franchise Agreement, Section 5.I.) We will offer you the opportunity to review the Operations Manual before buying the franchise.

6. We issue, modify and supplement the services and products authorized for Franchised Businesses, and the standards, specifications and procedures for purchasing and for the operation of Franchised Businesses. (Franchise Agreement, Section 10)

7. We may establish a National Accounts program and secure National Accounts to be serviced by our franchisees. (Section 5.J.)

8. We will maintain and administer a system-wide brand fund (the "Brand Fund") for the creation and development of advertising, marketing and promotional programs as we deem necessary or appropriate to advertise or promote Franchised Businesses. (Franchise Agreement, Section 11.A.) We have not yet established the fund. We can require you to contribute up to 2% of Gross Revenue to the Brand Fund. We and our affiliates are not obligated to contribute to the Brand Fund, although we may do so in our discretion.

We will direct all advertising, marketing and promotional programs financed by the Brand Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. The Brand Fund may be used to pay the costs of preparing and producing video, audio, written and electronic advertising materials; administering national, regional or local advertising and promotional programs including, without limitation, direct mail, social media and other media advertising; establishing and maintaining a website for the franchise system; supporting public relations, market research and marketing activities; providing advertising, marketing and promotional materials or content to the Kids STEM Studio franchises; employing advertising or public relations agencies to assist in any of the activities of the Brand Fund; and other brand development activities.

The Brand Fund will be a separate and distinct account and will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Brand Fund and its advertising, marketing and promotional programs (including, conducting market research, preparing advertising, marketing and promotional materials, establishing and maintaining a website for Franchised Businesses, establishing and

maintaining technology for use in the operation of the Franchised Businesses, and collecting and accounting for contributions to the Brand Fund). We may spend in any fiscal year an amount greater or less than the total contribution of Franchised Businesses to the Brand Fund in that year. We may cause the Brand Fund to borrow from itself or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus for future use by the Brand Fund. All interest earned on monies contributed to the Brand Fund will be used to pay advertising, marketing and promotional costs of the Brand Fund before other assets of the Brand Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Brand Fund and will furnish it to you on written request. There is no requirement that the Brand Fund be audited.

The Brand Fund is intended to maximize recognition of the Marks and patronage of Franchised Businesses. Although we intend to use the Brand Fund to develop advertising, marketing and promotional materials, and to place advertising in a manner that will benefit all Franchised Businesses, we have no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by Franchised Businesses operating in that geographic area or that any Franchised Business will benefit directly or in proportion to its contribution to the Brand Fund from the development of advertising, marketing and promotional materials or the placement of advertising. Contributions to the Brand Fund will not be used principally to solicit new franchise sales. We assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Fund. We have the right to discontinue or reestablish the Brand Fund. If the Brand Fund is discontinued, all amounts remaining in the Brand Fund on the date of discontinuance will be distributed to franchisees in proportion to their respective contributions.

We currently do not have an advertising council of franchisees that advises us on advertising policies.

We may approve the establishment of a local or regional advertising cooperative consisting of franchisees in a certain area for purposes of developing cooperative local or regional advertising or promotional programs. The area covered by the cooperative will be determined by us. The members of the cooperative will determine what advertising and promotional programs it will undertake, subject to our prior approval, and you must contribute to the advertising cooperative the amount and in the manner determined by a majority of the cooperative. Payments you make to the cooperative are credited toward your local advertising expense requirement. The members of the cooperative are responsible for the administration of the cooperative and each Learning Center (whether franchised or owned by us or an affiliate) will have one vote. The cooperative does not have to operate from written governing documents and does not have to prepare annual or periodic financial statements. We have the power to form, change, dissolve or merge cooperatives. Learning Centers owned and operated by us or our affiliates will be members of any cooperative covering their area and will contribute in the same manner as other members. There are no cooperatives currently in existence.

Before you use them, samples of all local marketing, advertising and promotional materials, programs and information and content for your webpage, any listing on the Internet or any information to be displayed on any social media site not prepared or previously approved by us must be submitted to us for approval. If we have not approved any submitted advertising within 5 business days, it will be deemed disapproved. You may not use any marketing, advertising or promotional

materials, programs, information or content that we have disapproved. (Franchise Agreement, Sections 11.E.)

Computer System

You must purchase and use the computer systems (software and the hardware to support it) and other technology requirements that we require for use at your Learning Center. The required office computer system includes MS Office 365, credit card processing and registration software from Connect with Care.com, Quickbooks, our proprietary learning management system and the hardware to support these programs. The initial cost of purchasing the required office computer system is \$300 to \$400. You will pay a monthly fee for MS Office 365 (estimated at \$6 per month) and Quickbooks (estimated at \$15 per month). You will pay 3.75% of revenue for credit card processing through the Connect with Care.com online registration software.

You must use our proprietary web-based learning management system in operating the Learning Center, which includes the lesson plans and curriculum for the students. At the time you sign the Franchise Agreement, you must sign our Software License Agreement for the learning management system which is found at Exhibit F to this Franchise Disclosure Document. Currently, under the Software License Agreement, you pay each month a license fee in the amount \$2 per student. There is no initial license fee paid upon signing the agreement.

You must also purchase and use the computers and related equipment that will be used by the students in the Learning Center to access and use our learning management system. The equipment includes 8 laptops, 4 tablets, 3 Lego Wedo, 3 Lego Spike Essential and 3 Lego Spike Prime. The initial cost of purchasing this equipment is estimated at \$6,400.

We can require you to upgrade your computer system at any time. There are no limits under the Franchise Agreement on the number of times you must upgrade or substitute software or hardware on the amount you may be required to spend on these upgrades or substitutions. We have the right to have access your computer system to retrieve information regarding the operations of your Franchised Business and there are no limitations under the Franchise Agreement on our right to access.

You must have high-speed Internet and maintain an e-mail account for use in operating your Franchised Business, for communication with us and for access to our franchise internet. We may require you to use an e-mail account designated by us.

We have no obligation to provide ongoing maintenance, support or upgrades to the required computer system. The estimated annual cost for maintenance of the required computer systems is \$600.

Typical Length of Time for Opening

We estimate that the length of time between the signing of the Franchise Agreement and the opening of your Franchised Business will be 4 months, depending on the amount of time it takes to secure an approved location for your Learning Center, to complete build-out of the Learning Center, to complete the initial training program, and other factors.

You may not open your Learning Center for business until: (1) you have secured an approved location for the Learning Center and installed all fixtures, furniture and equipment, including computer systems in accordance with list of approved suppliers and our purchasing standard and specifications; (2) your Owners have completed the initial training program to our satisfaction; (3) you have furnished us with evidence of the required insurance coverage; (4) you have furnished us with evidence that you have met all licensing requirements applicable to the Kids STEM Studio Business; (5) you have established an entity to operate the Kids STEM Studio Business; and (6) we have provided you with written consent to open. You must complete these opening requirements and begin operation of your Learning Center within 120 days of the date of signing the Franchise Agreement.

Training

Before your Franchised Business opens, your Owners must attend and complete to our satisfaction, our initial training program on the operation of a Franchised Business. You are sent pre-training materials that you must complete prior to arriving for the Initial Training Program. The Initial Training Program will last approximately 1 week, and will be conducted at one of our affiliate learning centers or other location determined by us. Initially, we expect to conduct initial training classes as needed. You must pay us the initial training fee at least 10 days before you start training. In addition, you will be responsible for all compensation, travel, lodging and other living expenses incurred by your Owners while attending training.

If we determine during a training program that your owner(s) are not qualified to manage a Franchised Business, we can require the owner(s) to attend and successfully complete additional training for an additional fee or we can terminate your franchise, effective upon delivery of written notice to you.

As of the date of this Disclosure Document, we provide the following initial training:

INITIAL FRANCHISE TRAINING

Pre-Training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Business Overview	2	Not applicable	Remote – Online documentation from Portal*
Marketing Research	1	Not applicable	Remote – Online documentation from Portal*
Brand usage guidelines	1	Not applicable	Remote – Online documentation from

			Portal*
Business set up	3	Not applicable	Remote – Online documentation from Portal*
Offerings and Curriculum Introductions	4	Not applicable	Remote – Online documentation from Portal*
Marketing and Sales Training	2	Not applicable	Remote – Online documentation from Portal*
Total	13	0	

*The Portal is the access to our proprietary learning management system.

In person training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Initial Marketing and Sales campaign	2	0	Chicago
Sales Software Training	1	0	Chicago
Website customization and LMS Software Training	2	0	Chicago
Hiring Process	1	0	Chicago
Sales and Customer Services training	2	0	Chicago
Hands on training on Individual Programs	16	3	Chicago
Total	24	3	

Post-Training

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Developing marketing strategy	2	Not applicable	Remote – Online documentation from Portal*
Location Selection and lease negotiations	2	Not applicable	Remote – Online documentation from Portal*
Procurement of Equipment and Project supplies	2	Not applicable	Remote – Online documentation from Portal*
Hiring Process	2	Not applicable	Remote – Online documentation from Portal*
Final Steps to Open and Operate	2	Not applicable	Remote – Online documentation from Portal*
Total	10		

*The Portal is the access to our proprietary learning management system.

The instructors for the initial training program currently include the following:

Mukesh Muthu is founder and CEO of Kids Stem Studio, Inc. He developed the Kids STEM Studio curriculum and system for doing business. He has owned and operated a Kids STEM Studio business since August 2015. He holds a master’s degree in Mechanical Engineering and worked as a Technical Lead and Project Manager in the consulting and heavy equipment industries for more than 15 years.

Nirmala Mukesh is also a founder of Kids Stem Studio, Inc. and assisted in developing the Kids STEM Studio curriculum and system for doing business. She has owned and assisted in the operation of a Kids STEM Studio business since August 2015.

We reserve the right to make changes to the instructors at any time.

Currently the instructional materials for the initial training program are the Operations Manual and our curriculum and lesson plans.

If you want to have more Owners (up to 2 at no fee) trained by us when you attend the initial training program or if you want to send new or additional Owners to training after you attend the initial training program, we will provide this training for a fee provided training space is available. You are responsible for all travel and living expenses and wages incurred by your Owners who attend training. (Franchise Agreement, Section 5.A.)

We may offer and we may require your Owners attend supplemental training, seminars, programs, regional franchise meetings and/or webinars during the term of the franchise at times and places we designate. You will be responsible for your and your managers' travel and living expenses. (Franchise Agreement, Section 5.D.)

We may periodically hold an Annual Conference for all franchisees. Your Owner(s) must attend the Annual Conference. You must pay the travel and living expenses your Owner(s) incur in attending the Annual Conference.

Item 12 **TERRITORY**

Once the site for your Learning Center is approved, we will assign an exclusive territory ("Territory") for your Franchised Business. The Territory will be a 3-mile radius from your Learning Center if your Learning Center is located in an urban area, a 5-mile radius from your Learning Center if your Learning Center is located in a suburban area, and a 7-mile radius from your Learning Center if your Learning Center is located in a non-urban/rural area. Once the location of your Learning Center is approved the location and the applicable Territory will be filled in at Exhibit A to your Franchise Agreement.

As long as you are not in default under any terms of the Franchise Agreement, including the minimum gross revenue requirements, we will not establish another franchised, company-owned or affiliate-owned Franchised Business in your Territory. Beginning on the 6 month anniversary from the date you begin operating your Franchised Business, you must meet the minimum annual Gross Revenue requirement of \$120,000 ("Minimum Performance Requirements") during any consecutive 12 months. Any time after the 6 month anniversary, if you fail to meet the Minimum Performance Requirements for any 12-month period, and after notice and a 6 month cure period you fail to raise your revenue to meet the Minimum Performance Requirements, we can (1) eliminate the rights granted to you in the Territory which would enable us to establish or franchise others to establish a Kids STEM Studio Business in your Territory; (2) reduce the size of your Territory; (3) permit other franchisees, us or our affiliate to provide programs, workshops, classes, camps, parties or field trips in your Territory; and/or (4) terminate the Franchise Agreement.

We reserve the right both within and outside the Territory, to: (i) offer and sell similar services and products using our Marks or other marks through an alternate distribution system, including the Internet or similar electronic media; (ii) establish businesses offering similar services and products using different marks; (iii) acquire or be acquired by a company establishing businesses identical or similar to Franchised Businesses; (iv) service a national account located within your Territory, either ourselves or through an affiliate or other Kids STEM Studio franchisee if you are not participating in the national account program; and (v) engage in any other business activities not expressly prohibited by the Franchise Agreement. We are not required to pay you if we exercise any of these rights within

your Territory.

The franchise is granted for a Learning Center at 1 specific location which must be approved by us. You may not relocate your Learning Center without our prior written approval. We will grant you the right to relocated meeting our then current criteria as long as you are not relocating due to your breach of the lease for your Learning Center.

In addition to your Learning Center, you may locate and secure suitable Third Party Sites, such as schools, park districts, day care centers, and similar locations at which you will conduct programs, classes, workshops, camps, parties and field trips. You may only conduct these activities at Third Party Sites outside of your Territory if the Third Party Sites are located in an area that is not part of a territory granted to another franchisee of ours. Once a franchise is granted for any area in which you are using Third Party Sites outside of your Territory and the new franchisee has completed initial training, you must cease conducting programs, classes and workshops in the new franchisee's Territory as soon as the currently scheduled programs, classes or workshops end.

You may only directly market for customers of the Learning Center within the Territory and are strictly prohibited from direct marketing for customers of the Learning Center outside of the Territory. You are prohibited from selling any products or services through alternate channels of distribution such as the internet.

You do not receive any options, rights of first refusal, or right to acquire additional franchises under the franchise agreement. You must meet our then-current qualifications for opening another franchise and purchase another franchise to establish another franchised Learning Center with additional territory.

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Item 13
TRADEMARKS

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks, and other commercial symbols in operating your Franchised Business. Our affiliate Kids Stem Studio, Inc. obtained a registration for the following principal mark on the Principal Register of the United States Patent and Trademark Office ("PTO"):

Service Mark	Registration Number	Date of Registration
Kids STEM Studio design (words are disclaimed)	5249822	July 25, 2017

In addition, our affiliate filed an application for registration of the work mark “KIDS STEM STUDIO” on October 4, 2019. The application has been assigned serial number 88642096. On January 13, 2020, the PTO issued a non-final office action refusing to register the mark on the basis that it is merely descriptive. We have responded by seeking registration of the mark on the Supplemental Register.

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

Our affiliate will file all required affidavits necessary to maintain these registrations.

We have been granted the right to license the Marks and System to our franchisees by a License Agreement between us and our affiliate Kids Stem Studio, Inc. dated January 1, 2020. Our License Agreement with Kids Stem Studio, Inc. does not materially limit our rights to use or to license our franchisees to use the Marks and System. The agreement is for an initial term of 20 years with successive 10-year automatic renewal options. The agreement includes quality control provisions for the protection of the licensor’s trademark rights. The agreement may be terminated by Kids Stem Studio, Inc. only for good cause due to a breach by us.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect that significantly limit our right to use or license the use of the Marks in any manner material to you.

Your right to use the Marks is limited by the terms and conditions of the Franchise Agreement. You must comply with our rules when you use the Marks.

You may not make any representation that any of the Marks is invalid or infringes the rights of any person or is otherwise open to any other form of attack. You may not contest or assist any other person in contesting the validity or ownership of the Marks, or take any action adverse to our and our

affiliate's claimed rights in and to the Marks.

You must use the Marks to identify your Franchised Business, but you must also identify yourself as the independent owner of your Franchised Business. You may not use or register any Mark as part of your entity name or with any prefix, suffix or other modifying words, terms, designs or symbols (except for those we license to you) or in any modified form. You may not use any Mark in connection with the sale of any unauthorized product or service or in any other manner we have not expressly authorized in writing.

You must not obtain or register any domain names incorporating the Marks. You must not use the Marks in a website or in any other manner on the Internet without our prior written consent. You must not use any of the Marks on the Internet in any directory listing or advertising without our prior written consent. You must not make any reference to or any association with the Marks on any social media platform, social or professional network, blog, or other on-line venue or in any other manner on the Internet without our prior written consent. If any use of the Marks on the Internet is specifically permitted in the Operations Manual, you must conform your use completely to all of the applicable standards and procedures in the Operations Manual.

We and our Affiliate have the sole right to control all aspects of digital marketing for all Kids STEM Studio businesses, including social media accounts (such as Facebook, Twitter, Instagram, etc.), applications, keyword and ad word purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications or other means of digital advertising on the Internet or any other communications network (collectively “Digital Marketing”) that are intended to promote the Marks and Kids STEM Studio businesses. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or related to your Franchised Business. If we do give you written consent to conduct any Digital Marketing, you must do so in compliance with the Franchise Agreement and any specifications, standards, policies or procedures we may issue from time to time on Digital Marketing.

You must notify us in writing within one week of any apparent infringement of or challenge to your use of any Mark, or any claim by any person of any rights in any Mark or any similar mark and you may not communicate with any person other than us, our affiliate or our attorneys and your attorneys regarding the infringement, challenge or claim. We have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, PTO proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding arising out of any infringement, challenge or claim to any Mark. You must sign all instruments and documents, provide assistance and take any action that, in the opinion of our and/or our affiliate’s attorneys, may be necessary or advisable to protect and maintain our interest in any litigation, PTO proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding or to otherwise protect and maintain our and our affiliate’s interest in the Marks.

We are not required to protect your use of the Marks or to defend you against a claim against your use of the Marks, although we have the right to defend the claim if we or our affiliate so choose to do so. We will indemnify you against, and reimburse you for all damages (except for any consequential damages, including loss of revenue and/or profits) for which you are held liable, and

for all costs you reasonably incur in the defense of any claim in which you are named as a party, in any proceeding brought against you by any third party arising out of your use of any Mark, so long as your use of the Marks was in compliance with the Franchise Agreement and our rules and you have timely notified us of the claim or proceeding.

If it becomes advisable at any time, in our or our affiliate's sole discretion, for us and/or you to modify or discontinue use of any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice from us at your expense.

We do not know of any existing or possible superior prior rights or infringing uses that could materially affect your use of the Marks in your state.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not hold any patents material to the franchise.

We loan you our copyrighted curriculum for your use in conducting the Franchised Business. We have not obtained copyright registrations with the U. S. Copyright Office for this curriculum; however, we claim a copyright in all of them and the information is proprietary. The curriculum must only be used by you, your employees and independent contractors in conducting the Kids STEM Studio Business. You shall not disclose the curriculum to any schools, park districts, day care centers, or other sites where programs, workshops or classes will be conducted. You, your employees and independent contractors must not at any time copy, duplicate, reproduce or publicly display or assist any other person or entity in copying, duplicating, reproducing or publicly displaying the curriculum, in whole or in part, or any derivative works without first obtaining our written consent. We can require you to discontinue using and to return to us any curriculum, in part or in whole, upon your receipt of written notice of the discontinuance. Upon the expiration or other termination for any reason of the Franchise Agreement, you must return all curriculum, including all copies, to us.

You must immediately notify us in writing of any apparent infringement or challenge to our or your use of the copyrighted items, including derivative works. We will take the action we think is appropriate. You must assist us in any hearings or suits to protect the copyrighted items as is necessary.

We also claim copyrights in the Operations Manual and other written materials containing proprietary information.

If you, your Owners, managers or employees develop any ideas, concepts, methods, techniques or improvements relating to your Franchised Business, you agree to disclose that information to us and all of that information will become part of our confidential information. You must also assure that all corresponding intellectual property rights are assigned to us.

You may not use our confidential information (as defined in the Franchise Agreement) in any unauthorized manner. You must take reasonable steps to prevent disclosure of our confidential information to others, including having your managers and employees sign a confidentiality

agreement. All of your managers and other employees who have access to the confidential information must maintain the confidentiality of that information and sign a confidentiality agreement in a form approved by us. You must provide us with copies of the signed confidentiality agreements.

There are currently no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect which significantly limit our right to use or license the use of any copyrighted materials. There are no infringing uses actually known to us which could materially affect a franchisee's use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights, trade secrets or confidential information, although we intend to take whatever action, we deem necessary to protect the best interests of the franchised System.

Item 15
**OBLIGATION TO PARTICIPATE IN THE ACTUAL
OPERATION OF THE FRANCHISE BUSINESS**

The Franchised Business must at all times be under the direct, day-to-day, full-time supervision of an Owner who has satisfactorily completed our training program. Your Owner who is responsible for the day-to-day supervision of your Kids STEM Studio Business may not engage in any other business or other activity, directly or indirectly, requiring substantial management responsibility, time commitments, or which may otherwise conflict with your obligations under the Franchise Agreement.

Each of your Owners must personally guarantee your obligations under the Franchise Agreement, and must agree to be bound by, and personally liable for the breach of, every provision in these agreements, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the preservation of the confidentiality of our confidential information as defined in the Franchise Agreement and compliance with the covenants not to compete described in the Franchise Agreement. The "Guaranty and Assumption of Obligations" is an exhibit to the Franchise Agreement.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale the services and products that we authorize for sale by Kids STEM Studio businesses and must offer them only in the manner we have prescribed. You may not offer for sale or sell any services or products that we have not authorized unless you obtain our prior written approval. We have the right to change (either add or delete) the types of required and/or authorized services and products at any time and there are no limits on our right to do so. You may not use the Learning Center for any purpose other than the operation of the Franchised Business.

You may only use our curriculum in conducting programs, classes, workshops, camps, parties and field trips. You must not deviate from the curriculum we provide to you and must not delete any portion or substitute or add other materials. All classes must be conducted by you or your staff you have trained.

In order to conduct programs, classes, workshops, or camps for a National Account, you must

agree to abide by the terms of our contract with the National Account as well as our National Accounts standards, policies and procedures.

You are limited as to the customers to whom you may offer your services to the extent that you cannot conduct programs, classes, workshops, camps, parties and field trips at any Third Party Sites within the territory granted to another franchisee, except as is permitted under a National Accounts program.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 2.A.	Term is for 5 years from date of signing the franchise agreement.
b. Renewal or extension of the term	Section 3	If you are in compliance with the franchise agreement, you can renew for an additional 5 year term.
c. Requirements for franchisee to renew or extend	Section 3	Compliance with Franchise Agreement during its term, give notice, meet current training requirements, upgrade Learning Center, vehicles and equipment, sign new franchise agreement or extension of existing agreement (at our option), you and your owners sign release, and pay renewal fee. The renewal agreement you must sign to renew the franchise may contain materially different terms and conditions than your original franchise agreement.
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Sections 14.A. and 14.B.	We can terminate only for cause.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined – curable defaults	Section 14.B.	You have 10 days to cure defaults in payment or reporting, 10 days to deliver proof of insurance or reimburse company, 10 days to comply with federal, state or local law, default under Learning Center lease within cure period, and 30 days for all defaults not listed in Section 14.B.
h. "Cause" defined – non-curable defaults	Section 14.A.	Failure to open Franchised Business or satisfactorily complete training in time required, made material misrepresentation or omission in application, abandonment, surrender or failure to operate for 5 or more consecutive days, do not re-instate lapsed license for five 5 days, conviction of a felony or engage in immoral, dishonest or unethical conduct, unauthorized transfers, unauthorized use or disclosure of confidential information or Operations Manual, unauthorized use of Marks, having interest in competing business, creation of a threat to public health or safety not corrected within 24 hours, 3 or more defaults in any 12 month period, failure to meet Minimum Performance Requirements for operating year and fail to cure within a 6 month period, customer satisfaction survey results in dissatisfaction of 20% or more and fail to cure on a second survey 3 months later.
i. Your obligations on termination/ non-renewal	Section 15	Pay outstanding amounts, cease operating, cease using Marks, return items containing Marks, cancel fictitious names, transfer telephone number and Digital Marketing accounts to us, return of Manual and other confidential information, assignment of lease, de-identification of Learning Center, comply with covenants not to compete, furnish evidence of compliance within 30 days (see also o. and r. below)
j. Assignment of contract by franchisor.	Section 13.A	No restriction on our right to assign.
k. "Transfer" by franchisee – definition	Section 13.B.	Includes transfer of any interest in Franchise Agreement, Franchised Business, a substantial portion of its assets, or ownership change in franchisee entity.
l. Franchisor approval of transfer by franchisee	Sections 13.C.	We have right to approve all transfers, but will not unreasonably withhold approval.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for franchisor approval of transfer	Section 13.C.	You have complied with Franchise Agreement during the term, all amounts due us and our affiliates are paid, transferee entity and owners qualify and complete training, lessor consents to lease assignment, transferee assumes your agreement or signs new agreement (at our option), transfer fee paid, general release signed by you and your owners, we approve terms of transfer and you subordinate buyer's debt to you to our interest in franchise business, and you or transferee remodel the Business Location (see also r below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 13.E.	We can match any offer for your business or an ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Section 15.G.	We may within 30 days of termination or expiration purchase certain assets of your Franchised Business at lesser of cost or fair market value.
p. Death or disability of franchisee	Section 13.D.	Ownership interest of deceased or disabled owner must be assigned to approved buyer within 6 months or your franchise may be terminated. In the interim, Franchised Business must be operated by a trained manager or manager appointed by us.
q. Non-competition covenants during the term of the franchise	Section 7.C.	No involvement in competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	Section 16.A.	No involvement in a competing business for 2 years within 10 miles of your Territory or territory of any other Franchised Business (same restrictions apply after assignment).
s. Modification of the Agreement	Sections 16.B. and 17.L.	Operations Manual and standards and specifications are subject to change. No modifications to the Franchise Agreement except if in writing and signed by both parties.
t. Integration/merger clause	Section 17.L.	Only terms of the Franchise Agreement (including exhibits, attachments, Operations Manual and other written materials) and representations made in this Disclosure Document are binding.
u. Dispute resolution by arbitration or mediation	Sections 17.E.	With a few exceptions, disputes must be mediated before filing a lawsuit.
v. Choice of forum	Section 17.F.	Litigation must be in state in which our principal place business is located (currently Illinois); subject to state law.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
w.Choice of law	Section 17.F.	Law of the state in which our principal place of business is located, except franchise laws only apply if you meet jurisdictional requirements, subject to state law.

Item 18
PUBLIC FIGURES

We do not use any public figure to promote its franchise.

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Mukesh Muthu, 770 W. Gladys, Unit 1, Chicago, IL 60661, 312-757-5000 and the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary*
For calendar years 2020, 2021 and 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	1	+1
	2022	1	1	0
Affiliate-Owned	2020	2	2	0
	2021	2	2	0
	2022	2	3	+1
Total Outlets	2020	2	2	0
	2021	2	3	+1
	2022	3	4	+1

*Our first franchised outlet opened on January 23, 2021.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For calendar years 2020, 2021 and 2022

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets*
For calendar years 2020, 2021 and 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	1	1	0	0	0	0
	2022	0	0	0	0	0	0	0
Illinois	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	0	0	0	0	0	0	0
	2021	0	2	1	0	0	0	1
	2022	1	0	0	0	0	0	1

Table No. 4
Status of Affiliate-Owned Outlets
For calendar years 2020, 2021 and 2022

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Illinois	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3
Totals	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	1	0	0	0	3

Table No. 5

PROJECTED OPENINGS as of December 31, 2022			
STATE	FRANCHISE AGREEMENTS SIGNED BUT UNIT NOT OPEN	PROJECTED FRANCHISED NEW UNITS IN THE NEXT FISCAL YEAR	PROJECTED OPENINGS BY US OR OUR AFFILIATE IN NEXT FISCAL YEAR
Illinois	0	2	0
TOTAL	0	2	0

Our affiliate Kid Stem Studio, Inc. owns two learning centers operating under the name Kids STEM Studio in Chicago, Illinois. We have not granted any franchises as of the date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

There are currently no current or former franchisees who have signed agreements restricting their ability to speak openly about their experience with us.

There are currently no trademark-specific franchise organizations associated with the franchise system being offered.

The remainder of this page has been left blank intentionally.

Item 21
FINANCIAL STATEMENTS

Attached at Exhibit D is the audited balance sheet of KSS Franchising LLC as of December 31, 2022 and December 31, 2021, and the income statements for the periods then ended.

Item 22
CONTRACTS

The Franchise Agreement and Guaranty and Assumption of Obligations (and other exhibits) that you will sign is attached at Exhibit B to this Disclosure Document. If your state requires an addendum to the Franchise Agreement describing certain state laws or regulations which may supersede the Franchise Agreement, it will be found at Exhibit G.

Before signing the Franchise Agreement, you must complete and sign a Franchise Disclosure Acknowledgement Statement, a copy of which is attached to this Franchise Disclosure Document as Exhibit C. The purpose of this Statement is to indicate your receipt and understanding of various documents and other information that you may have received from us in connection with your purchase of a Franchised Business franchise.

When you sign the Franchise Agreement, you must also sign the Software License Agreement for our proprietary learning management software, a copy of which is attached to this Franchise Disclosure Document as Exhibit F.

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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
RECEIPTS

The Receipts of the Disclosure Document (one copy for you and one copy for us) are found at the end of the exhibits to this Disclosure Document.

Exhibit A

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

California

Commissioner
California Department of Financial Protection
and Innovation
320 West Fourth Street
Los Angeles, CA 90013-2344
(866) 275-2677

For service of process:
Commissioner
Department of Financial Protection and Innovation
320 West Fourth Street
Los Angeles, CA 90013-2344

Hawaii

Hawaii Commissioner of Securities
Department of Commerce and
Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813
(808)586-2722

For service of process:

Hawaii Commissioner of Securities
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217)782-4465

For service of process:

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana

Securities Commissioner
State of Indiana
Securities Division
302 W. Washington Street, Room E-111
Indianapolis, IN 46204
(317)232-6681

For service of process:

Secretary of State
201 State House
Indianapolis, IN 46204

Maryland

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

For service of process:

Maryland Securities Commissioner
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan

Consumer Protection Division
Franchise Section
Michigan Department of Attorney General
G. Mennen Williams Building, 1st Floor
Lansing, MI 48913
(517)373-7117

For service of process:

Michigan Department of Commerce
Corporations and Securities Bureau
525 W. Ottawa Street
G. Mennen Williams Building
Lansing, MI 48913

Minnesota

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101
(651)539-1500

For service of process:

Minnesota Commissioner of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York

New York State Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10271
(212)416-8236

For service of process:

New York Department of State
One Commerce Plaza, 6th Floor
99 Washington Street
Albany, NY 12231

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701)328-4712

For service of process:

North Dakota Securities Commissioner
600 East Boulevard Avenue
State Capitol – 5th Floor, Dept. 414
Bismarck, ND 58505-0510

Rhode Island

Principal Securities Examiner
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex – Bldg. 69-1
Cranston, RI 02920
(401)462-9527

For service of process:

Director of Rhode Island Department of
Business Regulation
1511 Pontiac Avenue
John O. Pastore Complex – Bldg. 69-1
Cranston, RI 02920

South Dakota

Director
Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605)773-3563

For service of process:
Director
Department of Labor and Regulation
South Dakota Division of Insurance
124 South Euclid, Suite 104
Pierre, SD 57501

Virginia

Director, Division of Securities
and Retail Franchising
State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, VA 23219
(804)371-9051

For service of process:
Clerk of the State
Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

Washington

Administrator
Dept. of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507-9033
(360)902-8760

For service of process:
Director
Washington Dept. of Financial
Institutions, Securities Division
210 11th St. SW
Olympia, WA 98504

Wisconsin

Franchise Administrator
Division of Securities
Department of Financial Institutions
P.O. Box 1768
Madison, WI 53701-9033
(608)266-8559

For service of process:
Wisconsin Commissioner of Securities
201 W. Washington, Suite 300
Madison, WI 53703

Exhibit B

FRANCHISE AGREEMENT

**KSS FRANCHISING LLC
FRANCHISE AGREEMENT**

FRANCHISEE

DATE OF AGREEMENT

LOCATION OF FRANCHISE

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- EXHIBIT 1: Location and Territory
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- EXHIBIT 4: Collateral Assignment of Lease
- EXHIBIT 5: Electronic Funds Transfer Authorization

KSS FRANCHISING LLC
FRANCHISE AGREEMENT

THIS AGREEMENT is being entered into between you, _____, a _____ organized under the laws of _____, as franchisee, and us, KSS Franchising LLC, a limited liability company organized under the laws of Illinois with our principal place of business at 770 W. Gladys Avenue, Unit 1, Chicago, Illinois 60661 and, if you are an entity, your "Owners" (defined below).

1. INTRODUCTION.

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. In this Agreement, we refer to KSS Franchising LLC as "we," "us" or the "Company." We refer to you as "you" or "Franchisee." Certain provisions of this Agreement are applicable to your shareholders, members or other owners of Franchisee on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "Owners."

Through the expenditure of considerable time, effort and money, we and our affiliate Kids STEM Studio, Inc. ("Affiliate") have developed a unique system for the establishment and operation of a business that offers fun and highly educational hands-on activities for kids ages 4 to 14 for exploring science, technology, engineering and math under the name "Kids STEM Studio" which is referred to in this Agreement as the "Kids STEM Studio Business" or "Kids STEM Franchise." The Kids STEM Studio Business provides fun and highly educational hands-on activities for kids ages 4 to 14 for exploring science, technology, engineering and math at a learning center and at off-site locations such as schools, park districts, day care centers, and similar locations ("Third Party Sites"). The Kids STEM Studio Business operates under uniform formats, designs, systems, methods, formulas, specifications, standards, policies and procedures, including certain confidential information and trade secrets (all of which we refer to in this Agreement as the "System"). We and our Affiliate may improve, further develop or otherwise modify the System from time to time. We identify the System by the use of certain trademarks, service marks, logos, trade name, domain names and other commercial symbols we designate from time to time, currently including "Kids STEM Studio", the Kids STEM Studio logo and certain associated designs, artwork and logos, owned by our Affiliate and licensed to us (collectively, the "Marks").

We grant to franchisees whose Owners meet our qualifications and who are willing to undertake the investment and effort necessary to establish and develop a Kids STEM Studio Business, a franchise to own and operate a Kids STEM Studio learning center in accordance with the System.

This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own and be franchised to operate a Kids STEM Studio Business. In signing this Agreement, you acknowledge that you have read this Agreement and the Company's Franchise Disclosure Document, that you have had the opportunity to be advised by your counsel and financial,

tax and business advisors, and that you understand the scope, cost and risk of the undertaking contemplated by this Agreement, the importance of the Company's high standards of quality and service and the necessity of operating your Kids STEM Studio Business in strict conformity with the Company's standards and specifications. You also acknowledge that you have conducted an independent investigation of the business contemplated by this Agreement and recognize that, like any other business, the nature of the business conducted by a Kids STEM Studio Business may evolve and change over time, that an investment in a Kids STEM Studio Business involves business risks, and that the success of the venture is primarily dependent upon your business abilities and efforts. You further represent to us, as an inducement to our agreeing to enter into this Agreement, that you and your Owners have made no misrepresentations in applying for or obtaining the franchise. You acknowledge that in all our dealings, all of our officers, directors, managers, employees and agents act only in a representative capacity, not in an individual capacity.

We expressly do not make and have not made, and you acknowledge that you have not received or relied on, any warranty or guarantee, expressed or implied, as to the revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that you have not received or relied upon any representation about the franchise made by us, or by our officers, directors, managers, employees or agents, that are contrary to the statements made in the Company's Franchise Disclosure Document or the terms contained in this Agreement.

2. GRANT OF FRANCHISE.

A. Term. Subject to the provisions of this Agreement, we grant to you a franchise to own and operate a Kids STEM Studio Business at one location approved by us in the following geographic area: _____, and to use the System in the operation of the Kids STEM Studio Business for a term of five (5) years beginning on the date of this Agreement, unless this Agreement terminates before the end of such term as provided in Section 14. When the exact location for the Learning Center for the Kids STEM Studio Business is determined, the parties will complete Exhibit 1 to this Agreement. Termination or expiration of this Agreement will constitute a termination or expiration of the Franchise. (All references to the "term" of this Agreement refer to the period from the date of this Agreement to the date on which this Agreement actually terminates or expires. All references in this Agreement to section and paragraph numbers refer to the sections and paragraphs of this Agreement unless otherwise stated.)

B. Full Term Performance. You specifically agree to, for the full term of this Agreement, operate the Kids STEM Studio learning center at the location identified in Exhibit 1 and at other authorized locations in the Territory identified in Exhibit 1, perform the obligations of this Agreement, and continuously exert your best efforts to promote and increase the sales and services of the Kids STEM Studio Business within the Territory, and to effect the widest and best possible distribution of the sale of Kids Stem Studio services and related products and to solicit potential customers for Kids STEM Studio services and related products within the Territory.

C. Rights to Territory. As long as this Agreement is in force and effect and you are not in default under any of the terms of this Agreement and subject to the rights reserved by Company in

Paragraph 2.D. below and the minimum performance requirements set forth in Paragraph 2.E. below, Company will not grant another Kids STEM Studio Business franchise or operate itself or through an affiliate any other Kids STEM Studio Business within the area described in Exhibit 1 (“Territory”). Company has the right to, outside of the Territory, grant such other Kids STEM Studio Businesses or itself establish Kids STEM Studio Businesses as it, in its sole and exclusive discretion, deems appropriate.

D. **Company’s Reservation of Rights.** Company and any affiliates reserve the right, both within and outside of the Territory to:

1. offer and sell service and products which comprise, may in the future comprise or which do not comprise, a part of the System through any alternative distribution channels including, but not limited the Internet or similar electronic media, using the Marks (“Alternate Distribution Channels”);

2. establish businesses which are franchised, licensed or owned by Company or any affiliate in any area as we deem appropriate or offer and sell services or products which are similar to the services and products offered under the System under trade names, trademarks, service marks, trade dress or other commercial symbols different from the Marks;

3. acquire or be acquired by a company establishing businesses identical or similar to the Kids STEM Studio Business, even if the other business operates, franchises, and/or licenses competitive businesses anywhere;

4. service a national account located within your Territory, either ourselves or through an affiliate or another Kids STEM Studio, if you are not participating in any national account program the Company establishes; and

5. engage in any other business activities not expressly prohibited by this Agreement.

E. **Minimum Performance Requirements.** Beginning on the six (6) months anniversary from the Opening Date of the Business and through the end of the term, Franchisee must achieve the minimum annual Gross Revenues of One Hundred Fifty Thousand Dollars (\$150,000.00) (“Minimum Performance Requirements”). Any time after the six (6) month anniversary date of the Opening Date, if you fail to meet the Minimum Performance Requirements during any consecutive twelve (12) month period, we may issue you a notice of default and provide you with a cure period of (6) months for increasing Gross Revenues so that you meet the Minimum Performance Requirements for the twelve (12) months prior to the end of the cure period. If you fail to meet the Minimum Performance Requirements after the cure period, then we may take any one or more of the following actions: (1) eliminate the rights granted to you in the Territory in this Section 2, which would enable us to establish or franchise others to establish a Kids STEM Studio Business in your Territory; (2) reduce the size of your Territory; (3) permit other franchisees, us or our affiliate to

provide programs, workshops, classes, camps, parties or field trips in your Territory; and/or (4) terminate this Agreement.

F. **Alternate Distribution Channels.** You shall not sell any services or products offered for sale under the System through any Alternative Distribution Channels.

G. **Limitations on Third Party Sites Outside Territory.** You may only conduct programs, classes, workshops, camps, parties and field trips at Third Party Sites outside of your Territory if the Third Party Sites are located in an area that is not part of a territory granted to another franchisee of ours. Once a franchise is granted for any area in which you are using Third Party Sites outside of your Territory and the new franchisee has completed initial training, you must cease conducting programs, classes and workshops in the new franchisee's Territory as soon as the currently scheduled programs, classes or workshops end. You further agree to provide such information and assistance to the new franchisee as is reasonably necessary in order to increase the likelihood that the new franchisee will be able to continue using such Third Party Sites and be able to retain the customers coming to those Third Party Sites as Kids STEM Studio customers in the future. If you conduct programs, classes workshops, camps, parties or field trips outside of your Territory in the territory of another franchisee in violation of this Paragraph 2.G., you will be assessed a fine of fifty percent (50%) of revenues per program, class, workshop, camp session, parties and field trips conducted, due upon demand. This fine is in addition to any and all other remedies available to the Company for your breach of this provision.

3. **RENEWAL OF FRANCHISE.**

A. **Franchisee's Right to Renew.** Subject to the provisions of Paragraphs 3.B. and 3.C. below, and if during the entire term of this Agreement you have substantially complied with all of the provisions of this Agreement and any other agreement between us, then upon expiration of the initial term of this Agreement, you will have the right to renew the Franchise for successive terms of five (5) years each.

B. **Notice of Renewal and Non-Renewal.** You must give us written notice of your intention to renew at least nine (9) months but not more than twelve (12) months before the end of the initial term of this Agreement. Within sixty (60) days of our receipt of your notice, we agree to give you written notice of whether you have met the conditions for renewal and any deficiencies in your operation or historical performance of your Kids STEM Studio Business which could cause us not to renew the Franchise. If you have not met the conditions and deficiencies exist, our notice will state what actions, if any, you must take to correct the deficiencies in the operation of your Kids STEM Studio Business and will specify the time period in which those deficiencies must be corrected. Renewal of the Franchise will be conditioned on your continued compliance with all the terms and conditions of this Agreement up to the date of expiration and timely correction of any deficiencies. If we send a notice of non-renewal it will state the reasons for our refusal to renew. If we do not give you a deficiency notice within sixty (60) days after receipt of your renewal notice, or if we do not give you notice of our decision not to renew the Franchise six (6) months before the expiration of the term of this Agreement, we may extend the term of this Agreement for any period of time necessary

in order to provide you reasonable time to cure the deficiencies or to provide the six (6) month non-renewal notice required under this Agreement.

C. Renewal Agreements/Releases. To renew the Franchise, you (and your Owners) and the Company must:

(1) at our option, either execute an extension of this Agreement or execute the then current form of standard franchise agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), which agreement will replace this Agreement in all respects and which may contain different (including higher) royalty fees, brand fund contributions and other fees, different territorial protections, and other provisions that differ from those contained in this Agreement, and such ancillary agreements as Company is then customarily using in the grant or renewal of franchises for the ownership and operation of a Kids STEM Studio, including guarantees from all owners of the franchisee;

(2) comply with our then-current qualification and training requirements for renewing franchises;

(3) upgrade the Learning Center, furniture, fixtures, equipment, signs and materials in accordance with our then-current standards and specifications;

(4) execute a general release, in a form satisfactory to us, of any and all claims against us and our affiliates, and our respective members, managers, officers, employees and agents; and

(5) pay a renewal fee of Three Thousand Dollars (\$3,000.00) when you execute the renewal Franchise Agreement to cover our costs in connection with the renewal of this Agreement.

If either you or any of your Owners refuse to sign the required agreement(s), guarantees and/or releases within thirty (30) days after their delivery to you, you will be deemed to have elected not to renew the Franchise.

D. Continued Operation Following Expiration. You have no right to continue to operate the Kids STEM Studio Business after the expiration of the initial term of this Agreement unless you are granted a renewal Franchise in accordance with this Section 3. If we permit you to continue to operate the Kids STEM Studio Business after the expiration of the initial term of this Agreement but before the execution of a renewal Franchise Agreement as required by Paragraph 3.C., then the temporary continuation of the Kids STEM Studio Business will be on a month-to-month basis, and will be terminable at the will of Company by giving you written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the you or the Kids STEM Studio Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

4. **BUSINESS DEVELOPMENT AND OPENING**

A. **Learning Center Location and Company's Approval.** You are responsible for acquiring a suitable location for the operation of your Kids STEM Studio Business that is approved by us ("Learning Center"). We may in our discretion provide site selection assistance to you; however, it shall be your sole responsibility to locate and secure a location for the Learning Center approved by us. Prior to entering into a lease to acquire a site, you must submit to us a site evaluation form for the proposed site, together with a letter of intent, proposed lease or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. We will provide you written notice of approval or disapproval of the proposed site within thirty (30) days after receiving your written proposal and required documents. While we will use our experience in providing any assistance to you regarding site selection and in granting approval of a site, nothing contained herein shall be interpreted as a guarantee of success for said location as a Kids STEM Studio Business.

You must have obtained our written approval of a proposed location and have secured the approved site for the Premises by execution of a lease within ninety (90) days of the date of this Agreement. We have the unilateral right (but not the obligation) to terminate the Agreement upon delivery of notice to you if you have not signed a lease for a location approved by us for your Kids STEM Studio Business within ninety (90) days of the date of this Agreement.

B. **Lease of Premises.** Any lease for the approved location must be approved by us before it is executed by you and we can require that certain terms and provisions be included in the lease. Our approval of the lease shall be conditioned upon: (i) collateral assignment of the lease by you to us with the lessor's consent, by execution of the Collateral Assignment of Lease and Consent to Assignment attached hereto as Exhibit 4 (the assignment may be exercised only upon your default under the lease or this Agreement or the expiration or termination of this Agreement); and (ii) inclusion in the lease of terms required by us, including but not limited to the following: (i) have a term, with initial and renewal terms, at least equal to the initial term of this Agreement; (ii) provides that the lessor shall give written notice to us (concurrently with you) of any default by you under the lease, and will give us an additional fifteen (15) days to cure any default not cured by you during the cure period and assign the lease to us if defaults are cured by us; (iii) permits the use on the lease premises of all signs required by us for Kids STEM Studio franchises, subject to applicable local laws, codes and ordinances; (iv) provides that on expiration or termination of your Franchise Agreement, we may enter the leased premises and remove all signs, sign-faces and other items identifying Marks; (v) provides that the Premises will only be used for the operation of a Kids STEM Studio Learning Center; and (vi) provides that the lessor will not lease other premises in the same building or shopping center to a competing business.

C. **Build-Out Specifications** We will furnish plans and specifications reflecting our requirements for interior layout, design, decoration, fixtures, furniture, equipment, and signs for Kids STEM Studio Learning Centers. It is your responsibility to comply with all applicable ordinances, building codes, permit requirements, lease requirements and restrictions applicable to the leased premises. You must advise us of any required variation from our plans and specifications and obtain our approval of same before build-out of the leased premises begins.

D. **Development of the Learning Center.** You agree at your own expense to do the following: (1) secure all financing required to construct and fully develop the Kids STEM Studio Learning Center; (2) obtain all required building, utility, sign, and business permits and licenses and any other required permits and licenses; (3) construct the Kids STEM Studio Learning Center in compliance with Section 4; (4) decorate the Kids STEM Studio Learning Center in compliance with plans and specifications we have approved; (5) purchase and install all required fixtures, furniture, equipment, and signs; and (6) purchase an opening inventory of required products, materials and supplies.

E. **Fixtures, Furniture, Equipment and Signs.** You agree to purchase and install, at your expense, all fixtures, furniture, equipment (including required computer systems) and signs we may direct from time to time and to purchase and use in the development and operation of the Learning Center only fixtures, furniture, equipment and signs from approved suppliers and/or that meet our standards and specifications.

F. **Business Opening.** You agree not to open your Kids STEM Studio Business for business until: (1) your obligations under this Section 4 have been fulfilled; (2) your Owners have completed the initial training program to our satisfaction; (3) you have furnished us with evidence of insurance coverage required by Paragraph 10.J.; (4) you have furnished us with evidence that you have met all licensing requirements applicable to the Kids STEM Studio Business; (5) you have established an entity to operate the Kids STEM Studio Business; and (6) we have provided you with written consent to open. You must complete the business opening requirements set forth herein and commence operation of your Kids STEM Studio Business within one hundred twenty (120) days from the date of execution of this Agreement.

G. **Relocation.** If you need to relocate the Learning Center for reasons other than your breach of your existing lease for the Learning Center, we will grant you the right to relocate to another site within the Territory that meets our current specifications and standards for Learning Centers. You must obtain our written approval of the Learning Center before relocating and you must continue to operate the Kids STEM Studio Business at all times during the relocation.

H. **Third Party Sites.** You will be responsible for finding and securing suitable sites to serve as your Third Party Sites for offering Kids STEM Studio services beyond the Learning Center. We will furnish you with our standard site selection guidelines. You will be responsible for ensuring that each site you use as a Third Party Site meets our then current guidelines, standards and specifications. Upon our request, you must submit to us the information that we reasonably request regarding any Third Party Site that you intend to use or are using. If we determine that any Third Party Site does not meet our current guidelines, standards and specifications, we will notify you and you must discontinue using such Third Party Site as of the earlier of the end of the then current scheduled sessions of programming or thirty (30) days from the date of our written notice to you.

5. **TRAINING AND OPERATING ASSISTANCE.**

A. Initial Training. Before the opening of your Kids STEM Studio Business, we will furnish, and your Owners must attend and complete to our satisfaction, an initial training program of approximately five (5) days covering the operation of a Kids STEM Studio Business. In preparation for the Initial Training, your Owners must complete pre-training materials sent to you by the Company before attending Initial Training. We, in our discretion, will determine when the initial training will take place, where it will take place, and how long it will last. The total days of initial training provided may vary dependent upon the prior experience of the attendees and other factors. Up to two (2) Owners will be provided training for the Initial Training Fee. If you send additional people to the initial training program, you must pay the current tuition fee for such training and scheduling will be based on available space.

If, during the initial training program, we determine, in our sole discretion, that your Owner(s) are not qualified to manage a Kids STEM Studio Business, we have the right to require your Owner(s) to attend and successfully complete additional training for an additional fee and/or to terminate this Agreement, effective upon delivery of written notice thereof to you. Upon such termination, you must return any and all manuals and other proprietary materials delivered to you prior to and during training.

You will be solely responsible for all expenses, including, without limitation, travel, room, board, transportation expenses, and wages, incurred by your Owners in connection with attending any initial training program.

B. On-Site Start-Up Assistance Upon Request. Around the time of the opening of your Kids STEM Studio Business, if you request and at your expense, we will send one of our representatives to your Territory to provide on-site opening assistance at the Learning Center. We, in our discretion, will determine when the on-site assistance and training will take place and how long it will last. You shall pay us our then-current daily fee for such on-site assistance, and you will be responsible for all expenses, including, without limitation, travel, room, and board, incurred by our representative in traveling to your Territory.

C. Employee Training. We have the right to specify training programs and materials that you must follow and use in training your instructors and other designated employees in the System for protection of the brand and Marks.

D. Supplemental Education. We may from time to time provide, and may require, that previously-trained and experienced Owners attend and successfully complete supplemental training, seminars, programs, regional franchise meetings, teleconferences or webinars to be conducted at locations designated by us. You will be solely responsible for all expenses, including, without limitation, travel, room, board, transportation expenses, and wages, incurred by your Owners in connection with attending any supplemental training programs.

E. Annual Conference. If the Company holds an Annual Conference for franchisees, at least one Owner must attend Company's Annual Conference each time it is held during the term of this Agreement, unless we agree in writing that you will not be required to attend in our sole

discretion. You are responsible for all travel expenses incurred by you in attending the conference. This provision shall not obligate the Company to hold an Annual Conference of franchisees each year. Any failure to attend any Annual Conference during the term of this Agreement shall be a material breach of this Agreement.

F. Operating Assistance. We will furnish you with such ongoing guidance and assistance in connection with the operation of your Kids STEM Studio Business as we from time to time deem appropriate. Operating assistance may consist of advice and guidance with respect to: (1) sale of services and products authorized for sale and the specifications, standards, methods and operating procedures used by Kids STEM Studio Businesses; (2) prices for the services and products offered for sale at the Kids STEM Studio Business which in our judgment constitute good business practice; however, such advice or guidance shall not be deemed or construed to impose upon you any obligation to charge any fixed, minimum or maximum prices for any service or product offered for sale by your Kids STEM Studio Business except as permitted by law; (3) any changes in the services and products authorized for sale by the Kids STEM Studio Business; (4) purchasing furniture, fixtures, equipment, signs, computer systems, and supplies; (5) developing and implementing advertising and promotional programs; (6) administrative, bookkeeping, accounting, sales and general operating procedures for the proper operation of a Kids STEM Studio Business; (7) establishing and conducting employee training programs at a Kids STEM Studio Business; and (8) changes in any of the above that occur from time to time. We may advise you from time to time of operating problems of your Kids STEM Studio Business disclosed by reports submitted to or inspections made by us.

This guidance will, in our sole discretion, be furnished in the form of the Company's Operations Manual or other written materials, webinars, telephone consultations, electronic communication, and/or consultations at the offices of the Company or at the Learning Center for your Kids STEM Studio Business

G. Additional Operating Assistance. At your request, we may provide you, at our discretion, additional guidance and assistance at your Kids STEM Studio Business by a representative of the Company. In the event that you are not operating your Kids STEM Studio Business in compliance with the standards, specifications and operating procedures set forth in this Agreement or in the Operations Manual, we may require additional training for your Owner(s) at either the Learning Center of your Kids STEM Studio Business or other location we designate. In either event, we will charge you the then-current per diem fees for such additional training and assistance and travel expenses for our representative who conducts such training and assistance at your Learning Center.

H. Curriculum. We shall from time to time, at no additional charge, loan to you proprietary curriculum for programs, classes, workshops, camps, parties and field trips for use by you in operating the Kids STEM Studio Business. You must use and strictly follow the curriculum in providing services to the customers of the Kids STEM Studio Business. You shall not use any curriculum developed by you or any third party. The curriculum is owned by us, remains our property, and is proprietary. The curriculum is Confidential Information subject to the restrictions as set forth in Section 7 of this Agreement and subject to copyright protection. The curriculum shall only be used

by you, your employees and independent contractors in conducting the Kids STEM Studio Business. You shall not disclose the curriculum to any schools, park districts, day care centers, or other sites where programs, workshops or classes will be conducted. You, your employees and independent contractors shall not at any time copy, duplicate, reproduce or publicly display or assist any other person or entity in copying, duplicating, reproducing or publicly displaying the curriculum, in whole or in part, or any derivative works without first obtaining the our written consent. All employees and independent contractors using the curriculum must sign confidentiality and non-disclosure agreements in a form approved by us. We retain the right to require you to discontinue using and to return to us your expense any curriculum, in part or in whole upon your receipt of written notice of the discontinuance. Upon the expiration or other termination for any reason of this Agreement, you shall return all curriculum, including all copies, to us.

You shall immediately notify us in writing of any apparent infringement of our curriculum, in whole or in part, including derivative works. You shall not directly or indirectly communicate with any person other than us and our counsel in connection with any such infringement. We shall have sole discretion and exclusive right to take such action as it deems appropriate to control any litigation, Copyright Office proceeding or other administrative proceeding arising out of such infringement or otherwise relating to our curriculum. You shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of our counsel, be necessary or advisable to protect and maintain our interests in any such litigation, or administrative proceedings, or to otherwise protect and maintain our interest in the curriculum.

I. Operations Manual. We will grant you access during the term of the franchise to the Operations Manual, which may consist of one or more manuals for the Kids STEM Studio Business, and will be provided to you by secure access on a web platform or franchise intranet (collectively referred to as the "Operations Manual"). The Operations Manual will contain mandatory and suggested specifications, standards and operating procedures and policies which we prescribe from time to time for the Kids STEM Studio Business, as well as information relative to other obligations you have in the operation of your Kids STEM Studio Business and under this Agreement. We have the right to add to, and otherwise modify, the Operations Manual from time to time to reflect changes in, additions to and deletions from authorized services and products, specifications, standards and operating procedures, policies and other obligations in operating a Kids STEM Studio Business under this Agreement. Revisions to the Operations Manual will be deemed effective immediately, unless we specify a later effective date for a particular revision. The master copy of the Operations Manual that we maintain online will be controlling, in the event a dispute develops with respect to the contents of the Operations Manual. You agree that you will not at any time copy any part of the Operations Manual, permit any part of it to be copied, disclose it to anyone other than employees having a need to know its contents for purposes of operating your Kids STEM Studio Business, or give anyone other than employees having a need to know its contents for purposes of operating your Kids STEM Studio Business access to the Operations Manual without our prior written consent.

J. National Accounts. We may, but are not obligated to, develop various National Accounts under a National Accounts Program. We, in our discretion, shall determine the best method of pursuing, negotiating with and servicing National Accounts, and shall establish the terms

for each National Account contract in its sole discretion, based on the needs of the National Account and its customers, the Company, the System and the Kids STEM Studio franchisees. A “National Account” as used herein is a business, institution, governmental agency or other person or entity that either itself or through common ownership, association or independent contractors, has multiple locations in a number of geographic areas that fall within multiple franchise territories, has ongoing demands for services and products that in a number of geographic areas or that exceed the capability of any single franchised business, and/or prefers a single contact in order to control pricing, billing, customer satisfaction, and/or similar requirements.

A. In order to participate in the National Accounts Program, you must (i) be and remain in compliance under this Agreement, and (ii) comply with our published standards, policies and procedures for participation in the National Accounts Program as they may be modified and supplemented from time to time. Further, in order to provide services to a particular National Account, you must comply with the requirements of that particular National Account. You shall have the right to decline participation in the National Accounts Program or with respect to a particular National Account.

B. Regardless of any other provisions of this Agreement, we grant to you no territorial rights of any kind whatsoever in connection with the National Accounts Program. You agree that we and third parties designated by us may solicit prospective National Accounts located within your Territory in order to develop them as National Accounts. Further, in the event that you decline to participate in the National Accounts Program, decline to service any National Account location within your Territory, or are prohibited from providing services to the National Account location within your Territory pursuant to the standards, policies and procedures of the National Accounts Program or the requirements of a particular National Account, Company, its affiliates or designated agents or other Kids STEM Studio franchisees may provide services at National Account locations or to National Account customers located within your Territory without violating your rights to the Territory. You shall not be entitled to any compensation with respect to services provided to any National Account location or customer within your Territory after you have declined to provide such service or you are prohibited to provide such services pursuant to the standards, policies and procedures of the National Accounts Program or the contract with any particular National Account.

C. If we will be providing administrative, billing and/or collection services with respect to any National Account, we have the right to charge you a reasonable administrative fee for such services.

6. **MARKS.**

A. **Ownership and Goodwill of Marks.** You acknowledge that our Affiliate owns the Marks which have been licensed to the Company and that your right to use the Marks is derived solely from this Agreement and is limited to your operation of your Kids STEM Studio Business pursuant to and in compliance with this Agreement, the System, and all applicable specifications, standards and operating procedures we prescribe from time to time during the term of the franchise. Any

unauthorized use of the Marks by you will constitute an infringement of our and our Affiliate's rights in and to the Marks. You acknowledge and agree that all usage of the Marks by you and any goodwill established by your use of the Marks will inure to the exclusive benefit of us and our Affiliate, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate a Kids STEM Studio Business in compliance with this Agreement).

You must not, at any time during the term of this Agreement or after its termination or expiration do any of the following: (1) make any oral or written representation or admission that any of the Marks is in any way invalid or infringes the rights of any person or is open to any other form of attack, (2) contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of the Marks, or (3) take any action that derogates, tarnishes or dilutes our claimed rights in and to the Marks.

All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork and logos we may authorize you to use during the term of this Agreement.

B. Limitations On Your Use of Marks. You agree to use the Marks as the sole identification of your Kids STEM Studio Business, except that you must display in the manner we prescribe notices to employees, customers, vendors and other third parties identifying yourself as the independent owner of the Kids STEM Studio Business pursuant to a Franchise Agreement with us. You may not use or register any Mark as part of any entity name or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos and additional trademarks and service marks licensed to you under this Agreement), or in any modified form. You may not apply to register or register any Mark in any forum. You may not use any Mark in connection with the sale of any unauthorized product or service or in any other manner we have not expressly authorized in writing. You agree to display the Marks prominently and in the manner we prescribe in operating your Kids STEM Studio Business, including signs and forms, and in connection with marketing, advertising and promotional materials. You also agree to use only notices of trademark or service mark registrations and copyrights as we specify and to obtain any fictitious or assumed name or "doing business as" registrations that are required under applicable law.

C. Website; Use of Marks on the Internet. The Company and its Affiliate have developed a web site (the "Kids STEM Studio Website") at www.kidsstemstudio.com. The Kids STEM Studio Website as it may be developed and changed from time to time is the sole property of the Company's Affiliate. Company may provide to you a page or linked page on the Kids STEM Studio Website. The specifications, standards and procedures you must follow for developing and maintaining a page on the Kids STEM Studio Website shall be set forth in the Operations Manual or otherwise in writing. All content on your page on the Kids STEM Studio Website is subject to our prior written approval.

You shall not obtain or register any domain names/URL addresses for the Internet incorporating the Marks or create, develop, maintain and/or use your own web site on the Internet using any of the marks without our prior written consent. If we do grant consent to the establishment

of your own local website, the website may not be published to the public or content revised without our express written approval. You shall not use any of the Marks on the Internet in any directory listing or advertising without the Company's prior written consent. You shall not make any reference to or any association with the Marks on any social media site, social network, blog, or other on-line venue or in any other manner on the Internet without the Company's prior written consent. If any of the foregoing uses is specifically permitted by the Company, your use must conform completely to all of the Company's applicable standards, policies and procedures as set forth in the Operations Manual or otherwise in writing.

D. Notification of Infringements and Claims. You agree to notify us in writing within one (1) week of any apparent or suspected unauthorized use of the Marks, any challenge to the validity of the Marks, any challenge to our Affiliate's ownership of, our right to use or license others to use, or your right to use, the Marks or similar trade names, domain names, trademarks, service marks or trade dress, or any claim by any person of any rights in any Mark or any similar trade name, domain name, trademark, service mark or trade dress of which you may become aware. You agree not to communicate with any person except us or our or our Affiliate's attorneys and your attorneys in connection with any such infringement, challenge or claim. We and our Affiliate have sole discretion to take such action as we deem appropriate and the sole right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding, arising out of any infringement, challenge or claim or otherwise relating to any Mark. We and our Affiliate have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. You agree to sign any and all instruments and documents, provide such assistance and take any action that our or our Affiliate's attorneys say are necessary or advisable to protect and maintain our interests in any such litigation, U.S. Patent and Trademark Office proceeding, ICANN Uniform Domain Name Dispute Resolution Policy proceeding or other administrative proceeding related to the Marks or to otherwise protect and maintain our interests in the Marks. COMPANY MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

E. Discontinuance or Substitution of Marks. If it becomes advisable at any time, in our or our Affiliate's sole discretion, for your Kids STEM Studio Business to modify or discontinue use of any Mark or for your Kids STEM Studio Business to use one or more additional or substitute trademarks, service marks, trade names or domain names, you agree to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trademarks, service marks, trade dress or domain names, within a reasonable time after our notice to you at your expense. If we require you to modify or discontinue use of any Mark, we and our Affiliate have no obligations or liability to you for your actual expenditures or other costs you incur in order to comply with this obligation.

F. Right of Inspection. In order to determine whether you are operating the Kids STEM Studio Business in compliance with this Agreement and the policies, procedures, standards and specifications in the Operations Manual for the protection of the Marks and to ensure that you are properly employing the Marks in the operation of your Kids STEM Studio Business, we or our agents

shall have the right to enter and inspect your Kids STEM Studio Business, including but not limited to the Learning Center, the operations, and the services being performed at the Learning Center and Third Party Sites, including observing programs, classes, camps, parties and field trips, at all reasonable times and without prior notice to you. We have the right to observe the manner in which you are rendering services and conducting your operations, to interview your employees and customers, to take photographs, to review all curriculum, and to select equipment and supplies for test of content and evaluation purposes to make certain that the equipment and supplies are satisfactory and meet the quality control provisions and performance standards established by us. We shall also have the right to conduct customer satisfaction surveys. You agree to fully cooperate with our representatives conducting any such inspection.

7. CONFIDENTIAL INFORMATION; NON-COMPETITION.

A. Types of Confidential Information. We and our Affiliate possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by our Affiliate, us and our franchisees: (1) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of the Kids STEM Studio Businesses; (2) curriculum for programs, classes, workshops, camps, parties and field trips; (3) sources of supply, purchasing, and methods of providing the services and products sold by Kids STEM Studio Businesses; (4) knowledge of sales and profit performance of any one or more the Kids STEM Studio Businesses; (5) knowledge of test programs, concepts or results relating to new services and products; (6) advertising, marketing and promotional programs; (7) equipping of the Learning Center; (8) the selection and training of the Kids STEM Studio Business managers and other employees; (9) the contents of the Operations Manual or other written materials provided to you; (10) any customized software or proprietary software developed by or for us for the System; and (11) all customer information, lists, data and records. All such information will be referred to in this Agreement as "Confidential Information." We will disclose much of the Confidential Information to you, and will do so in furnishing to you the training programs, the Operations Manual, or other materials in written or electronic form and in providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of the Kids STEM Studio Business and for six (6) months after the termination or non-renewal of this Agreement, you or your employees may develop ideas, inventions, formulas, concepts, methods, techniques or improvements relating to the System or the Kids STEM Studio Business, you agree to immediately disclose to us any such ideas, inventions, formulas, concepts, methods, techniques or improvements, which we may then authorize you and other the Kids STEM Studio Businesses to use. You will also assure that any corresponding intellectual property rights (including without limitation any rights in utility or design patents, know-how, trade secrets, trademarks, services marks and copyrights) in such ideas, inventions, formulas, concepts, methods, techniques or improvements will be our property and the title and rights to which shall be legally assigned to us immediately in writing by you, the Owners, your managers and/or employees. All of such information developed by you or your employees will be included in the term "Confidential Information," as defined above.

B. Confidentiality Agreement. You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of the Kids STEM Studio Business in compliance with this Agreement, and that the use or duplication of the Confidential Information in any other business would constitute misappropriation, an unfair method of competition, a breach of this Agreement and copyright infringement. You acknowledge and agree that the Confidential Information belongs to us, is proprietary information, that also is subject to copyright prosecution, contains trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you and your Owners: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure to your employees and the use of confidentiality and non-competition agreements, trade secret disclosure forms, exit acknowledgements and other documents in a form that we prescribe with Owners, managers and employees who attend or receive our training and/or have access to the Confidential Information. Upon our request, you must provide us with copies of signed confidentiality and non-competition agreements of any Owners, managers and employees. The restrictions on your disclosure and use of the Confidential Information will not apply to the following: (a) information, processes, or techniques which are generally known and used in the public domain (as long as the availability of this information is not because of a disclosure, whether deliberate or inadvertent, by you or your Owners) and (b) disclosure of the Confidential Information in legal proceedings when you are legally required to disclose it and you have first given us the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to us that the information required to be disclosed will be treated confidentially .

C. In-Term Non-Competition Agreement. You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure, that such unauthorized disclosure would cause us irreparable harm, and we would be unable to encourage a free exchange of ideas and information among the Kids STEM Studio Businesses if owners of the Kids STEM Studio Businesses were permitted to hold interests in any competitive businesses, as described below. You also acknowledge that we have granted this Franchise Agreement to you in part in consideration of, and in reliance on, your and your Owners' agreement to deal exclusively with us. Therefore, during the term of this Agreement, neither you nor any Owner, nor any member of your or their immediate families, may, either directly or indirectly, for yourself or through, on behalf of, or in conjunction with, any person or legal entity, own, maintain, operate, engage in, consult with, or have any interest (as a disclosed or beneficial owner) in any business which offers products or services which are the same as, or similar to, those offered by a Kids STEM Studio Business (except another the Kids STEM Studio Business operated pursuant to a franchise agreement with us), or any entity which is granting franchises or licenses or entering into joint venture relationships for any business which offers products or services which are the same as, or similar to, those offered by a Kids STEM Studio Business (The ownership of 5% or less of a publicly traded company will not be deemed to be

prohibited by this Paragraph). Further, during the term of this Agreement, you shall not divert any customers or prospective customers from your Kids STEM Studio Business to any other business.

8. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. Independent Contractor; No Fiduciary Relationship. It is understood and agreed by both you and the Company that this Agreement does not create a fiduciary relationship between us, that you and the Company are independent contractors and that nothing in this Agreement is intended to make either of us a general or special agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. You agree to conspicuously identify yourself at the Learning Center and in all dealings with potential and existing customers, employees, Third Party Sites, suppliers, and others as the owner of an independent Kids STEM Studio Business pursuant to a franchise agreement with us. You further agree to place any notices of independent ownership on your signs, forms, business cards, stationery, advertising and other materials that we may require from time to time.

B. No Liabilities, No Warranties. We have not authorized or empowered you to use the Marks except as provided by this Agreement. You agree not use any Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, application for any license or permit, or any other legal obligation, or in any manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither you nor the Company will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that our relationship is other than that of franchisor and franchisee.

C. Indemnification; Tax Liability. We will not be obligated by, or have any liability under, any agreements, representations or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of your construction, development and/or operation of your Kids STEM Studio Business, whether or not caused by the negligent or willful action or failure to act on the part of you, the Owners, managers, employees or agents. We will have no liability for any sales, use, excise, income, gross receipts, property or other taxes, whether levied against you, the Kids STEM Studio Business or your assets, or on us, in connection with the business you conduct, or on any payments you make to us pursuant to this Agreement or any franchise agreement, including but not limited to royalty fees (except for our own income taxes). You agree to indemnify, defend and hold us, our affiliates, and our and our affiliates' shareholders, directors, officers, employees, agents and assignees, harmless against and to reimburse us for: (1) all such obligations, damages, and taxes for which we are held liable and for all costs we reasonably incur in the defense of any such claim brought against us or in any such action in which we are named as a party; (2) any liability, cost or expense we suffer, sustain or incur arising out of or relating to your development and/or operation of your Kids STEM Studio Business or any of your Owners', managers', employees', or other agents' acts or failure to act in connection therewith; and (3) all cost, expense or loss we incur in enforcing the provisions of this Agreement, in defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement. This indemnification includes without limitation actual and consequential

damages, reasonable arbitrators', attorneys', accountants' and expert witness fees (including those for appeal), costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses. We have the right to defend any such claim against us. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

D. **No Employment Relationship.** You expressly acknowledge that Company is not your employer or an employer of any of your employees. In addition, Company is not a joint employer with you. You acknowledge that Company's training, guidance, advice and assistance, your obligations under this Agreement and the standards, specifications, policies and procedures required by Company under this Agreement and in the Manual are imposed not for the purpose of exercising control over you but rather for the limited purpose of protecting the Marks, System and Confidential Information, goodwill and brand consistency. You shall notify and communicate clearly with your employees in all dealings, including without limitation, employment applications and other employment forms, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that you (and only you) are their employer and that Company is not their employer. You are solely responsible for the management and supervision of the Kids STEM Studio Business as an independent franchise owner/operator.

9. **INITIAL AND CONTINUING FEES.**

A. **Initial Franchise Fee.** Upon the execution of this Agreement, you shall pay us an initial franchise fee in the amount of Twenty-Five Thousand Dollars (\$25,000.00) in cash in full. In recognition of the expenses we incur in furnishing assistance and services to you and of our lost opportunity to negotiate with others for this Franchise, you agree that the initial franchise fee will be fully earned by us upon execution of this Agreement and will be not be refundable under any circumstances.

You will be entitled to a discounted Initial Franchise Fee as noted below if one of the following applies: ***[INITIAL AS APPLICABLE]***

- _____ 1. You are existing franchisee purchasing an additional franchise (50% discount);
- _____ 2. You are a certified teacher with a minimum of one (1) year of experience (25% discount).
- _____ 3. You are an honorably discharged veteran (25% discount).
- _____ 4. You have been an employee or independent contractor of ours for at least one year (50% discount).
- _____ 5. You have been an employee or independent contractor of one of our franchisees for at least one year (25% discount).

B. Initial Training Fee. At least ten (10) days prior to the commencement of the initial training program, you shall pay us a non-refundable initial training fee in the amount of One Thousand Five Hundred Dollars (\$1,500.00) in cash in full. This fee shall cover the cost of up to two (2) Owners attending the initial training program. If you desire to send additional people to the initial training program, you must pay the current tuition fee for such training and scheduling will be based on available space. You will be solely responsible for all expenses, including, without limitation, travel, room, board, transportation expenses, and wages, incurred by your Owners in connection with attending any initial training program.

C. Royalty Fee.

1. In further consideration of the rights granted under this Agreement, throughout the term of this Agreement, you agree to pay Company on or before the tenth (10th) day of the following calendar month for the preceding calendar month, the greater of the minimum monthly royalty fee payable pursuant to Paragraph 9.C.2. below and a royalty fee in the amount of seven percent (7%) of Franchisee's Gross Revenues ("Royalty Fee").

2. **Minimum Monthly Royalty Fee.** Beginning in the first full calendar month after the four (4) month anniversary of the date you began operating the Kids STEM Studio Business, and continuing for so long as this Agreement is in effect, you agree to pay to Company a minimum monthly Royalty Fee in the amount of Five Hundred Dollars (\$500.00). During your first four (4) months of operation, there will be no minimum monthly royalty; however, you will pay the Royalty Fee on the actual Gross Revenue during the first four months.

3. Company reserves the right to collect payment of the royalty fee on a different day of each month or more often than monthly.

C. Brand Fund Contribution. As more fully described in Paragraph 11.A, we maintain and administer an advertising, marketing and promotional fund covering all of our franchisees (the "Brand Fund") for such advertising, marketing and promotions as we may deem necessary or appropriate in our sole discretion. You must contribute to the Brand Fund an amount up to two percent (2%) of Gross Revenues (as defined below) of your Kids STEM Studio Business. This Brand Fund contribution will be payable monthly along with the royalty fee as provided in Paragraph 9.E. below. Company will give you at least sixty (60) days written notice before increasing or decreasing the percentage of the Brand Fund contribution.

D. Definition of "Gross Revenues". As used in this Agreement, the term "Gross Revenues" means the total receipts of all money or property of any kind, for or in connection with the services rendered by you at the Learning Center and any other location, and any products sold, directly or indirectly, in connection with the Kids STEM Studio Business. The term shall be deemed to include checks, drafts, money orders, credit card payments, and all other instruments and forms of payment whether or not the same are postdated or are later dishonored or rescinded or payment is stopped thereon. Gross Revenues will be deemed received for purposes of this Agreement on the date that payment in whatever form is actually collected and received by the Kids STEM Studio

Business. The term shall not include applicable sales, use or service taxes collected from customers and paid to the appropriate taxing authority.

E. Electronic Funds Transfer. You must make the monthly payments for the royalty fees, Brand Fund contributions, and any and all other fees that may become due and payable to us hereunder by either electronic transfer or electronic debiting of your business account, or in any other manner that Company may hereinafter designate. Upon the execution of this Agreement, you must execute the electronic funds transfer authorization form attached to this Agreement as Exhibit 5, and thereafter and shall execute any other documents as may be required from time to time by Company to permit Company to electronically transfer funds or debit your account for the purpose of making the required payments. You may not make any change in your banking relationships, including any change in the account number of your business account, or any change in banks, without our prior written approval and your execution of new authorization forms. On or before the date we specify, you must submit to us in the form and manner we specify a statement of Gross Revenues for the previous month. Payments of the royalty fee, Brand Fund contributions and any other fees due for each calendar month will be transferred on the tenth (10th) day of the following calendar month based on the Gross Revenues for the previous calendar month reported by you. You agree to make the funds available for withdrawal by electronic transfer or debiting before the tenth (10th) day of each calendar month. If at any time a withdrawal is made and you do not have sufficient funds in the account, you must pay us an insufficient funds fee in the amount of Fifty Dollars (\$50.00).

If you fail to submit a report of the Gross Revenues of your Kids STEM Studio Business and we do not have access to this information, we may transfer or debit from your account an amount which is one hundred twenty percent (120%) of the last amount we transferred for payment of monthly royalty fees, Brand Fund contributions, and any other continuing fees. If the amount of the royalty fees and Brand Fund contributions we transferred is less than the amount that you actually owe to us (once we have determined the true and correct Gross Revenues of the Kids STEM Studio Business), we will transfer from your account the balance of the royalty fee, Brand Fund contribution, and other fees due. If the amount transferred from your account is greater than the royalty fees, Brand Fund contributions and other fees actually owed, we will credit the excess against the next transfer for royalty fees, Brand Fund contributions and other fees due.

F. Technology Fee. We reserve the right to charge you a technology fee in an amount determined by us. We have the right to determine how and for what purposes the technology fees will be used, which may include covering our costs or paying fees to third party providers for technology development, maintenance, and usage for the franchise system, and subscription and license fees paid by us in order for franchisees to have access to and use certain technology tools. The technology fee shall be paid at times, in the manner, and in amounts as designated by the us. We will give you at least sixty (60) days prior notice before we begin charging the technology fee or before changing the amount of the technology fee.

G. Interest on Late Payments. To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments, you will pay us upon demand interest on all amounts due and owing to us not paid as of the fifth (5th) day after the due date in the

amount of the lesser of ten percent (10%) per annum or the highest legal rate permissible under applicable law for open account business credit. You acknowledge that the inclusion of this Paragraph in this Agreement does not mean we agree to accept or condone late payments nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Kids STEM Studio Business. Further, you acknowledge that notwithstanding the provisions of this Paragraph 9.G., your failure to pay all amounts when due constitutes grounds for termination of this Agreement, as provided in Section 14.

H. Application of Payments. When we receive a payment from you, we have the right in our sole discretion to apply the payment received as we deem appropriate to any past due indebtedness of yours due to us or our affiliates, whether for royalty fees, Brand Fund contributions, other fees or payments due to us, interest, or for any other reason, regardless of how you may designate a particular payment to be applied.

10. IMAGE AND OPERATING STANDARDS.

A. Importance of Maintaining Standards. By signing this Agreement, you indicate that you understand and acknowledge that every detail of the System is important -- not only to you, but to us and to other the Kids STEM Studio Businesses -- in order to develop and maintain high operating standards, to increase the demand for the services and products sold by all franchisees, to establish and maintain a reputation for operating high quality services, to achieve the degree of quality expected by customers of the Kids STEM Studio Business, and to protect the goodwill of the Marks and all the Kids STEM Studio Businesses.

You also acknowledge that a fundamental requirement of the System, this Franchise Agreement, and other the Kids STEM Studio Businesses is adherence by all franchisees to the Company's standards, policies, specifications and procedures as they may develop and change over time, except for certain regional or individual differences we may approve from time to time.

B. Condition and Appearance of Learning Center. In order to achieve the standards of quality, service and appearance that are necessary in the System, you agree that:

(1) you will maintain the condition and appearance of the furniture, fixtures, equipment, signs and the Learning Center in accordance with our standards and consistent with the image of a Kids STEM Studio Business and its high quality services and products, and observe the highest standards of efficient and courteous service. In that connection, you will take, without limitation, the following actions during the term of this Agreement: (a) thorough cleaning, repair, and repainting and redecorating of the Learning Center at reasonable intervals; and (b) repair or replacement of damaged, worn out or obsolete furniture, fixtures, equipment, signs and supplies;

(2) you will not make any material alterations to the Learning Center, as originally built out, decorated, furnished and equipped, including any unapproved replacements of or alterations to the layout, décor, fixtures, furniture, equipment, or signs of your Learning Center, unless they comply with our then current standards and specifications;

(3) you will replace or add new furniture, fixtures, equipment, and supplies when we reasonably specify in order to meet customer demand, meet changing standards or accommodate new services, new products, and new methods of providing the new services and products; and

(4) you will place or display at the Learning Center (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve.

If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Learning Center, furniture, fixtures, equipment, signs and supplies do not meet our standards, we may notify you, specifying the action you need to take to correct the deficiency. If you do not initiate within ten (10) days after receipt of our notice, and then continue in good faith and with due diligence a bona fide program to complete any required maintenance or replacement, we have the right, but not the obligation, to do the required maintenance and replacement on your behalf, and you agree to reimburse us on demand. The foregoing is in addition to any other remedies we may have, including, but not limited to, those regarding termination of this Agreement under Section 14.

In the event the Learning Center is damaged or destroyed by fire or any other casualty, you must, within thirty (30) days after the casualty, initiate any and all repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) such repairs or reconstruction, necessary to restore the Learning Center to its original condition prior to such casualty. If, in our reasonable judgment, the damage or destruction is of such a nature or to such extent that it is feasible for you to repair or reconstruct the Learning Center to conform to the then-current the Kids STEM Studio Business image specifications without incurring substantial additional costs, we may require you, by giving you written notice, to repair or reconstruct the Learning Center to conform to the then-current the Kids STEM Studio Business image specifications. If repair or reconstruction of the Learning Center within a reasonable amount of time (as determined by us) is not feasible, you must obtain an alternate location approved by us for the operation of the Kids STEM Studio Business.

C. Service Methods and Products. The presentation of the Kids STEM Studio Business image to the public is an essential element of a successful franchise system. Therefore, you agree that (1) you will offer for sale all services and products that we authorize from time to time in our sole discretion; (2) you will offer and sell approved services and products only in the manner we have prescribed; (3) you will not offer for sale or sell any services or products we have not approved unless you have obtained our prior written approval; and (4) you will not use the Learning Center for any purpose other than the operation of your Kids STEM Studio Business. You must at all times maintain an inventory of approved products, supplies and materials sufficient in quantity and variety to fulfill all customer needs and realize the full potential of a Kids STEM Studio Business. .

D. Approved Products, Distributors and Suppliers. The reputation and goodwill of the Kids STEM Studio Business is based upon, and can be maintained only by, the sale of distinctive, high quality services and products and the delivery of those services and products in an efficient manner. We have developed standards and specifications for various services, including technology

services, furniture, fixtures, equipment, tools, signs and supplies incorporated in or used in connection with the services and products authorized for sale at the Kids STEM Studio Business. We have also developed standards and specifications for suppliers of the above products and services, including, without limitation, standards and requirements related to product quality, consistency, reliability, frequency of delivery, financial capability, labor relations and customer relations. You therefore agree that your Kids STEM Studio Business will use only such furniture, fixtures, equipment, signs and supplies, and will offer for sale at your Kids STEM Studio Business only such products that conform to our specifications and quality standards and/or are purchased from suppliers we have approved from time to time (which may include us and/or our affiliates).

You acknowledge and agree that we may approve a single supplier for any product, which supplier may include us or an affiliate, and that we may approve a supplier only as to certain products. Further, we may concentrate purchases with one or more suppliers to obtain lower prices or other benefits for the Kids STEM Studio Business.

We may from time to time modify the list of approved product types, brands and/or suppliers, and you may not, after receipt in writing of any modification, reorder any product type or brand or reorder from any supplier which is no longer approved. If you propose to use any of the foregoing items of any type, brand and/or supplier which is not then approved, you must first notify us and submit sufficient information, specifications and samples concerning such product type or brand and/or supplier as we request for our determination of whether such product complies with our specifications and standards and/or such supplier meets our approved supplier criteria. We will notify you of whether or not the proposed brand and/or supplier is approved within fourteen (14) business days of submission of all required information.

E. Specifications, Standards, Policies and Procedures. You agree to comply with all mandatory specifications, standards and operating procedures (whether contained in the Operations Manual or any other written or electronic communication to you) relating to the management and operation of the Kids STEM Studio Business. The mandatory specifications, standards, and operating policies and procedures we prescribe from time to time in the Operations Manual, or otherwise communicate to you in writing or electronically, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" include all such mandatory specifications, standards, and operating policies and procedures. The mandatory specifications will include, without limitation:

- (1) the manner in which the services are provided to customers and their children;
- (2) the safety, maintenance, cleanliness, function and appearance of the Learning Center, and the furniture, fixtures, equipment, signs, materials and supplies used in providing services to customers;
- (3) as applicable, the types and sources of supply for products authorized for sale to customers;

- (4) standard operating hours for the Learning Center and Third Party Sites;
- (5) recommended pricing of services and products and maximum and minimum pricing as permitted by law;
- (6) qualifications, training, dress, general appearance and demeanor of the Kids STEM Studio Business instructors who interact with customers and their children;
- (7) use of the Marks and use of supplies, forms and materials imprinted with the Marks;
- (8) bookkeeping, accounting, customer data collection, and other recordkeeping systems and forms;
- (9) methods and materials for advertising, marketing and promotion; and
- (10) the manner in which customers register for programs, classes, workshops, camps, parties and field trips;
- (11) identification of you as the owner of your Kids STEM Studio Business.

F. Compliance with Laws. You agree to secure and maintain in force in your name all required licenses, permits and certificates relating to the operation of a Kids STEM Studio Business. You agree to operate your Kids STEM Studio Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. You agree to abide by all applicable laws pertaining to the privacy of consumer, employee and transaction information obtained through the operation of your Kids STEM Studio Business. You agree that you will not take any action, or fail to take any action, that may cause any licenses or permits to be revoked, suspended or restricted, and you are solely responsible for compliance with all applicable laws, regulations, ordinances and standards pertaining thereto. You must immediately notify us of steps taken or threatened to be taken by the issuing authority to revoke, suspend or restrict any of such licenses or permits. You must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award or decree, by any court, agency or other governmental unit which may adversely affect the operation or financial condition of you or your Kids STEM Studio Business, or of any notice of violation of any law, ordinance, or regulation relating to safety.

G. Good Business Practices. You must at all times give prompt, courteous and efficient service to your customers and in all dealings with us, your customers and suppliers, the general public, public officials and prospective franchisees adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct.

H. Management of the Franchise/Conflicting Interests. Your Kids STEM Studio Business must at all times be under the direct, day-to-day, full-time supervision of an Owner who has satisfactorily completed our training program. Your Owner(s) who is responsible for the day-to-day supervision of your Kids STEM Studio Business may not engage in any other business or other activity, directly or indirectly, requiring substantial management responsibility, time commitments, or which may otherwise conflict with your obligations under this Agreement.

I. Staffing. You shall hire such managers and employees as are necessary for the operation of the Kids STEM Studio Business in compliance with this Agreement and the policies, procedures, standards and specifications set forth in the Operations Manual. You are exclusively responsible for all employment decisions and functions related to the operation of the Kids STEM Studio Business, including recruiting, hiring, firing, compensation, benefits, work hours and schedules, work rules, recordkeeping, supervision and discipline of employees. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, its employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that Franchisee (and only Franchisee) is their employer and that Company is not their employer. Franchisee shall comply with any state workers compensation act, any state unemployment compensation benefit law or regulation, or any other federal, state or local employment or employee benefit law or regulation, and shall establish employer accounts as required by applicable federal and/or state law. You shall implement a training program for your employees in compliance with Company's standards and specifications as set forth in the Manual in order to maintain uniformity within the franchise system for the protection of the brand and Marks.

You must carefully screen all employees, including the use of background checks and finger printing, before employing them, to ascertain their fitness for employment in the child education industry. Specifically, you must use your best efforts, including taking every action required by applicable laws related to background checks of persons working in the educational field, to ensure that no person is employed who has a record of child molestation or abuse, immoral conduct, drug, alcohol or substance abuse, criminal behavior, or any other pattern of conduct which might jeopardize the welfare of the students attending your Kids STEM Studio programs, workshops, camps, parties and field trips or reflect adversely on the reputation of our image, the Marks and System. In the event any customer or Third Party Site notifies you of any allegation or claim made against you, your employee or independent contractor relating to physical, verbal or sexual abuse or harassment of any child or other inappropriate or illegal behavior, you must immediately notify us in writing and you must conduct an investigation and take such action as is reasonable and appropriate based on the results of the investigation to protect the customers of the Franchisee and to prevent any material impairment to the goodwill of the Business, the Marks and System.

J. Insurance. You must at all times during the term of this Agreement maintain in force, at your sole expense, comprehensive public liability insurance, product liability insurance and motor vehicle liability (including owned and non-owned auto liability) insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of your Kids STEM Studio Business or your conducting business pursuant to this

Agreement. Such policies must be issued by an insurance carrier with a minimum rating of “A-“ by AM Best or comparable rating. Such insurance coverage must be maintained under policies of insurance containing minimum liability protection in such amounts and for such risks as we may specify from time to time in the Operations Manual or otherwise in writing. Current minimum insurance requirements are as follows:

Coverage Types	Required Limits of Coverage
General Liability	\$2 million aggregate \$1 million per occurrence
Personal Injury	\$1 million per occurrence \$10,000 per person medical benefits
All Risk Property Insurance	At replacement cost
Business Interruption	12 months
Umbrella Liability	\$2 million minimum coverage
Educators Legal/Sexual Molestation Insurance	\$1million per occurrence and in the aggregate
Employer’s Liability and Worker’s Compensation	As required by state law
Other Insurances	As required by local, state or federal laws; or by the landlord

All insurance policies must name us an additional insured, and must provide that we will receive thirty (30) days prior written notice of termination, expiration or cancellation of any such policy. All insurance policies required by this section must provide cross liability coverage. You waive all rights of subrogation against us for damages to the extent paid by insurance, except such rights as you may have to insurance proceeds.

We may reasonably increase the minimum liability protection requirement annually and we have the right to require at any time on reasonable prior notice to you different or additional kinds of insurance to reflect inflation, changes in standards of liability or higher damage awards in public, product, or motor vehicle liability litigation or other relevant changes in circumstances.

You must submit to us prior to opening your Kids STEM Studio Business and annually thereafter a copy of the certificate of or other evidence of such insurance policy and all renewals or extensions. If you at any time fail or refuse to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence of such coverage, we at our option and in addition to our other rights and remedies under this Agreement, may obtain such insurance coverage on your behalf, and you agree to promptly execute any applications or other forms or instruments required to obtain any such insurance, allow any inspections of the Learning Center which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums incurred by us plus an administrative fee of ten percent (10%).

Your obligations to obtain and maintain the insurance described above is not limited in any way by reason of any insurance maintained by us, nor will your performance of such obligations relieve you of any obligations under Section 8 of this Agreement.

K. Proprietary Products. We may develop certain proprietary and/or branded products, materials, supplies, apparel, or other items branded with the Marks ("Proprietary Products") for use or sale in your Kids STEM Studio Business. In the event such Proprietary Products are developed and implemented by us as part of the System, you shall carry an adequate supply and maintain a representative inventory of Proprietary Products in such amounts as we prescribe in the Operations Manual or otherwise in writing. You shall use and/or promote, offer, and sell all Proprietary Products prescribed by us as part of the System. You acknowledge that you will be required to purchase the Proprietary Products from us or a supplier we designate. You further acknowledge that failure to abide by this provision will result in diffusing the public image of the Kids STEM Studio Businesses to the detriment of all franchisees using the System.

L. Computer System; Proprietary Software. You must purchase and/or lease and use in the operation of your Kids STEM Studio Business, the computer system and any other technology requirements as specified by us in the Operations Manual or otherwise in writing, including, but not limited to, any software system that is required for uniformity with our computer system and those of the other Kids STEM Studio franchises, or that was designed exclusively for or modified for the System ("Proprietary Software"). You must use our Proprietary Software in the operation of the Kids STEM Studio Business and comply with all specifications and standards prescribed by us regarding the Proprietary Software, as provided from time to time in the Operations Manual, including but not limited to execution of a software license agreement. Upgrades to the Proprietary Software may be implemented into the System at our discretion. You will be responsible for maintaining on-going services and support regarding the Proprietary Software, and we or a third party will license the Proprietary Software to you at the then-current published rates.

We shall have the right to access, for any purpose or use related to our operation, management and/or monitoring of the System, any information or reports generated or stored by the required computer system. We shall have the right to access the computer system for your Kids STEM Studio Business at any reasonable time or through a web-based system as we deem necessary for retrieval of information and reports, maintenance or to inspect for compliance with our requirements.

We shall have the right to require you to add to or replace any of the components of your computer system (hardware or software) or other required technology if, in the future, we deem the component to be (a) undersized or otherwise insufficient for the efficient operation and management of a Kids STEM Studio Business, or (b) incompatible with our computer hardware or software, the computer hardware or software that we designate for franchise network use and/or any intranet established for the franchise network.

M. Internet. You must maintain at all times an active e-mail account and have high speed access to the Internet for use in the operation of your Kids STEM Studio Business, for

communication with us, and for access to a franchise intranet, if developed. At our option, you must use an e-mail address designated by us.

11. **MARKETING.**

A. **Brand Fund.** Recognizing the value of advertising to the goodwill and public image of the Kids STEM Studio Businesses, we will administer a Brand Fund for the franchise system (the "Brand Fund") for such marketing, advertising and promotional programs as we, from time to time deem appropriate in our sole discretion. In Paragraph 9.C, you agreed to contribute to the Brand Fund.

We will be entitled to direct all advertising, marketing and promotional programs financed by the Brand Fund, with sole discretion over the creative concepts, materials, and endorsements used in them, and the geographic, market, and media placement and allocation of the programs. You agree that the Brand Fund may be used to pay the costs of preparing and producing video, audio, written and electronic advertising materials; administering national, regional or local advertising and promotional programs including, without limitation, direct mail, social media and other media advertising; establishing and maintaining a website for the franchise system; supporting public relations, market research and marketing activities; providing advertising, marketing and promotional materials or content to the Kids STEM Studio franchises; employing advertising or public relations agencies to assist in any of the activities of the Brand Fund; and other brand development activities. The Brand Fund will furnish you with approved advertising, marketing and promotional materials on the same terms and conditions as such materials are furnished to other Kids STEM Studio franchises.

The Brand Fund will be a separate and distinct account, and will be accounted for separately from the other funds of the Company and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Brand Fund and its advertising, marketing and promotional programs (including, without limitation, conducting market research, preparing advertising, marketing and promotional materials, and collecting and accounting for contributions to the Brand Fund). We may spend in any fiscal year an amount greater or less than the total contribution of the Kids STEM Studio franchises to the Brand Fund in that year. We may cause the Brand Fund to borrow from us or other lenders to cover deficits of the Brand Fund or cause the Brand Fund to invest any surplus for future use by the Brand Fund. All interest earned on monies contributed to the Brand Fund will be used to pay advertising, marketing and promotional costs of the Brand Fund before other assets of the Brand Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Brand Fund and will make it available to the Kids STEM Studio franchisees upon request.

You understand and acknowledge that the Brand Fund is intended to maximize recognition of the Marks and patronage of the Kids STEM Studio Businesses. Although we will endeavor to use the Brand Fund to develop advertising, marketing and promotional material, to place advertising and engage in other brand development activities in a manner that will benefit all the Kids STEM Studio franchisee, we undertake no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Brand Fund by the Kids

STEM Studio franchisees operating in that geographic area or that any the Kids STEM Studio franchisee will benefit directly or in proportion to their contribution to the Brand Fund from the development of advertising, marketing and promotional materials or the placement of advertising. Except as expressly provided in this Paragraph 11.A, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Brand Fund.

We have the right to discontinue or to reestablish the Brand Fund. In the event we discontinue the Brand Fund, we will distribute all unspent amounts existing in the Brand Fund on the date of discontinuance to franchisees in proportion to their respective contributions for the most recent twelve (12) months.

B. Marketing. During the first sixty (60) days of operation of your Kids STEM Studio Business, you must spend a minimum of One Thousand Five Hundred Dollars (\$1,500.00) on a grand opening marketing campaign in your Territory. The grand opening campaign must be conducted in accordance with the Operations Manual and/or other written guidelines we issue.

C. Direct Marketing. You shall promote the Kids STEM Studio Business and market for new customers throughout the term of the franchise. You may only directly market for customers of the Learning Center within the Territory and are strictly prohibited from direct marketing for customers of the Learning Center outside of the Territory. Direct marketing shall include all forms of advertising and promotion to new customers which can reasonably be related to a geographic area, including but not limited to cold calling, telephone solicitation, direct mailings, local media and targeted social media advertising.

D. Local Marketing Expenditures. During each calendar quarter, you must spend a minimum of Six Hundred Dollars (\$600.00) on local marketing, advertising and promotion. Such expenditures will be made directly by you, subject to any approval required by Paragraph 11.D. Within thirty (30) days of the end of each calendar quarter, you must furnish to us, in a manner approved by us, an accurate accounting of your monthly expenditures on local marketing, advertising and promotion for the preceding calendar quarter just ended. We will provide guidelines for local marketing, advertising and promotion for the Kids STEM Studio Businesses and any deviation from such guidelines requires our prior written approval from us.

E. Advertising Review. Prior to your use of them, you must submit to us for approval or disapproval samples of all local marketing, advertising and promotional materials, programs and information, and content for your webpage (linked to our website), any listing on the Internet, or any information to be displayed on any social media site not prepared by us or our approved advertising or public relations agency or not previously approved by us. We will not unreasonably withhold approval of any marketing, advertising or promotional materials or programs or content for the internet. If you do not receive written approval within five (5) business days from the date of our receipt of such materials, programs or content submitted by you, the materials, programs or content will be deemed disapproved. You may not use any marketing, advertising or promotional materials or programs or content that we have disapproved. All marketing, advertising and promotional materials and content you use must be completely factual, in good taste (as determined in our sole

discretion) and must conform to the highest standards of ethical advertising. You agree to refrain from any marketing, advertising or promotion practice which may be harmful to your Kids STEM Studio Business, the business of the Company and the goodwill associated with the Marks and other the Kids STEM Studio Businesses.

F. **Cooperative Advertising.** In addition to your individual local marketing expenditures and contributions to the Marketing Fund, if a local or regional advertising cooperative is formed either by us or by Kids STEM Studio franchisees and approved by us in your area or region, you agree to participate in such cooperative and contribute to the cooperative in the amount and manner agreed upon by a majority of the members of the cooperative. Each of the Kids STEM Studio Businesses in the cooperative, whether franchised or company-owned or affiliate-owned, shall have one vote in the cooperative. Contributions made by you to the cooperative will be credited to your local advertising expenditure requirements in Paragraph 11.C. above. We assume no direct or indirect liability or obligation to you or to any advertising cooperative with respect to the maintenance, direction or administration of the cooperative, including without limitation, any failure by franchisees to make required contributions to the cooperative.

G. **Digital Marketing.** We or our Affiliate may, in our sole discretion, may establish and operate social media accounts (such as Facebook, Twitter, Instagram, etc.), applications, keyword and ad word purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications or other means of digital advertising on the Internet or any other communications network (collectively “Digital Marketing”) that are intended to promote the Marks and Kids STEM Studio Businesses. We and our Affiliate will have the sole right to control all aspects of Digital Marketing, including those related to your Kids STEM Studio Business. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or is related to your Kids STEM Studio Business. If we do give you written consent to conduct any Digital Marketing, you must do so in compliance with this Agreement and any specifications, standards, policies or procedures we may issue from time to time on Digital Marketing.

12. **RECORDS AND REPORTS; AUDIT.**

A. **Accounting and Records.** You agree to establish and maintain at your own expense a bookkeeping, accounting and recordkeeping system that conforms to our requirements, specifications and formats we prescribe from time to time. You also agree to maintain at the Learning Center and preserve for a minimum of five (5) years from the date of their preparation, full, complete and accurate books, records and accounts (utilizing the standard chart of accounts furnished or required by us), copies of sales tax returns and copies of such portions of your and your Owner's state and federal income tax returns as reflect the operation of your Kids STEM Studio Business.

B. **Reports and Tax Returns.** You must furnish to us the following in the form and manner we require:

(1) on or before the time specified by us, statements relating to Gross Revenues for the immediately preceding calendar month.

(2) within ten (10) days after the end of each calendar month, a monthly profit and loss statement for your Kids STEM Studio Business for the immediately preceding month and year-to-date.

(3) on or before April 25 of each year, a profit and loss statement and sources and uses of funds statement for your Kids STEM Studio Business for the calendar year and a balance sheet for your Kids STEM Studio Business as of the end of the calendar year. If we request, these annual financial statements must have been reviewed by an independent certified public accountant.

(4) within ten (10) days after the end of each calendar quarter, exact copies of all state sales tax returns as applicable.

(5) on or before April 25 of each year, exact copies of such portions of your and your Owners' federal and state income tax returns as reflect the operation of your Kids STEM Studio Business.

Furthermore, you agree to furnish to us copies of any other reports we designate and such other information and supporting records as we from time to time prescribe. All such financial statements, reports and information must be submitted in the manner we prescribe in the Operations Manual or otherwise in writing. If you shall fail to furnish to us any of the required reports or financial statements by the due date set forth herein, we may charge you a late fee of Fifty Dollars (\$50.00) for every five (5) days you fail to furnish such reports or financial statements.

C. The Company's Right to Examine Books and Records. We have the right at any time during business hours, and without prior notice to you, to examine or audit, or cause to be examined or audited, the business records, bookkeeping and accounting records, bank statements, sales and income tax records and returns and other books and records of you and your Kids STEM Studio Business. For purposes of this examination and audit, records and reports exclude employment records for your employees. You agree to fully cooperate with our representatives and independent accountants hired by us to conduct any such examination or audit.

In the event any such examination or audit discloses an understatement of Gross Revenues, you must pay to us, within ten (10) days after receipt of the examination or audit report, the royalty fees and Brand Fund contributions due on the amount of such understatement, plus service charges (at the rate provided in Paragraph 9.H.) from the date originally due until the date of payment. Further, in the event such examination or audit (i) is made necessary by your failure to furnish reports, supporting records, financial statements or other documents or information as required by the Agreement, (ii) is made necessary due to your failure to furnish such reports, records, financial statements, documents or information on a timely basis, or (iii) if an understatement of Gross Revenues for any month is determined by any such examination or audit to be greater than two percent (2%), you agree to reimburse us for the cost of such audit or examination, including, without

limitation, the charges of any independent accountants and the travel expenses, room and board and compensation of our employees. The foregoing remedies are in addition to all other remedies and rights we may have under this Agreement or any applicable law.

13. **ASSIGNMENT.**

A. By the Company. This Agreement and the Franchise are fully assignable by us and will inure to the benefit of any assignee or other legal successor to the interest of the Company herein.

B. By Franchisee With Approval. You understand and acknowledge that the rights and duties created by this Agreement are personal to your Owners and we have granted the Franchise in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of your Owners. Therefore, except as otherwise provided in Paragraph 13.E below, neither the Franchise, your Kids STEM Studio Business or a substantial portion of the assets of your Kids STEM Studio Business (or any interest therein) nor any part or all of the ownership of the Franchisee may be voluntarily, involuntarily, directly or indirectly, assigned, sold, subdivided, subfranchised or otherwise transferred by you or your Owners (including, without limitation, by merger or consolidation, by issuance of additional securities representing an ownership interest in the Franchisee, or in the event of the death of an Owner of the Franchisee, by will, declaration of or transfer in trust or the laws of intestate succession) without our prior written approval. Further, neither your Kids STEM Studio Business nor a substantial portion of its assets may be transferred without a concurrent transfer of this Agreement and the Franchise to the same transferee. Any such assignment or transfer without our approval will constitute a breach of this Agreement and will convey no rights to or interests in the Franchise, your Kids STEM Studio Business or its assets.

C. Conditions for Approval of Assignment. If you (and your Owners) are in compliance with this Agreement, we will not unreasonably withhold our approval of an assignment, provided that the owners of the proposed assignee is, in our opinion, of good moral character and has sufficient business experience, aptitude and financial resources to own and operate a Kids STEM Studio Business, does not have any conflicting interests unacceptable to us, and otherwise meets our then applicable standards for franchisees. In addition the following conditions must be met prior to, or concurrently with, the effective date of the assignment:

(1) all obligations of you and your Owners under this Agreement have been assumed by the assignee and its owners;

(2) you have paid such royalty fees and Brand Fund contributions and any other amounts owed to us or our affiliates which are then due and unpaid;

(3) the assignee (Owners and designated employees) completes the initial training program required of new franchisees to our satisfaction;

(4) the lessor of the Learning Center has consented to your assignment or sublease of the Learning Center to the proposed assignee;

(5) the assignee and its owners have, at our option, executed and agreed to be bound by either: (a) an assignment and assumption agreement satisfactory to us whereby the assignee assumes your obligations under this Agreement; or (b) the form of franchise agreement, owner guarantees and such other ancillary agreements as are then customarily used by us in the grant of franchises for a Kids STEM Studio Business, which may provide for territorial rights, royalty fees, Brand Fund contributions and other fees and terms and conditions that differ from those contained in this Agreement;

(6) except to the extent limited or prohibited by applicable law, you and each of your Owners must have executed a general release, in form satisfactory to us, of any and all claims against us and our affiliates, officers, directors, employees and agents;

(7) you must provide us copies of agreements between you and the assignee pertaining to the assignment and we must have determined that the price and terms of payment are not so burdensome as to adversely affect the future operations of your Kids STEM Studio Business by the assignee. We have the right to communicate with and confer with both you and the proposed assignee on any aspect of the proposed assignment and to furnish the proposed assignee with financial and other information regarding your franchise business in our possession; however, we have no obligation to provide guidance or advice to either party relating to the purchase and sale terms;

(8) you must have entered into an agreement with us agreeing that any obligations of the assignee to make installment payments of the purchase price to you will be subordinate to the assignee's ongoing obligations to us, including, without limitation, royalty fees, Brand Fund contributions, and any other amounts owed to us or our affiliates.

(9) you and or the assignee must agree to make within a time period we specify reasonable capital expenditures to remodel, replace or upgrade the Learning Center, and furniture, fixtures, equipment and signs so that the Kids STEM Studio Business reflects the then-current image intended to be portrayed by a Kids STEM Studio Business. All remodeling, replacements and upgrades to the Learning Center, furniture, fixtures, equipment and signs must be done in accordance with standards and specifications as prescribed by us.

(10) you (or the assignee) pay us a Transfer Fee in the amount of Five Thousand Dollars (\$5,000.00) and the assignee pays us our then current Initial Training Fee.

Our consent to an assignment of any interest subject to the restrictions of Paragraph 13.B or 13.C will not constitute a waiver of any claims we may have against the assignor, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the assignee.

D. Death or Disability of Franchisee. Upon the death or permanent disability of any of your Owners, the executor or other personal representative of such person must transfer such person's interest within a reasonable time, not to exceed six (6) months from the date of death or permanent

disability, to a person approved by us. Such transfers, including, without limitation, transfers by devise or inheritance, will be subject to all the terms and conditions for assignments and transfers contained in Paragraphs 13.B and 13.C. Failure to transfer such interest within the required period of time will constitute grounds for termination under Section 14. Prior to such transfer, the executor or other personal representative of such person, or the remaining Owners, must appoint a competent manager within a reasonable time, not to exceed thirty (30) days from the date of death or permanent disability. The appointment of this manager is subject to our prior written approval, and this manager must, if requested by us, attend and satisfactorily complete our training program. If the Kids STEM Studio Business is not being managed by an operating manager approved by us within thirty (30) days after the death or permanent disability, we are authorized, but we are not required, to immediately appoint a manager to maintain the operations of the Kids STEM Studio Business. Our appointment of a manager for your Kids STEM Studio Business will not relieve you of your obligations under this Agreement, and we will not be liable for any debts, losses, costs or expenses incurred in the operation of your Kids STEM Studio Business or to any of your creditors for any products, materials, supplies or services purchased by your Kids STEM Studio Business during any period in which it is managed by the manager appointed by us. We have the right to charge a reasonable non-refundable fee for such management services and to cease providing such management services at any time.

E. Our Right of First Refusal. If you or your Owners at any time wish to sell, assign or transfer for consideration either the Franchise, your Kids STEM Studio Business (or an interest therein) or an ownership interest in the Franchisee, you or your Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must submit an exact copy of such offer to us. We will have the right, exercisable by written notice delivered to you or your Owners within thirty (30) days from the date of delivery of an exact copy of such offer to us, to purchase the Franchise, your Kids STEM Studio Business (or such interest therein) or such ownership interest in the Franchisee for the price and on the terms and conditions contained in such offer, provided that we may substitute cash for any form of payment proposed in such offer, we will have no less than sixty (60) days to prepare for closing and we will be entitled to all representations and warranties customarily given to the direct or indirect purchaser of a business. If we do not exercise our right of first refusal, you or your Owners may complete the sale to such purchaser pursuant to and on the terms of such offer, subject to our approval of the purchaser as provided in Paragraphs 13.B and 13.C, provided that if the sale to such purchaser is not completed within one-hundred twenty (120) days after delivery of such offer to us, or if there is a material change in the terms of the offer, we will again have the right of first refusal herein provided.

14. TERMINATION OF THE FRANCHISE.

A. By the Company Without Opportunity to Cure. You will be deemed to be in default and we may, at our option, terminate this Agreement and all rights granted by this Agreement, without affording you an opportunity to cure the default, effective immediately upon delivery of notice of termination to you, if you (or any of your Owners):

(1) fail to open your Kids STEM Studio Business for business as provided in Paragraphs 4.C or fail to satisfactorily complete the training program as provided in Paragraph 5.A;

(2) have made any material misrepresentation or omission in your application for the franchise rights conferred by this Agreement;

(3) abandon, surrender, or fail to actively operate your Kids STEM Studio Business at the Learning Center for five (5) or more consecutive days without our prior written consent;

(4) any license(s) required for your Kids STEM Studio Business to provide the authorized services has been revoked by the issuing governmental authority, or you permit the license to lapse and fail to take all actions necessary to reinstate the license within five (5) days of expiration;

(5) are convicted of or plead no contest to a crime or engage in any immoral, dishonest or unethical conduct that we reasonably believe will affect the reputation of the Company, your Kids STEM Studio Business, the System or the goodwill associated with the Marks;

(6) have verbally or physically abused or sexually harassed any child in connection with the operation of the Kids STEM Studio Business as determined by us after reasonable investigation; or you have failed to investigate and/or take proper action after your employee or independent contractor has been alleged to have verbally or physically abused or sexually harassed any child as a representative of the Kids STEM Studio Business;

(7) make an unauthorized assignment or transfer of this Agreement or your Kids STEM Studio Business in violation of Section 13 herein;

(8) make any unauthorized use or disclosure of any Confidential Information, make any unauthorized use of the Marks or any other identifying characteristics of the System or otherwise impair the goodwill associated with these characteristics, or use, duplicate, or disclose any portion of the Operations Manual or other proprietary written materials;

(9) you (or any of your Owners) fail to comply with the covenants contained in Paragraph 7.B or 7.C of this Agreement;

(10) cause a threat or danger to public health or safety resulting from the operation of your Kids STEM Studio Business and upon receipt of written or oral notice from us or governmental authority of the existence of such threat or danger, you fail to immediately cease any activity or conduct causing the threat or danger and fail to complete the cure of such breach within twenty-four (24) hours;

(11) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to (i) submit when due financial statements, reports or other data, information or supporting records; (ii) pay when due the royalty fees, Brand Fund contributions, or any other payments due to us (including by failing to have insufficient funds in the designated bank account on the date for electronic withdrawal); (iii) pay when due any approved or designated suppliers; or otherwise fail to comply with this Agreement, or with any mandatory specification, standard or operating procedures

we prescribe from time to time, whether or not such failures to comply are corrected after notice of those failures to comply is delivered to you;

(12) fail to meet the Minimum Performance Requirements for any operating year and fail to cure after a six (6) month period following a notice to increase revenues.

Further, this Agreement will expire automatically without notice upon the presentation for filing by you (or any of your Owners) of a petition or application seeking any type of relief under the Federal Bankruptcy Act or any state insolvency or similar law, or upon your assignment for the benefit of creditors. (Upon presentation for filing of such a petition or application, the term of this Agreement will be deemed to be amended so that the expiration of this Agreement occurs at the moment said petition or application is presented to a court official for stamping and filing.) This Agreement will also terminate automatically without notice if someone files a petition or application seeking to have you (or any of your Owners) adjudicated a bankrupt or insolvent, or seeking other relief against you (or any of your Owners) under the Bankruptcy Act or any state insolvency or similar law and the petition or application is not dismissed within sixty (60) days after it is filed. In that event, the term of this Agreement will be deemed to be amended so that it expires on the 60th day after filing. You (and your Owners) expressly and knowingly waive any rights you may have under the provisions of the Federal Bankruptcy Rules, and consent to the termination or expiration of this Agreement, or any other relief which we may seek in a complaint to lift the provisions of any automatic stay under any bankruptcy rules. In addition, you (and your Owners) agree not to seek any injunctive relief from any court in any jurisdiction which would have the effect of staying or enjoining this provision.

B. By the Company With Opportunity to Cure. We have the right to terminate this Agreement upon written notice to you if you (or any of your Owners):

(1) fail to accurately report the Gross Revenue of your Kids STEM Studio Business or to timely pay royalty fees, Brand Fund contributions, or other payments due to us or our affiliates, and do not correct such failure within ten (10) days after written notice of such failure is delivered to you;

(2) fail to purchase the insurance required by this Agreement and deliver proof of same to us or fail to reimburse the Company for its purchase of such insurance on your behalf within ten (10) days after notice from the Company.

(3) fails, for a period of ten (10) days after notification of non-compliance, to comply with any federal, state or local law or regulation applicable to the operation of the Kids STEM Studio Business;

(4) commit any act or omission of default under the lease for the Learning Center and do not cure the default within the applicable cure period set forth in the lease; or

(5) fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating policy or procedure we prescribe from time to time, and do not correct such failure within thirty (30) days after written notice of such failure to comply is delivered

to you. If such breach cannot be reasonably be cured within such thirty (30) day period and if you commence a bona fide program to cure such breach within thirty (30) days and continue to take such actions as are necessary to complete such cure until completed, you will be given the reasonable amount of time required to complete the cure. If you fail to continue to take the necessary action to cure or you do not complete the cure within the reasonable period, then we may terminate this Agreement effective upon delivery to you of written notice that such breach has not been cured in a reasonable time and we are electing to terminate.

C. Customer Satisfaction. Notwithstanding anything to the contrary contained in this Section 14, we have the right to survey your customers to determine their level of satisfaction with you and your Kids STEM Studio Business. If, in any one calendar year, twenty percent (20%) or more of your customers are dissatisfied as evidenced by the written customer satisfaction surveys, we will notify you of the results of any such survey. If, upon completing a second survey of your customers within three (3) months of completing the first survey, twenty (20%) or more of your customers are dissatisfied as evidenced by the written customer satisfaction surveys, we, at our option, may take over the Territory and terminate the Agreement.

D. Right to Operate Upon Default. In addition to our right to terminate this Agreement and not in lieu of such right or any other rights, in the event that you have not cured a default under this Agreement within fourteen (14) days after receipt of a written notice of default, we may, at our option, take over and exercise complete authority with respect to the operation of your Kids STEM Studio Business until such time as we determine that the default has been cured and that there is compliance with the requirements of this Agreement. You acknowledge and agree that our agent or other representative designated by us may take over, control and operate your Kids STEM Studio Business, that you shall pay us the then-current published fee for such service, plus all travel expenses, room and board and other expenses reasonably incurred by such agent or representative so long as it shall be required to enforce compliance with this Agreement. You further acknowledge that if we temporarily operate your Kids STEM Studio Business for you under this Paragraph 14.D., you will indemnify and hold harmless Company and any agent or representative of the Company respecting any and all claims arising out of our operation of your Kids STEM Studio Business under this Paragraph 14.D. Nothing in this Paragraph 14.D. shall require us to operate your Kids STEM Studio Business when you are in default.

E. Cross Default. Any default by you (or a different entity owned by your Owners) of any Franchise Agreement with us shall be deemed a default under this Agreement and any default by you of this Agreement shall be deemed a default under any other Franchise Agreement between us and you (or a different entity owned by your Owners). If the nature of such default under any other agreement would have permitted us to terminate this Agreement if such default had occurred under this Agreement, the Company shall have the right to terminate any other Franchise Agreement between us (or a different entity owned by your Owners) in the same manner as provided herein for termination of this Agreement.

15. RIGHTS OF THE COMPANY AND OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.

A. Payment of Amounts Owed to the Company. You agree to pay to us within ten (10) days after the effective date of termination or expiration (without renewal) of this Agreement such royalty fees, Brand Fund contributions, late fees and interest due us on any of the foregoing and all other amounts owed to us and our affiliates which are then unpaid. You must furnish a complete accounting of all such amounts owed to us and our affiliates with the payment.

B. The Marks. You (and your Owners) agree that after the termination or expiration (without renewal) of this Agreement you will:

(1) not directly or indirectly at any time or in any manner identify yourself or any business as a current or former Kids STEM Studio Business, or as a franchisee or licensee of or as otherwise associated with the Company, or use the Marks, any colorable imitation thereof or other indicia of a Kids STEM Studio Business in any manner or for any purpose, or utilize for any purpose any trade name, trademark, service mark, trade dress, domain name, or other commercial symbol that suggests or indicates a connection or association with the Company;

(2) promptly return to us or destroy (whichever we specify) all signs, promotional and advertising materials, forms, and other materials containing the Marks or otherwise identifying or relating to a Kids STEM Studio Business;

(3) promptly take such action as may be required to cancel all fictitious or assumed name, "doing business as" or equivalent registrations relating to your use of the Marks;

(4) promptly notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of the Company. You acknowledge that as between the Company and you, we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize the Company, and by execution of the Exhibit 3 Conditional Assignment of Telephone Number have appointed the Company and any officer of the Company as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to the Company or at its direction, should you fail or refuse to do so, and the telephone company and all listing agencies may accept such direction or this Agreement as conclusive of the exclusive rights of the Company in such telephone numbers and directory listings and its authority to direct their transfer;

(5) promptly cancel, or at our option transfer to us, all social media or digital marketing accounts, and provide passwords for same;

(6) furnish to us within thirty (30) days after the effective date of termination or expiration evidence satisfactory to us of your compliance with the foregoing obligations.

C. Confidential Information. You agree that upon termination or expiration (without renewal) of this Agreement, you will immediately cease to use in any business or otherwise the

Confidential Information disclosed to you pursuant to this Agreement and will return to us, at your expense, all copies of the Operations Manual, our curriculum, any proprietary software and other materials containing our proprietary information which have been loaned to you by us. Further, you shall deliver to us and not retain any copies of all customer lists and all other customer data, and other information and records regarding the customers. You expressly and specifically acknowledge and agree that the customer data and records acquired during the term of the franchise are valuable property rights which you may use during the term of this Agreement, but which belong to us in the event of expiration or termination of the Franchise Agreement for any reason;

D. Cease Operations. Upon termination or expiration of this Agreement, you shall immediately cease to operate your Kids STEM Studio Business at the Learning Center and any Third Party Sites under this Agreement, either as a franchised or as a non-franchised facility, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of the Company.

E. Assignment of Lease. Upon termination or expiration of this Agreement, you shall immediately assign to us your interest in any lease then in effect for the premises of your Learning Center. On the later of the execution of this Agreement or the date you execute a lease for the Learning Center, you shall execute the Collateral Assignment of Lease attached hereto as Exhibit 4, have such document signed by the lessor, and deliver the signed document to us.

F. De-Identification of Learning Center. Upon termination or expiration of this Agreement, you agree, in the event you continue to operate or subsequently begin to operate any other business (subject to any restrictions against doing so provided in this Agreement), not to use any reproduction, counterfeit, copy or colorable imitation of the Marks or trade dress either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our exclusive rights in and to the Marks and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us so as to constitute unfair competition. If we do not opt to take assignment of the lease for the Learning Center upon the expiration or termination of this Agreement, you shall immediately make such modifications or alterations to the Learning Center as may be necessary to prevent any association between us or the System and any business thereon subsequently operated by you or others, and shall make such specific additional changes thereto as we may reasonably request for that purpose. In the event you fail or refuse to comply with the requirements of this Paragraph, we shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at your expense, which expense you agree to pay upon demand.

G. Purchase of Assets. Upon termination or expiration of this Agreement, we shall have the right (but not the duty), to be exercised by notice of intent to do so within thirty (30) days after termination or expiration, to purchase for cash any or all furniture, fixtures, equipment, products, supplies, and all items bearing the Marks, at your cost or fair market value, whichever is less. If the parties cannot agree on fair market value within a reasonable time, an appraiser shall be designated by us, and his determination shall be binding. If we elect to exercise any option to purchase herein

provided we shall have the right to set off all amounts due from you under this Agreement, and the cost of the appraisal, if any, against any payment therefore.

H. Covenants. Upon termination or expiration of this Agreement, you shall comply with the covenants contained in Section 16 of this Agreement.

I. Continuing Obligations. All obligations of the Company and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.

16. POST-TERM COVENANT NOT TO COMPETE.

A. Covenant Not To Compete. Upon assignment, termination or expiration (without renewal) of this Agreement, you (and your Owners) agree that for a period of two (2) years, commencing on the effective date of termination or expiration, or the date on which you cease to conduct the business conducted pursuant to this Agreement, whichever is later (the "Commencement Date"), you (and your Owners) will not:

(1) have any direct or indirect interest as an owner, partner, director, officer, employee, consultant, representative or agent, or in any other capacity, in (a) any business selling services or products substantially similar to the Kids STEM Studio Business being offered as of the date of termination or expiration (except other the Kids STEM Studio Businesses operated pursuant to franchise agreements with us), which is located (i) within ten (10) miles of the Learning Center operated by you under this Agreement or (i) within ten (10) miles of the Learning Center of any other then existing Kids STEM Studio Business, or (b) any entity which is granting franchises or licenses or entering into joint venture relationships for any business which offers products or services similar to those offered by a Kids STEM Studio Business, other than the ownership of securities traded on a stock exchange or on the over-the-counter market that represent five percent (5%) or less of that class of securities.

(2) directly or indirectly divert or attempt to divert any former customer of your Kids STEM Studio Business to any competitive business;

(3) employ or seek to employ any person employed by Company or by any other Kids STEM Studio Business, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment; and

(4) directly or indirectly, solicit or sell services or products to any former customer of your Kids STEM Studio Business or any Third Party Site.

B. Court Modification of Agreement. You agree that this form of Agreement is prepared for use in many jurisdictions with differing public policies and that such public policies change. Accordingly, you agree that the prevailing non-competition restrictions set forth above may be modified by a Court to the extent necessary to make the non-competition agreements valid and enforceable against you.

C. Enforcement of Covenants Not to Compete. You acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to the Company for which no adequate remedy at law will be available. Accordingly, you hereby acknowledge that the Company may seek to obtain the entry of an injunction prohibiting any conduct by you or your Owners in violation of the terms of the covenants not to compete set forth in this Agreement. You expressly agree that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through your unlawful utilization of the Company's Confidential Information. Further, you expressly agree that the existence of any claims you may have against the Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by the Company of the covenants not to compete set forth in this Agreement. You further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by the Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

17. ENFORCEMENT.

A. Invalid Provisions; Substitution of Valid Provisions; Severability. To the extent that any provision of this Agreement is deemed unenforceable, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which we are seeking to enforce it.

If any lawful requirement or court order of any jurisdiction: (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement; or (2) makes any provision of this Agreement or any specification, standard or operating policy or procedure we prescribed invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating policy or procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted. No modification will impact the operation of, or have any other effect upon, any other terms, provisions, and/or covenants of this Agreement.

The provisions of this Agreement are deemed to be severable. The parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

B. Waiver of Obligations/Approvals and Consents. Either you or the Company may, by written instrument, unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you must make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

We make no warranties or guaranties upon which you may rely, and we assume no liability or obligation to you, by virtue of granting any waiver, approval or consent, or by reason of any neglect, delay or denial of any request for a waiver, approval or consent. Any waiver granted by us will be without prejudice to any other rights we may have, will be subject to our continuing review, and may be revoked, in our sole discretion, at any time and for any reason, effective upon delivery to you of ten (10) days prior written notice.

Neither you nor the Company will be deemed to have waived or impaired any right, power or option reserved by this Agreement (including, without limitation, the right to demand exact compliance with every term, condition and covenant herein, or to declare any breach thereof to be a default and to terminate the Franchise prior to the expiration of its terms), by virtue of: (i) any custom or practice of the parties at variance with the terms hereof; (ii) any failure, refusal or neglect of either of us to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any mandatory specification, standard or operating procedure; (iii) any waiver, forbearance, delay, failure or omission by us to exercise any right, power or option, whether of the same, similar or different nature, with respect to other Kids STEM Studio Businesses; or (iv) the acceptance by us of any payments due from you after any breach of this Agreement.

Neither you nor the Company will be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform our respective obligations results from: (i) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (iii) acts of God; (iv) acts or omissions of the other party; (v) fires, strikes, embargoes, war, riot or acts of terrorism; or (vi) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable.

C. Specific Performance; Injunctive Relief. Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to seek the entry of temporary and permanent injunctions and orders of specific performance to: (i) enforce the provisions of this Agreement relating to your use of the Marks and your non-disclosure and non-competition obligations under this Agreement; (ii) prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may

impair the goodwill associated with the Marks or the Kids STEM Studio Businesses or (iii) prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, you agree to pay us an amount equal to the total of our costs of obtaining it, including, without limitation, reasonable attorneys', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

D. Cumulative Remedies. The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either of us from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

E. Mediation. Prior to commencing any legal proceeding, you must give notice to us setting forth in reasonable detail the nature and basis of the claim or dispute and the parties shall then seek to negotiate and resolve the dispute by negotiation through an independent mediator. Unless otherwise mutually agreed, mediation shall commence within two (2) weeks after the selection of the mediator and shall take place in the county of the Company's then current principal place of business. Mediation shall continue until the parties agree to terminate the process, the mediator determines that the process is not working (i.e., has reached an impasse), or thirty (30) days have elapsed since the commencement of mediation and the parties do not by mutual agreement extend the process. Any recommendation or decision by the mediator shall be non-binding and confidential. The fees and expenses of the mediator shall be shared equally by the parties, and each party shall bear its own costs otherwise. In the event the dispute is not resolved through mediation as provided herein, either party may proceed immediately to litigate concerning the dispute. Each party hereby agrees that all statements made in the course of mediation shall be strictly confidential, and shall not be disclosed to or shared with any third parties, other than the mediator. Each party also agrees that any documents or data specifically prepared for use in good faith negotiations and/or mediation shall not be disclosed to or shared with any third party except those parties whose presence is necessary to facilitate the mediation process. The parties agree not to make copies of any such documents, and to return them to the other party upon the conclusion of the mediation. Each party agrees and acknowledges that no statements made in, or evidence specifically prepared for mediation shall be admissible for any purpose in any subsequent proceedings. We shall have no obligation to mediate claims that are the subject of Paragraph 17.C herein.

F. Governing Law/Consent to Jurisdiction. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et sea.) or any other applicable federal law, this Agreement and the Kids STEM Studio will be governed by the laws of the state of Company's then current principal place of business, except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said law have been met independently of this provision.

You agree that we may institute any action against you arising out of or relating to this Agreement in any state or federal court of general jurisdiction over the county of Company's then current principal place of business, and you (and your Owners) irrevocably submit to the exclusive jurisdiction of such court and waive any objection you may have to either the jurisdiction or venue of such court. You agree to the exclusive jurisdiction of such courts and agree not to sue us regarding any matter relating in any way to this Agreement except in such courts.

H. WAIVER OF JURY TRIAL.

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

I. LIMITATIONS OF CLAIMS

Any claim concerning the Kids STEM Studio Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which you or Company knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

J. LIMITATION OF DAMAGES

You and Company each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Paragraph 18.K herein.

K. Costs and Attorneys' Fees. If a claim for amounts owed by you to us or our affiliates is asserted in any legal proceeding before a court of competent jurisdiction or arbitrator, or if the Company is required to enforce this Agreement in a judicial proceeding, the Company will be entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees.

L. Binding Effect. This Agreement is binding on and will inure to the benefit of our successors and assigns and will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors and administrators.

M. Entire Agreement; Modifications. This Agreement, together with the introduction and exhibits and attachments to it and the Operations Manual and all other written standards, specifications or policies issued by Company, constitute the entire agreement between us, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. Nothing in this or any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Except for modifications permitted to be made unilaterally by us, this Agreement may be modified only by written agreement signed by both you and us.

N. No Liability to Others; No Other Beneficiaries. We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement, and no other party will have, or is intended to have, any rights because of this Agreement. We do not warrant that the obligations of this Agreement have been agreed to by or will be enforced against any of our other franchisees.

O. Construction. The headings of the several sections and paragraphs of this Agreement are for convenience only and do not define, limit or otherwise affect the meaning or construction of any provision.

The term "you" or "Franchisee" as used in this Agreement is applicable to one or more persons or an entity, as the case may be; the term "entity" means any non-human entity created at law, including, without limitation, corporations, partnerships and limited liability companies, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Owner(s) of Franchisee under this Agreement, their obligations and liabilities to us will be joint and several. References to the "Franchisee" and assignee which are applicable to an individual or individuals mean the direct or indirect owner(s) of the equity or operating control of the Franchisee or the assignee, if the Franchisee or the assignee is an entity.

Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you.

The term "affiliate" as used in this Agreement is applicable to any company directly or indirectly owned or controlled by us, or under common ownership with us, or that directly or indirectly owns or controls us, that owns or operates the Kids STEM Studio Businesses, sells products used in connection with the operation of a Kids STEM Studio Business, is otherwise associated with the Marks and System, or otherwise transacts business with you.

Time is of the essence of this Agreement.

P. Anti-Terrorism Laws. You and your Owners agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee, you and your Owners certify, represent, and warrant that none of your property or interest is subject to being "blocked" under any of the Anti-Terrorism Laws and that your and/or your Owners are not otherwise in violation of any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means the USA PATRIOT Act or similar laws, presidential executive orders, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing in or in any way relating to terrorist acts and acts of war. You and your Owners acknowledge and agree that any violation of the Anti-Terrorism Laws by any of you or your employees or any "blocking" of any of your assets under the Anti-Terrorism laws shall constitute

grounds for immediate termination of this Agreement and any other agreement you shall have entered with us or its affiliates, in accordance with the termination provisions of this Agreement.

Q. **Electronic Signature and Delivery.** This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by facsimile, e-mail or other functionally equivalent electronic means of transmission constitutes valid and effective delivery.

18. NOTICES AND PAYMENTS.

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual will be deemed to be delivered at the time delivered by hand, one (1) business day after deposit within commercial overnight courier or three (3) business days after placement in the U.S. Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified or to any other place designated by either party, or on the date of receipt of transmission of an e-mail from us on the condition that we also send a hard copy of the notice by U.S. Mail on the same date the e-mail is sent to you.

All payments and reports required by this Agreement must be directed to us at the address of which you are notified from time to time, or in such other manner or to such other persons and places as we may direct from time to time.

19. FRANCHISEE ENTITY AND GUARANTY AND ASSUMPTION OF OBLIGATIONS.

You shall maintain the entity that is the Franchisee in good standing with the state of incorporation or organization throughout the term of the Franchise. Your organizational documents, by-laws or operating agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in the entity and all certificates of ownership in the entity will bear a legend referring to this Agreement's transfer restrictions. All Owners shall execute the Guaranty and Assumption of Obligations that is attached to this Agreement as Exhibit 2, whereby the Owners jointly and severally guarantee the full payment and performance of your obligations to us. You shall confine your business activities exclusively to operating a Kids STEM Studio Business licensed under, and pursuant to the terms of, this Agreement. New ownership interests in you shall not be issued without our prior written consent, and all transfers or assignments of ownership interests in you shall not be effective without our prior written consent and having met all of the conditions of Section 13. Any attempted transfer or assignment, including changes in ownership or corporate structure without compliance with Section 13 and our prior written consent will be null and void and of no effect, and will convey no rights in or interest in the franchise granted therein, this Agreement or the Franchised Business. You agree to furnish us at any time upon request a certified copy of your organizational documents, and a list, verified as being true and correct and in such form as we may require, of all Owners reflecting their respective interests and all officers, directors or managers.

IN WITNESS WHEREOF the parties hereto have executed, sealed and delivered this Agreement in counterparts on the dates set forth below each signature.

KSS FRANCHISING LLC

An Illinois limited liability company

FRANCHISEE: _____

A _____

By _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

**EXHIBIT 1 TO THE
FRANCHISE AGREEMENT**

LEARNING CENTER LOCATION AND TERRITORY

The parties hereto agree that the Learning Center to be operated by you pursuant to the Franchise Agreement shall be located at the following premises:

(the "Premises").

You acknowledge and agree that our approval of the premises for your Kids STEM Studio Business and any information communicated to you regarding the Premises for your Kids STEM Studio Business do not constitute a representation or warranty of any kind, expressed or implied, as to the suitability of the Premises for a Kids STEM Studio Business, of the economic terms of the lease, or for any other purpose. Our approval of the Premises indicates only that we believe that the Premises falls within the then-current acceptable criteria established by us as of the time period encompassing the evaluation. You and we acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and premises and that, subsequent to our approval of a site and premises, demographic and/or economic factors, including competition from other businesses, included in or excluded from our criteria could change, thereby altering the potential of a site and premises. The uncertainty and instability of such criteria are beyond our control and you must agree that we will not be responsible for the failure of a site and premises approved by us to meet expectations as to potential revenue or operational criteria. You further acknowledge and agree that your acceptance of a franchise for the operation of a Kids STEM Studio Business at the Premises is based on your own independent investigation of the suitability of the Premises.

The Territory shall be a certain mile radius from the Premises, depending on the nature of the area in which the Premises is located. *[We will mark as applicable and you must initial.]*

- | | |
|--|-----------------------|
| _____ Three (3) mile radius for an urban area | <i>Initials</i> _____ |
| _____ Five (5) mile radius for a suburban area | <i>Initials</i> _____ |
| _____ Seven (7) mile radius for non-urban/rural area | <i>Initials</i> _____ |

KSS FRANCHISING LLC
An Illinois limited liability company

By _____

Name: _____

Title: _____

Dated: _____

FRANCHISEE: _____

A _____

By: _____

Name: _____

Title: _____

Dated: _____

**EXHIBIT 2 TO THE
FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by _____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement on this date (the "Agreement") by KSS Franchising LLC (the "Company"), each of the undersigned hereby personally and unconditionally, jointly and severally: (a) guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by the Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several with all other current and future guarantors of Franchisee's obligations; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any Other person; (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company may from time to time grant to Franchisee or to any Other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) this Guarantee shall apply to any amounts recovered from Company as a preference, fraudulent transfer or otherwise in a bankruptcy or similar proceeding.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

% OF INTEREST IN FRANCHISEE

Print Name: _____
Home Address: _____
Dated: _____

Print Name: _____
Home Address: _____
Dated: _____

Print Name: _____
Home Address: _____
Dated: _____

Print Name: _____
Home Address: _____
Dated: _____

(Percentage must equal 100)

**EXHIBIT 3 TO THE
FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S
TELEPHONE NUMBERS AND DIGITAL MARKETING ACCOUNTS**

Franchisee (Assignor): _____, whose business address is _____, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by KSS Franchising LLC (Franchisor/Assignee), having its principal place of business at 770 W. Gladys Ave., Unit 1, Chicago, IL 60661, hereby assigns unto the Franchisor/Assignee (i) all telephone numbers and listings utilized by Assignor in the operation of Assignor's Kids STEM Studio Business at Assignor's address above-referenced, and (ii) all Digital Marketing accounts and all Digital Marketing passwords and log-in information (as "Digital Marketing" is defined in this Franchise Agreement). Assignor acknowledges that Kids STEM Studio and associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any telephone numbers and directory listings and Digital Marketing associated with Kids STEM Studio trademarks and service marks was solely due to a limited license granted by Franchisor/Assignee in connection with the Franchisor/Assignee's trademark(s)/service mark(s) pursuant to a Franchise Agreement. Once said license has expired and/or terminated pursuant to the expiration or termination of the Franchise Agreement, Assignor has no right to the telephone number or directory listing or Digital Marketing associated with the Franchisor/Assignee's trademark, including, but not limited to Kids STEM Studio.

This Assignment shall constitute authorization to the appropriate telephone company to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said business telephone lines and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

Upon the Assignment, Franchisor/Assignee hereby assumes the performance of all of the terms, covenants and conditions of the third parties holding such accounts with the full force and effect as if the Franchisor/Assignee has been originally issued such telephones, telephone numbers, telephone listings and Digital Marketing accounts.

ASSIGNOR (Franchisee):

By: _____
Name: _____
Title: _____
Dated: _____

**FRANCHISOR/ASSIGNEE:
KSS FRANCHISING LLC**

By: _____
Name: _____
Title: _____
Dated: _____

**EXHIBIT 4 TO THE
FRANCHISE AGREEMENT**

COLLATERAL ASSIGNMENT OF LEASE

COLLATERAL ASSIGNMENT OF LEASE

KNOW ALL MEN BY THESE PRESENTS, that _____, a _____ ("Assignor"), does hereby assign, transfer and set over unto KSS Franchising LLC, an Illinois limited liability company (the "Assignee"), all of Assignor's right, title and interest as tenant in, to and under that certain lease or sublease (collectively, the "Lease") dated _____, 20____ between Assignor, as tenant, and _____ as landlord or sublessor, for the premises known as _____.

This Assignment is for collateral purposes only, and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the lease unless Assignee shall elect to assume the rights and obligations of Assignor under the Lease. Assignee shall make such election by mailing written notice of such election to Lessor and Assignor by United States Certified Mail, duly addressed and posted or by reputable overnight commercial delivery service.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and its interests therein and that Assignor has not previously and is not obligated to, assign or transfer any of its interests in the Lease or the premises demised thereby.

This Assignment is given to Assignee to secure the faithful performance by Assignor of the terms and conditions of the Franchise Agreement dated _____, 20____, between Assignor and Assignee (the "Franchise Agreement"). Upon a default by Assignor under the Lease, a default by Assignor under the Franchise Agreement, or the expiration or termination of the Franchise Agreement, Assignee shall have the right and is hereby empowered, upon ten (10) days' notice to the Assignor, to assume the above-referenced Lease and take possession of the premises.

Further, Assignor agrees to indemnify Assignee against and to reimburse Assignee for all valid claims, obligations, losses, damages and taxes occurring or accruing on or prior to the date upon which Assignee assumes the Lease and for all costs reasonably incurred by Assignee in defense of any such valid claim brought against it or in any action concerning such a claim in which Assignee is made a party, including without limitation, reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation expenses to include travel and living expenses.

This Assignment shall be in full force and effect for the full term of the Lease hereinabove described and any renewal or extension terms, including any such renewal pursuant to the terms of the Lease. Upon expiration of the Lease, this Assignment shall be null and void.

IN WITNESS WHEREOF, Assignor and Assignee have affixed their signatures on the dates set forth below each signature.

KSS Franchising LLC
An Illinois limited liability company

FRANCHISEE:

By: _____
Its: _____
Dated: _____

By: _____
Its: _____
Dated: _____

CONSENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease described above hereby:

(a) Consents to the foregoing Collateral Assignment of Lease executed by _____ (“Assignor”) in favor of KSS Franchising LLC (“Assignee), and agrees that if Assignee takes possession of the leased premises and confirms to Lessor the assumption of the Lease by Assignee as lessee under it in writing, Lessor shall recognize Assignee as lessee under the Lease, provided that Assignee cures the defaults of Assignor under the Lease within thirty (30) days of notice to Assignee that Assignor has not cured its defaults; and

(b) Agrees that Assignee may further assign the Lease to a person, firm or corporation who has been granted a franchise by Assignee and who agrees to assume the lessee's obligations under the Lease and who is reasonably acceptable to Lessor, and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, lessee or otherwise.

Dated: _____

LESSOR: _____
A _____

By: _____
Name: _____
Title: _____

**EXHIBIT 5 TO THE
FRANCHISE AGREEMENT**

ELECTRONIC FUNDS TRANSFER AUTHORIZATION

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

As a duly authorized signer on the financial institution account identified below of the undersigned Franchisee, I authorize KSS Franchising LLC (“Company”) to initiate monthly electronic fund transfer debits from the account for payments due or when applicable, apply electronic funds transfer credits to the same. Said debits may be for Royalty Fees, Brand Fund contributions, technology fees, software license fees, interest, late fees, and any other amounts Franchisee owes to the Company or its affiliates pursuant to the Franchise Agreement between Franchisee and Company, and in amounts required by the Franchise Agreement. The dollar amount to be debited for each transfer will vary.

Currently, KSS Franchising LLC is initiating weekly debits on the tenth (10th) day of every calendar month for payment of the Royalty Fee, Brand Fund contributions, technology fees, software license fees, interest, late fees, and any other amounts then due, unless that day falls on a holiday, in which case the debit will be initiated the following business day. The dates and intervals for initiating debits for amounts due under the Franchise Agreement may be changed upon delivery of notice to Franchisee.

If any such electronic debit(s) should be returned by my financial institution as unpaid (Non-Sufficient or Uncollected Funds), I understand that KSS Franchising LLC shall be entitled to collect interest and late fees as provided in the Franchise Agreement, and to debit same from this account once there are sufficient funds to cover it.

This authorization is to remain in full force and effect until Company has received written notification of its termination in such time and in such manner as to afford Company a reasonable opportunity to act on it, and to obtain a replacement Electronic Funds Transfer Authorization from Franchisee for a replacement account. Any such notice should be sent to the following address:

KSS Franchising LLC
Attn: Mukesh Muthu
770 W. Gladys Ave., Unit 1
Chicago, IL 60661

Franchisee is responsible for, and shall pay on demand, all costs or fee charged by the financial institution holding the account relating to the handling of debits pursuant to this authorization. I understand and authorize all of the above.

FRANCHISEE: _____

AUTHORIZING SIGNATURE: _____

PRINT NAME AND TITLE: _____

DATE: _____

BUSINESS ADDRESS: _____

Financial Institution Account Identifying Information:

Enter financial institution account information in the fields below or attach a voided check.

Financial Institution:	Branch:
City:	State & Zip Code:
Transit / ABA # (Routing #):	Account #:

Exhibit C

FRANCHISEE DISCLOSURE ACKNOWLEDGEMENT STATEMENT

As you know, KSS Franchising LLC ("Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a Kids STEM Studio Franchised Business. The purpose of this Statement is to determine whether Franchisor has complied with all applicable delivery and waiting periods and whether any statements or promises were made to you, either orally or in writing, that Franchisor was not authorized and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received the Kids STEM Studio Franchise Disclosure Document which was provided to you?

Yes ___ No _____

2. On what date did you receive the Franchise Disclosure Document?

3. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

Yes ___ No ___

4. Before receiving the Franchise Disclosure Document, were you advised by the Franchisor of the formats in which the Franchise Disclosure Document is made available to prospective franchisees and any prerequisites or conditions for obtaining the disclosure document in a particular format?

Yes _____ No _____

5. Have you received the Franchise Agreement and each exhibit attached to it?

Yes ___ No ___

6. Have you received execution copies of the Franchise Agreement that were completed with all of the blanks filled in?

Yes ___ No ___

If so, on what date did you receive the completed Franchise Agreement?

7. Do you understand that you will operate the Kids STEM Studio Franchised Business as an independent business owner and that you will not be an employee of Franchisor?

Yes ___ No ___

8. Have you had the opportunity to investigate what federal, state and local laws, regulations and licensing requirements will apply to the operation of a Kids STEM Studio Franchised

Business in your territory?

Yes ____ No ____

13. IF YOU HAVE ANSWERED “NO” TO ANY OF QUESTIONS 1 THROUGH 8 ABOVE, PLEASE INDICATE THE NUMBER OF THE QUESTION(S) AND A FURTHER EXPLANATION OF YOUR ANSWER(S) IN THE SPACE PROVIDED BELOW OR ATTACH AN ADDITIONAL SHEET IF NECESSARY. IF YOU HAVE ANSWERED “YES” TO ALL OF QUESTIONS 1 THROUGH 8 ABOVE, PLEASE LEAVE THE FOLLOWING LINES BLANK.

Question No. Explanation

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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.

You understand that your answers are important to us and that we will rely on them in making a decision to award a Kids STEM Studio franchise. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

Date: _____

Prospective Franchisee

Exhibit D

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
and
REPORT OF THE INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS.

KSS FRANCHISING LLC.

December 31, 2022

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ANDREW & JOSEPH CPAS LLC.

(Certified Public Accountants)

INDEPENDENT AUDITORS REPORT

March 03, 2023

To the Board of Directors of:

KSS Franchising LLC

1211 S Prairie Ave, Unit 1906
Chicago, IL 60605

Opinion

We have audited the accompanying financial statements of KSS Franchising LLC, an Illinois corporation, which comprise the balance sheets as of December 31, 2022, 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 KSS Franchising LLC as of December 31, 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of KSS Franchising LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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.

ANDREW & JOSEPH CPAS LLC.

(Certified Public Accountants)

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 KSS Franchising LLC 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 and 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 KSS Franchising LLC '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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KSS Franchising LLC 's ability to continue as a going concern for a reasonable period of time.



Andrew P Thomas CPA

KSS FRANCHISING LLC
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2022

<u>ASSETS</u>	CY 2022	PY 2021
CURRENT ASSETS:		
Cash and Cash Equivalents	9,708	12,742
Accounts Receivable	-	-
Total Current Assets	9,708	12,742
PROPERTY AND EQUIPMENT:		
Automobile	-	-
Office Equipment	-	-
Total Property and Equipment	-	-
Less: Accumulated Depreciation	-	-
Property and Equipment, Net	-	-
TOTAL ASSETS	9,708	12,742
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts Payable		
Accounts Payable	-	-
Total Accounts Payable	-	-
Other Current Liabilities		
Payroll Liabilities	-	-
State Tax Payable	-	631
Total Other Current Liabilities	-	631
Total Current Liabilities	-	631
LONG-TERM LIABILITIES		
Long-term debts	-	-
TOTAL LIABILITIES	-	631
SHAREHOLDERS' EQUITY		
Capital	5,000	5,000
Retained Earnings	7,111	(2,778)
Shareholder Distributions	-	-
Net Earnings: Current Year	(2,403)	9,889
Total Shareholder's Equity	9,708	12,111
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,708	12,742

The accompanying notes are an integral part of these statements.

KSS FRANCHISING LLC

STATEMENTS OF FINANCIAL OPERATIONS

As of December 31, 2022

	CY 2022	PY 2021
Revenue:		
Gross Receipts	3,430	22,929
Total Revenue	3,430	22,929
Expenses:		
Auto and travel	-	1,212
Bank Service Charges	-	-
Business Licenses and Permits	100	125
Franchisees Training Expense	-	1,000
Marketing Expense	-	1,600
Materials & Supplies	-	200
Meals & Entertainment	-	-
Postage	-	-
Professional Fees	5,733	8,273
Salaries & Wages	-	-
Telephone Expense	-	-
Total Expenses	5,833	12,409
Net profit/ (Loss) before tax	(2,403)	10,520
Pass-Through Entity Tax	-	496
State Replacement tax	-	135
Net profit/ (Loss) after tax	(2,403)	9,889

The accompanying notes are an integral part of these statements.

KSS FRANCHISING LLC

STATEMENT OF CASH FLOWS

For the year ended 31st December, 2022

USD

A: CASH FLOW FROM OPERATING ACTIVITIES

Net Income/(Loss) for the Year	(2,403)
Adjustments for :	
Depreciation & Amortisation	-
Interest expenses	-
Changes in Assets and Liabilities	
(Increase)/Decrease in Trade Receivables and other receivables	-
(Increase)/Decrease in Inventories	-
(Increase)/Decrease in Other Current Assets	-
Increase/(Decrease) in Trade and Other Payables	-
Increase/(Decrease) in Current Liabilities	(631)
Increase/(Decrease) in Other Liabilities	-
Net Cash from/(used in) Operating Activities (A)	(3,034)

B: CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Property, Plant and Equipment	-
Proceeds from Sale of Property, Plant and Equipment	-
(Increase)/Decrease in Long Term Loans and Advances	-
Net Cash from/(used in) Investing Activities (B)	-

C: CASH FLOW FROM FINANCING ACTIVITIES

Distribution to Shareholders	-
Adjustment to Opening Balance Equity	-
Net Cash/(used in) Financing Activities (C)	-
Net Increase/(Decrease) in Cash & Cash equivalents (A+B+C)	(3,034)
Opening Balance of Cash and Cash Equivalents	12,742
Closing Balance of Cash and Cash Equivalents	9,708

The accompanying notes are an integral part of these statements.

KSS FRANCHISING LLC.

Notes to the Financial Statements

For the Year Ended December 31, 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES.

1. Nature of Activities and Objectives:

KSS Franchising LLC was organized on December 06, 2019 in the State of Illinois and is now headquartered in Chicago, Illinois. The LLC is the franchising entity for the Kids STEM Studio Franchise, whose approach is to incorporate the basic training for kids while constructively letting children follow their curiosity and energy. Instead of teaching the four disciplines as separate and discrete subjects, STEM integrates them into a unique cohesive learning paradigm based on real-world applications. Kids STEM train young minds to develop their learning and problem-solving skills using an engaging and creative approach.

2. Basis of Accounting

The Organization recognizes income on the Accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America. The Company's Fiscal year ends on December 31st.

3. Basis of Presentation

The financial statements are presented in accordance Generally accepted accounting principles in the United States of America.

4. Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less.

5. Revenue Recognition

Under current accounting standards, the company as a franchisor recognizes revenue from initial franchise fees when they have substantially performed all the services required to earn the initial franchise fee and no other material conditions or obligations related to the determination of substantial performance exist. The company recognizes the Royalty fees as and when invoiced on a monthly basis, based on the prior month Franchise report.

KSS FRANCHISING LLC.

Notes to the Financial Statements

For the Year Ended December 31, 2022

6. Subsequent Events

Management has evaluated subsequent events through March 03, 2023, the date which the financial statements were available to be issued.

FINANCIAL STATEMENTS
and
REPORT OF THE INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS.

KSS FRANCHISING LLC.

December 31, 2021

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ANDREW & JOSEPH CPAS LLC.

(Certified Public Accountants)

INDEPENDENT AUDITORS REPORT

April 26, 2022

To the Board of Directors of:

KSS Franchising LLC

1211 S Prairie Ave, Unit 1906

Chicago, IL 60605

Report on the Financial Statements

We have audited the accompanying balance sheet of as of December 31, 2021, and were engaged to audit the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. We conducted our audit of the balance sheet in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the

ANDREW & JOSEPH CPAS LLC.

(Certified Public Accountants)

assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on the financial position.

Opinion on the Financial Position

In our opinion, and to the best of our information and according to the explanations given to us, the financial statements presents fairly, in all material respects, the financial position of KSS Franchising LLC and the results of its operations and its cash flows as of December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.



Andrew P Thomas CPA

KSS FRANCHISING LLC

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021

<u>ASSETS</u>	CY 2021	PY 2020
CURRENT ASSETS:		
Cash and Cash Equivalents	12,742	2,222
Accounts Receivable	-	-
Total Current Assets	12,742	2,222
PROPERTY AND EQUIPMENT:		
Automobile	-	-
Office Equipment	-	-
Total Property and Equipment	-	-
Less: Accumulated Depreciation	-	-
Property and Equipment, Net	-	-
TOTAL ASSETS	12,742	2,222
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Accounts Payable		
Accounts Payable	-	-
Total Accounts Payable	-	-
Other Current Liabilities		
Payroll Liabilities	-	-
State Tax Payable	631	-
Total Other Current Liabilities	631	-
Total Current Liabilities	631	-
LONG-TERM LIABILITIES		
Long-term debts	-	-
TOTAL LIABILITIES	631	-
SHAREHOLDERS' EQUITY		
Capital	5,000	5,000
Retained Earnings	(2,778)	(850)
Shareholder Distributions	-	-
Net Earnings: Current Year	9,889	(1,928)
Total Shareholder's Equity	12,111	2,222
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	12,742	2,222

The accompanying notes are an integral part of these statements.

KSS FRANCHISING LLC
STATEMENTS OF FINANCIAL OPERATIONS
As of December 31, 2021

	CY 2021	PY 2020
Revenue:		
Gross Receipts	22,929	1,500
Total Revenue	22,929	1,500
Expenses:		
Auto and travel	1,212	-
Bank Service Charges	-	20
Business Licenses and Permits	125	-
Franchisees Training Expense	1,000	-
Marketing Expense	1,600	100
Materials & Supplies	200	-
Meals & Entertainment	-	-
Postage	-	-
Professional Fees	8,273	3,308
Salaries & Wages	-	-
Telephone Expense	-	-
Total Expenses	12,409	3,428
Net profit/ (Loss) before tax	10,520	(1,928)
Pass-Through Entity Tax	496	-
State Replacement tax	135	-
Net profit/ (Loss) after tax	9,889	(1,928)

The accompanying notes are an integral part of these statements.

KSS FRANCHISING LLC

STATEMENT OF CASH FLOWS

For the year ended 31st December, 2021

USD

A: CASH FLOW FROM OPERATING ACTIVITIES

Net Income/(Loss) for the Year	9,889
--------------------------------	-------

Adjustments for :

Depreciation & Amortisation	-
Interest expenses	-

Changes in Assets and Liabilities

(Increase)/Decrease in Trade Receivables and other receivables	-
(Increase)/Decrease in Inventories	-
(Increase)/Decrease in Other Current Assets	-
Increase/(Decrease) in Trade and Other Payables	-
Increase/(Decrease) in Current Liabilities	631
Increase/(Decrease) in Other Liabilities	-

Net Cash from/(used in) Operating Activities (A)	10,520
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B: CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Property, Plant and Equipment	-
Proceeds from Sale of Property, Plant and Equipment	-
(Increase)/Decrease in Long Term Loans and Advances	-

Net Cash from/(used in) Investing Activities (B)	-
---	----------

C: CASH FLOW FROM FINANCING ACTIVITIES

Distribution to Shareholders	-
Adjustment to Opening Balance Equity	-

Net Cash/(used in) Financing Activities (C)	-
--	----------

Net Increase/(Decrease) in Cash & Cash equivalents (A+B+C)	10,520
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Opening Balance of Cash and Cash Equivalents	2,222
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Closing Balance of Cash and Cash Equivalents	12,742
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The accompanying notes are an integral part of these statements.

KSS FRANCHISING LLC.

Notes to the Financial Statements

For the Year Ended December 31, 2021

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES.

1. Nature of Activities and Objectives:

KSS Franchising LLC was organized on December 06, 2019 in the State of Illinois and is now headquartered in Chicago, Illinois. The LLC is the franchising entity for the Kids STEM Studio Franchise, whose approach is to incorporate the basic training for kids while constructively letting children follow their curiosity and energy. Instead of teaching the four disciplines as separate and discrete subjects, STEM integrates them into a unique cohesive learning paradigm based on real-world applications. Kids STEM train young minds to develop their learning and problem-solving skills using an engaging and creative approach.

2. Basis of Accounting

The Organization recognizes income on the Accrual basis method of accounting in accordance with accounting principles generally accepted in the United States of America. The Company's Fiscal year ends on December 31st.

3. Basis of Presentation

The financial statements are presented in accordance Generally accepted accounting principles in the United States of America.

4. Cash and Cash Equivalents

For purposes of the statements of financial position and cash flows, Cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less.

5. Subsequent Events

Management has evaluated subsequent events through April 26, 2022, the date which the financial statements were available to be issued.

Exhibit E

LISTS OF CURRENT AND FORMER FRANCHISEES AS OF DECEMBER 31, 2022

Current Franchisees

Sriram Kothandaraman
201 Meacham Rd.
Schaumburg, IL 60193
(224) 653-9978

Former Franchisees

None.

Exhibit F

SOFTWARE LICENSE AGREEMENT

SOFTWARE LICENSE AGREEMENT

THIS SOFTWARE LICENSE AGREEMENT (the "Agreement") is made and entered by and between KSS Franchising LLC, an Illinois limited liability company of 770 W. Gladys Avenue, Unit 1, Chicago, IL 60661 ("Licensor"), and _____ ("Licensee"). Licensee and Licensor may be referred to in this Agreement collectively as "Parties" or individually as a "Party".

BACKGROUND

- A. Licensor and its affiliate developed a proprietary, web-based learning management system for use in the operation of Kids STEM Studio businesses that provide educational hands-on activities for kids ages 4 to 14 for exploring science, technology, engineering and math.
- B. Licensor is a franchisor and grants licenses to its Kids STEM Studio franchisees to use the web-based learning management system software ("Licensed Software") in the operation of the Kids STEM Studio business ("Franchised Business").
- C. Licensee has been granted a franchise by Licensor and is entering into this Software License Agreement contemporaneously with the execution of a Franchise Agreement with Licensor.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in further consideration of the mutual promises set forth herein, Licensor and Licensee agree as follows:

1. **Definitions.** Whenever used in this Agreement, the capitalized terms quoted below will have the meaning ascribed to them in this Section.
 - (a) "Agreement" means this Software License Agreement.
 - (b) "Enhancement" means a modification of the Licensed Software by Licensor which provides (a) a capability not defined in the Product Specifications or (b) an improvement in the efficiency of the Licensed Software. Licensor may designate an Enhancement as "Major" or "Minor" depending on (a) Licensor's reasonable assessment of the Enhancement's value and (b) whether the Enhancement adds a functional extension to the preexisting Licensed Software. An Enhancement may entail a modification to the Product Specifications or may be provided to Licensee in the form of an Upgrade.
 - (c) "Error" means a failure of the Licensed Software to conform in all material respects to the Product Specifications. Provided, however, any nonconformity resulting from Licensee's improper use of the Licensed Software, combining or merging the Licensed Software with software not approved by Licensor for use with the Licensed Software, or modification of the Licensed Software which has not been performed by Licensor, shall not be considered an Error.
 - (d) "Error Correction" means a modification of the Licensed Software by Licensor which corrects Errors discovered in the Licensed Software and enables the Licensed Software to substantially conform to the Product Specifications.

- (e) "Intellectual Property Rights" means all proprietary information, patents, patent applications, trademarks, trade names, service marks, certification marks, collective marks, designs, processes, inventions, licenses, copyrights, know-how and trade secrets relating to the origin, design, manufacture, programming, operations, function, configuration, or service of the Licensed Software.
- (f) "License Fees" means those amounts specified and set forth in Section 3(a) of this Agreement.
- (g) "Licensed Software" means the software, programs, documentation, tools, internet-based services, components and any Error Corrections, Enhancements, and Releases thereof supplied by Licensor.
- (h) "Major Enhancement" means a version of the Licensed Software which contains new features or substantially improved functions from those contained in the original Licensed Software.
- (i) "Product Specifications" means the technical and performance functions of the Licensed Software.
- (j) "Release" or "Releases" means the issuance of changes from the original Licensed Software including for Error Correction or Enhancement.
- (k) "Software Maintenance" means the Error Correction support provided by Licensor.
- (l) "Upgrade" means software which is marketed by Licensor as a separate software product and which is subject to a separate license fee. An Upgrade may include Major Enhancements.

2. Grant of License.

- (a) Subject to Licensee's payment of the License Fees, Licensor grants to Licensee and Licensee accepts a limited, nonexclusive, revocable and nontransferable license to access and use the Licensed Software in the manner described in this Agreement. Licensor reserves all rights in the Licensed Software.
- (b) Licensee must use the Licensed Software (a) only in a manner and for the purposes for which the Licensed Software was designed, (b) only in the manner prescribed in the Franchise Agreement between Licensor and Licensee, and (c) only under an existing Franchise Agreement between Licensor and Licensee. All uses not permitted under this 2.(a) are prohibited. By way of example and without limitation, Licensee may not: (a) rent, sublicense, sell, resell, lease, assign, distribute, timeshare or otherwise commercially exploit or mark the Licensed Software available to any third party, other than contemplated by this Agreement; (b) use the Licensed Software for any purpose other than the operation of Licensee's Franchised Business; (c) permit use of the License Product by a person who is not employed by or a customer of Licensee's Franchised Business; (d) disassemble, decompile, reverse engineer, or modify the Licensed Software; (e) interfere with or disrupt the integrity or performance of the Licensed Software or the data contained therein; (f) attempt to gain unauthorized access to the Licensed Software or its related systems or networks; (g) modify, copy or create derivative

works based on the Licensed Software or Licensor's Intellectual Property; and (h) create internet links to or from the Licensed Software or frame or mirror any content forming any part of the Licensed Software.

- (c) **Ownership.** As between Licensor and Licensee, Licensor retains all title to the Licensed Software. This Agreement is a license to use, and not a contract of sale for, the Licensed Software. All Intellectual Property Rights in and to the Licensed Software are retained by Licensor.
- (d) Access will be granted to Licensee on or about the date of the opening of Licensee's Franchised Business on a date determined by Licensor. Subject to emergency maintenance performed on an unscheduled basis and any downtime resulting from such emergency maintenance and except for any planned downtime, Licensor agrees to use commercially reasonable efforts to operate and maintain the Licensed Software so as to make it available 24 hours a day, 7 days a week. The number and the duration of any planned downtime shall be at Licensor's discretion, provided, however, Licensor intends to use commercially reasonable efforts to schedule such downtime when the smallest number of users systemwide will be using the Licensed Software.

3. Charges and Payment.

- (a) **License Fees.** As compensation for the license provided in this Agreement, Licensee shall pay Licensor a monthly license fee in the amount of Two Dollars (\$2.00) per student of Licensee's Franchised Business having access to and/or using the Licensed Software during the previous calendar month. The License Fee shall be paid on the dates and in the manner set forth in the Franchise Agreement between Licensor and Licensee. Licensor shall have the right to change the license fee charged hereunder (either amounts or manner of calculating fees) upon sixty (60) days' prior written notice to Licensee.
- (b) **Reporting.** Each calendar month, Licensee shall provide Licensor with a statement setting forth the number of students having access to and/or using the Licensed Software for the calendar month. Licensee shall provide said statement within ten (10) days of the end of each calendar month. Licensor may reasonable request that Licensee provide other reports pertaining to usage of the Licensed Software.
- (c) **Audit of Use.** Licensor may, at its expense, audit Licensee's use of the Licensed Software. Audits shall be conducted remotely or during regular business hours at Licensee's place of business and shall not unreasonably interfere with Licensee's business activities. Audits shall be conducted no more than once annually. If, as a result of any such audit, Licensor identifies unauthorized use of the Licensed Software, Licensee shall pay all fees due and unpaid and the reasonable expenses of Licensor in conducting the audit.
- (d) **Payment.** All License Fees and other fees or amounts due Licensor under this Agreement shall be due and payable in full in U.S. currency. Licensee shall have no right of offset or withholding under this Agreement.

- (e) **Interest on Late Payments.** All fees and amounts due to Licensor and not paid within five (5) days after the date such amounts are due and payable shall bear interest at the lesser of one and one half percent (1.5%) per month or the maximum rate of interest allowable by law.
- (f) **Taxes and Other Charges.** Licensee shall pay all applicable charges or taxes arising from the payments made to Licensor under this Agreement (other than income taxes of Licensor).

4. Technical Assistance and Support.

- (a) **Technical Assistance.** During the term of this Agreement, Licensor shall offer reasonable technical assistance service and will use commercially reasonable efforts to resolve any technical issues relating to your access and use of the Licenses Software. Such services shall be provided via telephone, e-mail or text during Licensor's regular hours of operation or, at Licensee's request and subject to the availability of Licensor's representatives.
- (b) **Training.** Licensor shall provide Licensee training and instruction in the use of the Licensed Software during pre-training or the initial franchise training program that Licensor provides to Licensee. Such training shall be at no additional cost to Licensee.
- (c) **Support Services.** Licensor shall provide Licensee with reasonable supplemental support for the Licensed Software. Such support services shall be provided via telephone, e-mail or text during Licensor's regular hours of operation or, at Licensee's request and subject to the availability of Licensor's representatives.
- (d) A reasonable amount of technical assistance and support services shall be at no cost to Licensee. If the requested assistance by Licensee goes beyond a reasonable level of assistance or support as determined Licensor in its discretion, Licensor reserves the right to charge a fee to cover its costs in providing such additional assistance and support services. Licensor shall provide written notification to Licensee if the requested assistance or support is beyond reasonable levels and subject to fees.

5. Software Maintenance.

- (a) **Notification of Suspected Licensed Software Defects.** If Licensee believes there is an Error in the Licensed Software, Licensee must notify Licensor of such Error in writing, or by telephone with written confirmation sent within two (2) days thereafter. After Licensor's analysis of the reported Error, Licensor will: (i) notify Licensee whether Licensor has verified the Error; (ii) where an Error has been verified, advise Licensee of available remedies; and (iii) where a remedy is not immediately available, notify Licensee of the need for further investigation. Errors reported to Licensor and subsequently verified by Licensor will be corrected in accordance with this Agreement at no charge to Licensee. Licensor reserves the right to determine the disposition of any and all reported Errors.

- (b) **Licensee's Remedies for Licensed Software Defects.** In all situations involving nonperformance of the Licensed Software, Licensee's exclusive remedy is the correction or workaround of software Errors by Licensor.
- (c) **Error Correction and Enhancement Releases.**
 - (i) Provided Licensee has paid the License Fees and all other fees and amounts due and owing Licensor under this Agreement, Licensor shall provide Error Correction Releases (which do not contain any Enhancements), if any, and Minor Enhancement Releases, if any, at no charge.
 - (ii) Licensor shall provide a Major Enhancement or Upgrade, if any, at a price established by Licensor, which price shall be consistent with Licensor's price to other licensees/franchisees of Licensor.
 - (iii) Error Correction and Enhancement Releases are the property of Licensor. Error Correction and Enhancement Releases are licensed to Licensee subject to the terms and conditions of this Agreement and, upon release, become a part of the Licensed Software. Each Release may also provide documentation or notice to Licensee informing Licensee of the Error Correction or Enhancement, including any significant operational differences known to Licensor. The documentation in any Releases shall be a part of the Licensed Software.

6. Licensee's Representations and Warranties.

- (a) **Compliance with Terms.** Licensee shall monitor the Licensed Software and ensure that it is used only in compliance with the terms of this Agreement. Licensee shall be responsible and liable for any and all non-compliance with this Agreement by Licensee or by any person or entity who obtains access to the Licensed Software through Licensee.
- (b) **Notification of Defects.** Licensee shall notify Licensor in writing of any material defect Licensee believes exists in the Licensed Software, and Licensee shall provide to Licensor all information known or reasonably available to Licensee regarding the alleged defect.
- (c) **Third Party Material.** With respect to all computer programs and data and hardware not provided by Licensor and to be used or reproduced during Licensee's use of the Licensed Software, Licensee represents that it has all necessary rights to use or reproduce the computer programs and that no use of the Licensed Software in connection therewith shall be made that causes an infringement of the right of any third party.
- (d) **Licensee's Responsibility.** Licensee shall be exclusively responsible for the supervision, management, and control of its use of the Licensed Software, including, but not limited to (a) assuring proper configuration of equipment or devices; (b) establishing adequate operating methods; and (c) implementing procedures sufficient to satisfy its obligations for security under this Agreement, including appropriate action between it and its employees and students to prevent misuse, unauthorized copying, modification, or disclosure of the Software.

7. Limited Warranty.

- (a) **Limited Warranty.** LICENSOR WARRANTS THAT THE LICENSED SOFTWARE, IN UNMODIFIED FORM AND WHEN USED AS AUTHORIZED BY THIS AGREEMENT, WILL CONFORM IN ALL MATERIAL RESPECTS TO THE PRODUCT SPECIFICATIONS. LICENSOR MAKES NO OTHER WARRANTIES OR REPRESENTATIONS RELATING TO THE LICENSED SOFTWARE OR ITS PERFORMANCE. ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON- INFRINGEMENT, ARE EXPRESSLY DISCLAIMED AND EXCLUDED.
- (b) **Licensor's Warranty Obligations; Limitations of Limited Warranty.** In the event of breach of the Limited Warranty provided in Section 7(a) of this Agreement, Licensor's entire liability and Licensee's exclusive remedy will be to make an Error Correction. The Limited Warranty provided in this Agreement does not apply to problems resulting from:
- (i) Failure to have proper hardware;
 - (ii) modification of the Licensed Software not undertaken or performed by Licensor;
 - (iii) malfunctions in any computer hardware or software or systems files not provided by Licensor;
 - (iv) accident of Licensee or at the Licensee's premises;
 - (v) neglect of Licensee;
 - (vi) misuse of the Licensed Software by Licensee or its users;
 - (vii) use of the Licensed Software with data of any entity other than Licensee; or
 - (viii) a power surge or failure at Licensee's premises.

Licensor does not warrant (i) that the Licensed Software will meet Licensee's requirements; (ii) that operation of the Licensed Software will be uninterrupted; (iii) that the Licensed Product is error free; (iv) that all defects in the Licensed Product will be corrected; or (v) any unauthorized change or modification of the Licensed Software made by Licensee.

- (c) **Limitation of Liability; Actions.** The remedies set forth in 7(b) are Licensee's sole and exclusive remedies for any breach of warranty by Licensor. LICENSOR SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, INDIRECT, STATUTORY, PUNITIVE OR EXEMPLARY DAMAGES OF ANY SORT, EVEN IF LICENSOR HAS BEEN ADVISED OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES, INCLUDING, WITHOUT LIMITATION, (a) ANY DAMAGES FOR LOST PROFITS, OR (b) ANY DAMAGES RESULTING FROM LOSS OF USE OR LOSS OF DATA. UNDER NO CIRCUMSTANCE SHALL LICENSOR BE LIABLE FOR ANY AMOUNT IN EXCESS OF THE LICENSE FEES PAID BY LICENSEE FOR THE LICENSED SOFTWARE THAT IS THE SUBJECT OF A

WARRANTY OR INFRINGEMENT CLAIM. IN NO EVENT SHALL LICENSOR BE LIABLE TO LICENSEE FOR ANY ACTION OR REMEDY BEYOND THOSE DESCRIBED IN THIS AGREEMENT.

NO ACTION SHALL BE BROUGHT FOR ANY CLAIM RELATING TO OR ARISING OUT OF THIS AGREEMENT. OTHER THAN AN ACTION BY LICENSOR TO COLLECT ANY FEES DUE HEREUNDER, MORE THAN ONE (1) YEAR AFTER THE ACCRUAL OF SUCH CAUSE OF ACTION.

- (d) **Allocation of Risk.** This Section 7 of this Agreement allocates the risks under this Agreement between Licensor and Licensee. Licensor's License Fees reflect this allocation of risk and the warranties, limitation of warranties, and limitation of liability in this Section 7.

THE PROVISIONS OF THIS SECTION 7 STATE THE SOLE AND EXCLUSIVE REMEDIES AVAILABLE TO LICENSEE, AND LICENSOR'S SOLE AND EXCLUSIVE LIABILITY, FOR ANY BREACH OF WARRANTY CLAIM AND ANY CLAIM REGARDING THE PERFORMANCE OR NONPERFORMANCE OF THE LICENSED SOFTWARE.

8. Indemnity.

- (a) **Indemnity by Licensee.** Licensee shall be solely responsible for, and shall indemnify, defend, and hold Licensor free and harmless from all damages, liabilities, charges, and expenses (including reasonable attorneys' fees) from all claims, lawsuits, or other proceedings arising out of or relating to (i) Licensee's use of the Licensed Software in a manner not permitted by this Agreement, not permitted by Licensor, or not in conformance with Licensor written requirements, (ii) the acts or omissions of Licensee, its employees, and agents and all persons or entities who have access through Licensee to the Licensed Software, or (iii) relating to an infringement of any right resulting in any way from the use of the Licensed Software with other software or materials not licensed to Licensee by or not approved by Licensor.
- (b) **Indemnity of Right of Use.** Licensor shall defend or settle, at its own expense, any claim made against Licensee that the Licensed Software, in whole or in part, infringes any United States patent, published patent application, copyright, trade secret, or other proprietary right, and Licensor shall indemnify and hold harmless Licensee against any final judgment, including an award of attorneys' fees, that may be awarded by a court against Licensee as a result of the foregoing; provided, however, Licensee shall (a) give Licensor written notice of such claim within thirty (30) days of the date Licensee first knows or should know of the claim and (b) provide Licensor with reasonable cooperation and all information in Licensee's possession related to said claim. Licensor shall have sole control of the defense of such claims and all related settlement negotiations. Reasonable out of pocket expenses incurred by Licensee in providing assistance to Licensor in defense of such a claim shall be reimbursed by Licensor.
- (c) **Remedy for Claimed Infringement.** If a claim is made that the Licensed Software, or any portion thereof, infringes any United States patent, copyright,

trade secret, or other proprietary right, Licensor, at its sole expense and option, shall either: (i) procure for Licensee the right to exercise the rights and licenses granted hereunder with respect to the Licensed Software; (ii) modify the Licensed Software to make it non-infringing but continue to meet the Product Specifications; (iii) replace the Licensed Product with equivalent but non-infringing software of like functionality that meet the Product Specifications; or (iv) terminate this Agreement; provided, however, that the liability of Licensor pursuant to this Section (c) shall be subject to the limitations set forth in 7(c) of this Agreement.

- (d) **Limitation of Indemnity.** Licensor shall have no liability to Licensee or any user provided access by Licensee for any claim of infringement that is based upon any combination of the Licensed Software with software not supplied by or authorized by Licensor if such claim would have been avoided but for such combination; or any modifications to the Licensed Software by any party other than Licensor.

9. Termination and Default.

- (a) **Termination by Licensor.** Licensor may terminate this Agreement and the license granted to Licensee upon the occurrence of any of the following events:
 - (i) Licensee fails to pay Licensor any fee, charge, tax, or other reimbursement when due and the failure to pay is not cured within ten (10) days of Licensee's receipt of Licensor's written notice thereof;
 - (ii) Licensee's Franchise Agreement with Licensor is terminated;
 - (iii) Licensee permits unauthorized third parties to access and use the Licensed Software;
 - (iv) Licensee breaches any material obligation of Licensee under this Agreement and such breach is not cured within thirty (30) days of Licensee's receipt of written notice thereof from Licensor;
 - (v) Licensee becomes insolvent, or is adjudicated a bankrupt, or voluntarily seeks protection under any bankruptcy or insolvency law; or
 - (vi) Licensee makes an assignment of its assets for the benefit of creditors or any arrangement with its creditors.
- (b) **Licensor Remedies Upon Termination.** In the event of any termination of this Agreement:
 - (i) Licensee shall cease all further use of the Licensed Software;
 - (ii) Licensee shall pay all outstanding fees and amounts owed to Licensor as of the date of termination;
 - (iii) Licensor may cease performance of Licensor's obligations under this Agreement, without liability to Licensee;
 - (iv) Where such termination is the result of a breach or threatened breach of this Agreement by Licensee, Licensor may apply for and obtain injunctive relief against the breach or threatened breach; and

- (v) Licensee shall promptly return to Licensor all of Licensor's Confidential Information.
- (c) **Equitable Relief.** The Parties acknowledge and agree that there may be no adequate remedy at law for the failure of the other Party to comply with any of the material terms and conditions of this Agreement, including, without limitation, a failure to cease the use of the Licensed Software upon termination of the license or a breach of the confidentiality provisions of Section 100, and the Parties agree that, in the event of any such failure, the non-breaching Party shall be entitled to equitable relief by way of temporary restraining order, temporary injunction and permanent injunction and such other and further relief as any court of competent jurisdiction may deem proper.
- (d) **Remedies Cumulative.** The rights and remedies of Licensor and Licensee in this Section 9 shall be cumulative and in addition to all other rights and remedies available at law and in equity.
- (e) **Choice of Law and Jurisdiction.** This Agreement will be governed by the laws of the state of Licensor's then current principal place of business. Either party may institute any action against the other arising out of or relating to this Agreement in any state or federal court of general jurisdiction over the county of Licensor's then current principal place of business, and the parties irrevocably submit to the exclusive jurisdiction of such court and waive any objection it may have to either the jurisdiction or venue of such court. The parties agree to the exclusive jurisdiction of such courts and agree not to sue the other party regarding any matter relating in any way to this Agreement except in such courts.
- (f) **Survival.** The provisions of this Agreement which by their sense and context should survive any termination or expiration of this Agreement, including without limitation Sections **Error! Reference source not found.**, 8,9, 10, and 11 of this Agreement, shall survive termination of this Agreement and shall remain binding on the Parties.

10. Confidentiality.

- (a) As used in this Agreement, the term "Confidential Information" means: all information, including, but not limited to, the trade secrets, know-how and technical information and data of the Licensor, any information marked "Confidential" or "Proprietary", including but not limited to, the Licensed Software and related documentation; provided, however, Confidential Information shall not mean any information that:
 - (i) is known to the Licensee at the time of disclosure by the Licensor;
 - (ii) is developed independently by the Licensee without use of the Licensor's Confidential Information;
 - (iii) is within, or later falls within, the public domain without breach of this Agreement by the Licensee;
 - (iv) is publicly disclosed with written approval of the Licensor; or

- (v) becomes lawfully known or available to the Licensee without restriction from a source having the lawful right to disclose the information without breach of this Agreement by the Licensee.

The Licensee shall have the burden of proof as to establishing by competent evidence any of the exceptions set forth in (i) to (v) above.

- (b) In the event the Licensee is legally requested or compelled in any form to disclose any of the Licensor's Confidential Information, the Licensee, unless prohibited by applicable law, shall provide the Licensor with prompt written notice of such request, so that the Licensor may seek a protective order or pursue other appropriate remedies to protect the confidentiality of its information. If such protective order or other remedy is not obtained, the Licensee will furnish only that portion of the Confidential Information which the Licensee, upon the opinion of its counsel, is legally required to furnish. The Licensee will reasonably assist the Licensor in its efforts to obtain a protective order or other remedies to protect or limit the disclosure of the information subject to the request.
- (c) Each Party acknowledges that in the performance of this Agreement Licensee may receive Confidential Information from Licensor and that such Confidential Information is the exclusive property of the Licensor. The Licensee agrees to hold the Confidential Information of the Licensor in strict confidence in accordance with the provisions of this Agreement. A Licensee
 - (i) shall not permit or suffer its employees or agents or other users to copy or modify any Confidential Information except as specifically authorized in this Agreement;
 - (ii) shall not disclose any Confidential Information to a third party without the prior written consent of the Licensor;
 - (iii) shall only use the Licensor's Confidential information for purposes of performing its obligations under this Agreement, and shall not otherwise use the information for its own benefit or for the benefit of any third party; and
 - (iv) agrees to keep secure and maintain the Confidential Information of the Licensor in a manner no less protective than that used to maintain the confidentiality of the Licensee's own Confidential Information.
- (d) **Limitation on Disclosure.** A Licensee may disclose Confidential Information to its employees or agents under the control and direction of the Licensee only in the normal course of business and on a need to know basis within the scope and purpose of this Agreement. Provided, however, prior to any disclosure all such agents shall have entered into written agreements with the Licensee requiring such agents to treat and use all such Confidential Information in a manner consistent with the terms and conditions of this Agreement. Except as expressly set forth herein, no licenses under any patent, copyright or other intellectual property rights of either Party are granted.
- (e) **Return of Confidential Information.** Upon any termination, cancellation, or rescission of this Agreement, a Licensee shall, at the option of the Licensor: (i) surrender and deliver all Confidential Information of the other Party, including all copies thereof; or (ii) destroy the Confidential Information and all copies thereof

and provide satisfactory evidence of such destruction to the Licensor within one (1) month following termination.

- (f) **Disclosure of Software Constitutes Incurable Material Breach.** Licensee acknowledges and agrees that any disclosure of the Licensed Software to a third party in violation of the terms of this Agreement constitutes a material, incurable breach of this Agreement and shall result in the automatic termination of this Agreement and the immediate termination of all licenses granted to Licensee by this Agreement. Licensee further agrees that it shall be strictly liable for all damages to Licensor that result from any disclosure of the Licensed Software to any third party

11. General.

- (a) **Relationship of the Parties.** The Parties hereto are and shall remain independent contractors. Nothing herein shall be deemed to establish a partnership, joint venture, or agency relationship between the Parties. Neither Party shall have the right to obligate or bind the other Party in any manner to any third party.
- (b) **Assignment/Sublicense.** Licensee shall not, directly or indirectly, by operation of law or otherwise, transfer or assign the Licensed Software or this Agreement, or transfer, assign or sublicense any license rights granted hereunder, in whole or in part, without having secured the prior written consent of Licensor, which consent shall be at Licensor's sole discretion. Any attempted assignment in violation of this Section (b) shall be void.
- (c) **Notices.** All notices required to be given pursuant to this Agreement shall be transmitted either by (i) delivery in person, (ii) registered mail, (iii) certified mail, return receipt requested, or (iv) overnight mail, addressed to the Party to be notified at the following address or to such other address (or person) as such Party shall specify by like notice hereunder:

If to Licensor, addressed to:

KSS Franchising LLC
770 W. Gladys, Unit 1
Chicago, IL 60661
E-mail: _____

If to Licensee, addressed to:

E-mail: _____

- (d) **Compliance with Laws.** Each Party shall comply with all applicable state, federal and local laws, executive orders and regulations in the performance of its obligations under this Agreement.
- (e) **Headings.** The headings and captions appearing in this Agreement have been inserted for the purposes of convenience and ready reference only and do not purport to and shall not be deemed to define, limit or extend the scope or intent of the provisions to which they appertain.
- (f) **Form.** Where the context so admits, words and expressions appearing in the singular in this Agreement may be interpreted in the plural, and vice versa.
- (g) **Integration.** This Agreement constitutes the entire agreement between the Parties and supersedes all prior agreements and understandings between them, whether written or oral, between them relating to the subject matter of this Agreement. This Agreement may not be supplemented, explained or interpreted by any evidence of trade usage or course of dealing.
- (h) **Modification or Amendment.** No modification to, amendment of, or other change in this Agreement shall be binding on either Party unless it is in writing and signed by authorized representatives of both Parties.
- (i) **Waiver.** No waiver of any provision of this Agreement shall be effective unless made in writing and signed by the waiving Party, nor shall any such waiver, if made, constitute a waiver of any subsequent breach of the same or of any other provision of this Agreement.
- (j) **Force Majeure.** Neither Party shall be liable to the other by reason of any failure of performance hereunder (except obligations to pay) if such failure arises out of causes beyond such Party's reasonable control, despite the reasonable efforts, and without the fault or negligence of such Party. A Party experiencing such an event shall give as prompt notice as possible under the circumstances.
- (k) **Fees and Expenses.** If either Party institutes an action to enforce this Agreement or any of its terms, the prevailing Party shall also be entitled to recover all of its costs, expenses and reasonable attorneys' fees.
- (l) **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument.
- (m) **Authority to Contract.** Each Party represents that it has the full power and authority to enter into this Agreement and to convey the rights herein conveyed.

(n) **Severability.** If any provision of this Agreement is held invalid or unenforceable under any applicable law, such invalidity or unenforceability will not affect any other provision of this Agreement that can be given effect without the invalid or unenforceable provision, and this Agreement shall be construed as if said invalid or unenforceable provision had not been contained herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in duplicate by their duly authorized corporate officers as of the day and year first above written.

Licensee: KSS Franchising LLC

Dated: _____

By: _____

Name: [Signer's Name]

Title: [Signer's Title]

Licensor: _____

Dated: _____

By: _____

Name: [Signer's Name]

Title: [Signer's Title]

Exhibit G

STATE ADDENDUM

Some administrators of franchise regulations states may require us to enter into an addendum to the Disclosure Document and/or the Franchise Agreement describing certain state laws or regulations which may supersede the Disclosure Document or Franchise Agreement. If you are in a registration state which requires an addendum, it will be found in this exhibit.

KSS FRANCHISING LLC
ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

The Franchise Disclosure Document of KSS Franchising LLC for use in the State of Illinois is modified in accordance with the following:

Illinois law shall apply to and govern the Franchise Agreement.

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

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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.

**KSS FRANCHISING LLC
ADDENDUM TO THE FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Addendum is to a Franchise Agreement between KSS Franchising LLC and _____ (Franchisee) executed simultaneously with this Addendum to amend said Agreement as follows:

1. Illinois law shall apply to and govern the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
5. Payment of the Initial Franchise Fee will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.
6. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any 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, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the dates below each signature.

KSS FRANCHISING LLC
An Illinois limited liability company

FRANCHISEE: _____
A _____

By _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

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	Not registered
Hawaii	Not registered
Illinois	April 26, 2023
Indiana	Not registered
Maryland	Not registered
Michigan	Not registered
Minnesota	Not registered
New York	Not registered
North Dakota	Not registered
Rhode Island	Not registered
South Dakota	Not registered
Virginia	Not registered
Washington	Not registered
Wisconsin	Not registered

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.

COPY FOR YOU

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZED PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding Agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

If we do 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 the appropriate state agency identified in Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise:
Mukesh Muthu, 770 W. Gladys Avenue, Unit 1, Chicago, IL 60661, 312-757-5000.

and check and fill in as applicable

Issuance date: April 26, 2023

See Exhibit A for our registered agents authorized to receive service of process.

I have received the Kids STEM Studio Franchise Disclosure Document issued on April 26, 2023. This disclosure document included the following exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement (with exhibits)
- C. Franchisee Disclosure Acknowledgement Statement
- D. Financial Statements
- E. Lists of Current and Former Franchisees
- F. Software License Agreement
- G. State Addendum (if applicable)

Date: _____

Individually or as an officer or member/manager of

a (_____) corporation

or (_____) limited liability company

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZED PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

If we offer you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding Agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

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- F. Software License Agreement
- G. State Addendum (if applicable)

Date: _____

Individually or as an officer or member/manager of

a (_____) corporation

or (_____) limited liability company