FRANCHISE DISCLOSURE DOCUMENT

KidStrong Franchising LLC
A Delaware limited liability company
5 Cowboys Way, Suite 300
Frisco, Texas 75034
(859)806-1035
www.kidstrong.com

We license the right to operate **KIDSTRONG®** franchised Centers (each, a "Center" or "Franchised Business"), which offer "whole child" development programs focused on building stronger kids through innovative training, including in the areas of physical fitness, leadership, and confidence building.

The total investment necessary to begin operation of a **KIDSTRONG®** franchised business is $191,400 to $297,250 (for a one-floor model), and $256,650 to $349,950 (for a two-floor model). This includes initial fees ranging from $67,500 to $105,000 that must be paid to us or our affiliate.

We offer qualified individuals the right to own and operate between three (3) and ten (10) Centers in a designated development area by entering into an Area Development Agreement ("ADA"). The total initial investment necessary to begin operating under the ADA ranges from $221,400 (for the development of three Centers) to $449,950 (for the development of ten Centers). This includes initial fees ranging from $97,500 (for the development of three Centers) to $205,000 (for the development of ten Centers) that must be paid to us or our affiliate.

This FDD summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this FDD and all accompanying agreements carefully. You must receive this FDD at least 14 calendar-days before you sign a binding agreement with, or make any payment to, us 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 FDD in another format that is more convenient for you. To discuss the availability of disclosure in different formats, contact KidStrong HQ, Attention: Laura Fetters, 5 Cowboys Way, Suite 300, Frisco, Texas 75034, 859-806-1035.

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

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

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

Issuance Date: April 30, 2021.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits D (current franchisees) & E (former franchisees).
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 in providing support to my business?	Item 21 or Exhibit C 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 **KIDSTRONG®** 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 **KIDSTRONG®** franchisee?	Item 20 or Exhibits D and E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

“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 H.

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 Texas. 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 Texas than in your own state.

2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

MICHIGAN NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

(a) A prohibition of the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee asset to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure each failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market at least the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchised business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months' notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchises of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right to first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibits a provision that grants the franchisor the right acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the attorney general's department for the state of Michigan, Consumer Protection Division, Franchise Section, 670 Law Building, 525 W. Ottawa Street, Lansing MI 48913, 517-373-7117

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

This Franchise Disclosure Document ("FDD") provides certain information about the Franchisor, KidStrong Franchising LLC, and the terms on which KidStrong Franchising LLC currently offers franchises in the United States.

Throughout this FDD, all references to "Company" or "we," "us," or "our" unless the context otherwise requires, refer to KidStrong Franchising LLC. The person who is inquiring about or is granted the right to operate the franchise is referred to in this FDD as "you" or "your." If you are a corporation, limited liability company, partnership or other type of legal entity, the provisions of the Franchise Agreement and area development agreement also apply to your owners by virtue of our requirement that your owners personally guarantee, and be personally bound by your obligations under the Franchise Agreement. Our agents for service of process are listed in Exhibit H of this FDD.

The Franchisor, Its Predecessors, Affiliates, and Parents

KidStrong Franchising, LLC is a limited liability company that was formed under Delaware law on July 31, 2019. We conduct our business under our Company name and "**KIDSTRONG®.**" Our principal business address and registered office is 5 Cowboys Way, Suite 300, Frisco, Texas 75034, 859-806-1035. Our registered agent at that address is Matt Sharp, 5 Cowboys Way, Suite 300, Frisco, Texas 75034. We offer and sell franchises for **KIDSTRONG®** Centers. We are engaged only in the business activities that relate to franchising **KIDSTRONG®** Centers and have not offered franchises in any other lines of business. We do not operate a business of the type being franchised. We have no predecessors and no affiliates that offer franchises in any other line of business. Except as disclosed below, we have no predecessors and no affiliates that lease or sell products or services to **KIDSTRONG®** franchisees.

We do not own or operate **KIDSTRONG®** Centers directly. Our affiliates own and operate **KIDSTRONG®** Centers that are referred to throughout as "company-owned" or "corporate" locations.

Our parent is KidStrong, Inc. KidStrong, Inc. was organized in the state of Delaware on January 30, 2018 and shares our principal business address.

Our affiliate, Skilz, LLC, currently owns the marks and other intellectual property the franchisee uses in the United States, including all trade secrets and other confidential or proprietary information, copyrights, patents, and rights in computer programs and other applications. Skilz, LLC was formed under the laws of the state of Kentucky on November 27, 2015.

Our affiliate, KidStrong Equipment Inc., a Delaware limited liability company formed on October 28, 2021, is the designated supplier of certain KidStrong® equipment to System franchisees. KidStrong Equipment Inc. shares our principal business address.

Our affiliates have not offered franchises in this or any line of business. Other than as disclosed above, as of the issuance date of this FDD, the Company has no parents, predecessors or affiliates required to be disclosed in this Item.

The Franchise

A **KIDSTRONG®** franchise offers a "whole child" development program focused on building stronger kids through innovative training, including in the areas of physical fitness, leadership, and confidence building. The **KIDSTRONG®** curriculum is based on the latest in developmental science and leverages experts in the field of pediatric occupational therapy, child development, sports physiology, and physical education. **KIDSTRONG®** aims to help kids win at life by focusing on three key pillars: brain, physical and character development. Before we engage in any substantive conversations with you, we may require you to sign a confidentiality agreement.

If you are awarded a **KIDSTRONG®** franchise, you will be required to sign the Franchise Agreement (the "Franchise Agreement") disclosed in this Disclosure Document, which licenses you the right to operate the **KIDSTRONG®** franchise (the "Franchised Business" or the "Center") under the trademarks, service marks, trade dress, trade symbols and commercial symbols we designate (collectively, the "Marks"). You must operate the Franchised Business in accordance with the terms of the Franchise Agreement, which includes, among other obligations, the requirements that you (a) offer and sell all services, products and merchandise we designate, and (b) operate the Franchised Business in accordance with our operations manual and the "System" (as defined herein). Our "System" consists of the business methods, designs and arrangements for developing, opening and operating **KIDSTRONG®** Centers. The System includes, among other things, the Marks, building designs and layouts, equipment, training, business standards and policies, all of which we may improve, further develop and/or otherwise modify at any time. We have the right to modify, change, and/or alter the Marks at any time.

An average Center will be between (a) 2,000 square feet and 2,400 square feet for a one-floor model; and (b) 3,500 to 4,500 square feet for a two-floor model. **KIDSTRONG®** Centers will most likely be located in suburban areas, in business districts and lifestyle centers. Your Center will be open year round, closing only on selected holidays. You must submit your proposed site to us for our approval before you sign any letter of intent or lease agreement.

If any of our affiliates elects to sell you a corporate location, our affiliate will negotiate with you to reach a mutually agreeable purchase and sale agreement. You will be required to sign our then-current form of agreement as a condition of acquiring a corporate location, which agreement may be modified, as we deem necessary, to take into consideration the fact that the location is an existing, operational **KIDSTRONG®** Center ("Franchise Agreement").

In addition to our single-unit offering, we grant qualified individuals the right to own and operate multiple Centers through an Area Development Agreement (the "ADA"). If you sign an ADA, you are required to develop a certain number of Franchised Businesses in the area designated in the ADA as the "Development Area" in accordance with the development schedule attached to the ADA (the "Development Schedule"), which will be between three (3) and ten (10) total Outlets as we determine using our then-current criteria. We reserve the right to grant you the right to open more than ten (10) Outlets in our sole discretion. A copy of the ADA is attached as Exhibit B. For the first Outlet you develop under the ADA, you must sign the form of Franchise Agreement attached to this disclosure document as Exhibit A. For your second and each subsequent Outlet, you must sign our then-current form of Franchise Agreement before you open each subsequent Center. The then-current Franchise Agreement may contain materially different terms as compared to the form of Franchise Agreement attached to this FDD as Exhibit A. We also have the right to require you to sign a general release as a condition to our granting you the right to enter into your second and each subsequent Franchise Agreement. A current copy of our form of sample general release is attached to this FDD as Exhibit J.

The Market and Competition

The general market for this business is well developed and highly competitive. The market can change based on local, regional and national economic conditions, changes in consumer tastes, and increases in the number and types of personal Center. Various factors can adversely affect the childhood development industry including inflation, the availability of suitable sites, fluctuating interest and insurance rates, state and local regulations and licensing requirements, and the availability of an adequate number of qualified employees and coaches. In addition, other national and regional chains with greater financial resources may offer similar or competitive programs. Your ability to compete will be primarily dependent on your site, general economic conditions in your area, market saturation, and your abilities as an operator of the Center. Affiliation and use of our System does not guaranty a successful or profitable operation. Our business is not substantially seasonal. Your competitive advantage will be based on your adherence to our standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service.

Regulations

The Franchised Business is subject to the laws and regulations in your county, state and municipality pertaining to businesses generally and laws pertaining to the regulation of childhood development Centers, and Centers offering the types of services and products offered by **KIDSTRONG®** Franchised Businesses. These laws and regulations may include those related to consumer protection, operations and licenses (including, without limitation, all government regulations relating to occupational hazards and health, consumer protection, trade regulation, worker's compensation, and unemployment insurance). Some state laws may limit the length and terms of your customer's membership contracts, provide certain consumer rights, and may require you to obtain a bond. State or local regulations may require you to post specific notices to customers of your Franchised Business.

We have not investigated the laws or regulations applicable to your Center. You are solely responsible for investigating and complying with all applicable federal, state, and local laws and regulations at your sole cost and expense. You are strongly encouraged to complete this investigation and the costs associated with compliance before you sign any Franchise Agreement or ADA. We also strongly suggest that you consult with an attorney, consultant and/or financial advisor regarding this franchise opportunity and the applicable laws and regulations before purchasing a franchise from us. Applicable laws and regulations are subject to change.

ITEM 2. BUSINESS EXPERIENCE

Co-Founder and CEO: Matt Sharp
Matt Sharp is a Co-Founder and has served as CEO since our inception. Mr. Sharp concurrently serves as: (a) CEO of Kidstrong, Inc. based out of Frisco, Texas (from January 2016 to present); (b) President and Co-Founder of Causely based out of Lexington, Kentucky (from March 2011 to January 2018); (c) Owner-operator of CrossFit Maximus based out of Lexington, Kentucky (from August 2009 to present). Mr. Sharp previously served as President of SocialSign.in based in New York, New York from January 2018 through August 2018.

Co-Founder and Head of Coaching: Megin Sharp
Megin Sharp is a Co-Founder and has served as Head of Coaching since our inception.

Chief Operating Officer: Megan Stein
Megan Stein is our Chief Operating Officer and Co-Founder and has held this position since our inception. Ms. Stein previously owned and operated OrangeTheory Fitness franchises located in Mesquite, Texas (from November 2016 to Aug 2019) and Arlington, Texas (from Feb 2018 to Aug 2019). Before joining us, from April 2009 through January 2017, Ms. Stein worked for Yum! Brands in various supply chain, marketing, and operation roles. Her last position was Head of Pizza Hut Express, International for Yum! Brands based out of Plano, Texas, which position she held from April 2014 to January 2017.

Director of Franchise Development: Laura Fetters
Laura Fetters is our Director of Franchise Development and has held this position since our inception. Ms. Fetters previously served as a Business Consultant for Sylvan Learning based out of Hunt Valley, Maryland (from May 2016 to March 2021). Before joining us, Ms. Fetters held the following positions: from April 2013 through May 2016, Business Consultant for Rita's Ice and Custard based out of Trevose, Pennsylvania.

Chairman of the Board and Co-Founder: Lincoln Brown
Lincoln Brown, one of our Co-Founders, is the Chairman of our Board of Directors and has held this position since our inception. Mr. Brown has also held/holds the following positions: (a) Growth lead for Michael Bloomberg for President (from November 2019 through the present); (b) SVP of Games for Zynga (from June 2013 through December 2016); (c) Investor through Diligent Ventures (from January 2017 through the present); (d) Board of Skyfii (ticker: SKF) (from January 2017 through the present); and (e) Owner-operator of Crossfit Maximus (from June 2009 through the present).

ITEM 3. LITIGATION

No litigation must be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5. INITIAL FEES

The fees disclosed in this Item 5 are uniformly imposed and non-refundable.

Franchise Agreement

Initial Franchise Fee

You must pay us an initial franchise fee of $30,000 in the form of cashier's check, wire transfer or other form of payment acceptable to us (the "Initial Franchise Fee") when you sign the Franchise Agreement. The Initial Franchise Fee is uniform for all franchises offered under this Disclosure Document and is non-refundable upon payment.

Equipment Package Fee

You must purchase an equipment package from us or our affiliate, as we designate, before you open the Center. As of the issuance date of this Disclosure Document, the equipment package includes the following: rigs, box jumps, Bosu, weight plates, slam balls, wedges, parallettes, Klimber™, Krawlers™, beams, a desk, and flooring. The cost of equipment package (the "Equipment Package Fee") ranges from (a) $37,500 for a single floor model, to (b) $75,000 for a two floor model.

Area Development Agreement

If you acquire rights under an ADA, you must pay an Area Development Fee to us when you sign the ADA (the "Development Fee"). The ADA will identify the Development Area within which you are required to develop Outlets, as well as the total number of Outlets you are required to develop (the "DA Outlets" or "Development Area Outlets"). We anticipate granting the right to develop between three (3) and ten (10) total Outlets, as we determine using our then-current criteria. The Development Fee is calculated by multiplying the number of DA Outlets to be developed, by $10,000. Accordingly, the Development Fee you must pay under the ADA will range from: (a) $30,000 (for the development of three (3) Outlets), to (b) $100,000 (for the development of ten (10) Outlets). We reserve the right to grant you the right to open more than ten (10) Outlets in our sole discretion. The Development Fee under ADAs signed under this Disclosure Document is calculated uniformly and is non-refundable upon payment.

If you sign an ADA, in addition to the Development Fee, you must pay the Initial Fees required under each Franchise Agreement you sign under the ADA.

Purchase of Corporate Location

If you purchase an existing Center from one of our affiliates, our affiliate will negotiate with you to reach a mutually acceptable purchase and sale agreement. The terms of this agreement and the purchase price for the assets will vary.

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ITEM 6. OTHER FEES[1]

Type of Fee	Amount	Due Date	Remarks
Royalty	During the first 30 months of the initial term, the Royalty Fee is equal to 7 % of Gross Sales; During the period commencing on the 31st month and continuing through the expiration of the 60th month of the term, the Royalty Fee is equal to 7.75%; During the period commencing on the 61st month and continuing through the expiration of the initial term, the Royalty Fee is equal to 8.5% of Gross Sales.	Deducted weekly from your bank account via an Electronic Funds Transfer System ("EFT")	See Note 2.
Brand Fund Contribution	Up to 1.65% of Gross Sales for the prior month	Deducted monthly from your bank account via EFT	See Note 3.
Marketing Services Fee	Currently $750 per month, with a three month minimum commitment	Deducted monthly from your bank account via EFT	See Note 3.
Local Advertising Deficiency Fee	The greater of: (a) 5% of Gross Sales, or (b) between $1,000 and $2,000 per month (as determined by Franchisor)	Payable to 3rd Party Vendors	See Note 4.
Technology Fee	Our then-current fee; ($550 per month as of the issuance date of this Disclosure Document, subject to increase on notice to you)	Deducted monthly from your bank account via EFT	You must begin paying the monthly Technology Fee when you begin the pre-sales marketing for the Center. You agree to pay all fees assessed by us and/or designated or approved suppliers in connection with the development and maintenance of the website, and the development,

Type of Fee	Amount	Due Date	Remarks
			installation and maintenance of current and future developed software programs and platforms. We anticipate the Technology Fee will be increased to $750 per month commencing in January 2022. See Note 5.
Late Fee/ Interest/ Declined Payment Fee	Late fee of 3%; Fees and Costs Incurred/Interest at 18%	Immediately when assessed	If you are delinquent in payments due under your Franchise Agreement, we will assess late fees and interest. See Note 6.
State and Local Taxes	Variable	When assessed (if assessed)	If we are assessed state or local sales, use, property, or similar taxes based on your Gross Sales or on our receipt of fees from you (but excluding our ordinary income taxes or receipts taxes for fees due to it), then you will pay those taxes to us or the taxing authority.
Successor Franchise Fee	$7,500 or 25% of our then-current initial franchise fee for new franchisees, whichever is greater	Upon executing successor agreement	You must pay a successor franchise fee when you exercise your right to enter into a successor Franchise Agreement. There are various other conditions you must meet for us to approve your successor agreement request.
Audit	Variable	Upon completion of audit, if due	If we elect to audit your finances, and audit reveals understatement of Gross Sales of 3% or more, then you will reimburse us for the costs of the audit.
Transfer Fee	$7,500 or 25% of our then-current initial franchise fee for new franchisees, whichever is greater	Prior to effective date of transfer	We have the right to condition the proposed sale or transfer of your Center or of your interest in the Center upon your payment of a transfer fee. There are various other conditions you must meet for us to approve your transfer request.
Minority Owner Transfer Fee	$750	Upon submission of request to add additional owner	If you are a legal entity and you request consent to bring on a minority owner in the legal entity after signing the Franchise Agreement, you must pay to us the “Minority Owner Transfer Fee” of $750, due and payable to us when you submit your request. Note, if your change in ownership results in a change in control of the franchisee entity, we may charge you the full Transfer Fee.

Type of Fee	Amount	Due Date	Remarks
Fees and Costs of Dispute Resolution	Variable	Pursuant to judgment	Prevailing party in litigation is entitled to recover reasonable costs, experts', and attorneys' fees.
Indemnity-related fees and costs	Variable	As incurred	You are required to defend and indemnify us for any third-party claims based on your acts or breaches of the Franchise Agreement.
Insurance Reimbursement	Cost of insurance. If you fail to maintain your insurance as required, we have the right to procure insurance on your behalf and charge an 18% administrative fee in addition to the cost of the insurance	As required by insurer or broker	See Item 8 of this Franchise Disclosure Document for more information regarding the types and amounts of insurance you must maintain.
Regional Advertising Ad Co-op	An amount determined by a majority of Ad Co-op members, which amount will not exceed the amount of the Local Advertising Fee (the greater of: (a) 5% of Gross Sales or (b) between $1,000 and $2,000 per month (as determined by Franchisor))	Monthly in the manner required by the Ad Co-op	We have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative for each type of Center ("Ad Co-op"), and to determine whether you must participate in an Ad Co-op. You will receive credit for Ad Co-op contributions against the Local Advertising Requirement.
Additional Training	Our then-current rates; As of the issuance date of this Disclosure Document, rates for additional training include (a) $250 per day per person per training session; and (b) $2,000 for coaches training (divided by the number of coaches attending the training)	At time of additional training	Subject to the availability of our training personnel, we will train your additional and/or replacement directors and head coaches at our then- current tuition rate, excluding transportation, lodging, and meals (which you will be responsible for covering).
Financial Records and Reports	Cost of preparing Gross Sales Reports and other reports required by us	As required by bookkeeper and/or certified public accountant	See Note 7.
Supplier Approval/ Testing Costs	Costs of testing and evaluating supplier	When incurred	If we incur any costs in connection with testing a particular product or evaluating a supplier at your request, you must pay us a fee to reimburse us for our reasonable testing costs,

Type of Fee	Amount	Due Date	Remarks
			regardless of whether we subsequently approve the product or supplier.
Post-Termination and Post- Expiration Expenses	Costs and expenses associated with your ceasing of and de-identification with the business	When incurred	Upon termination of the Franchise Agreement by either us or you, regardless of the cause, and upon expiration and nonrenewal or transfer of the Franchise Agreement, you must pay all costs and expenses associated with your ceasing operation of the Center and de-identifying yourself with the System.
Annual Convention	Then-current registration fee	As incurred	We are permitted to establish an annual convention or meeting of franchisees (the "Annual Convention"), which you and your Center Director ("Center Director") will attend if required by us. We reserve the right to charge a registration fee for attendance at the Annual Convention and you will pay the travel, accommodations, wages, and all other expenses for your representatives attending the Annual Convention.
Center Telephone Number	Then-current fee for establishment, operation and maintenance of the telephone number	As incurred	You must obtain a new telephone number and telephone listing at your expense, to be listed under the "**KIDSTRONG®**" name and not under your corporate, partnership, or individual name, and to be used exclusively in connection with your operation of the Center.
Camera System	Then-current cost to maintain the camera system Currently, $200 to acquire the camera system, and $6 per month (optional maintenance fee)	As incurred	You will purchase, install and maintain the camera system specified by us. Such system will be turned on and operational at all times during the term of the Franchise Agreement and accessible to us for monitoring on the Internet or otherwise.
Product Non-Compliance Fee	$250 per occurrence	As incurred	If we discover you are selling unauthorized or unapproved products from your Center, you must pay us a non-compliance fee equal to $250 ("Non-Compliance Fee"). Additionally, if you fail to remedy this non-compliance within 14 days

Type of Fee	Amount	Due Date	Remarks
			notification, we will assess the Non-Compliance Fee again and will continue to assess the fee every 14 days until the non-compliance is cured.
Liquidated Damages	Aggregate Royalty Fees and Brand Fund Contributions due to us during the 36 month immediately preceding termination	Upon termination	If the Franchise Agreement is terminated as a result of your default prior to the expiration of the Term, you must pay us liquidated damages equal to the aggregate Royalty Fees and Brand Fund Contributions accrued under your Franchise Agreement during the 36 full calendar months during which the Center was open and operating immediately before the termination date. If the Center has not been open and operating for 36 months before the termination date, liquidated damages shall be equal to the average Royalty Fees and Brand Fund Contributions accrued under the Franchise Agreement for all months during which the Center was open and operated, multiplied by 36.
Hiring Fee	$50,000	Upon invoice	If you hire any person who is or who was, within the 60 days preceding the date of hire, employed by us or any of our affiliates, you must pay us a Hiring Fee of $50,000.
Development Agreement Extension Fee	$2,500 per month	Monthly	If, despite using your best efforts, you fail to meet an opening deadline under your Area Development Agreement, you may apply for a 6 month extension to the opening deadline by submitting a written extension request detailing the efforts you have undertaken to meet the development deadline and the reason for the delayed opening. If we grant the 6 month extension, you must pay a monthly extension fee of $2,500 per month.

Notes:

Note 1. Unless otherwise indicated, all fees are payable only to us for our account, and we intend to impose them uniformly. All fees are nonrefundable. We require that all fees payable to us or our affiliates be paid through an electronic funds transfer, including automatic debits from your bank account, unless we specify otherwise.

Note 2. You must pay us a continuing Royalty Fee on a weekly basis. During the first 30 months of the initial term, the Royalty Fee is equal to 7% of Gross Sales. During the period commencing on the 31^{st} month and continuing through the expiration of the 60^{th} month of the initial term, the Royalty Fee is equal to 7.75% of Gross Sales. During the period commencing on the 61^{st} month and continuing through the expiration of the initial term, the Royalty Fee is equal to 8.5% of Gross Sales. The weekly Royalty Fee will be automatically deducted from your bank account each week on the day we designate. "Gross Sales" means the total amount of all revenue derived in connection with the franchised business, including all revenues generated through operation of the Franchised Business (whether generated in, at or from the Franchised Business), and includes member fees, enrollment fees, member dues, revenues derived in connection with any goods and services leased or sold by you, and all other income of any kind or nature related to the Franchised Business; except that "Gross Sales" does not include any sales tax collected from your customers and tendered to any taxing authority. Your obligation to begin paying the Royalty Fee begins on the date your Center begins pre-sales.

You must use the commercial billing service and the computer program associated with this service, as we designate, to process payment from members, including member enrollment, dues, activity fees and other fees. You must allow the commercial billing service to allow us the unrestricted right to access and review all of your records and reports related to your Center operations, including, without limitation, all Gross Sales information and financial reports. If we require, you must send us monthly, signed Gross Sales reports ("Monthly Reports") within 15 days of the conclusion of each month for the Gross Sales generated in the immediately preceding month. The Monthly Reports must set forth your monthly Gross Sales generated during the previous month, and any other information we may require. We may change the form and content of the Monthly Reports periodically. The royalty must be paid on a weekly basis (unless we specify otherwise), via EFT, under which we automatically deduct all payments owed to us under the Franchise Agreement, and any other agreement between you and us, from your bank account. Upon written notice to you, we may designate another method of payment.

Note 3. You must pay to us or our designee the monthly Brand Fund Contribution on or before the 15^{th} day of each month via EFT. Your obligation to begin paying the Brand Fund Contribution begins on the date your Center opens for business. You must pay to us a monthly marketing support services fee for administration of online marketing spend and lead generation spend. Currently, this fee is $750 per month. If you own and operate multiple Centers, this fee may be reduced, as we determine in our discretion.

Note 4. Each month, you will spend of the greater of (a) five percent (5%) of your Gross Sales for the preceding month, or (b) between $1,000 and $2,000 (as we determine), on local advertising, marketing, and promotions within the area reasonably surrounding the Franchised Business location. You shall provide to us a report documenting all local advertising expenses in the Monthly Report. You may, in your sole discretion, expend additional amounts on local advertising.

Note 5. You must begin paying the monthly Technology Fee to us on the date you begin your pre-sales marketing campaign. You agree to pay all fees assessed by us and/or designated or approved suppliers in connection with the development and maintenance of the website, and the development, installation and maintenance of current and future developed software programs.

You shall pay all such fees in accordance with the EFT Program or by another form of payment specified by us in our sole discretion.

Note 6. If the payment of any fee is denied or declined by your bank or financial institution, or if any other method of payment provided by you fails to allow us to receive when due any payment, then you will reimburse us for all costs incurred in connection with that denial or decline. All delinquent payments and sums due to us under any provision of the Franchise Agreement will bear interest at an annual percentage rate of 18% or the highest rate permitted by law, whichever is lower, and at our option, each delinquent sum will be subject to an administrative charge of 3% of the overdue amount per occurrence to partially compensate us for our efforts in accounting for and collecting delinquent sums.

Note 7. You must maintain for at least seven fiscal years from their preparation complete financial records for the operation of the Center in accordance with generally accepted accounting principles and must provide us, at our request, with Monthly Reports, annual financial reports and operating statements in the form we specify, state and local tax returns and unaudited quarterly profit and loss statements, and such other reports as we may from time to time require. You will keep accurate records and books of account in relation to the Franchised Business, including records of all goods and services provided to customers, all prices charged, and all Gross Sales received or credited, in a form and detail prescribed or approved by us in the Manual. You will acquire at your own expense and use any accounting or other record-keeping software (including any web-based software or system) required by us. We have the right to require you to utilize computer-based point-of-sale cash registers with non-resettable cash register receipts which are fully compatible with any computer program or system which we, in our discretion, may employ. If we require computerized cash registers, all Gross Sales and sales information will be recorded on this equipment. We will have full access to all of your data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at your sole expense.

ITEM 7. ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT UNDER A SINGLE-UNIT FRANCHISE AGREEMENT FOR A SINGLE FLOOR MODEL [1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee[2]	$30,000	Cash	Upon signing the Franchise Agreement	Us
Pre-paid Rent and Lease Deposit[3]	$9,500 - $12,500	As Arranged	As Arranged	Landlord
Architect Fees	$6,000 - $12,000	Check or cash	As Arranged	Contractors
Leasehold Improvements[4]	$50,000 - $120,000 (new Center)	As Arranged	When work is performed	Contractors

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Fixtures, furnishings, and other fixed assets[5]	$3,000 - $4,000	Check or cash	Upon delivery	Approved or Designated Vendors
Equipment Package Fee[6]	$37,500 (includes training floor)	Check or cash	Upon ordering	Us or our affiliate
Electronics[7]	$3,500 - $4,000	As Agreed	Before Opening	Approved Vendor
Office Supplies	$400 - $500	Check or cash	Upon delivery	Approved or Designated Vendors
Vinyl	$5,000 - $7,000	As agreed	As arranged	Approved or Designated Vendors
Signage[8]	$4,000 - $10,000	Check or cash	Upon installation	Third-Party Suppliers
Permits, Licenses and Legal/Professional Services	$5,000 - $7,000	Check or cash	Upon application	Cities and counties
Training (transportation, lodging, etc.)[9]	$2,000 - $4,000	Cash	When incurred	Vendors, hotels, employees, etc.
Retail and Print	$5,000- $8,000	Check or cash	Upon application	Vendors, regulatory agencies and other 3rd parties
Initial Pre-Sales Marketing and Grand Opening Event[10]	$15,000 - $20,000	As incurred	As incurred	Approved Marketing Vendor
Insurance Deposits[11]	$500 - $750	Cash	When incurred	3rd parties
Additional Funds (3 Months)[12]	$15,000 - $20,000	As incurred	As incurred	Employees, vendors, etc.
Total	$191,400 - $297,250			

B. YOUR ESTIMATED INITIAL INVESTMENT UNDER A SINGLE-UNIT FRANCHISE AGREEMENT FOR A TWO-FLOOR MODEL[1]

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Initial Franchise Fee[2]	$30,000	Cash	Upon signing the Franchise Agreement	Us
Pre-paid Rent and Lease Deposit[3]	$21,500 - $25,500	As Arranged	As Arranged	Landlord

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Architect Fees	$9,500 - $12,500	Check or cash	As Arranged	Contractors
Leasehold Improvements[4]	$60,000 - $120,000 (new Center)	Check or cash	When work is performed	Contractors
Fixtures, furnishings, and other fixed assets[5]	$3,000 - $4,000	Check or cash	Upon delivery	Approved or Designated Vendors
Equipment Package Fee[6]	$75,000 (includes floor)	Check or cash	Upon ordering	Us
Electronics[7]	$4,500 - $5,700	As Agreed	Before Opening	Approved Vendor
Office Supplies	$400 - $500	Check or cash	Upon delivery	Approved or Designated Vendors
Vinyl	$5,000 - $7,000	As agreed	As arranged	Approved or Designated Vendors
Signage[8]	$4,000 - $10,000	Check or cash	Upon installation	Third-Party Suppliers
Permits, Licenses and Legal/Professional Services	$5,000 - $7,000	Check or cash	Upon application	Cities and counties
Training (transportation, lodging, etc.)[9]	$2,000 - $4,000	Cash	When incurred	Vendors, hotels, employees, etc.
Retail and Print	$6,000 - $8,000	Check or cash	Upon application	Vendors, regulatory agencies and other 3rd parties
Initial Pre-Sales Marketing and Grand Opening Event[10]	$15,000 - $20,000	As incurred	As incurred	Approved Marketing Vendor
Insurance Deposits[11]	$750	Cash	When incurred	3rd parties
Additional Funds(3 Months)[12]	$15,000 - $20,000	As incurred	As incurred	Employees, vendors, etc.
Total	$256,650 - $349,950			

Notes to Tables A and B:

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. The Initial Franchise Fee is $30,000. The Initial Franchise Fee is described in greater detail in Item 5 of this Franchise FDD.

Note 3. You must lease or sublease a location at which to operate the Center. Real estate expenses will vary based on the Center's location and size. An average Center will be between (a) 2,000 square feet and 2,400 square feet for a one-floor model; and (b) 3,500 to 4,500 square feet for a two-floor model. Figures above include the estimated cost of lease deposits plus three months' rent. Because of a number of variables, the costs projected in the chart for the lease deposit of the lease are an estimate only, and your initial investment may be higher or lower. Be sure to investigate all real estate costs thoroughly before signing a lease.

Note 4. The Center must conform to our standards and specifications for appearance, layout and design. We may provide you our specifications for construction, remodeling and decorating the Franchised Business and general floor plans and interior layout and design. You will submit to us for approval all construction and design plans for adapting our specifications to your Franchised Business, which plans will comply with any requirements identified by us. We will review those plans and will approve or disapprove them in writing no later than 30 days after receipt. You will ensure that all design, construction, and remodeling work is performed in a competent and professional manner, and that the Franchised Business meets all specifications identified by us. This figure includes general buildout costs. The high range is an estimate based on delivery of a cold, dark shell premises. The buildout figure includes the building permit. Alternatively, if you purchase a space to use for the Center instead of leasing a space, the upfront costs you will incur for leasehold improvements will greatly decrease because you will be able to include the costs for such improvements in the mortgage for the Center.

The costs incurred in connection with the design, remodeling, decorating and/or construction of a Center will vary greatly depending on a number of factors, including the size and location of the Center, as well as the amount of construction or remodeling needed and the prior use of the premises. You will employ qualified personnel to perform all design, construction, and remodeling work at the Franchised Business location. At our request, you will provide us with any requested information concerning the personnel employed by you for design, construction, or remodeling, and we are permitted to disapprove any of those personnel if we conclude that they are not reasonably qualified or financially capable of performing that work. At our option, you will employ any design, construction, and remodeling professionals identified by us. If you obtain financing from a third party for some or all of the construction costs, you will also have to pay interest on the amount borrowed. If leasehold improvement costs are estimated to exceed the amounts set forth in this FDD, you may wish to investigate and/or obtain an alternate site for your Center.

Note 5. You must purchase required furniture, fixtures, and fixed assets. The estimates for the furniture and fixture categories include metal cubbies, chairs, retail rack, refrigerator, coffee maker, storage racks, picnic table, six-foot table, change table, baby seat, desk, and hanging materials for equipment. You must purchase these items from our designated or approved suppliers and all such items must meet our current standards and specifications. These estimates will vary depending on the size of your Center and how far your Center is located from the shipping location, among other variables.

Note 6. You must purchase an equipment package from our affiliate, KidStrong Equipment Inc.

As of the issuance date of this Disclosure Document, the equipment package includes the following: rigs, box jumps, Bosu, weight plates, slam balls, wedges, parallettes, Klimber™, Krawlers™, beams, a desk, vinyl and flooring.

Note 7. You must purchase required electronic equipment, including televisions, stereo equipment, speakers, iPods, computer equipment and software, phone, camera, clock, wall mounts and a color printer. See Item 11 for more information about our current computer equipment requirements.

Note 8. This represents the expenses of acquiring exterior signage for the Center. The cost of signage will depend on the size and location of the Center, your landlord's particular requirements, local and state ordinances and zoning requirements. Unless we have designated an approved supplier to service your Territory, you may purchase signage from any third party supplier so long as the signage conforms to our standards and specifications.

Note 9. You are responsible for all expenses associated with attending our tuition-free initial training program, including your and your employees' transportation to and from the training site, lodging, meals, and employee wages during training. This figure also includes the expenses associated with up to three persons attending initial training (i.e. you, your Director and your Head Coach).

Note 10. You will conduct a pre-sales and grand opening marketing campaign. You must expend a minimum of $15,000 starting ninety (90) days in advance of opening the Center for business on this campaign (the "Pre-Opening Marketing Expenditure"). Your Pre-Opening Marketing Expenditure does not decrease or affect your obligations with respect to local advertising, any Ad Co-op, or any Brand Fund Contributions.

Note 11. You must obtain insurance policies protecting yourself and KidStrong Franchising LLC, and your and its respective officers, directors, partners, and employees, against any demand or claim for personal injury, death, or property damage, or any loss, liability, or expense arising from the operation of your Center. These policies must be written by a responsible carrier or carriers acceptable to us, and must include coverage that meets our minimum specifications. In the event that the coverage required by the lease and the Franchise Agreement differs, the higher limits will apply. You must provide us with a Certificate of Insurance evidencing this insurance coverage. This figure takes into account any insurance premiums for the first three months of operation of the Center.

Note 12. The estimate of additional funds is based on an owner-operated franchised business. It does not include any allowance for owner's draws. This estimate is based on our affiliates' experience in owning and operating **KIDSTRONG®** businesses. The Company estimates that, in general, you may expect to put additional cash into the business during at least the first 3 months of operation and sometimes longer but the Company cannot estimate or promise when, or whether, you will receive a positive cash flow or profits from the franchised business. We cannot guarantee that you will not have additional expenses starting the Franchised Business. Your costs will depend on factors such as: (a) how closely you follow our methods and procedures; (b) your management skill, experience and business acumen; (c) local economic conditions; (d) the local market for our services and products; (e) the prevailing wage rate; (f) competition; and (g) the sales level reached during the initial period.

C. YOUR ESTIMATED INITIAL INVESTMENT UNDER THE AREA DEVELOPMENT AGREEMENT[1]

If you sign an Area Development Agreement, you should review both the above tables of estimated initial investment expenses applicable to Franchise Agreements as well as the following table of fees.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Development Fee[2]	$30,000 (for the development of three units) to $100,000 (for the development of ten units). The Development Fee is calculated by multiplying by the number of DA Outlets to be developed by $10,000	Lump sum, non-refundable	When you sign the Area Development Agreement	Company
Initial Investment for the **First Center**[3]	$191,400-$349,950	See Chart 7(A & B) above. The low range is equal to the low range of the total from Chart 7(A), and the high range is equal to the high range of the total from Chart 7(B). See Note 3.		
Total Initial Investment	$221,400-$449,950 *Dependent on the number of Centers you commit to open under the development schedule*	In addition to the Development Fee, you will incur initial investment expenses for the development and opening of each Center you are obligated to open under the development schedule. The current estimated initial investment range for the development of a Center is disclosed in the above tables and is subject to adjustment and increase in the future.		

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. You must pay a Development Fee equal to $10,000 multiplied by the DA Outlets (as defined in Item 5). We anticipate entering into Development Agreements for the development of between three (3) and ten (10) Centers. The range in the above tables reflects the amount of the Development Fee for the development of three (3) to ten (10) Centers. We reserve the right to enter into Development Agreements for the development of more than ten (10) Centers.

Note 3. This estimated initial investment for each Center you are obligated to develop under the ADA is subject to change for future Centers, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Charts 7(A) and 7(B) above. As stated in the table above, the estimate included only applies to the first Center you open under the ADA. You will incur initial investment expenses for each Center you are obligated to open under the ADA, and that initial investment estimate may increase in the future.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

The Franchise Agreement includes restrictions on (a) the types of products, classes and services you are permitted to offer in connection with the operation of the Franchised Business, and (b) the sources of products, services, inventory, equipment and other items. We may require you to buy some or all products, services and items from us, our affiliates, and/or our designated suppliers. We may change our designations, including our lists of approved and designated sources of supply, at any time on notice to you. We may, in certain instances, permit you to select a vendor or supplier for certain goods or services, but in such an event, the goods or services you purchase must comply with specifications that we establish. We may communicate these obligations to you in any way we determine, including through the Manual or other written communications.

You must operate your Center in strict conformance with the Franchise Agreement and our methods, standards, and specifications which we prescribe in our confidential operating manual and various other confidential manuals and writings (collectively the “Manual”). We have the unrestricted right to change the Manual over time. The Manual may include class specifications, pricing requirements (to the fullest extent permissible under applicable law), minimum advertised pricing requirements, branding (including design, layout, décor, appearance, lighting and cleanliness standards and specifications), standards of customer service, safety, cleanliness, maintenance, remodeling, replacement of outdated, obsolete or worn out equipment, signage specifications, graphics and artwork specifications and standards, dress and uniform requirements, environmental care, consistency, training services, brand image, advertising, and promotion among other subjects and areas. We may require you to participate in in-house certification, videos and instruction that you must use when conducting **KIDSTRONG**® classes.

Required Purchases and Approved Suppliers

You may only offer approved services, classes and products (“Approved Services and Products”) at your Center. You are not permitted to offer or sell any other services, classes, products or items in connection with the operation of your Franchised Business. We will provide you with a list of the Approved Services and Products upon signing your Franchise Agreement. All Approved Services and Products must meet our standards and specifications. To: (i) better assure the quality of the Approved Services and Products; (ii) assure the supply of the Approved Services and Products; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase any and all items from us, our affiliates, and/or other suppliers or distributors approved or designated by us. Your purchase or lease of goods or services as required is an essential element of your compliance with the Franchise Agreement and the Manual, and your failure to do so will be a breach of the Franchise Agreement and may result in your loss of material benefits, including the termination of the Franchise Agreement. We may also develop certain equipment, products, marketing services and items which you must purchase from us and/or our affiliates and use and/ or offer for sale, as applicable, at or in connection with the operation of your Center.

We may formulate and modify our standards and specifications for products and services based upon the collective experience of our franchisees and our principals. Our standards and specifications are described in the Franchise Agreement, the Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the Center, including standards and specifications for services, products, signs, furnishings, supplies, fixtures and equipment by written notice to you or through changes in the Manual. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement. We will notify you of any change to our standards and specifications by way of written amendments to the Manual or otherwise in writing.

We estimate that, in establishing your Franchised Business, your purchases or leases of goods, equipment, and supplies made in accordance with our specifications (including from us, an affiliate or designated or approved vendors) will represent approximately 85% to 95% of all of your total purchases or leases of goods, equipment, and supplies. Once your Franchised Business is established, we estimate that, on an ongoing basis, your purchases or leases of goods, equipment, and supplies made in accordance with our specifications (including from us, an affiliate or designated or approved supplier) will represent approximately 45% to 55% of all of your purchases or leases of goods, equipment, and supplies.

Currently Required Purchases from Us or our Affiliates

As of the issuance date of this FDD, you must purchase the equipment package from us or our affiliate, as we designate. We and/or our affiliates will derive revenue and other material consideration on account of these purchases. The amount of markup and pricing for required purchase is unrestricted and subject to the absolute discretion of KidStrong Franchising, LLC to the fullest extent permissible under applicable law. Otherwise, as of the issuance date of this FDD, neither we nor any of our affiliates are approved suppliers of any item, equipment, product or service. We and our affiliates reserve the right to become approved suppliers, and/or the sole approved supplier of any item, equipment, product and/or service at any time. Without limiting these broad rights, we and/or our affiliate anticipate becoming the sole supplier of certain equipment and marketing services you will be required to purchase after the issuance date of this FDD.

Right to Derive Revenue & Material Consideration

We and our affiliates reserve the right to derive revenue and to receive consideration, including monetary payments and other benefits, from franchisees for goods or services that we and/or our affiliates sell or lease to them, and also from vendors who sell or lease products and/or services to our franchisees. During our fiscal year ended December 31, 2020, we derived $0 in revenue on account of our franchisees' required purchases. We and our affiliates reserve the right to derive revenue from the sale and/or lease of any and all goods, products, items and/or services to franchisees without restriction. We and our affiliates may impose mark-ups on any and all purchases and leases from us or our affiliates.

We do not currently have any third-party vendors or suppliers that pay us a rebate or any other consideration in connection with required franchisee purchases, but we reserve the right to collect these types of rebates or other consideration at any time in the future without restriction at any time. We and our affiliates also reserve the right to receive compensation from suppliers for creating or maintaining purchasing relationships. If we and/or our affiliates receive these rebates or payments, there will be no restriction on our and/or our affiliate's use of these monies. As of the issuance date of this FDD, we have not negotiated price discounts on items you are required to purchase from designated vendors. We reserve the right to enter into and to modify vendor arrangements at any time and are not under any obligation to ensure future price discounts on any item. Except as expressly disclosed in this Item, as of the issuance date of this FDD, we have not negotiated any purchase agreements with suppliers for the benefit of franchisees, but we reserve the right to do so at any time in the future.

As of the issuance date of this FDD, none of our officers currently own any interest in an approved supplier (other than the franchisor entity, KidStrong Franchising LLC, and our affiliate, Skilz, LLC). There currently are no purchasing or distribution cooperatives in place for the purchase or lease of goods or services by franchisees.

Approved and Designated Suppliers

We have the absolute right to limit the universe of suppliers with whom you are permitted to deal with in connection with the development and/or operation of the Franchised Business. We may designate exclusive suppliers for products, services and other items, without restriction. Your compliance in dealing with designated suppliers is of material importance to us, and to the System as a whole. You must use equipment, products and items purchased from approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

If you wish to purchase, lease or use any product, service or any other item (a) that we have not approved, or (b) from a supplier or distributor that is not on our approved list, you may request our approval of the proposed product, service, supplier or distributor, as applicable. We are not obligated to consider or to approve these requests. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate products, items, services and suppliers, as applicable, on a variety of criteria, which may include quality, price, responsiveness, reputation, timeliness, and experience, ability to service the entire franchise system, among others. We will make a reasonable effort to approve or disapprove any proposed item or supplier within thirty (30) days. If you do not hear back from us regarding our approval or disapproval, your request will be considered denied. Our evaluation may include a sampling of the service, equipment or product at either the supplier's/distributor's or our place of business, as determined by us. Where appropriate, the supplier or distributor will be required to provide us with indemnification rights and appropriate liability insurance (including products liability insurance) and to name us as an additional insured on their insurance policies. We may require the suppliers and distributors to provide information and reports to us containing all information we designate, including information with respect to all purchases by, and information regarding, our franchisees. If we approve a supplier you propose, the supplier or distributor will be added to our approved list, but our approval will relate only to the item or product line we evaluated and approved. We may provide our standards and specifications for goods and services directly to the proposed suppliers or to our approved and designated suppliers. We may charge you a fee for our review and evaluation of the proposed supplier, product and/or service, as applicable. The amount of this fee may vary and will depend on the costs we incur (including salaries) in inspecting and vetting the proposed product, service and/or supplier, laboratory fees (if applicable), legal fees, other professional fees and travel and living expenses. We may revoke our approval of particular products, services or suppliers at any time, in our sole discretion. Upon receipt of written notice of such revocation, you must cease purchasing products from such supplier.

Insurance

As an independently owned and operated franchised business, it is imperative that you carry adequate insurance to protect yourself. You must obtain and maintain insurance, at your expense, as we require. We may communicate these requirements to you in the Manual or other written communications. The current minimum coverages and limits are: (i) General Liability at minimum limits of $1,000,000 per occurrence/ $3,000,000 annual aggregate; (ii) auto liability insurance with minimum limits of $1,000,000 combined single limit covering all owned, hired and non-owned vehicles; (iii) workers' compensation to meet the statutory coverage of the state where your Center is located; and (iv) employment practices liability insurance.

All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VI or better. All policies must include a waiver of subrogation in favor of KidStrong Franchising LLC. In addition to the information listed above, you agree to carry such insurance as may be required by the lease of your Franchised Business location, by any lender or equipment lessor you select, and such worker's compensation insurance as may be required by applicable law. All insurance policies must list us and any parties we may designate, as additional insureds under your insurance policies at your cost, and must provide for 30 days prior written notice to us of any material modification, cancellation or expiration of such policy. The premiums will vary based on location of the Center and any prior claim history.

Advertising

You must send us, in advance of use or publication, all proposed advertising for our prior review and approval.

Lease and Leasehold Improvements

You must purchase or lease a space for your Center which meets our standards and specifications for a **KIDSTRONG®** Center. We must approve your location and lease terms before you sign a lease for a location. The approved location is sometimes referred to in this

FDD as the "Location." We may condition our approval of your lease upon, among other conditions, you and your landlord's signing of a lease rider, which includes collateral assignment rights whereby your landlord grants us the right to assume your rights and obligations under the lease in the event that you breach your lease agreement, your Franchise Agreement is terminated or expires.

You will employ qualified personnel to perform all design, construction, and remodeling work at the Location. At our request, you will provide us with any requested information concerning the personnel employed by you for design, construction, or remodeling, and we are permitted to disapprove any of those personnel if we conclude that they are not reasonably qualified or financially capable of performing that work. At our option, you will employ any design, construction, and remodeling professionals identified by us. We will provide you our specifications for construction, remodeling and decorating the Location and general floor plans and interior layout and design. You will submit to us for approval all construction and design plans for adapting our specifications to your location, which plans will comply with any requirements identified by us.

We will review those plans and will approve or disapprove them in writing no later than thirty (30) days after receipt. You will obtain and maintain in good standing all licenses, permits and certifications required for lawful construction or remodeling of the Location. At our request, you will provide to us written evidence of your funding or funding commitments in a form acceptable to us, and you authorize us to contact any funding sources directly to discuss all financial aspects of the construction or remodeling of the Location. You will ensure that all design, construction, and remodeling work is performed in a competent and professional manner, and that the Location meets all specifications identified by us. You will provide us with any progress reports requested by us during the course of any design, construction, and remodeling work. We are permitted to visit and inspect the Location at any time during the design, construction, and remodeling process. Your completion of the construction or remodeling process will include the complete construction of the Location at the Location, the installation of all equipment, fixtures, furnishings, and signage required by our specifications, the completion of all carpentry, electrical, painting, and finishing work, and any other preparations necessary to render the Location fit for use for the Franchised Business, which you will incur at your own expense.

Computer Hardware and Software Components

You must purchase the computer hardware and software we designate for use in connection with the operation of your Center. Please see Items 6, 7, and 11 of this FDD for more information regarding required computer hardware and software purchases.

You shall have the sole and complete responsibility for (i) the acquisition, operation, maintenance, and upgrading of any computer hardware and software used in connection with operation of the Franchised Business; and (ii) any and all consequences that may arise if the computer hardware and software is not properly maintained, operated, and upgraded. We have the right to require you to enter into a separate maintenance agreement for computer hardware and software. Upon our request, you must promptly acquire, install, update or replace any computer hardware and/or computer software designated by us.

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 FDD.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1.3, 6.1 and 6.2 of Franchise Agreement	Items 7, 11, 12
b. Pre-opening purchases/leases	Sections 1.3, 6.1, 6.2, 7.3, 7.4, 7.5, 7.15, 7.27, 7.29, 7.31, 7.32, 8.6 and 14.4 of Franchise Agreement	Items 5, 6, 7, 8, 11
c. Site development and other pre-opening requirements	Sections 1.3, 3.1, 3.3, 6.1, 6.2, 6.3, 6.4, 7.18 and 9.1 of Franchise Agreement	Items 5, 6, 7, 8, 11
d. Initial and ongoing training	Section 9 of Franchise Agreement	Items 6, 7, 8, 11, 15
e. Opening	Sections 6.3, 6.4 and 15.2(d) of Franchise Agreement and Section 1.2 of ADA	Items 6, 7, 11
f. Fees	Sections 2.2(k), 3, 7.27, 7.29, 8.1, 8.6, 8.7, 8.9, 8.11, 9.3, 9.5, 10.5, 12.2(d), 17.8 of Franchise Agreement and Section 2.1 of ADA	Items 5, 6, 7, 8, 11
g. Compliance with standards and policies/operating manual	Sections 6.5, 6.6, 6.7, 7, 14.4, 15.2, 15.3 of Franchise Agreement	Items 7, 8, 11, 12, 13, 14, 16
h. Trademarks and proprietary information	Sections 4, 5, 7.20, 7.22, 8.8, 8.10, 8.11 and 15.2(o) of Franchise Agreement	Items 7, 8, 11, 13, 14
i. Restrictions on products/services offered	Sections 1.1, 1.2, 7.2, 7.3, 7.4, 7.5, 7.6, 7.7, 7.23 and 15.2(n) of Franchise Agreement	Items 7, 8, 11, 13
j. Warranty and customer service requirements	Section 7.2, 7.20, 7.21 and 7.23 of Franchise Agreement	Items 1, 8, 11
k. Territorial development and sales quotas	Section 1.2 of ADA	Items 12, 17
l. Ongoing product/service purchases	Sections 7.3-7.7, 7.27, 7.28 and 7.29 of Franchise Agreement	Items 6, 7, 8, 11, 16
m. Maintenance, appearance and remodeling requirements	Sections 6.5, 6.6, 7.27 of Franchise Agreement	Items 7, 8

Obligation	Section in Agreement	Disclosure Document Item
n. Insurance	Section 14 of Franchise Agreement	Item 7
o. Advertising	Section 8 of Franchise Agreement	Items 5, 7, 8, 11, 18
p. Indemnification	Section 14 of Franchise Agreement and Section 9.4 of the ADA	Item 7
q. Owner’s participation/management/ staffing	Sections 7.13, 7.17 and 9.1 of Franchise Agreement	Items 7, 8, 11, 15
r. Records and reports	Section 10 of Franchise Agreement	Items 6, 7, 11
s. Inspections and audits	Sections 6.8 and 10.5 of Franchise Agreement	Item 6
t. Transfer	Section 12 of Franchise Agreement and Section 6 of ADA	Items 6, 17
u. Renewal	Sections 2.2 and 2.3 of Franchise Agreement	Items 6, 17
v. Post-termination obligations	Section 16 of Franchise Agreement and Section 5.3 of ADA	Items 6, 17
w. Non-competition covenants	Section 11 of Franchise Agreement and Section 7.1 of ADA	Item 17
x. Dispute resolution	Section 17 of Franchise Agreement and Section 8 of ADA	Item 17

ITEM 10. FINANCING

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

ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, the Company need not provide any assistance to you.

Assistance Before Opening

Before you open your **KIDSTRONG®** Center:

1. We will provide you with assistance in connection with site selection and development of the Center (Section 7.1 of the Franchise Agreement).

2. We will provide you with initial training and opening assistance (Section 7.1 of the Franchise Agreement).

3. We will provide you with a digital copy of our proprietary and confidential Manual, which we may amend periodically (Section 7.1 of the Franchise Agreement). The Table of Contents of the Manual is included as Exhibit G to this document. The Manual is currently 26 pages.

4. We will, to the extent we deem necessary, provide you with specifications for products and designated suppliers from which you agree to purchase inventory, goods, and supplies necessary for the start-up and ongoing operation of the Center (see Section 7.5 of the Franchise Agreement).

5. You must spend a minimum of $15,000 on initial pre-sales marketing in your Territory during the ninety (90) days prior to opening (the "Pre-Opening Marketing Expenditure Requirement") (Franchise Agreement Section 8.6). Prior to use, you will submit to us all print and other materials intended for media placement or public display, and a description of all proposed public or marketing events for our approval and you will not use those materials until you have received our approval (Franchise Agreement Section 8.8(b)). You must have at least 250 members enrolled before you will be permitted to open the Center (Franchise Agreement Section 8.6).

Site Selection

We will review your site proposal and either approve or reject it (Franchise Agreement Section 1.3). Factors we consider when reviewing a proposed site include accessibility, visibility, potential traffic flows, population trends, household income and financial statistics, lease terms and other demographic information. Prior to executing any letter of intent, commitment letter, purchase agreement or lease, you will provide us with a complete copy of all documents relating to the purchase or lease agreement for our review. If we do not approve the purchase or lease agreement for any reason in our sole discretion, then you will not execute that agreement. We will issue any such denial in writing no later than fifteen (15) days after receiving all required documents, and in the absence of any denial, we will be deemed to have approved the agreement. We may condition our approval of any proposed lease on, among other things, you and your landlord's execution of a form of Lease Rider (attached as Exhibit C to the Franchise Agreement) (Franchise Agreement Section 1.3). We do not generally own the premises of the Franchise Business and do not lease the premises to you.

If you fail to select a site that we approve within nine (9) months of the date of the Franchise Agreement, we have the right to terminate the Franchise Agreement (Franchise Agreement Section 6.4). You acknowledge and agree that our approval of a site candidate and the agreement for your purchase or lease of the Location does not constitute, and you will not assert that it constitutes, any representation, warranty, or guarantee by us that the Location is adequate or properly zoned or permitted for the purpose of operating the Franchised Business, that the purchase or lease agreement is fair or reasonable, or that your operation of the Franchised Business from the Location will be profitable or successful. We strongly encourage you to seek independent counsel from a lawyer or business adviser to assist you in selecting a location and negotiating a lease for the Franchised Business premises (Franchise Agreement Section 1.3).

In addition, we may, in our sole discretion, provide you with specifications, remodeling and decorating your Center and general floor plans and interior layout and design for a **KIDSTRONG®** Center. You will submit to us for approval all construction and design plans for adapting our specifications to the Location, which plans will comply with any requirements identified by us. We will review those plans and will approve or disapprove them in writing no later than thirty (30) days after receipt (Franchise Agreement Section 6.2(b)). However, you are solely responsible for the engagement of local contractors to develop construction plans that meet with applicable ordinances, building codes, permit requirements, and the Americans with Disabilities Act. Your completion of the construction or remodeling process will include the complete construction of the premises at the Location, the installation of all equipment, fixtures, furnishings, and signage required by our specifications, the completion of all carpentry, electrical, painting, and finishing work, and any other preparations necessary to render the Location fit for use for the Franchised Business, which you will incur at your own expense (Section 6.2(g) of Franchise Agreement).

Time to Open

Generally, we estimate that you will open your Center within six to ten months after you sign the Franchise Agreement. You will notify us upon completion of all construction and remodeling work, and at our option, we will promptly inspect the Location and identify any additional actions that you must take to comply with our specifications (Franchise Agreement Section 6.3). The Center must be open and operating within twelve (12) months from the date the Franchise Agreement is signed (Franchise Agreement Section 6.4). We have the right to terminate the Franchise Agreement if you do not open the Center within this time frame (Franchise Agreement Section 15.2(d)). Factors which will affect your opening date include selecting the location for your Center, whether or not you meet your pre-sales membership requirement (currently, 250 members), obtaining required licenses, construction or remodeling of the premises, delivery of your furniture, fixtures and equipment, acquiring inventory and supplies, obtaining financing (if applicable), hiring and training your employees and completing the initial training program. Upon your final compliance with all specifications and requirements, we will grant approval for you to open for business. You will not open for business until we have issued that approval, but you will promptly open for business once we have issued our approval (Franchise Agreement Section 6.3).

Training at KidStrong Headquarters (prior to opening)

After you sign your first Franchise Agreement and before you open your Franchised Business, we will provide our then-current tuition-free initial training program (the “Initial Training”) to the “Initial Trainees”. The Initial Trainees must complete the Initial Training to our satisfaction, before you open the Franchised Business. If you are an individual, the "Initial Trainees" consist of you, along the person you designate as your Head Coach, and one Director (which may be you). If you are a legal entity, we permit one owner to attend Initial Training, in addition to the Head Coach and one Director (which may be one of your owners). The Head Coach is only required to attend the "Head Coach Training" portion of the Initial Training program. The Director is only required to attend the Director Training portion of the Initial Training program. We may, if there is sufficient space in the applicable training program, permit you to bring up to two additional persons to initial training for an additional fee. If you do not have a Head Coach prior to opening, you will be required to send the designated Head Coach to our headquarters for certification training before opening.

The Initial Trainees must complete all designated components of Initial Training to our reasonable satisfaction before you open for business. Head Coaches who complete the Head Coach Training to our satisfaction will be deemed "Head Coach Certified". Directors who complete the Director Training to our satisfaction will be deemed "Director Certified". We may provide more detail regarding training requirements in the Operations Manual.

You will pay for all travel, accommodations, wages, and other costs for the Initial Trainees. Should the Initial Trainees fail to complete the Initial Training to our satisfaction, the respective person may repeat the course, or in the case of an employee, you may send a replacement (the "Replacement Personnel") to the next available initial training program. We may charge for such Replacement Personnel attending an initial training program (Franchise Agreement Section 9.1). The training program will consist of classroom and on-the-job instruction. Our current program includes instruction on basic business procedures, operational procedures, basic accounting principles, computer operations, advertising and promotion, purchasing procedures, cost controls, customer service, general maintenance and other topics selected by us. We reserve the right to change the training program at any time. As of the issuance date of this FDD, the training program includes the following classroom and on-the-job instruction:

TRAINING PROGRAM

DIRECTOR CERTIFICATION TRAINING PROGRAM

Subject	Classroom Hours	Studio Hours	Location
Coach Training	6-8	20-30	HQ Center in Dallas, Texas area
Zenplanner Training	10		HQ Center in Dallas, Texas area
Lead management and vetting	4	8	HQ Center in Dallas, Texas area
Operations	4	4	HQ Center in Dallas, Texas area
Total	24-25	32-42	

HEAD COACH CERTIFICATION TRAINING PROGRAM

Subject	Classroom Hours	Studio Hours	Location

Coach Training	6-8	20-30	HQ Center in Dallas, Texas area
Zenplanner Training	10		HQ Center in Dallas, Texas area
Birthday Party Training	2	8	HQ Center in Dallas, Texas area
Total	18-20	28-38	

Training is conducted by various members of our staff and management personnel who have experience in the operation of a **KIDSTRONG®** business, or who have relevant experience in corporate and/or franchise systems. The fitness training portion is conducted under the supervision of Matt Sharp, Megin Sharp and Megan Stein. We do not currently have a formal training schedule, but the Initial Training will be provided at a time we designate before you open the Franchised Business.

You must complete Initial Training no later than thirty (30) days before the projected opening of your Center. Failure to complete initial training to our satisfaction within the applicable time period may result in termination of the Franchise Agreement (Section 15.2(f) of the Franchise Agreement).

Throughout the term of your Franchise Agreement, you must ensure that the designated Head Coach associated with your Center completes the Coach Training Program before such person begins coaching classes, but not more than thirty (30) days after that person's hiring. The Coach Training Program is discussed above and in more detail in the Manual and/or other written materials. We reserve the right to provide Head Coach training online through our designated technology, and/or at our designated corporate Center (which is approximately 2 weeks). We reserve the right to change any portion of the Coach Training Program in our sole discretion and require your compliance with such changes. You must (a) hire and train at least one Head Coach before you open your Center, and (b) at all times have a properly trained and certified Head Coach on staff (Section 9.1 of the Franchise Agreement).

In addition to the Initial Training outlined above, you must ensure that the Center Director associated with your Center (which may be you or one of your owners if you are a legal entity) completes the Director Certification Training before the Center Director assumes management responsibilities but not more than thirty (30) days after that person's hiring. We discuss the Director Certification Training Programs above, and in more detail in the Manual or other written materials. We reserve the right to change any portion of the Director Certification Training Programs in our sole discretion and require your compliance with such changes (Section 9.1 of the Franchise Agreement).

You are responsible for all of the costs associated with initial training, including the Initial Training, Head Coach Training Program, and Director Certification Training Programs. These costs include your and your designees' travel, room, board, and salary/wage expenses.

All training related expenses for your additional teaching personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. You may only use the training materials we provide or approve to train your personnel. Updated training materials will be provided to you as they are developed. All training materials provided to you are our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. For your second and each subsequent franchised location you develop, we are not required to provide you with initial training; however, we may require you to attend and successfully complete initial training at our sole discretion.

We may offer additional training programs and/or refresher courses to you, your Head Coach, your Center Director, and/or your employees. We may require you and your employees' attendance at these programs at a location designated by us. You must pay for you and your employees' travel, meal, lodging, and payroll expenses while attending our additional training programs. The additional training programs and refresher courses will be at our then-current tuition for ongoing training (Sections 9.3 and 9.4 of the Franchise Agreement). Additionally, we may require you to attend remedial training at our sole discretion if we determine you are not operating the Center in accordance with the Manual, the Franchise Agreement or other applicable specifications. All training related expenses for your remedial training, including transportation to and from the training site, lodging, meals, and salaries during training, are your sole responsibility. If you require and request additional on-site assistance from us, subject to the availability of our personnel, we will provide you with such assistance at our then-current rate for providing ongoing assistance, plus expenses, including our travel and lodging expenses (Sections 9.3 and 9.4 of the Franchise Agreement).

Assistance During Operation of the Center

During your operation of the Center:

1. We are permitted, by written notice to you, to add to, delete from, modify, or otherwise change the System and the Manual, including without limitation by adding new or enhanced services and products, new operational requirements, and new techniques and methods of operation. We will provide any revisions to you in a written form of our choosing (Franchise Agreement, Section 7.1).

2. If you seek to appoint a new Center Director and/or Head Coach, then you will ensure that the proposed new Center Director and/or Head Coach (as applicable) completes all training and certification courses we require or direct. We reserve the right to charge you our then-current training fee for attendance at this training and you will pay for any travel, accommodations, wages, and other costs for its representative attending any subsequent training programs.

3. We will maintain an interactive **KIDSTRONG®** website (Franchise Agreement, Section 8.11). We may develop and/or designate a proprietary intranet system or web-based software for use for the System (Franchise Agreement, Section 7.28).

4. We are permitted to establish an annual convention or meeting of franchisees (the "Annual Convention"), which you and your Center Director must attend. We reserve the right to charge a registration fee for attendance at the Annual Convention and you will pay the travel, accommodations, wages, and all other expenses for your representatives attending the Annual Convention (Franchise Agreement, Section 9.5).

5. If we determine in our sole discretion that we may lawfully direct you to charge certain prices for memberships, goods and/or services, then you will charge prices as established by us in the Manual or otherwise in writing (Franchise Agreement, Section 7.11). You must comply with our designated minimum retail advertising pricing requirements to the fullest extent permissible under applicable law.

6. We will provide, to the extent we deem necessary, you our written specifications for certain equipment, signs and fixtures for the Location. You will obtain and use all equipment required by us, and will refrain from using any equipment prohibited or not approved by us (Franchise Agreement, Section 7.15).

7. We shall provide, to the extent we deem necessary, such initial and continuing advisory assistance in the operation of the Franchised Business. We will provide such assistance, in our discretion, by telephone, facsimile, intranet communication and on-site visits. If you require and request additional on-site assistance from us, subject to the availability of our personnel, we will provide you with such assistance at our then-current rate for providing ongoing assistance, plus expenses, including our travel and lodging expenses (Section 9.4 of the Franchise Agreement).

Advertising Program

Brand Fund

We have established a Brand Fund to promote the System and **KIDSTRONG**® Centers, and for the purpose of developing, implementing and administering regional, and/or national advertising, marketing, development and promotions programs Brand Fund (Section 8.1 of the Franchise Agreement). We require that you contribute up to 1.65% of Gross Sales of the prior month to the Brand Fund which is payable in the same manner as the Royalty ("Brand Fund Contribution") (Section 3.2(b) of the Franchise Agreement), unless we designate otherwise. Franchisees who signed before the Issuance Date may contribute a different amount to the Brand Fund. We may also modify the Brand Fund contributions in the future. The Brand Fund contributions are used, in our discretion, to promote **KIDSTRONG®** businesses on a system-wide basis. You must begin paying the monthly Brand Fund Contribution when you begin pre-sales. We have complete discretion over the expenditure of Brand Fund Contributions. We may, in addition to other expenditures, use Brand Fund Contributions for media placement, commissions, market research, creative and production costs, artwork, printing, and any other costs, expenses, or compensation reasonably related to advertising, marketing, or promotions (Section 8.1 of the Franchise Agreement). Advertising may be conducted on a national, regional, and local basis, as we determine in our sole discretion. We may also use the Brand Fund Contribution to purchase and pay for service and product research and development, advertising materials, production costs, brochures, ad slicks, radio, film and television commercials, media accessible through mobile applications or similar technology, video tapes, newspaper, magazine and other print advertising, direct mail pieces, photographer costs, pictures, designs, services provided by advertising agencies, public relations firms and other marketing, research or consulting firms, market research and market surveys, menu designs and graphics, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of web pages on the internet, administrative costs and salaries for marketing support personnel. There is currently no advertising council of franchisees; however, we reserve the right to create one in the future (Section 8.1 of the Franchise Agreement).

We are permitted to perform any Brand Fund functions ourselves through our employees, representatives, agents, or affiliates, in which case we are permitted to compensate ourselves and/or our affiliate from Brand Fund Contributions for the reasonable cost of performing those functions, including reasonable allocations of overhead and administrative expenses (Section 8.1 of the Franchise Agreement). We determine the use of the moneys in the Brand Fund and no formal franchisee advertising council currently exists to advise us on advertising policies but we reserve the right to create one. We have no obligation to ensure that you benefit directly or on a pro rata basis from the placement or conduct of advertising, marketing, or promotional activities, and your own benefits will vary depending on your proximity to other franchisees, the competition from other industry operators in our area or region, the types of media reasonably available and the costs of those media, and other factors (Section 8.2 of the Franchise Agreement). The Brand Fund and Brand Fund Contributions inure to our benefit. We have no fiduciary duty to you, or to any System franchisee, or to your owners, including with regard to the creation, administration, development and/or operation of the Brand Fund.

We will account for the Brand Fund separately from our other accounts or assets (but we are not required to maintain a separate bank account). If requested by you, we will make available an unaudited annual statement of operations for the Brand Fund, with any cost of preparing that statement to be paid from Brand Fund Contributions.

We are permitted to establish a separate entity to receive payments and administer the Brand Fund with comparable rights and restrictions established in the Franchise Agreement, in which case we are permitted to require Franchisee to submit Brand Fund Contributions directly to that separate entity (Section 8.3 of the Franchise Agreement). We anticipate that all Brand Fund Contributions will be expended for programs during the fiscal year in which they were collected. If there are excess Brand Fund Contributions at the end of the fiscal year, the funds will be carried over into the subsequent years. We may spend an amount that is greater or less than Brand Fund Contributions collected in any given year and we have the right to borrow funds from any lender, including from us, our affiliates and any related parties, to cover Brand Fund expenditures or commitments. We intend for the Brand Fund to be of perpetual duration, however we may terminate the Brand Fund at any time. If terminated, any unspent Brand Fund Contributions will be used, in our discretion, on marketing, promotion and/or public relations purposes. We may also, at our discretion, distribute any unspent Brand Fund Contributions to our franchisees in proportion to their respective contributions during the previous period we deem appropriate.

None of the advertising paid for out of the Brand Fund will be used principally for the purpose of soliciting franchisees, however we may include statements about the availability of information regarding the **KIDSTRONG®** franchise opportunity and the purchase of a **KIDSTRONG®** franchise in any advertising or other items produced, circulated and/or distributed using Brand Fund Contributions.

Vendors and suppliers may, if we permit or require, contribute to the Brand Fund. Franchisor-owned outlets are not contractually required to contribute to the Brand Fund. We are under no obligation to use any Brand Fund Contributions to conduct any advertising in your or any other franchisee's Territory; however, we reserve the right use Brand Fund Contributions to conduct such advertising in our sole discretion.

During our fiscal year ended December 31, 2020, we expended 100% of Brand Fund Contributions on online marketing.

Pre-Sales and Grand Opening Marketing

Before you open the Franchised Business, you will conduct a membership pre-opening sale marketing and grand opening campaign on which you must spend a minimum of $15,000 and up to $20,000, as we designate or approve. You will put together a pre-sales and grand opening marketing plan in accordance with our guidelines and present the plan to us before implementation at least 120 days before your scheduled opening date. You will incorporate any modifications or adjustments we designate after we have had the opportunity to review your proposed plan. You must provide us with proof of all expenditures in the form and manner we designate, within the time frame we designate. You will not be permitted to open unless you have at least 250 members enrolled at your Center (Section 8.6 of the Franchise Agreement).

Local Advertising Expenses

You will spend in each month on local advertising, marketing, and promotions within the area reasonably surrounding the Location the greater of: (a) five percent (5%) of your Gross Sales for the preceding month or (b) between $1,000 and $2,000 per month (as determined by Franchisor). You will provide to us a report documenting all local advertising expenses in the Monthly Report (Section 8.7 of the Franchise Agreement).

You are permitted to conduct your own advertising and promotions in your reasonable discretion, and must ensure that your local advertising and promotions reflect favorably on and do not disparage the Marks, us, and any other franchisee. Before use, you will submit to us all print and other materials intended for media placement or public display, and a description of all proposed public or marketing events. You will use only materials approved or provided by us and will participate only in events approved by us. You will submit to us, at least fifteen (15) days before publication or use, samples of all sales, promotional, and advertising materials you desire to use and which we have not previously approved, including, but not limited to, print, radio and television advertising, signage, supplies and packaging. Our failure to approve or disapprove the materials within ten (10) days of receipt shall be deemed a rejection. If you submit to us for approval any materials or proposals, then we are permitted to adopt those materials or proposals for general use in advertising or promotions, in which case you will take any action reasonably requested by us to document and confirm an irrevocable and perpetual assignment to us of any copyright and a waiver of any moral rights relating to that advertising or promotion in consideration of the continued use of the Marks and System. You must advertise in any print or online directory listings required by us, which advertisements you will submit to us for approval prior to placement (Section 8.8 of the Franchise Agreement). We reserve the right to require you to use our designated supplier (which may include us, our affiliates and/or third party suppliers) for advertising and/or marketing materials and/or services.

Ad Co-Op

We have the right to establish or to authorize any number of Ad Co-ops to coordinate advertising, marketing, and promotions among franchisees within a certain region, among certain common types of franchisees, or for other designated purposes. You will participate fully and in good faith in any Ad Co-ops required by us. We are permitted, though not required, to delegate to any Ad Co-op the full or limited right to direct its own operations, and we will follow all rules and procedures prescribed by the Ad Co-op. However, no Ad Co-op created or managed by us will be permitted, without our consent: (i) to impose any fee or mandatory contribution to the members on an unequal basis; or (ii) to allocate votes among members on any basis other than one vote per authorized location of a Franchised Business. We are permitted, but not obligated, to resolve any disputes between you and any other franchisee concerning any Ad Co-op matter, and you will honor and adhere to any decision or direction issued by us concerning that dispute. Any contributions or fees paid by you for an Ad Co-op constitute fees to meet the local advertising requirement described in Section 8.7 of the Franchise Agreement, and the required contributions or fees for an Ad Co-op shall not exceed your local advertising requirement. If the Ad Co-op is administered by us, we will make available to Franchisee an unaudited annual statement of operations and the books and records of the Ad Co-op upon reasonable written notice by you (Section 8.9 of the Franchise Agreement).

Website and Internet

We currently maintain an interactive **KIDSTRONG®** website (the "**KIDSTRONG®** Home Page"). All features of the **KIDSTRONG®** Home Page, including the domain name, content, format, and links to other websites, will be determined by us in our sole discretion. We will also have the right to modify, suspend or temporarily or permanently discontinue the **KIDSTRONG®** Home Page at any time, in our sole discretion. We and our affiliates will have the right to sell merchandise, equipment and other items and services directly to retail and/or wholesale customers via the Internet under the "**KIDSTRONG®**" name and the Marks, to create a website or home page containing the "**KIDSTRONG®**" name and the Marks, and the exclusive right to reserve or to use "**KIDSTRONG**" or any derivative or related or similar domain name or e-mail address (without regard to domain name suffix). You are not permitted to establish your own web page.

You must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Center, including any profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site ("Social Media Site"). You may not establish or maintain any social media sites and/or mobile or internet based applications (or any comparable future developed technology). We have the right to establish and implement social media guidelines and policies at any time, and we have the right to discontinue, modify and supplement any social media guidelines and policies as we determine in our sole discretion. You must comply with any and all established social media guidelines and policies, and you are responsible for ensuring that your directors, coaches, managers and employees comply with the guidelines and procedures. We have the right to modify our policies governing media and Internet usage at any time in writing, whether in the Manual or otherwise (Section 8.11 of the Franchise Agreement). You must comply with all modifications.

Pricing and Promotion Requirements

We reserve the right to require you to offer services, memberships and products at prices not to exceed the prices we publish from time to time, to the fullest extent permitted under applicable law. We reserve the right to require you and other System Centers to offer and participate in all promotions we designate at any time, including charitable promotions, loyalty programs, discounts and other promotions, at your sole cost and expense. You are responsible for ensuring compliance with all applicable laws, rules and regulations.

POS System and Computer Hardware and Software Requirements

We have the right to designate the type of computer hardware and software system you are required to use in connection with the operation of the Franchised Business, and we have the right to change these requirements during the term of your Franchise Agreement on notice to you. You are obligated to comply with these requirements under the terms of your Franchise Agreement. This requirement is critical to the franchise System and is one of the material obligations applicable to you under the Franchise Agreement.

As of the issuance date of this FDD, we require you to purchase, install and use the following electronics, and computer hardware and software components:

	Component	Estimated Cost (single floor)	Estimated Cost (double floor)
Hardware	Apple iPad	$250	$500 (includes 2)
	Computer	$600	$600
	Apple TV	$280 (includes 2)	$420 (includes 3)
	Color Printer	$300	$300
	Television (plus mounts)	$1,290 (includes 3)	$1,720 (includes 4)
	Speakers	$300 (includes 2)	$600 (includes 4)
	Stereo	$275	$500 (includes 2)
	Phone	$50	$50
	Camera	$100 (includes 2)	$200 (includes 3-4)
	Clock (plus mounts)	$40	$80
Software & Software Subscriptions	Zenplanner	Currently included in Technology Fee	Currently included in Technology Fee
	Playsimple	Currently included in Technology Fee	Currently included in Technology Fee

You recognize that we have the right to develop and/or designate for use in connection with the operation of the Franchised Business different, modified or additional computer hardware and software components and programs. In addition, we have the right to require you to enter into a maintenance, support and other agreements for such computer hardware and/or software. You must buy, use and maintain the computer hardware and software meeting our standards and specifications, and you will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and software; and (ii) any and all consequences that may arise if the computer hardware and software is not properly operated, maintained and upgraded. You will allow us to have unrestricted access your computerized data. We reserve the right to require you to install a “systems backup solution” which backs up critical data in your computer system using an off-premises storage scheme. In addition, we have the right to require you to enter into a separate maintenance agreement for such computer hardware and/or software.

You will not allow any unauthorized person to access any proprietary intranet or other computerized systems (Section 7.27 of the Franchise Agreement). You grant to us unlimited independent access to the data generated by your computerized point of sale system, and will permit us to poll via electronic connection your computer systems for any purpose we deem appropriate, including in order to compile sales data, consumer trends, labor costs, and any other information, including financial and marketing information, we deem appropriate (Section 7.30 of the Franchise Agreement).

We have the right to require you to participate in any System-wide area computer network, intranet system or extranet system, and other platforms that we implement and you may be required to use such area computer network, intranet system or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manual; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) participate in online training. You agree to use the Centers of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that we include in the Manual or other written specifications, including those related to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements (Section 7.28 of the Franchise Agreement).

We also require you to purchase certain point of sale systems and to use a high-speed internet service provider designated by the Company (Section 7.27 of the Franchise Agreement). The fax and telephone communications equipment, computer hardware and peripherals, maintenance agreements and computer software and operating systems are all available through commercial office and telecommunications equipment and computer hardware and software vendors. We have the right to require you to update or upgrade computer hardware components and/or Software as we deem necessary from time to time (Section 7.27 of the Franchise Agreement). We will notify you when changes and updates are available. There are no contractual limitations on the cost and frequency of the obligation.

We estimate that your annual expenditures for computer upgrades and annual maintenance will range from $1,500 to $2,000. Every few years, your computer may become outdated and this may cause you to incur maintenance expenditures. The costs of any such expenditures will vary depending on your repair history, local costs of computer maintenance services and technological advances. You must assist us in bringing your system on line with our home-office computer at the earliest possible time and maintain this connection, as we require.

You must purchase and use in the operation of the Franchised Business the information systems specified in the Manual. Franchisor may, in its sole discretion, collect from Franchisee the license fees due the unaffiliated licensors of certain computer software programs required to be used by its franchisees, including Franchisee, and may otherwise administer the relationship with such licensors (Section 7.29 of the Franchise Agreement).

You will purchase, install and maintain the camera system specified by us. Such system shall be turned on and operational at all times during the term of this Agreement and shall be accessible to us for monitoring on the Internet or otherwise (Section 7.32 of the Franchise Agreement). As of the Issuance Date of this Disclosure Document, the cost of the camera system is a $200 single payment and an optional ongoing maintenance fee of $6 per month. The current vendor for the camera system is Amazon Cloud Cams.

ITEM 12. TERRITORY

Franchise Agreement

Approved Location and Relocation

Under the Franchise Agreement, your Franchised Business will operate from a specific Location, for which you must obtain our advance written approval. You may not conduct the Franchised Business at any other location. If you have not yet secured a site for the Franchised Business at the time you sign the Franchise Agreement, you will enter into our Site Selection Addendum, attached as Exhibit F to the Franchise Agreement, which will govern the site selection process. You may relocate the Franchised Business only with our prior written consent, which we will not unreasonably withhold provided that the proposed new location meets our then-current criteria for a **KIDSTRONG®** Center and is located within your Territory. You will not be allowed to open any additional locations unless under a separate Franchise Agreement, for which you will be obligated to pay a separate franchise fee, and which is subject to our approval. We have the sole discretion to grant or deny any request for another franchise.

Protected Territory

You will operate your Center at the Location within the Protected Territory (the "Territory" or the "Protected Territory") that is identified in the Data Sheet of the Franchise Agreement, generally encompassing a radius of roughly: (a) a three (3) mile radius around your Location if in a rural area; or (b) a five (5) block radius if your Location is in an urban area. You may not solicit customers and/or advertise outside your Territory or provide or deliver any products or services to any destination outside your Territory without our prior written consent.

We reserve the right in our sole discretion to grant you a smaller territory and deviate from this formula. We and our affiliates have the unrestricted right to offer and sell products and services to customers in your Territory through alternative channels of distributions. We are not required to compensate you for any sales we or our affiliates make within your Territory. The Franchise Agreement does not provide you with any options, rights of first refusal or similar rights to acquire additional franchises.

Except as set forth below, you are prohibited from soliciting and accepting orders outside of your Territory. Your local advertising is limited to an area reasonably surrounding your Location, and that is not part of the territory of any other franchisee. You are only permitted to sell products and services from your Center location. You have no rights to sell products or services through the Internet, the worldwide web, mail order or catalogs or through any other form of distribution channel or method.

Except as otherwise provided in and during the term of the Franchise Agreement, for so long as you comply with the terms and conditions of the Franchise Agreement, we will not establish and operate, nor license any party other than you to establish and operate, any **KIDSTRONG®** Center under the System and the Marks within your Territory. Continuation of your Territory is not dependent upon your achievement of a certain sales volume, market penetration or other contingency. There is no provision in the Franchise Agreement for modification of your Territory for any reason.

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

Area Development Agreement ("ADA")

Under the terms of the ADA we grant you the right to establish, according to a schedule, three or more Centers within a geographical territory ("Development Area"). A Development Area is usually defined by zip codes or other boundaries such as streets, city, county, or state limits or by other reasonable boundaries. The number of Centers to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You have no option, right of first refusal or similar contractual right to acquire additional **KIDSTRONG®** franchised businesses within your Development Area or in contiguous areas.

Each additional **KIDSTRONG®** franchised business must be open according to the Development Schedule described in the ADA, which will specify the number of Franchised Businesses to be open and the time frames within which they must be open. If, despite using your best efforts, you fail to meet an opening deadline under your ADA, you may apply for a 6 month extension to the opening deadline by submitting a written extension request detailing the efforts you have undertaken to meet the development deadline and the reason for the delayed opening. If we grant the 6 month extension, you must pay a monthly extension fee of $2,500 per month for each month of the extension period. In the event that you fail to meet the mandatory Development Schedule and the ADA is terminated, you will retain your rights to any individual Businesses, including the territorial rights described in the Franchise Agreement for such Businesses, provided that the ADA was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Businesses for which there is no Franchise Agreement and your protection in the Development Area will terminate immediately. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

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

Reservation of Rights Under the Franchise Agreement and ADA

We retain all rights that are not expressly granted to you under the Franchise Agreement. If you sign an ADA, we retain all rights that are not expressly granted to you under the ADA. The rights granted under both the Franchise Agreement and ADA do not include: (i) any right to offer any product or service via e-commerce; (ii) any right to establish an independent website or to establish a URL incorporating the Marks or any variation of the Marks; (iii) any right to sell merchandise via wholesale; or (iv) any right to otherwise distribute, market, or implement our products and services in any channel of distribution not specifically identified in the Franchise Agreement/ADA. We do not owe you any compensation in connection with any orders we solicit or accept within your Territory or Development Area.

Without limiting this broad retention, and without granting you any rights with regard to the same, under the Franchise Agreement and the ADA, we and our affiliates have the right, in our sole discretion, to:

1. Offer and sell, and authorize others to offer and sell, any goods and services in, at or from any location outside of your Territory and, if you sign an ADA, outside of your Development Area;

2. Offer and sell, and authorize others to offer and sell, any goods and/or services in, at or from any location, including any location within the Territory and within the Development Area (if you sign an ADA): (a) through alternative channels of distribution, including sales on the Internet, mobile applications, any currently existing or future developed alternative method of distribution, through kiosk locations and print and online catalogs, and in retail locations; and/or (b) under any names or trademarks other than the Marks. Without limiting the rights described directly preceding, we have the right to develop, administer and operate, whether directly or through an affiliate or licensee, digital platforms and digital products offering **KIDSTRONG®** products and services to end users regardless of whether they are located in your Territory. Additionally, we have the right to sell **KIDSTRONG®** merchandise and equipment through any outlet and from any location without restriction and we have the right to promote, offer, sell and provide **KIDSTRONG®** fitness services through mobile applications and other platforms;

3. Merge with, acquire, or be acquired by, including through purchase or sale of substantially all assets, any other person or entity, including any competitor of ours or a competitor of yours, and continue to conduct in any location any business engaged in by the merging, acquiring, or acquired person or entity, including any business directly competitive with the Franchised Business. We have the right to require you to convert your Center to another brand in connection with a merger or acquisition transaction at your expense;

4. Use the Marks and System in connection with services and products, promotional

and marketing efforts or related items, without regard to location; and

5. Develop or become associated with other concepts (either directly or through affiliate entities) and grant franchises under such concepts for locations anywhere, including in the Territory and Development Area; and

6. Use and license to engage in any other activities not expressly prohibited in the Franchise Agreement or the ADA, if applicable.

We also have the right to operate, and to license others the right to operate, Centers located in Non-Public Access Venues, including within the Territory. For purposes of this FDD, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Centers that are not accessible to the general public. You will not receive an exclusive territory. You may face competition from other franchisees, from Centers that we own, or from other channels of distribution or competitive brands that we control.

Neither we nor our affiliates operate any franchise system under any different name or trademark, but we reserve the right to do so.

ITEM 13. TRADEMARKS

We grant you the right to operate the Business under the "**KIDSTRONG®**," word mark and design mark (collectively, the "Marks"). You may also use our other current or future trademarks to operate your Business, as we designate or authorize. You will have the limited right to use the following principal mark, which is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
KIDSTRONG	5705364	March 19, 2019	Principal
I AM STRONG I AM BRAVE I CAN DO THIS	6047468	May 5, 2020	Principal
S KID STRONG (and design)	6203530	October 10, 2019	Principal

As of the issuance date of this Disclosure Document, all required affidavits have been filed. We have the right to add, modify, or remove Marks from those that we license to you. You may not use the Marks, or any modified form of the Marks, as a part of your corporate or other entity name or in any domain name or email address. Additionally, your employees do not have the right to use the Marks unless approved by us in writing in advance of use. It is your responsibility and obligation to ensure that your employees comply with our policies regarding use of the Marks.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court relating to our Marks. We also are unaware of any pending infringement, opposition, or cancellation proceeding, or of any pending material litigation regarding our use or rights in any Marks.

All Marks are currently owned by our affiliated company, Skilz, LLC, which granted us a trademark license (the "TM License") and exclusive right to use and franchise the System in the United States under the Marks and associated trade names, trademarks, service marks, logotypes and other commercial symbols copyrights and proprietary materials in the United States. The TM License does not contain any significant limitations on our right to use or license the Marks to you, and will continue for a term of 25 years, with consecutive 25-year renewal terms. If the TM License Agreement is terminated or not renewed, you would have the right to continue to use the Marks pursuant to the terms of your Franchise Agreement while operating the franchised business for not less than the then-remaining term under your Franchise Agreement. Except as disclosed in this Item, currently, there are no agreements that limit our rights to use or license the use of the marks. You are obligated to notify us if you learn of any apparent or potential infringement of any Marks, as well as any challenge to our or your use of the Marks. We have the right to control any administrative proceeding or litigation that arises out any claim related to the use of the Marks, including whether to initiate litigation to challenge another person's infringing use.

We have the right, though not the obligation, to defend you against any third-party claim, suit, or demand arising solely out of your use of the Marks in a manner expressly authorized by us. If we, in our sole discretion, determine that you have used the Marks in accordance with the Franchise Agreement and the Manual, we will pay the cost of defending the action, including the cost of any judgment or settlement. If we, in our sole discretion, determine that you have not used the Marks in accordance with the Franchise Agreement and the Manual, you will be required to pay for the defense or to reimburse us for costs we incurred in providing the defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks, you are required to sign all documents and assist us, as we deem necessary, to carry out the defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Marks in a manner not in accordance with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in performing such acts.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Marks in any state. Therefore, before entering into the Franchise Agreement, you should make every effort to ascertain that there are no existing uses of the Marks or confusingly similar marks being used in the market area where you wish to do business. You should immediately notify us of any confusingly similar marks you discover.

You cannot register any of the Marks now or hereafter owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the system on the Internet and to create, operate, maintain and modify, or discontinue use of a website using the Marks.

You may use only the Marks which we designate, and may use them only in the manner we authorize and permit. Any goodwill associated with Marks, including any goodwill which might be deemed to have arisen through your activities, inures directly and exclusively to our benefit. You may use the Marks only for the operation of the Center and only at the Center or in advertising for the Center. You must use all Marks without prefix or suffix and in conjunction with the symbols “SM,” “TM,” “S” or “R,” as applicable. You may not use the Marks in connection with the offer or sale of any services or products which we have not authorized for use in connection with the System. You may not use the Marks, any component of the Marks (including the words “Kid” or “Strong”), or any variation of the Marks as part of your corporate or other legal name. We must approve your corporate name and all fictitious names under which you propose to do business in writing before use. You must use your corporate or limited liability company name either alone or followed by the initials “D/B/A” and the business name “**KIDSTRONG®**.” You must promptly register at the office of the county in which your Center is located, or such other public office as provided for by the laws of the state in which your Center is located, as doing business under your assumed business name.

All of your advertising must prominently display the Marks and must comply with our standards for using the Marks. All such advertising is subject to our prior written approval. We reserve the right to approve all signs, stationery, business cards, forms, and other materials and supplies bearing the Marks. You may use the Marks including, without limitation, trade dress, color combinations, designs, symbols, and slogans, only in the manner and to the extent specifically permitted by the Franchise Agreement or by our prior written consent. You must submit to us and we must approve all advertising, publicity, signs, decorations, furnishings, equipment or other materials employing the Marks, or related marks, before first publication or use. You must identify yourself as the owner of the Center (in the manner we prescribe) in conjunction with any use of the Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations as we may designate in writing at the Center premises.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. If we notify you in writing that the Marks have been modified or discontinued, you must stop using the Marks and begin using the new or modified Marks at your own expense within ten days. You must discontinue use of the Marks which we have notified you, in writing, have been modified or discontinued within 10 days of receiving written notice and must promptly begin using such additional, modified or substituted Marks at your expense.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications that are material to the franchise. We do claim copyright protection in the Manual, in our advertising and marketing materials, and our Franchise Agreement.

There are no current material determinations, proceedings or litigation involving any of our copyrighted materials or any Patent Pending Apparatus. Should you become aware that any unauthorized third party is using any of our copyrighted or Patent Pending Apparatus you must notify us of this unauthorized use. We may revise any of our copyrighted materials, at our discretion, and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing or other business materials. In general, we intend to take any necessary action to protect our copyright rights and/or patent rights, but we are not obligated to do so, or to take any affirmative action, under the Franchise Agreement. In the event there is any litigation involving any copyright or patent rights, we and/or our affiliates or founder have the right to control any litigation. We are not obligated to participate in your defense or to indemnify you for expenses or damages in a proceeding involving a patent, patent application or copyright licensed to you. If we modify any copyrighted advertising or marketing material, or any patented apparatus, we may require you to cease any use of the old material/patented apparatus. We are not aware of any current infringement of our rights in any copyrighted materials or in any pending patent.

During the term of the Franchise Agreement, you will receive information which we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company trade secrets and confidential information, including but not limited to methods of movements; information regarding the build-out of a Center; information about proprietary merchandise; any proprietary software Franchisor may now or in the future create; the Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for Center equipment, floor design, equipment layout, lighting, supplemental exercise equipment configuration, systems and training manuals, instructor training systems, instructor break environments, compensation systems, online social marketing systems, merchandise sales systems, location identification and acquisition systems, ongoing instructor training, and general operations; Franchisor's copyrighted materials; and methods and other techniques and know-how concerning the of operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation of a Center (collectively, the "Confidential Information"). Our Confidential Information also includes: (i) current customer and prospective customer names and addresses; (ii) information about credit extensions to customers; (iii) customer service purchasing histories; (iv) rates charged to customers; and (v) sources of suppliers and purchasing arrangements with suppliers. You may divulge this Confidential Information only to your employees who must have access to it to perform their employment obligations. You must require your Center Director and any personnel having access to any of our Confidential Information to sign an agreement stating that they will maintain the confidentiality of information they receive in connection with their employment and restricting their right to work for a competitor while they are employed by you. This agreement, which will be in a form that we prescribe, will identify us as a third party beneficiary to the agreement and will give us independent enforcement rights.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Center, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. You and your principals will assign to us any such rights you may have or acquire, including the right to modify the concept, process or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

As the Franchisee, you will appoint a Center Director and a Head Coach who must successfully complete our Director Training and Head Coach training to our satisfaction. The Center Director will perform and manage the core operations of the Franchised Business. If you are the Franchisee personally, then you are allowed to serve as the Center Director yourself (subject to your successful completion of the Director Training), or to appoint someone else (subject to such person's successful completion of the Director Training). Your Center Director (including any replacements) must successfully complete our initial training program before assuming any managerial responsibility. We normally recommend that you personally participate in the actual operation of the Franchised Business, however, unless serving as the Center Director, you are not personally required to participate in the actual operation of the Franchised Business. We do not require that the Center Director hold any ownership interest in an entity Franchisee. You will keep us informed at all times of the identity of any employee acting as Center Director and Head Coach of the Center. Your Center Director must devote his/her full time and best efforts to the day-to-day operation and management of the Center. You must ensure that your Center Director, Head Coach and all other managers agree to comply with the Franchise Agreement's training, confidentiality and non-competition covenants.

We have the right to require you to obtain signed confidentiality and non-competition covenants naming us as third party beneficiaries with the independent right to enforce the covenants, from each of your managers, owners, officers, directors, and employees and independent contractors who will receive or have access to our confidential information or our training programs. It is your responsibility to ensure the enforceability of the confidentiality and restrictive covenant agreement.

Each of your owners must sign the Guaranty of Performance attached to the Franchise Agreement as Exhibit B.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are only permitted to offer services, classes and products that we have approved in writing in connection with the operation of your Center. You must offer and sell only those goods and services that we have designated. All classes you offer must be conducted in accordance with our designated standards and specifications, which may be communicated to you in training, through the Manual or other written or electronically communicated means. We have the unlimited right to change the services, classes and/or products that must and may be offered to customers, and you will have the obligation to adhere to any such changes. You must stop offering disapproved products, classes and/or services no later than 10 days after receiving notice that such products, classes and/or services have been discontinued. You must maintain a sufficient supply of required products to meet the demands of your customers and as we may prescribe, including through the Manual. If the law prohibits the use or sale of any product, program or service, you must cease use and/or sale, as applicable, immediately. You must comply with any reciprocity programs and transfer programs we implement or designate to the fullest extent permissible under applicable law.

You must operate the Center in accordance with the Manual, all applicable laws and regulations, and in accordance the requirements of your lease or sublease. It is entirely your responsibility to ensure that all waivers, notices, membership agreements, contracts and other legal documents you use in connection with the operation of your Center comply with all applicable laws, rules and regulations. If your counsel advises modifications to any such forms on account of applicable regulations, you must provide us with advance written notification of the proposed modifications. You may not conduct any other business at the Center's location and you may not make any sales or products, classes or services outside of the Center unless you have obtained our prior written consent in each instance. See Items 8, 9 and 12 of this Franchise FDD for information about other restrictions.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

A. SINGLE-UNIT FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Term of franchise	2.1	10 years
b. Renewal or extension of the term	2.2	We will offer you the opportunity to enter into a successor franchise agreement to continue your operation of the Franchised Business for one additional ten (10) year term if certain conditions are met.

Provision	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	2.2	To qualify for successor franchise agreement, you must: (i) provide notice of your intent to enter into a successor agreement between 90 and 180 days prior to the end of the term (unless that period is modified by us); (ii) sign our then-current form of franchise agreement, the terms of which may vary materially from the Franchise Agreement; (iii) be in full compliance with the Franchise Agreement, the Manual, and any other agreement with us or our affiliates; (iv) have and be in good standing with all licenses and permits; (v) be in full compliance with all monetary obligations to us, our affiliates, and all third parties; (vi) have made any required modifications, repairs, updates, upgrades, and renovations required by us to the Center, to the goods and services offered by the you, to your advertising, marketing and promotional programs, and to your computer, financial, and accounting systems, and is current on all then-required training programs; (vii) have committed no more than 2 material defaults of the Franchise Agreement for which you received written notice and a demand for cure; (viii) have demonstrated to our satisfaction that you have the right to retain possession of the Center for the term of the successor agreement; (ix) along with your direct and ultimate personal owners, shareholders, members, and partners (as applicable), execute a general release of all claims against us (to the extent permitted by applicable law); (x) meet all general requirements then applicable to the approval of new franchisees; and (xi) pay a successor agreement fee in lieu of the initial fee otherwise due under the successor agreement.
d. Termination by you	N/A	N/A
e. Termination by us without cause	N/A	We may not terminate without cause.
f. Termination by us with cause	15	We may terminate your franchise agreement with cause.
g. "Cause" defined—curable defaults	15.3	We may terminate your agreement following a 15-day cure period if you: (a) fail to pay sums owed to us, our affiliates, or our major vendors and suppliers; (b) under-report royalty or advertising fees or expenditures by more than 2% or fail to submit timely reports or payments for any 2 reporting periods in a 12-month period; (c) fail to immediately endorse and deliver to us any payments due to us from a third party that are erroneously remitted to you; (d) fail to maintain sufficient levels of inventory; (e) fail to maintain the required days and hours of

Provision	Section in Franchise Agreement	Summary
	 15.4	operation at your Center; (f) fail to maintain the strict quality controls reasonably required by your franchise agreement and/or the Manual; (g) conduct yourself in a manner that reflects adversely on the System, the Marks, or the services or products offered through the System; or (h) fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your Center. We may terminate your agreement following a 30-day cure period if you violate any provision of the Franchise Agreement and if you do not fully cure that violation within the cure period after receiving written notice of default from Franchisor. If your violation is not reasonably susceptible to cure, then we have the option to: (i) terminate the Franchise Agreement immediately upon written notice; or (ii) require you to take any remedial measures prescribed by us in our sole discretion, and if you fail to implement those remedial measures in the time and manner required by us, then we are permitted to terminate the Franchise Agreement immediately upon subsequent notice.
h. "Cause" defined—non-curable defaults	15.1 15.2	Your agreement will automatically terminate if: (a) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; (b) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and the proceedings are not dismissed within 60 days. We may terminate your agreement upon notice but without providing you with an opportunity to cure if: (a) you or your principals have misrepresented or omitted material facts in your application or other materials provided to us prior to the parties' entering into this Agreement; (b) you abandon the Franchised Business; (c) you, or through any Owner, are held liable for, is convicted of, or pleads guilty or no contest to a felony or any other law relevant to the Franchised Business; (d) you fail to meet the required schedule to obtain the Location, complete construction, and open for business within the time; (e) you or your principals commit any fraud or misrepresentation in the operation of Franchisee's Center; (f) you fail to successfully complete initial training; (g) we send you three (3) or more written notices to cure any twelve (12) month period; (h) you or the Owners materially breach any other agreement with us or any of our affiliates, or the lease for the Location, or threaten any material breach of any such agreement or Lease, and fail to

Provision	Section in Franchise Agreement	Summary
		cure such breach within any permitted period for cure; (i) you violate any health, safety or sanitation law, ordinance or regulation, including those regulating health and fitness centers, or operates the Center in a manner that presents a health or safety hazard to customers, or the general public; (j) you violate the in-term restrictive covenant; (k) a levy of writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which is not released or bonded against within thirty (30) days; (l) you or your principals become insolvent; (m) you offer any unauthorized and unapproved products or services at or from the Center; (n) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from any currently unapproved supplier or any supplier which we have not approved; (o) you misuse or make unauthorized use of our Proprietary Software; (p) you fail to maintain insurance or otherwise adhere to our insurance requirements; (q) you fail, within 15 calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Center; (r) any government action is taken against you that results in any obligation upon us which in our sole judgment is uneconomical, not in our best interests, or would result in us having an unintended relationship or obligation; (s) you fail to comply with the anti-terrorist provision of your franchise agreement; (t) you take for your own personal use any assets or property of the Center, including employee taxes, FICA, insurance or benefits; or (u) there are insufficient funds in your bank account to cover a check or EFT payment to us 3 or more times within any 12-month period.
i. Your obligations on termination/non-renewal	16.1	You must: (i) pay all fees based on Gross Sales made through the effective date of termination and pay all other amounts then due; (ii) promptly return the Manual, any item bearing the Trademarks, and any other copyrights or proprietary materials or software; (iii) cease doing any business under or associated with the Trademarks; (iv) cancel any corporate or trade name registrations using any Trademark or derivative; (v) remove from all property any Trademarks and signs displaying the Trademarks, including trade dress; (vi) cease using and assist with the assignment to us any telephone numbers, domain names, email addresses, electronic network, and directory lists relating to the Franchised Business and cooperate with us to ensure those assignments; (vii) comply with Franchisor's notification procedures as well as applicable laws regarding notification of Center Closure to Center Members; (viii) allow us to conduct a final audit and to verify your compliance with post-termination obligations; (ix) immediately vacate the Center if we exercise our rights under the Conditional Assignment of Lease;(x) cease the use in advertising or in any other manner,

Provision	Section in Franchise Agreement	Summary
		any methods, procedures or techniques associated with us or the System; and (xi) execute from time to time any necessary papers, documents, and assurances to complete compliance with Section 16 of the Franchise Agreement. We are entitled to exercise all other remedies available under the Franchise Agreement or by law.
j. Assignment of contract by us	12.8	We may assign Franchise Agreement at any time.
k. "Transfer" by you—defined	12.1	Neither Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in the franchise, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in this franchise or in Franchisee's shares, membership interests or partnership interests (if Franchisee is a corporation, limited liability company or partnership) shall sell, assign, transfer, covey or give away, any direct or indirect interest in (a) the franchise, (b) the Franchise Agreement, (c) the Center, and/or (d) in any legal entity which owns the franchise (each a "Transfer") without first obtaining our prior written consent, which may be granted or withheld in our sole and absolute discretion.
l. Our approval of transfer by franchisee	12.1	Any proposed transfer requires our prior written consent.
m. Conditions for our approval of transfer	12.2	Minimum conditions to transfer are: (i) you are in full compliance with the Franchise Agreement, Manual, and any other agreements with us or our affiliates; (ii) you have made all required modifications and upgrades to location and operations; (iii) you or transferee have paid a transfer fee; (iv) we have approved the terms of the transfer agreement; (v) the transferee has submitted all information and meets the criteria applicable to new franchisees; (vi) at our option, the transferee has assumed the Franchise Agreement and all ancillary agreements or has executed the then-current franchise agreement and ancillary agreements; (vii) you obtain necessary third party consents to transfer licenses and other agreements; (viii) you and your owners execute a general release of all claims against us (to the extent permitted by applicable law); the transferee completes our training program to our satisfaction; (x) you or the transferee must provide us with a copy of the executed purchase agreement; (xi) you and your principals' respective family members agree to abide by the post-termination obligations; and (xii) the transferee obtains and

Provision	Section in Franchise Agreement	Summary
		maintains all permits and licenses required for the operation of the Center. Franchisor's approval of the transfer will not constitute a waiver of any claims Franchisor may have against the transferring party.
n. Our right of first refusal to acquire franchisee's business	12.6	You must notify us of any acceptable bona fide purchase offer no later than five days after receipt, and we have the right to acquire the same assets on the same terms. We have 30 days to exercise our right of first refusal, may substitute cash for any other form of consideration, and may make full payment at closing. If we do not exercise our right of first refusal and the terms of the offer materially change prior to transfer or the transfer is not effected within 90 days of the initial notice to us, then we will have a renewed right of first refusal. All transfers to a third party are subject to the transfer provisions and restrictions of the Franchise Agreement.
o. Our option to purchase franchisee's business	16.2	Upon termination or expiration of your franchise agreement, we have the option, but not the obligation, to purchase any personal property used in connection with operation of your Center by providing you written notice within 60 calendar days after termination or expiration and paying you the book value for such personal property within 60 calendar days of the notice. We may exclude from the personal property purchased any cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Center's operation or that we have not approved as meeting standards for the Center.
p. Your death or disability	13.1 – 13.5	Your heirs or estate must notify us if you or an owner of 50% or more of your entity dies or becomes incapacitated. We will have option to terminate the Franchise Agreement or, if your heirs desire to operate the Franchised Business, to permit the transfer of the Franchised Agreement to those heirs. We have the option to appoint an interim director at your expense to operate the Franchised Business until the Franchise Agreement is terminated or a transfer to your heirs is approved.
q. Non-competition covenants during the term of the franchise	11.1	You may not (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any Competing Business (as defined in the franchise agreement), other than any other **KIDSTRONG®** Center; or (b) divert or attempt to divert any business or customer or prospect of the Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.
r. Non-competition covenants after the	11.2	For a period of 2 years after the expiration and nonrenewal, transfer or termination of your franchise agreement, you may not enter into any business competing in whole or in part with us in granting franchises or licenses to operate a Competing Business (as defined in the franchise agreement) at the time

Provision	Section in Franchise Agreement	Summary
franchise is terminated or expires		your franchise agreement is terminated or otherwise expires and is not renewed.
		For a period of 2 years after the expiration and nonrenewal, transfer or termination of your franchise agreement, regardless of the cause, you may not: (1) own, operate, maintain, engage in, be employed by, or have any interest in any Competing Business at the time of termination or expiration and nonrenewal that is at the Location, or within a radius of twenty-five (25) miles from the Location, or within a radius of twenty-five (25) miles from any Center of a then-existing franchisee of us, or from a then- existing Center operated by us or our affiliate using the Marks; or (2) solicit, service, or sell to, directly or indirectly, any Member who was a Member of the Franchised Business before the effective date of transfer, termination or expiration of this Agreement, as applicable; except that this covenant will not restrict Franchisee from engaging in general advertising or marketing to the extent not prohibited by Franchisee's non-competition covenant.
s. Modification of the Franchise Agreement	19.11	The Franchise Agreement may not be modified except by a written document signed by both parties.
t. Integration /merger clause	19.4	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations made outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	17.1-17.4	You must bring all disputes before our President and/or Chief Executive Officer prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, with the exception of certain claims, all claims or disputes between you and us must be submitted first to mediation in Collin County, Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the county where our corporate headquarters is then-located) and if not resolved through mediation, then to arbitration in Collin County, Texas (or if our corporate headquarters is no longer in Collin County, Texas, then in the county where our headquarters is then located) accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to state law).
v. Choice of forum	17.5	Generally, claims not subject to mediation or arbitration must be brought before a court of general jurisdiction in Collin County, Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the county where our corporate headquarters is then-located) and the jurisdiction and venue of the United States

Provision	Section in Franchise Agreement	Summary
		District Court for the Northern District of Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the District Court for the county in which our corporate headquarters is then-located). You consent to the personal jurisdiction and venue of any court of general jurisdiction in Collin County, Texas (or, if our corporate headquarters is no longer in Collin County Texas, the county where our corporate headquarters is then-located) and the jurisdiction and venue of the United States District Court for the Northern District of Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the District Court for the county in which our corporate headquarters is then-located). (subject to state law).
w. Choice of law	17.9	The Franchise Agreement is governed by the laws of the State of Texas (subject to state law).

B. AREA DEVELOPMENT AGREEMENT

This table lists important provisions of the Area Development Agreement. You should read these provisions in the Area Development Agreement attached to this FDD.

Provision	Section in Development Agreement	Summary
a. Term of the franchise	Section 5.1	Commences on the date of the ADA is signed and ends on the last Development Deadline of the Mandatory Development Schedule.
b. Renewal or extension of the term	Section 5.1	The ADA is not subject to renewal.
c. Requirements for you to renew or extend	None	N/A
d. Termination by you	None	N/A
e. Termination by us without cause	None	N/A
f. Termination by us with cause	Section 5.2	We can terminate you for cause.
g. "Cause" defined – defaults which can be cured	Section 5.2	If you commit a default under the ADA (other than the type of default disclosed in (h) below, which defaults are non-curable), you have 15 days after you receive notice from us to cure the default identified in the notice.
h. "Cause" defined – non-curable defaults	Section 5.2	We have the right to terminate the ADA effective immediately on notice to you if you commit a Material Default, including: (i) you fail to meet your Minimum Development Obligations; (ii) you commit any conduct that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or the System; (iii) the termination of any Franchise Agreement entered into by you or any of your affiliates and us and any of our affiliates; (iv) uncured default under any such Franchise Agreement; (v) violation of the confidentiality and/or non-competition covenants; and (vi) failure to cure any other default within

Provision	Section in Development Agreement	Summary
		15 days after notice.
i. Your obligations on termination/nonrenewal	Section 5.3, Section 7.1.2, 7.3	Comply with covenants and all post-term obligations of the Development Agreement.
j. Assignment of contract by us	Section 6.1	No restriction on our right to assign.
k. "Transfer" by you – definition	Section 6.2	Includes transfer of the ADA or your ownership change.
l. Our approval of transfer by you	Section 6.2	You are not permitted to assign or transfer the ADA.
m. Conditions for our approval of transfer	Not applicable	You have no right to transfer or assign the ADA.
n. Our right of first refusal to acquire your business	None	N/A
o. Our option to purchase your business upon termination or non- renewal	None	N/A
p. Your death or disability	None	N/A
q. Non-competition covenants during the term of the franchise	Section 7.1.1	You may not (a) own, maintain, engage in, be employed by, lend money to, extend credit to or have any interest in any Competing Business (as defined in the franchise agreement), other than any other **KIDSTRONG®** Center; or (b) divert or attempt to divert any business or customer or prospect of the Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.
r. Non-competition covenants after the franchise is terminated or expires	Section 7.1.2	During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a)

Provision	Section in Development Agreement	Summary
		anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25 mile radius of any Center in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.
s. Modification of the agreement	Section 9.10	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Section 9.10	Only the terms of the ADA are binding (subject to state law). Any representations made outside of the disclosure document and ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 8	Except for certain claims, all disputes must be mediated and if not resolved through mediation, arbitrated (subject to state law).
v. Choice of forum	Section 9.1	Mediation and arbitration must be held in Collin County, Texas (subject to state law). (or, if our corporate headquarters is no longer in

Provision	Section in Development Agreement	Summary
		Collin County, Texas, the county in which our corporate headquarters is then-located)
w. Choice of law	Section 9.1	Texas law applies (subject to state law).

ITEM 18. PUBLIC FIGURES

We do not currently use any public figure to promote our franchise system, but we reserve the right to do so in the future.

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 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 representation about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our CEO, Matt Sharp at 5 Cowboys Way, Suite 300, Frisco, Texas 75034 or via telephone at 859-806-1035, the Federal Trade Commission, and the appropriate state regulatory agency.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For fiscal years ending December 31, 2018, 2019, and 2020

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2018	0	0	0
	2019	0	2	+2
	2020	2	5	+3
Company-Owned or Affiliate-Owned	2018	1	2	+1
	2019	2	4	+2
	2020	4	5	+1
Total Outlets	2018	1	2	+1
	2019	2	6	+4
	2020	6	10	+4

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) For fiscal years ending December 31, 2018, 2019 and 2020

State	Year	Number of Transfers
All States	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0

Table No. 3
Status of Franchised Outlets
For fiscal years ending December 31, 2018, 2019, and 2020

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
Louisiana	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
Ohio	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termi-nations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2020	1	1	0	0	0	0	2
Texas	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
	2020	1	1	0	0	0	0	2
Total	2018	0	0	0	0	0	0	0
	2019	0	2	0	0	0	0	2
	2020	2	3	0	0	0	0	5

Table No. 4
Status of Company-Owned and Affiliate-Owned Outlets For fiscal years ending December 31, 2018, 2019, and 2020

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Kentucky	2018	1	0	0	0	0	1
	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
Texas	2018	0	1	0	0	0	1
	2019	1	2	0	0	0	3
	2020	3	1	0	0	0	4
Total	2018	1	1	0	0	0	2
	2019	2	2	0	0	0	4
	2020	4	1	0	0	0	5

Table No. 5
Projected Openings as of December 31, 2020

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	1	0
Florida	5	2	0
Louisiana	1	2	0
Maryland	1	1	0
Massachusetts	1	1	0
New Jersey	1	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Ohio	1	1	0
Tennessee	1	1	0
Texas	2	1	3
Virginia	1	1	0
Total	**15**	12	3

There are current franchisees who have signed provisions within the past three years restricting their ability to speak openly about their experience with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the **KIDSTRONG®** franchise system. You may wish to speak with current and former franchisees, but be aware that not all of those franchisees will be able to communicate with you.

A list of current franchisees as of December 31, 2020, is attached to this FDD as Exhibit D. A list of the franchisees that had their franchise terminated, not renewed, or cancelled, as well as franchisees that left the system or otherwise voluntarily or involuntarily ceased to do business under their Franchise Agreement in 2020 or who have not communicated with us within the 10 weeks prior to the date of this FDD is included in Exhibit E. **If you buy this franchise, your contact information may be disclosed when you leave the franchise system.** As of the date of this FDD, we do not have any trademark-specific franchisee organization or association.

ITEM 21. FINANCIAL STATEMENTS

Attached to this FDD as Exhibit C are the following financial statements: (a) our unaudited financial statements dated January 2021 through June 2021; (b) our audited opening balance sheet dated December 31, 2019; and (c) our audited financial statements for our fiscal year ended December 31, 2020.

ITEM 22. CONTRACTS

Attached as Exhibit A to this FDD, is the Franchise Agreement which has the following agreements attached:

Exhibit B – Guaranty of Performance
Exhibit C – Lease Rider
Exhibit D – Conditional Assignment of Telephone & Facsimile Numbers, and Domain Names
Exhibit E – Electronic Funds Withdrawal Authorization
Exhibit F –Site Selection Addendum

Attached as Exhibit B to this FDD, is the Area Development Agreement which has the following agreement attached:

Exhibit B - Guaranty and Assumption of Developer's Obligations

ITEM 23. RECEIPTS

Exhibit K of this Franchise FDD contains a detachable document, in duplicate, acknowledging receipt of this Franchise FDD by a prospective franchisee. You should sign both copies of the Receipts. You should retain one signed copy for your records and return the other signed copy to: KidStrong Franchising LLC 5 Cowboys Way, Suite 300, Frisco, Texas 75034.

EXHIBIT A

FRANCHISE AGREEMENT

KIDSTRONG FRANCHISING LLC

FRANCHISE AGREEMENT EDITION DATE: 2021

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KIDSTRONG FRANCHISING LLC FRANCHISE AGREEMENT

This Franchise Agreement (the "Agreement") is entered into and effective the_______of ___________, 20___(the "Effective Date") by and between: (i) KidStrong Franchising LLC, a Delaware limited liability company with an address at 5 Cowboys Way, Suite 300 Frisco, Texas 75034 ("Franchisor"); and (ii) ______, a __________ with a principal business address at _________________________________ ("Franchisee").

RECITALS

A. Franchisor and its affiliates have developed a valuable and proprietary system (the "System") for businesses offering and providing a "whole child" development program focused on building stronger kids through innovative training, including in the areas of physical fitness, leadership, and confidence building under the **KIDSTRONG**® mark (each a "Center" or the "Franchised Business");

B. Franchisor is engaged in the business of granting franchises to operate **KIDSTRONG**® Centers;

C. Franchisor and its owner and affiliates have devoted considerable time and expense to the development and refinement of the System and the goodwill associated with its marks, and Franchisor desires to license the non-exclusive use of that System and marks to franchisees;

D. The characteristics of the System include, but are not limited to: Center trade dress, designs, layouts, color schemes, branding and other identification methods; specifications for services, methods of operation, equipment, inventory, accessories, class structure and content; designated computer hardware and software programs, and website and social media specifications; member enrollment marketing methods and procedures, class registration methods and procedures, booking methods and procedures; current and future developed session programs and classes; training procedures, operating procedures and customer service standards, methods and marketing techniques; mandatory and suggested policies, procedures, standards, specifications, rules and requirements; all as outlined by Franchisor in the operations manual(s) (the "Manual") and such other written materials issued by Franchisor;

E. Franchisor and its franchisees use various trademarks, service marks, logos, trade dress, names, and other commercial symbols that Franchisor has created or licensed to designate to the public the goods or services originating from Franchisor and its affiliates and franchisees. including, without limitation, the registered service mark "**KIDSTRONG**®", and such other future developed or designated trade names, trademarks and/or service marks, in connection with the System (collectively, the "Marks");

F. Franchisee has applied to Franchisor for a franchise to operate a Center and such application has been approved in reliance upon all of the representations made therein; and

Franchisee hereby acknowledges that adherence to the terms of this Agreement and the standards and specifications of Franchisor is essential to the operation of its Center and to the operations of the System.

NOW THEREFORE, in exchange for the covenants and promises herein, and other valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

AGREEMENT

1. GRANT OF LICENSE

1.1. Grant. Franchisor grants to Franchisee, and Franchisee accepts from Franchisor, the non-exclusive right and license, for the Term of this Agreement, to establish and operate a business that Franchisee holds out as associated with the Marks and that operates according to this Agreement, the System, and the Manual, as amended, at a certain location to be identified in the Data Sheet attached to this Agreement as Exhibit A (the "Location"). Nothing in this Agreement gives Franchisee any other right, title or interest in any of the Marks or the System. The foregoing grant to Franchisee does not include: (i) any right to offer any product or service via e-commerce without prior approval by Franchisor; (ii) any right to establish an independent website or to establish a URL incorporating the Marks or any variation thereof; (iii) any right to establish any social media presence; (iv) any right to distribute, market, or implement Franchisor's products and services in any channel of distribution not specifically authorized under this Agreement; or (v) any right to sell products or services at wholesale prices from the Franchised Business.

1.2. Authorized Goods and Services Only. In its operation of the Franchised Business, Franchisee will offer and sell only those services and goods specifically authorized by Franchisor and must sell all authorized services and goods required by Franchisor. Franchisor is permitted to add to, modify, or discontinue at any time any of the goods and services that Franchisee is authorized to offer and sell. This grant permits and requires Franchisee to operate the Franchised Business in association with and using the Marks and the System, but not to operate any other business or to undertake any other activities not authorized by Franchisor. Without limiting the foregoing, Franchisee is prohibited from advising others who operate Competitive Businesses (as defined below). Franchisee may engage in advertising, promotional, marketing and related activities only as authorized under this Agreement and Franchisee acknowledges that Franchisor has the unrestricted right to limit and regulate such activities, including, without limitation, the right to prohibit Franchisee from including any price information in promotional activities with circulation outside of the Territory.

1.3. Location. This Agreement grants Franchisee the right to operate the Franchised Business only at the Location identified in the Data Sheet. If Franchisor has not approved a location for Franchisee to operate the Franchised Business on the date Franchisee signs this Agreement, the parties shall enter into the Site Selection Addendum attached as Exhibit G to this Agreement, the terms of which shall govern the parties' site selection obligations. Franchisee is solely responsible for obtaining and building out the Location. Franchisor may designate an approved supplier for these services. Franchisor must approve the proposed location in its sole discretion. Before signing any purchase agreement or lease, Franchisee shall provide Franchisor with a complete copy of all documents relating to the purchase or lease agreement for Franchisor's review. If Franchisor does not approve the purchase or lease agreement for any reason in its sole discretion, then Franchisee will not execute that agreement. Franchisor may condition its approval of any proposed lease on, among other things, Franchisee's and Franchisee's landlord's execution of the Lease Rider (attached as Exhibit C to this Agreement) which: (i) grants Franchisor the right, but not the obligation, to assume the lease upon (a) Franchisee's default on the lease, or (b) termination, transfer or expiration of this Agreement; and (ii) authorizes and requires Franchisee's landlord to disclose to Franchisor, upon Franchisor's request, sales and other information Franchisee has furnished to the landlord. Prior to executing any purchase or lease agreement, Franchisee will ensure that Franchisee's operation of the Franchised Business at the proposed site will not violate any applicable law or regulation, including without limitation any zoning, parking, and use restrictions relating to the site. Franchisee must deliver an executed copy of the lease and the Conditional Assignment of Lease to Franchisor within fifteen (15) days of execution of the lease. Franchisee acknowledges and agrees that Franchisor's approval of a proposed site and the agreement for Franchisee's purchase or lease of the Location does not constitute, and Franchisee will not assert that it constitutes, any representation, warranty, or guarantee by Franchisor that the Location is adequate or properly zoned or permitted for the purpose of operating the Franchised Business, that the purchase or lease agreement is fair or reasonable, or that Franchisee's operation of the Franchised Business from the Location will be profitable or successful. Franchisor strongly encourages Franchisee to seek independent counsel from a lawyer or business adviser to assist Franchisee in selecting a location and negotiating a lease for the Location.

1.4. Territory. Except as otherwise provided in this Agreement, and subject to the reserved rights set forth in Section 1.6 below, for so long as Franchisee complies with the terms and conditions hereof, Franchisor shall not establish and operate, nor license to any party the right to establish and operate, any KidStrong Center under the System and the Marks during the term hereof within the Territory identified on the Data Sheet (the "Territory"). Franchisor shall have the right, in its sole discretion, to grant Franchisee a smaller territory than: (a) a radius of three (3) miles surrounding the Location, if the Location is in a rural area; or (b) a five- (5-) block radius of the Location. Franchisor shall have the right, among others, to use and to license others to use the System and Marks for the operation of other Facilities at any location outside of Franchisee's Territory. If the Location has not been determined at the time Franchisee signs this Agreement, Franchisor will designate the Territory once a Location is secured in accordance with the terms and conditions of this Agreement. Notwithstanding the foregoing, Franchisor has the right to open and operate, and to license other persons and/or entities the right to open and operate Centers located in Non-Public Access Venues, including within the Territory. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other facilities that are not accessible to the general public.

1.5. Reserved Rights. Franchisor reserves all rights not expressly granted to Franchisee under this Agreement, including, without limitation, the right to: (i) offer and sell, and authorize others to offer and sell, any goods and services in, at or from any location outside of the Territory; (ii) manufacture, distribute, offer and sell, and authorize others to manufacture, distribute, offer and sell, any goods and/or services, including coaching services and fitness instruction services, in, at or from any location, including any location within the Territory either: (a) through alternative channels of distribution, including sales on the Internet, through kiosk locations, through print and online catalogs, through online videos, e-commerce sites, mobile applications, recorded media or broadcast media, and in retail locations; or (b) under any names or trademarks other than the Marks. For the purposes of this provision, alternative channels of distribution include any channels not explicitly authorized for use by Franchisee under this Agreement or the Manual; (iii) merge with, acquire, or be acquired by, including through purchase or sale of substantially all assets, any other person or entity, including any competitor of Franchisor or Franchisee (each an "M&A Transaction"), and continue to conduct in any location any business engaged in by the merging, acquiring, or acquired person or entity, including any business directly competitive with the Franchised Business regardless of where the business is located and to permit the business to operate under the Marks or any other name; (iv) use the Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through retail stores and via the internet, including online videos and recorded media regardless of location; (v) develop, or become associated with, other concepts (either directly or through affiliate entities) and grant franchises under such concepts for locations anywhere, including in the Territory; (vi) use and license to engage in any other activities not expressly prohibited in this Agreement; and (vii) advertise and/or authorize others to advertise, using the Marks, anywhere, including inside and outside the Territory. Without limiting the foregoing, Franchisor has the right to develop, administer and operate, whether directly or through an affiliate or licensee, digital platforms and digital products offering **KIDSTRONG** products and services to end users regardless of whether they are located in the Territory. Additionally, Franchisor has the right to sell **KIDSTRONG** merchandise through any outlet and from any location without restriction and Franchisor has the right to promote, offer, sell and provide **KIDSTRONG** fitness services through mobile applications and other platforms. In the event of an M&A Transaction, Franchisor has the right to require you to convert the Center to a different name and Franchisee hereby agrees to: (a) participate, at Franchisee's expense in any such conversion; and (b) waive any and all claims, demands or damages arising from or related to the loss of the Mark, the System or any association or affiliation with the Marks or the System.

1.6 Acknowledgments. Franchisee agrees and acknowledges as follows:

1.6.1 Franchisee independently investigated the KIDSTRONG® franchise opportunity and recognizes that (a) the nature of a KIDSTRONG® Center may evolve and change over time; (b) investment in a KIDSTRONG® Center involves business risks that could result in the loss of a significant portion or all of Franchisee's investment, (c) the business abilities and efforts of Franchisee's owners and other principals, management and staff are vital to Franchisee's success; (d) attracting family members for the Franchised Business will require Franchisee to make consistent marketing and promotional efforts; and (e) attracting and retaining customers will require Franchisee to provide quality services, to provide a high level of customer service and to adhere to the System;

1.6.2 Franchisee has not received and is not relying on any representations, warranties or guarantees, express or implied, as to the potential volume, sales, income or profits of a KIDSTRONG® Center, that any information Franchisee acquired from any System franchisee, including regarding sales, income, membership levels, profit, and/or cash flows was not information provided by or obtained from Franchisor and that Franchisor makes no representations about that information or its accuracy.

1.6.3 Franchisee has represented to Franchisor, to induce Franchisor to enter into this Agreement, that all statements and representations made by Franchisee and all information Franchisee provided to Franchisor are accurate and complete and Franchisee has made no misrepresentation or material omission in obtaining this franchise.

1.6.4 Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business (as defined herein) and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. Without limiting the foregoing, Franchisee is responsible for all decisions relating to hiring, firing, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, supervision, discipline and working conditions. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates. Franchisee shall include an express, conspicuous notation and acknowledgment on its employment applications and employment agreements stating that the prospective employee (in the case of an application) and the employee (in case of any employment agreement) acknowledges and understands that Franchisee, an independently owned and operated Franchised Business, is the employer, and that KidStrong Franchising LLC is not the employer.

1.6.5 Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractor, nor vice versa.

1.6.6 Franchisor has the right to enter into one or more agreements with one or more area representatives to provide certain services Franchisor is required to provide to Franchisee under this Agreement.

2. TERM OF AGREEMENT AND SUCCESSOR AGREEMENT

2.1 Term. The term of this Agreement begins on the Effective Date and expires on the ten- (10-) year anniversary of the Effective Date (the "Initial Term"), unless terminated earlier as authorized under this Agreement. Unless earlier terminated, this Agreement expires at 11:59 p.m. on the final day of the Initial Term. Franchisee shall operate the Franchised Business in compliance with the terms of this Agreement for the duration of the Initial Term, unless this Agreement is terminated earlier, as authorized under this Agreement. For purposes of this Agreement, the term "Term" shall be deemed to include the Initial Term and any term under a Successor Franchise Agreement.

2.2 Offer of Successor Franchise Agreement. Franchisee may submit a request to enter into a successor franchise agreement to continue Franchisee's operation of the Franchised Business for one additional ten (10) year term. Franchisor will not unreasonably withhold approval of such request, provided that Franchisee complies with and satisfies the following conditions:

(a) Franchisee gives Franchisor written notice of Franchisee's desire to execute a new franchise agreement, not less than ninety (90) days and not more than one hundred eighty (180) days prior to the end of the Term;

(b) Franchisee signs Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased royalty fees, Brand Fund Contributions and technology fees;

(c) Franchisee is in full compliance with this Agreement, any other agreement between Franchisee and Franchisor, its affiliates or suppliers, the Manual, and any other System requirements.

(d) Franchisee has obtained, maintained, and is in good standing with all necessary and applicable licenses and permits.

(e) Franchisee is in compliance with all monetary obligations to Franchisor, Franchisor's affiliates, and to all vendors, suppliers, lessors, and governmental and taxing authorities.

(f) Franchisee has made any modifications, repairs, updates, upgrades, and renovations required by Franchisor to the Location, to the goods and services offered by the Franchisee, to Franchisee's advertising, marketing and promotional programs, and to Franchisee's computer, financial, and accounting systems, and is current on all then-required training programs.

(g) Franchisee has committed no more than two (2) material defaults of this Agreement for which Franchisor has issued written notice and a demand for cure.

(h) Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Location for the duration of the renewal term.

(i) Franchisee and the direct and ultimate personal owners, shareholders, members, and partners (as applicable) of Franchisee if Franchisee is an entity ("Owners") execute a general release, in the form specified by Franchisor, of any and all claims accruing prior to the end of the Term, in favor of Franchisor and its members, officers, directors, employees, affiliates, and agents, to the extent that release is permitted by applicable law.

(j) Franchisee meets all general requirements then applicable to approval of new franchisees.

(k) Franchisee pays a fee in the amount equal to the greater of: (a) $7,500, or

(b) 25% of our then-current initial franchise fee for new franchisees, for the right to enter into the successor franchise agreement, which fee Franchisee will pay in lieu of any initial franchise fee otherwise required by that agreement.

2.3 Successor Agreement Contingent on Continued Compliance. Franchisee's ability to secure a successor franchise agreement is contingent on Franchisee's continued compliance with all conditions stated above through the end of the Term, and Franchisor is permitted to withdraw its approval or cancel any pending agreement if Franchisee's compliance lapses. No later than ten (10) days after receipt from Franchisor or the end of the Term (whichever occurs first), Franchisee and its Owners will execute any agreed-upon successor franchise agreement and ancillary agreements in Franchisor's then-current form, and will submit the executed copies to Franchisor. Those agreements will not be binding until executed by Franchisor.

2.4 Temporary Extension. If Franchisor and Franchisee do not enter into a successor franchise agreement, but Franchisee continues to operate the Franchised Business after the end of the Term with Franchisor's consent, then that will be considered a temporary extension of this Agreement, which extension Franchisor is permitted to discontinue at any time and for any reason upon thirty (30) days' written notice. If Franchisor discontinues that extension, the discontinuation will be considered a non-renewal of this Agreement and not a termination. If Franchisor does not consent to Franchisee's continued operation of the Franchised Business after the end of the Term, then this Agreement will be expire at the end of the Term and under no circumstances will Franchisee continue to operate the Franchised Business.

3. FEES AND PAYMENT

3.1 Initial Fee. Franchisee will pay to Franchisor an initial franchise fee (the "Initial Fee") in the amount of thirty thousand dollars ($30,000). Franchisee must pay the Initial Fee to Franchisor when Franchisee signs this Agreement. The Initial Fee is fully earned upon payment and not refundable under any circumstances, regardless of whether or not Franchisee ultimately opens a Center.

3.2 Recurring Fees.

(a) Franchisee shall pay to Franchisor a continuing Royalty Fee equal to 7 % of Gross Sales, payable on a weekly basis, during the first 30 months of the initial term. Thereafter, commencing on the 31st month of the initial term and continuing through the expiration of the 60th month of the initial term, Franchisee shall pay to Franchisor a continuing Royalty Fee equal to 7.75% of Gross Sales, payable on a weekly basis. Thereafter, commencing on the 61st month of the initial term and continuing through the expiration of the initial term, Franchisee shall pay to Franchisor a continuing Royalty Fee equal to 8.5% of Gross Sales, payable on a weekly basis. "Gross Sales" means all revenue generated in connection with the operation of the Franchised Business, and includes fees for any and all goods and services leased or sold by Franchisee, whether for cash or credit, and all other income of any kind or nature related to the Franchised Business, including, without limitation (a) any and all membership fees, dues, application fees, enrollment fees, dues, transfer fees, renewal fees, third-party payor fees (including from insurance companies), paid-in-full membership fees and/or dues, presale revenue, revenue derived from the sale of clothing, merchandise and product sales. "Gross Sales" does not include any sales tax collected from members by Franchisee and tendered to any taxing authority, and does not include the portion of the normal full price of any goods or services that is not collected by Franchisee as a result of an authorized sales discount or employee discount. Franchisee's obligation to begin paying the Royalty shall commence on the date the Center begins the pre-sale marketing campaign as required under Section 8.6.

(b) Franchisee shall contribute to the Brand Fund such amounts as Franchisor may prescribe from time to time (the "Brand Fund Contribution"), not to exceed 1.65% of Franchisee's Gross Sales. The Brand Fund Contribution is payable monthly based on Franchisee's Gross Sales during the previous month, or as otherwise prescribed by Franchisor in writing. Franchisor may require Franchisee to pay less than the full 1.65% Brand Fund Contribution, in its sole discretion, and may require Franchisee to pay the full 1.65% Brand Fund Contribution at any time during the Term, effective on written notice to Franchisee. Franchisee's obligation to begin paying the Brand Fund Contribution shall commence on the date the Center opens for business to the public.

(c) Franchisee shall pay to Franchisor a monthly technology fee (the "Technology Fee") in the amount Franchisor designates, for certain technology related services, products, licenses and/or sublicenses Franchisor designates, which may include, without limitation, hardware, software, network connections, and other equipment, hardware and software necessary to operate the Computer System, point of sale system, member management system, and/or scheduling system. Franchisor has the right to increase or decrease the Technology Fee at any time on notice to Franchisee. Franchisee shall also pay to Franchisor or its designee all fees assessed by suppliers in connection with the development and maintenance of the website, and the development, installation and maintenance of current and future developed software programs. Franchisee's obligation to pay the Technology Fee to Franchisor shall commence on the date Franchisee begins the Pre-Opening Marketing Campaign, as required under Section 8.6.

3.3 Form and Manner of Payments. Franchisee will pay Franchisor all one-time or non-periodic fees, including the Initial Fee, in the form of cashier's check or other form of payment acceptable to Franchisor in its sole discretion. Franchisee shall pay Franchisor the Royalty, Brand Fund Contribution, Technology Fee, and any other monthly or regularly recurring fees by an electronic funds transfer ("EFT") under which Franchisor automatically deducts all payments owed to Franchisor from Franchisee's bank account. Before opening Franchisee's Center, Franchisee shall provide Franchisor with Franchisee's bank name, address and account number, a voided check from such bank account, and shall sign and give to Franchisor and Franchisee's bank, all documents, including Exhibit F to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via EFT. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including changes in account numbers. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time.

3.4 Overdue and Declined Payments. Franchisee will pay Franchisor simple interest on any overdue amount at the rate of eighteen percent (18%) per annum or the highest rate permitted by applicable state law, whichever is less. If the payment of any fee is denied or declined by Franchisee's bank or financial institution, or if any other method of payment provided by Franchisee fails to allow Franchisor to receive when due any payment, then Franchisee will reimburse Franchisor for all costs incurred in connection with that denial or decline. At Franchisor's option, Franchisee also will pay Franchisor a late fee in the amount of three percent (3%) of the principal amount due for each instance in which Franchisee fails to make a payment when originally due.

3.5 Payments for Products and Services. Franchisor has the right, at any time during the Term, to require Franchisee to purchase equipment, goods and/or services from Franchisor, its affiliates or its designee. Franchisee shall purchase any such equipment, goods and/or services from Franchisor, its affiliates or its designees, as designated by Franchisor, in a form and manner acceptable to Franchisor.

3.6 Marketing Services Fee. Franchisee must pay to Franchisor, unless otherwise designated by Franchisor, a Marketing Support Services Fee in the amount designated by Franchisor ($750 per month as of April 2021) for administration of online marketing spend and lead generation expenditures. Franchisee shall pay this fee in accordance with the EFT Program described in Section 3.3 or, by another form of payment specified by Franchisor in its sole discretion.

3.7 Payment of State or Local Taxes Imposed on Franchisor. Franchisee will pay to Franchisor the amount of all sales taxes, use taxes, personal property taxes and similar taxes that any taxing authority within Franchisee's state(s) seeks to collect from Franchisor on account of Franchisee's Gross Sales or on account of fees collected by Franchisor from Franchisee, but excluding Franchisor's ordinary income taxes or Franchisor's receipts taxes arising out of fees due or paid from Franchisee or Franchisor. Franchisor is permitted to collect from Franchisee any imposed taxes in the same manner as Royalties, or to direct Franchisee to make those payments directly to the applicable taxing authority or authorities.

3.8 Application of Payments. Franchisor is permitted to apply payments from Franchisee in any manner Franchisor chooses against outstanding balances, regardless of how Franchisee designates its payments. Franchisor may setoff from any amounts Franchisor may owe to Franchisee any amount that Franchisee owes to Franchisor or to its affiliates. Franchisee shall have no right to, and shall not, offset any payment owed to Franchisor for any amount owed or purportedly owed to Franchisee.

4. PROPRIETARY MARKS

4.1 Franchisee's Use of the Marks.

(a) Franchisee shall use only the Marks which Franchisor designates, and only in the manner Franchisor authorizes and permits.

(b) Franchisee shall use the Marks only in connection with the Franchised Business and only at the Location and in advertising for the Franchised Business.

(c) Franchisee shall use all Marks without prefix or suffix and in conjunction with the symbols "TM", SM", "S" or "®", as applicable. Franchisee may not use the Marks in connection with the offer or sale of any products or services which Franchisor has not authorized for use in connection with the System. **Franchisee may not use the Marks, or any component thereof, including the words "Kid" or "Strong" as part of Franchisee's corporate or other legal name.** Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and the business name "KidStrong." Franchisee must promptly register at the office of the county in which Franchisee's Center is located, or such other public office as provided for by the laws of the state in which Franchisee's Center is located, as doing business under such assumed business name.

(d) Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Marks including, without limitation, on invoices, order forms, receipts, and business stationery, as well as at such conspicuous locations at the Center Location as Franchisor may designate in writing.

(e) Franchisee must prominently display the Marks on or in connection with any media advertising, promotional materials, posters, displays, receipts, stationery and forms that Franchisor designates and only in the manner that Franchisor prescribes.

(f) Franchisee's right to use the Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights. If Franchisee uses the Marks in any way contrary to the terms of this Section, then upon request by Franchisor and at Franchisor's option, and without limitation to Franchisor's other remedies, Franchisee will cease that use and cancel all registrations, domain names, and email addresses, or will transfer to Franchisor the rights to those registrations, domain names, and email addresses and will execute all further agreements necessary to carry out that transfer.

(g) Franchisee shall not use the Marks to incur any obligation or indebtedness on Franchisor's behalf.

(h) Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Marks or to maintain their continued validity and enforceability.

(i) Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Marks. Franchisee acknowledges that Franchisor has the sole right, though not the obligation to direct and control any administrative proceeding or litigation involving the Marks, including any settlement thereof. Franchisor also has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Marks. Franchisor has the right, though not the obligation, to defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Marks. In such circumstances, if Franchisor determines that Franchisee has used the Marks in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor determines that Franchisee has not used the Marks in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Marks, Franchisee shall execute any and all documents and do such acts as may be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Marks in a manner not in accordance with this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

(j) Franchisee will not use the Marks or any derivation thereof or confusingly similar mark in the name of Franchisee's corporate entity (if any), in any domain name owned or controlled by Franchisee, or in any email address used by Franchisee or its agents, except with Franchisor's written consent.

(k) Franchisee expressly understands and acknowledges that:

1. Franchisor owns all right, title, and interest in and to the Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Marks;

2. The Marks are valid and serve to identify the System and those who are authorized to operate under the System;

3. During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Marks;

4. Franchisee's use of the Marks does not give Franchisee any ownership interest or other interest in or to the Marks;

5. Franchisee's use of the System and Marks and any goodwill established by that use inures solely to the benefit of Franchisor or its affiliate, and that, upon the expiration or the earlier lawful termination of this Agreement for any reason, Franchisee will not receive or be assigned any monetary amount in compensation for Franchisee's loss of use of the Marks;

6. The license of the Marks granted to Franchisee hereunder is nonexclusive and Franchisor retains the right, among others, (i) to use the Marks itself in connection with selling products and services; (ii) to grant other licenses for the Marks; and (iii) to develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing Franchisee any rights therein; and

7. Franchisor reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. If Franchisor notifies Franchisee in writing that the Marks have been modified or discontinued, Franchisee

shall discontinue use of the relevant Marks and begin using the new or modified Marks within ten (10) days, all at Franchisee's expense.

5. CONFIDENTIAL INFORMATION

5.1 Definition. For purposes of this Agreement, the term "Confidential Information" shall mean: information which Franchisor considers its trade secrets and other information, processes, methods, procedures, know-how, and techniques related directly or indirectly to the development, opening and/or operation of a Center, including but not limited to methods of instruction; information regarding the build-out of a Center; information about proprietary equipment; information about proprietary merchandise; any proprietary software Franchisor may now or in the future create; the Manual; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for equipment, floor design, equipment layout, lighting, supplemental exercise equipment configuration, systems and training manuals, instructor training systems, compensation systems, online social marketing systems, merchandise sales systems, location identification and acquisition systems, ongoing instructor training, and general operations; Franchisor's copyrighted materials; Franchisor's and/or its affiliates' patents; and methods and other techniques and know-how concerning the of operation of the Franchised Business which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation of a Center (collectively, the "Confidential Information"). "Confidential Information" shall also be deemed to include any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential. Franchisee acknowledges and agrees that certain information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute the trade secrets and Confidential Information of Franchisor. Franchisee shall not sell, transfer or use any member or customer information for any purpose other than marketing the Center in accordance with the terms and conditions of this Agreement. Franchisor and its affiliates shall have the right to use Center member and customer information in any manner and for any purpose. Franchisee shall secure express consents and authorizations permitting such disclosure and use by Franchisor in accordance with all applicable laws, rules and regulations.

5.2 Non-Disclosure. Franchisee acknowledges and agrees that Franchisor and its affiliates own all right, title and interest in and to the Confidential Information. Franchisee agrees that Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information. Franchisee may divulge such Confidential Information only to such of Franchisee's employees as must have access to it in order to operate the Franchised Business. Franchisee will not use the Confidential Information in any other business or capacity and will maintain absolute secrecy and confidentiality of the Confidential Information. Franchisee shall adopt, implement and maintain all necessary and reasonable procedures to prevent unauthorized use or disclosure of, or access to, Confidential Information, including, without limitation, requiring employees to sign confidentiality and non-disclosure agreements in a form acceptable to Franchisor. Franchisee acknowledges and agrees that Franchisor has expended considerable time, effort, and money to develop the System, that the enumerated Confidential Information is not well known outside of the System, that the Confidential Information is of great value to the Franchisor and its affiliates and is considered a proprietary and valuable asset, and that Franchisor is implementing this non-disclosure policy in an effort to protect the trade secrets and Confidential Information. Franchisee acknowledges that in the event of the actual or threatened breach of this Section 5, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm.

5.3 Employees. At Franchisor's request, Franchisee must require Franchisee's key employees, including the Center Director as defined in Section 7.12, and any other personnel having access to any of Franchisor's Confidential Information, to enter into a Confidentiality and Restrictive Covenant Agreement in the form designated or approved by Franchisor.

5.4 New Concepts. If Franchisee, Franchisee's employees, or Franchisee's principals develop any new concept, process or improvement related to the operation or promotion of the Franchised Business, including website content, mobile apps, and/or social media pages, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process, intellectual property and/or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals hereby assign to Franchisor any rights Franchisee may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee's principals hereby irrevocably designate and appoint Franchisor as Franchisee's agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

6. LOCATION

6.1 Operation from Location. Franchisee will operate the Franchised Business exclusively at and from the Location. If known as of the Effective Date of this Agreement, the Location is the Location identified in the Data Sheet. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties shall enter into the Site Selection Addendum attached as Exhibit G to this Agreement, the terms of which shall govern the parties' site selection obligations.

(a) No Warranty. Franchisee acknowledges and agrees that Franchisor's approval or acceptance of any site for the Center shall not, under any circumstances, constitute a warranty or representation, whether express or implied, as to the potential success or profitability of the Center at the site. Franchisee understands that the Center site selection, while subject to Franchisor's approval, is Franchisee's responsibility and Franchisee is encouraged to work with professional advisors in determining suitability for a proposed site before entering into any binding lease or purchase agreement for the site. Franchisee acknowledges that Franchisor shall have no responsibility to Franchisee if the site Franchisee secures for the Center fails and agrees not to allege anything to the contrary.

6.2 Design, Construction, Remodeling.

(a) Qualified Personnel. Franchisee will employ qualified personnel to perform all design, construction, and remodeling work at the Location in accordance with plans and specifications approved by Franchisor. At Franchisor's request, Franchisee will provide Franchisor with any requested information concerning the personnel employed by Franchisee for design, construction, or remodeling. Franchisor may require Franchisee to use Franchisor-approved or designated architects and/or contractors in connection with any design, construction, build-out or remodeling.

(b) Design and Plans. Franchisee acknowledges that it is Franchisee's sole responsibility to prepare all required construction and build-out plans and specifications for the Center and to ensure that all such plans and specifications comply with all applicable laws, rules and regulations, including those rules governing public accommodations for persons with disabilities (including the Americans with Disabilities Act), and all other applicable ordinances, building codes, zoning regulations, permit requirements and lease restrictions. Franchisor will provide Franchisee its sample, prototypical specifications for construction, remodeling and/or decorating the location and general floor plans and general interior layout and design. Franchisee will submit to Franchisor for approval all construction and design plans for adapting Franchisor's specifications to Franchisee's location. Franchisor will review those plans and will approve or disapprove them in writing no later than thirty (30) days after receipt. Franchisee acknowledges that Franchisor's review is limited to ensuring compliance with Franchisor's required design and other requirements and will not include any assessment of whether or not such plans and specifications meet the requirements of all applicable laws, rules, ordinances and regulations, which shall at all times remain Franchisee's sole responsibility.

(c) Permits and Licenses. Franchisee will obtain and maintain in good standing all licenses, permits and certifications required for lawful construction, build-out and remodeling of the Location.

(d) Funding. At Franchisor's request, Franchisee will provide to Franchisor written evidence of Franchisee's funding or funding commitments in a form acceptable to Franchisor, and Franchisee authorizes Franchisor to contact any funding sources directly to discuss all financial aspects of the construction or remodeling of the Location.

(e) Quality of Work. Franchisee will ensure that all design, construction, and remodeling work is performed in a competent and professional manner, and that the finished Location meet all specifications identified by Franchisor.

(f) Progress Reports and Site Visits. Franchisee will provide Franchisor with any progress reports requested by Franchisor during the course of any design, construction, and remodeling work. Franchisor is permitted to visit and inspect the Location at any time during the design, construction, and remodeling process.

(g) Completion. Franchisee's completion of the construction or remodeling process will include the complete construction of the Location at the Location, the installation of all equipment, fixtures, furnishings, and signage required by Franchisor's specifications, the completion of all carpentry, electrical, painting, and finishing work, and any other preparations necessary to render the Location fit for use for the Franchised Business, which Franchisee shall incur at its own expense.

6.3 Opening. Franchisee must, on or before the Opening Deadline, (a) secure Franchisor's approval to open the Center, which approval will not be unreasonably withheld, and (b) open the Center for business. Franchisor may condition its approval on Franchisee's satisfaction of the following pre-opening conditions:

(a) Upon completion of all construction and remodeling work, and at Franchisor's option, Franchisor will inspect the Location and identify any additional actions that Franchisee must take to comply with Franchisor's specifications. Franchisee will promptly take any such required actions;

(b) Franchisee shall have conducted the Pre-Opening Marketing Campaign (as defined below) as required pursuant to Section 8.6 of this Agreement before opening the Center for business. As set forth in Section 8.6, Franchisee will not be permitted to open the Center until Franchisee has at least 250 members enrolled at the Center;

(c) Franchisee shall have completed the initial training program as required under this Agreement before the Opening Deadline;

(d) Franchisee shall have secured all licenses, permits, approvals, bonds and other permissions required under all applicable laws, rules, regulations and procedures for the lawful operation of the Center at the Location;

(e) Franchisee shall have adopted for use a form of membership agreement that (i) has been approved by Franchisor and (ii) that Franchisee has independently verified, after consultation with Franchisee's legal counsel, is in compliance with all applicable laws, rules and regulations. Franchisee shall send Franchisor copies of all membership agreements Franchisee intends to use at least thirty (30) days before Franchisee begins using any such agreement;

(f) Franchisee has paid all amounts due to Franchisor and its affiliates;

(g) Franchisee has provided Franchisor with certificates of insurance evidencing Franchisee's compliance with the insurance coverage requirements as set forth in this Agreement and as set forth in the Manual; and

(h) Franchisee shall have purchased an initial inventory of KIDSTRONG® branded merchandise, and such other merchandise as specified by Franchisor, including, but not limited to, clothing and other consumer products Franchisor determines to be appropriate for retail sale at the Center or for use in conjunction with approved promotional activities, from Franchisor, its affiliates or approved or designated suppliers. Franchisee acknowledges and agrees that Franchisor may specify the type and quantity of items Franchisee must purchase for pre-opening inventory.

Upon Franchisee's final compliance with all specifications and pre-opening requirements, Franchisor will grant approval for Franchisee to open for business. Franchisee will not open for business until Franchisor has issued that approval, but Franchisee will promptly open for business once Franchisor has issued its approval. If Franchisee believes Franchisor has failed to adequately provide any services required to be provided to Franchisee before opening, including training, support or any other pre-opening obligation, Franchisee shall notify Franchisor in writing within ninety (90) days following the opening of the Center. If Franchisee does not provide the Pre-Opening Notification, Franchisee shall be deemed to conclusively acknowledge that all pre-opening obligations required to be performed by Franchisor were sufficient, in compliance with this Agreement, and satisfactory.

6.4 Opening Deadline. Pursuant to the process defined above, Franchisee will: (a) purchase or lease the Location no later than nine (9) months days after the Effective Date; and (b) open for business no later than twelve (12) months after the Effective Date (the "Opening Deadline").

6.5 Maintenance and Appearance. Franchisee will maintain the Location in a clean, orderly, and attractive manner at all times when open for business, and will promptly conduct any repairs and replacements necessary to maintain the Location in compliance with the standards and specifications set forth in the Manual.

6.6 Upgrades and Alterations. Franchisee will make any additions, alterations, upgrades, repairs and replacements required by Franchisor in connection with Franchisee's operation of the Center at Franchisee's sole cost and expense, including without limitation periodic redecorating, refurbishment, remodeling, replacement of signs, fixtures or materials, and upgrading and/or replacement of equipment. Without limiting the foregoing, Franchisee shall ensure that, at all times during the Term, Franchisee takes the following actions at Franchisee's expense (i) regular and thorough cleaning; (ii) repainting and redecorating of the interior and exterior of the Center premises as directed by Franchisor; and (iii) repair and/or replacement, as designated by Franchisor, of damaged, worn-out and/or obsolete equipment, fixtures and/or furnishings. Franchisee acknowledges and agrees that Franchisor has the right to change the trade dress and Franchisee agrees to comply with and implement all modifications necessary to comply with any such changes at Franchisee's sole cost and expense.

6.7 Use of Location. Franchisee will use the Location only for the purpose of operating the Franchised Business in strict accordance with the terms of this Agreement. In particular but without limitation, Franchisee will offer and sell only goods and services permitted by Franchisor at the Location, and Franchisee will allow at the Location only those progress charts, displays, advertisements, and promotional materials authorized by Franchisor.

6.8 Inspections. Franchisee will permit Franchisor or its agents or representatives to enter the Location at any time during normal business hours and with or without prior notice for the purposes of conducting inspections, taking photographs, sampling goods and services (including by using “secret shoppers”), and speaking with employees, customers and members. Franchisee will cooperate fully with Franchisor’s agents or representatives by providing any assistance that those agents or representatives reasonably request, and by allowing those agents or representatives access to every part of the Location and to remove reasonable quantities of products or other goods for purposes of testing or examining samples. Upon notice from Franchisor or its agents or representatives, and without limiting Franchisor’s other rights under this Agreement, Franchisee will promptly remedy any deficiencies detected during any inspection.

6.9 No Relocation. Franchisee will not relocate the Franchised Business or operate from any site other than the Location without the written consent of Franchisor. If, for any reason, the lease term is shorter than the term of this Agreement and the lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Location, Franchisee must relocate Franchisee’s Center to a mutually acceptable site within Franchisee’s Exclusive Territory to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee’s intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing Franchisee’s existing Center, and open the new Center for business within sixty (60) days of closing Franchisee’s existing Center.

7. GENERAL OPERATIONAL REQUIREMENTS

7.1 Operations Manual. Franchisor will provide Franchisee with access to the Manual online through electronic access in the form designated by Franchisor. Franchisee shall operate the Franchised Business in strict compliance with the Manual, which Franchisee acknowledges Franchisor has the right to modify from time to time. The Manual shall remain confidential and Franchisor’s exclusive property. Franchisee shall not disclose, duplicate or make any unauthorized use of any portion of the Manual and Franchisee shall protect the confidentiality of any usernames and passwords used to access the Manual. The provisions of the Manual constitute provisions of this Agreement as if fully set forth herein. Franchisee shall ensure that Franchisee’s copy of the Manual is current and up to date, including, without limitation. If there is a dispute relating to the contents of the Manual, the master copy which Franchisor maintains at Franchisor’s corporate headquarters will control.

7.2 Compliance with Manual. Without limiting other provisions in this Agreement, Franchisee will operate the Franchised Business in compliance with this Agreement and the Manual, including by operating the Franchised Business strictly in accordance with the standards of customer service, safety, cleanliness, environmental care, consistency, training, brand image, advertising, and promotion prescribed by Franchisor. Franchisee acknowledges and agrees that, in order to ensure that the System remains competitive and responds to changes in technology, member preference, and other factors, Franchisor is permitted, by written notice to Franchisee, to add to, delete from, modify, or otherwise change the System and the Manual, including without limitation by adding new or enhanced Services and products, new operational requirements, and new techniques and methods of operation. Franchisor will provide any revisions to Franchisee in a written form of Franchisor's choosing. Franchisee will immediately adopt all revisions that do not require any material expenditure by Franchisee, and will adopt all other revisions within a reasonable time not to exceed thirty (30) days after Franchisee's receipt of the revision. Franchisee acknowledges that Franchisee may be required to incur an increased cost to comply with any such changes at Franchisee's expense.

7.3 Authorized Products and Services. Franchisee acknowledges and agrees that Franchisee will offer and sell only the authorized goods and services, and that Franchisor's control over those goods and services and the methods of their delivery is essential to maintaining and improving the reputation and goodwill associated with the Marks. Franchisee will not offer any additional or alternative goods or services without Franchisor's written consent, and Franchisee's submission to Franchisor of any proposal to offer or sell additional goods or services will constitute an assignment of any rights in those goods or services for Franchisor to offer or sell them itself, to make them available to other franchisees, and to make them and any revisions, alterations, or derivations available to Franchisee and any other franchisee. Franchisee will provide all services and goods approved by Franchisor. Franchisee shall at all times maintain sufficient levels of inventory and other products, of the type, quantity and quality as specified in the Manual or otherwise in writing, to adequately satisfy consumer demand. Franchisee must offer and sell all private label or branded products which Franchisor designates for sale by System franchisees. Franchisee must reorder and stock in sufficient supply all such proprietary and/or branded products as may be necessary to meet reasonably expected consumer demand at the Center throughout the Term. If Franchisor discovers that Franchisee is selling unauthorized or unapproved products from its Center, Franchisee must pay Franchisor a non-compliance fee equal to $250 ("Non-Compliance Fee"). Additionally, if Franchisee fails to remedy this non-compliance within 14 days notification thereof, Franchisor will assess the Non-Compliance Fee again and will continue to assess the fee every 14 days until the non-compliance is cured. Franchisor is permitted to add to, modify, or eliminate elements of the authorized goods or services at any time in its sole discretion.

7.4 Equipment and Assets used in Center Operations. Franchisee shall purchase and use in connection with the operation of the Center, all equipment (including fitness and exercise equipment, as well as audio and visual entertainment equipment), fixtures, furnishings, signs and supplies designated by Franchisor (the "Equipment and Furnishings") from suppliers designated or approved by Franchisor. Franchisee shall only play the music approved or designated by Franchisor, and Franchisee shall only display visual entertainment (including audio and/or videos) designated or approved by Franchisor. Franchisor shall have the right to require Franchisee to pay to Franchisor or a third party any and all licensing fees for the right to play or display such music or content in connection with the operation of the Center. Franchisee shall be responsible for ensuring that any music played and/or visual entertainment displayed in connection with the operation of the Center is in compliance with all applicable laws, rules and regulations.

7.5 Designated Sources of Goods, Services, Supplies, Materials, and Equipment. Franchisee will use all vendors and suppliers, which may include Franchisor and/or one or more affiliates of Franchisor, as designated by Franchisor, as a required source for any goods, services, supplies, materials, and equipment. Franchisor and its affiliates are permitted to receive any payment or benefit from any vendors or suppliers resulting from any Franchisee purchase or lease, and Franchisor and its affiliates are permitted to impose markups on products and services supplied by Franchisor and/or its affiliates, and to derive revenue and other material consideration on account of Franchisee's purchase or lease of any goods, services, supplies, materials, or equipment. Franchisor and its affiliates shall have the right to use all such payments, benefits and consideration in any manner, without restriction, for any purposes Franchisor and/or its affiliate(s) deems appropriate. Franchisor will, to the extent it deems necessary, provide Franchisee with specifications for products, inventory and equipment Franchisee is required to purchase, and regarding any designated suppliers from which Franchisee is required to purchase any product, good inventory, goods, and supplies necessary for the start-up and ongoing operation of the Center.

7.6 Supplier Approval. In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Franchisee shall provide, at Franchisor's request, all information reasonably requested by Franchisor related to the proposed supplier, including, without limitation, information related to insurance coverage, fulfillment capabilities, dealings with competitive systems, quality control standards, among other information. If Franchisor incurs any costs in connection with testing a particular product or evaluating an unapproved supplier at Franchisee's request, Franchisee must reimburse Franchisor for Franchisor's reasonable testing costs, regardless of whether Franchisor subsequently approves the item or supplier. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers. Franchisor may revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier. Franchisee must use products purchased from approved suppliers solely in connection with the operation of Franchisee's Center and not for any competitive business purpose.

7.7 System Suppliers. Franchisor may establish business relationships, from time to time, with suppliers who may provide services or produce, among other things, certain furnishings, supplies, fixtures, equipment and inventory according to Franchisor's proprietary standards and specifications, private label equipment, or private label goods which Franchisor has authorized and prescribed for sale by System franchisees ("System Suppliers"). Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System, which may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee expressly agrees to pay System Suppliers as and when due. Franchisor has the right to change the System Suppliers at any time during the Term. Franchisor and its affiliates have the right to become a System Supplier for any product, service, equipment and/or item, and to require Franchisee to pay Franchisor and/or its affiliates for such products, services, equipment and/or items, at any time upon notice to Franchisee.

7.8 Compliance with Laws. Franchisee must operate the Franchised Business in full compliance with all applicable laws and regulations, including those relating to the construction, design and operation of the Center (including, without limitation, all regulations relating to health club membership agreements and fitness centers generally, environmental safety, occupational hazards and health, consumer protection, trade regulation, worker's compensation, unemployment insurance, ERISA, withholding and payment of federal and state income taxes, social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA")). Franchisee shall obtain and maintain all licenses, permits, and approvals (for itself and its employees and agents) required by the jurisdictions in which Franchisee operates. Franchisee expressly acknowledges that Franchisor has not researched the specific laws and regulations applicable to Franchisee's Center, and that Franchisee is solely responsible for compliance with such laws and regulations.

7.9 Agreements with Members. Franchisee acknowledges and agrees that it is entirely Franchisee's responsibility to ensure that all waivers, notices, membership agreements, contracts and other legal documents used in connection with the operation of the Center comply with all applicable laws, rules and regulations and with Franchisor's standards and specifications (to the extent permissible under applicable law). Franchisor shall have the right to provide a suggested form of any such waiver, notice, membership agreement and/or contract for Franchisee to review with Franchisee's local counsel to endure compliance with all applicable laws, rules and regulations. If Franchisee's counsel advises modifications to any such forms on account of applicable regulations, Franchisee must provide Franchisor with advance written notification of the proposed modifications. Franchisor shall have the right to disapprove of any proposed membership agreement, contract, and waiver or notice if Franchisor determines that it does not comply with Franchisor's standards and specifications. Franchisee acknowledges and agrees that Franchisor's approval or disapproval of any proposed form shall not constitute an evaluation of whether or not such form is in compliance with applicable laws, rules and/or regulations. Franchisee shall prominently display in the Center and in all membership agreements, waivers, contracts, legal documents, stationery and advertising materials that the Franchisee is the independent owner of the Center and a licensed System franchisee.

7.10 Center Classes. Franchisee shall conduct all classes in accordance with the System. Franchisee acknowledges that Franchisor shall have the right to require Franchisee to offer mandatory classes and programs. Franchisor shall have the right to disapprove of any class or program at any time during the Term, in which event, Franchisee shall cease offering the class or program, as Franchisor designates.

7.11 Pricing. To the fullest extent permissible under applicable law, Franchisor shall have the right to designate pricing for services and goods offered and sold at the Franchised

Business. Franchisor may communicate such mandates in the Manual or otherwise in writing. If Franchisor designates pricing restrictions, Franchisee shall comply with all such requirements and will only charge prices as established by Franchisor in the Manual or otherwise in writing. Otherwise, Franchisee will be responsible for determining the prices Franchisee charges Members and customers, and Franchisee will provide information regarding its prices to Franchisor upon request.

7.12 Forms of Member Payment; Member Information. Franchisee will maintain agreements or arrangements with any financial institution, payment provider or credit/debit card issuer or sponsor designated by Franchisor, in order that the Franchised Business may accept members' credit cards, debit cards, checks, and other methods of payment designated by Franchisor. Franchisee acknowledges that Franchisor has the right to unrestricted access to all of Franchisee's customer and member information, including member names, addresses, telephone numbers, email addresses and other collected information (the "Center Member Info"). To the fullest extent permissible under applicable law, Franchisor and/or its affiliates shall have the right to access and use the Center Member Info for business activities. Franchisee acknowledges and agrees that all Center Member Info is deemed to be owned by Franchisor and must be furnished to Franchisor. Franchisee shall secure from all members of the Center all consents and authorizations, including as required under applicable law, and provide such members with all disclosures required under applicable law, enabling Franchisee to transmit Center Member Info to Franchisor and its affiliates, and permitting Franchisor and its affiliates the right to use such information for any and all legally permissible purposes. If this Agreement is terminated or expires and Franchisee does not enter into a Successor Franchise Agreement, Franchisor and/or its designee shall have the unrestricted right to use the Center Member Info in any manner Franchisor deems necessary or appropriate, including, without limitation for the purpose of communicating the closure of the Center and the transfer of members to one or more other Centers in the System. Franchisor may periodically coordinate or conduct market research studies and/or similar programs an Franchisee agrees to assist Franchisor in collecting and disclosing to Franchisor or its designee, information from its customers or members, including surveys and other questionnaires or similar information gathering methods.

7.13 Center Director. Franchisee will appoint a manager qualified to perform and manage the core operations required for the Franchised Business ("Center Director"). The Center Director must attend and successfully complete Franchisor's designated initial training program to Franchisor's satisfaction. Franchisee will ensure that the operation of the Franchised Business is at all times under the direct control of the Center Director. If Franchisee is an individual, then Franchisee is permitted to be the Center Director. Franchisee's appointment of the Center Director constitutes Franchisee's consent for the Center Director to engage in any communications on Franchisee's behalf with Franchisor, and to bind Franchisee to Franchisor with respect to any agreements, commitments, or consents.

7.14 Equipment Use. Franchisor will provide, to the extent Franchisor deems necessary, Franchisee its written specifications for certain equipment, signs and fixtures for the Location. Franchisee will obtain and use all equipment required by Franchisor, and will refrain from using any equipment prohibited or not approved by Franchisor. Franchisee shall purchase equipment, signs and fixtures from suppliers designated by Franchisor, or as otherwise approved by Franchisor in writing.

7.15 Member Programs; Promotional Programs. Franchisee acknowledges Franchisor has the right to require Franchisee to offer and participate in member programs, including charitable promotions, loyalty programs, reciprocity and transfer programs, discounts and other promotions at Franchisee's sole cost and expense. Franchisee is responsible for ensuring compliance with all applicable laws, rules and regulations in connection with offering and participating in such programs and promotions. Without limiting the foregoing, Franchisor has the right to establish programs in which some and /or all of the System Centers will provide products and/or services to certain groups of members and/or prospective Center members, including through fitness and/or wellness programs. Franchisee shall participate in all such programs, to the fullest extent permissible under applicable law. Franchisor and its affiliates shall have the right to receive payments from third parties in connection with any such programs and/or promotions, without restriction.

7.16 Franchisee is Solely Responsible for Franchisee's Employees.

7.16.1 Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. To the extent any System standards, resources in the Manual or other written materials address any employment related matters, those are not mandatory but are merely recommendations, suggestions or guidelines.

7.16.2 If Franchisee hires any person who is or who was, within the 60 days preceding the date of hire, employed by Franchisor or any of its affiliates, Franchisee must pay to Franchisor a Hiring Fee of $50,000, which fee is due and payable to Franchisor immediately upon invoice.

7.17 Agreements with Other Parties. Franchisee will advise all third parties that Franchisee is an independent contractor and that all debts, liabilities and obligations incurred by it are for the account of Franchisee only and not Franchisor, and will identify Franchisee as an "Independently owned and operated franchisee of "KidStrong Franchising LLC" on all invoices, agreements, and correspondence.

7.18 Ensuring Franchisee Compliance. Without limiting any right or remedy herein, Franchisor is permitted to take any reasonable measures to ascertain and ensure Franchisee's compliance with all requirements of this Agreement and the Manual.

7.19 Personal Conduct. Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor's Marks or System into disrepute.

7.20 Best Efforts. Franchisee must use best efforts to promote and increase the demand for the services and goods of the Center. All of Franchisee's advertising and promotion shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business or advertising practice which may be injurious to the Franchised Business or the goodwill associated with the Marks, the System and Franchisor.

7.21 Trade Secrets and Confidential Information. Franchisee must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.

7.22 Image. Franchisee acknowledges that Franchisor has developed the System to offer services and sell products which will distinguish the Center from other Center and chains that offer different child development programs, products and services or similar products and services at different prices and with less attention paid to the quality of fitness instructor training and knowledge, personal training, fitness education, and customer service. Franchisee agrees to offer products and services and to conduct the Center in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve system wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor sets forth in order to uniformly convey the distinctive image of a KidStrong Center. Franchisee shall, in the operation of the Center, use only displays, forms and other specified materials imprinted with the Marks and colors as prescribed from time to time by Franchisor.

7.23 Payment of Debts. Franchisee is solely responsible for selecting, retaining and paying Franchisee's employees, purchasing goods and equipment for use in connection with the operation of the Franchised Business, and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors and creditors on a timely basis. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes, arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.24 Pending Actions. Franchisee shall notify Franchisor of legal proceedings, in writing, within five (5) days of the commencement of any action, suit or proceeding or the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

7.25 Payments to Third Parties. Franchisee will pay all vendors, suppliers, landlords, lessors, government agencies, and other third parties all amounts when due without liability to Franchisor. Upon Franchisor's request, Franchisee will provide Franchisor with proof of payment to third parties. Franchisee acknowledges and agrees that any failure to pay suppliers timely will damage Franchisor's reputation and the reputation of other franchisees, and in the event of such failure, Franchisor will have the right, but not the obligation, to pay all or any portion of the sum due, together with accrued interest and penalties, and to collect reimbursement from Franchisee. Franchisee consents to Franchisor's directly contacting and obtaining any information from any current or former supplier, vendor, or lessor of Franchisee at any time.

7.26 Computer Software, Hardware, and Computerized Point-of-Sale System. Franchisee shall purchase, install, use and maintain the computer software, hardware, point of sale system and other electronics and technology systems designated by Franchisor. Franchise shall purchase, install, use and maintain any and all hardware and software necessary to ensure continuous access to any proprietary intranet system or other electronic platform designated by Franchisor for communications between Franchisor and Franchisee and to any web-based software designated by Franchisor which Franchisor has developed or may develop and/or designate for use for the System. Franchisee shall purchase such computer hardware as may be necessary for the efficient operation of the Software, including without limitation, a computerized point-of-sale system designated by Franchisor for operation of the Franchised Business, including any accompanying computers, modems, credit/debit card readers, cash drawers, receipt printers, and other associated equipment, and credit card machine and a scanner. Franchisor has the right to require Franchisee to update or upgrade computer hardware components and/or Software as Franchisor deems necessary from time to time. In addition, Franchisor has the right to require Franchisee to enter into a separate maintenance agreement for such computer hardware and/or Software. Notwithstanding the fact that Franchisee must buy, use and maintain the computer hardware and Software meeting Franchisor's standards and specifications, Franchisee will have the sole and complete responsibility for: (i) the acquisition, operation, maintenance and upgrading of the computer hardware and Software; and (ii) any and all consequences that may arise if the computer hardware and Software is not properly operated, maintained and upgraded. Franchisee will allow Franchisor to access Franchisee's computerized and electronically stored data. Franchisor reserves the right to require Franchisee to install a "systems backup solution" which backs up critical data in Franchisee's computer system using an off-Location storage scheme. In addition, Franchisor has the right to require Franchisee to enter into a separate maintenance agreement for such computer hardware and/or Software. Franchisee will not allow any unauthorized person to access any proprietary intranet or other computerized systems.

7.27 Intranet. Franchisee is required to participate in any System-wide area computer network, intranet system or extranet system, including any confidential intranet website that Franchisor implements and may be required by Franchisor to use such area computer network, intranet system or extranet system to, among other things: (i) submit Franchisee's reports due under this Agreement to Franchisor online; (ii) view and print portions of the Manual; (iii) download approved local advertising materials; (iv) communicate with Franchisor and other System franchisees; and (v) participate in online training. Franchisee agrees to use the facilities of any such area computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor includes in the Manual, including those related to the encryption of Confidential Information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

7.28 Information Technology System. Franchisee will purchase and use in the operation of the Franchised Business the Information Systems specified in the Franchisor's Manual, including, without limitation, all hardware, software, equipment, network connections and other items and services Franchisor specifies. Franchisor may, in its sole discretion, collect from Franchisee the license fees due to the unaffiliated licensors of certain computer software programs required to be used by its franchisees, including Franchisee, and may otherwise administer the relationship with such licensors. Franchisor does not currently receive any compensation for such services but may in the future. Franchisor or its Affiliate may obtain a master license to one or more software programs required to be used by Franchisee and sublicense them to its franchisees, including Franchisee and/or develop in the future proprietary software programs that will replace or supplement third party programs. If Franchisor or its Affiliate obtains such a master license or develop any such proprietary software programs, it reserves the right to require its franchisees, including Franchisee, to sublicense or license them from Franchisor or its Affiliate on terms and conditions which Franchisor will establish. Franchisee will perform all of its obligations under all/any software sublicenses or licenses for all information systems, including for any proprietary software hereafter sublicensed or licensed by Franchisor or its Affiliate, including the payment of the fees required to be paid thereunder, and any uncured or incurable default under any such license or sublicense will be an Event of Default under this Agreement and will adversely affect your access to the Intranet. Franchisor has the right to modify the Information Technology System at any time, and Franchisee shall comply with any and all such modifications. Franchisee shall use the Information Technology System in the manner designated by Franchisor, including to: (a) track member information, purchase orders, receipts, attendance information; (b) generate sales reports and other forms and reports related to the operation of the Center; and (c) track inventory.

7.29 Data Access. Franchisee grants Franchisor unlimited independent access to the data generated by Franchisee’s computerized point of sale system, computer system and technology system, without restriction, and will permit Franchisor to poll via electronic connection Franchisee’s computer, point of sale and technology systems for any purpose, including in order to compile sales data, consumer trends, labor costs, and any other financial and marketing information Franchisor deems appropriate.

7.30 Email. Franchisee must at all times have email/high speed internet access capabilities at the Location.

7.31 Camera System. Franchisee will purchase, install and maintain the camera system specified by Franchisor. Such system shall be turned on and operational at all times during the term of this Agreement and shall be accessible to Franchisor for monitoring on the Internet or otherwise.

7.32 Telephone. Franchisee must obtain a new telephone number and telephone listing at Franchisee’s expense, to be listed under the “KidStrong” name and not under Franchisee’s corporate, partnership, or individual name, and to be used exclusively in connection with Franchisee’s operation of the Center. Franchisee expressly agrees to execute the Conditional Assignment of Franchisee’s Telephone Numbers, Facsimile Numbers and Domain Names attached hereto as Exhibit E, which provides that, upon the expiration, transfer or termination of this Agreement for any reason, Franchisee shall terminate Franchisee’s use of such telephone number and listing, as well as any other facsimile numbers and listings and domain names and Internet listings, and assign same to Franchisor or Franchisor’s designee. Franchisee must answer the telephone in the manner Franchisor specifies in the Manual.

8. ADVERTISING, MARKETING, PROMOTIONS, AND DISPLAYS

8.1 Brand Fund. Franchisor has the right to establish, maintain and administer, directly or through its designee, one or more regional and/or national advertising, marketing, and promotional funds for advertising, marketing, public relations programs, brand development, and/or promotions selected by Franchisor in its sole discretion. Franchisee shall pay the Brand Fund Contribution to Franchisor. Franchisor will then contribute the Brand Fund Contribution Franchisor collects from Franchisee to the Brand Fund. Franchisor has the right use and/or to designate the use of the Brand Fund to pay all costs and expenses related to media placement, commissions, market research, creative and production costs, website development and optimization, development and implementation of mobile applications, social media activities, preparing and producing advertising and/or marketing videos, ad-word purchasing programs, public relations, artwork, printing, administration of regional and/or multi-regional advertising programs, purchasing direct-mail and other media advertising, developing and administering marketing and advertising training programs and materials, conducting market research, creating, developing and/or optimizing System websites and/or mobile applications, and any and all other costs, expenses, or compensation reasonably related to advertising, marketing, public relations and/or promotions. Franchisor is permitted to perform any Brand Fund functions itself through its employees, representatives, agents, or affiliates, in which case Franchisor is permitted to compensate itself or its affiliate from Brand Fund Contribution payments for the reasonable cost of performing those functions, including reasonable allocations of overhead and administrative expenses.

8.2 No Specific Brand Fund Allocation Required. Franchisee acknowledges and agrees that the purpose of the Brand Fund is to maximize general public recognition and patronage of the services and goods offered by franchisees and to build the value of the Marks, Franchisor and the System. Franchisor has no obligation to ensure that Franchisee benefits directly or on a pro rata basis from the expenditure of any Brand Fund Contributions or from the placement or conduct of advertising, marketing, or promotional activities, and Franchisee's own benefits will vary depending on its proximity to other franchisees, the competition from other industry operators in Franchisee's area or region, the types of media reasonably available and the costs of those media, and other factors. Franchisor reserves the right to defer or reduce contributions of any or all System franchisees. Franchisor has the right to suspend, reinstate and/or terminate the Brand Fund temporarily or permanently, in Franchisor's sole discretion.

8.3 Brand Fund Accounting. In connection with the Brand Fund: (i) Franchisor will account for the Brand Fund separately from other Franchisor accounts or assets (but Franchisor is not required to maintain a separate bank account); (ii) if requested by Franchisee, Franchisor will make available an unaudited annual statement of operations for the Brand Fund, with any cost of preparing that statement to be paid from Brand Fund Contribution payments; and (iii) Franchisor is permitted to establish a separate entity to receive payments and administer the Brand Fund with comparable rights and restrictions established in this Agreement, in which case Franchisor is permitted to require Franchisee to submit Brand Fund Contribution payments directly to that separate entity. The Brand Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use and the Franchisor and others may charge interest at an annual rate 1% greater than the rates Franchisor pays to its lenders. Franchisor may spend, on behalf of the Brand Fund, in any fiscal year, an amount greater or less than the aggregate contribution of all Centers in the Brand Fund for that year. Franchisor will prepare an unaudited internal annual statement of monies collected and contributed to the Brand Fund and costs incurred by the Brand Fund and will, provided that Franchisee submits a written request for such report no later than 120 days following the close of such fiscal year, provide a copy of the annual statement upon completion to Franchisee. Franchisor has the right to require the Brand Fund to be incorporated or operated through a separate entity at any time.

8.4 Advertising by Franchisor. Franchisor is under no obligation to conduct any advertising in Franchisee's Territory, however, Franchisor reserves the right to conduct such advertising if it chooses to do so in its sole discretion. Franchisor undertakes no obligation to ensure that any Brand Fund expenditures in or affecting Franchisee's geographic territory are proportionate to or equivalent to the contributions Franchisee makes to the Brand Fund. Franchisor will have no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Brand Fund. Franchisee is not a third party beneficiary of any other franchise agreement and will have no right to require or enforce any contributions from other franchisees to, or with respect to the administration of, the Brand Fund. Franchisee has no proprietary right in the Brand Fund or the media created for it, and Brand Fund Contribution funds are not held in trust and do not create any trust or fiduciary duties on behalf of Franchisor.

8.5 Territorial Advertising Restriction. Franchisee may solicit or accept orders from outside its Territory, except that Franchisee's local advertising is limited to an area reasonably surrounding the Location, and that is not part of the territory of any other franchisee.

8.6 Pre-Sales Initial Marketing. Franchisee must conduct a pre-sales and grand opening marketing campaign in accordance with Franchisor's standards and specifications, including compliance with web-based business management software and other software prescribed by Franchisor for use in connection with operating your Center, before opening the Center for business (the "Pre-Opening Marketing Campaign"). Franchisee shall track membership pre-sales in the manner designated or authorized by Franchisor in writing. Franchisee must expend between $15,000 and $20,000, as designated or approved by Franchisor, on this Pre-Opening Marketing Campaign during the 90-day period leading up to the opening of the Center, or as otherwise required by Franchisor. During the Pre-Opening Marketing Campaign, Franchisee will, in accordance with all applicable laws, rules and regulations, and in accordance with Franchisor's specifications or as otherwise approved by Franchisor, offer and sell memberships to Center to the public. Franchisee is encouraged to spend more than the required amount on the Pre-Opening Marketing Campaign. Franchisee's Pre-Opening Marketing Expenditure does not decrease or affect Franchisee's obligations with respect to local advertising, any Ad Co-op (as defined below), or any payments of the Brand Fund Contribution. Franchisee is not permitted to open the Center until Franchisee has at least 250 members enrolled at the Center.

8.7 Local Advertising Expenditures. During the Term of this Agreement, Franchisee will spend in each month on local advertising, marketing, and promotions within the area reasonably surrounding the Location an amount equal to the greater of (a) five percent (5%) of Gross Sales for the preceding month, or (b) between $1,000 and $2,000.00 per month (as determined by Franchisor). Franchisee shall provide to Franchisor a report documenting all local advertising expenses in the Monthly Report defined in Section 10.1.

8.8 Local Advertising and Initial Marketing Content and Restrictions. Franchisee is permitted to conduct its own advertising and promotions in its reasonable discretion, except that:

(a) Franchisee will ensure that its local advertising and promotions reflect favorably on and do not disparage the Marks, Franchisor, and any other franchisee.

(b) Prior to use, Franchisee will submit to Franchisor all print and other materials intended for media placement or public display (either in print or electronically), and a description of all proposed public or marketing events. Franchisee will use only materials approved or provided by Franchisor and will participate only in events approved by Franchisor. Franchisee shall submit to Franchisor, at least fifteen (15) days prior to publication or use, samples of all sales, promotional, and advertising materials Franchisee desires to use and which Franchisor has not previously approved, including, but not limited to, print, radio and television advertising, signage, supplies and packaging. Franchisor's failure to approve or disapprove the materials within ten (10) days of receipt shall be deemed a rejection. If Franchisee submits to Franchisor for approval any materials or proposals, then Franchisor is permitted to adopt those materials or proposals for general use in advertising or promotions, in which case Franchisee will take any action reasonably requested by Franchisor to document and confirm an irrevocable and perpetual assignment to Franchisor of any copyright and a waiver of any moral rights relating to that advertising or promotion in consideration of the continued use of the Marks and System.

(c) Franchisee's local advertising efforts will include advertisement of the Franchised Business in any print or online directory listings required by Franchisor, which advertisements Franchisee will submit to Franchisor for approval prior to placement.

8.9 Franchisee Advertising Co-op. Franchisor is permitted to establish or to authorize any number of co-operative franchisee advertising programs (an "Ad Co-op") to coordinate advertising, marketing, and promotions among franchisees within a certain region, among certain common types of franchisees, or for other designated purposes. Franchisee will participate fully and in good faith in any Ad Co-ops required by Franchisor. Franchisor is permitted, though not required, to delegate to any Ad Co-op the full or limited right to direct its own operations, and Franchisee will follow all rules and procedures prescribed by the Ad Co-op; except that no Ad Co-op created or managed by Franchisor will be permitted, without Franchisor's consent: (i) to impose any fee or mandatory contribution to the members on an unequal basis; or (ii) to allocate votes among members on any basis other than one vote per authorized location of a Franchised Business. Franchisor is permitted, but not obligated, to resolve any disputes between Franchisee and any other franchisee concerning any Ad Co-op matter, and Franchisee will honor and adhere to any decision or direction issued by Franchisor concerning that dispute. For the sake of clarity, any contributions or fees paid by Franchisee for an Ad Co-op constitute fees to meet the local advertising requirement described in Section 8.7. If the Ad Co-op is administered by Franchisor, Franchisor will make available to Franchisee an unaudited annual statement of operations. Further, Franchisor will make available the books and records of the Ad Co-op to Franchisee for review upon reasonable written notice by Franchisee.

8.10 On-Site Displays. At and upon the Location, Franchisee will use and display only the signs, displays, advertising and other materials approved by Franchisor.

8.11 Websites & Digital Marketing. Franchisor shall have the right to maintain an interactive website for the benefit of Franchisor and its franchisees (the "KidStrong Home Page").

(a) All features of the KidStrong Home Page, including the domain name, content, format, and links to other websites, will be determined by Franchisor in its sole discretion. Franchisor will also have the right to modify, suspend or temporarily or permanently discontinue the KidStrong Home Page at any time, in its sole discretion. Franchisor and its affiliates will have the right to sell merchandise directly to retail and/or wholesale customers via the Internet under the "KidStrong" name and the Marks, to create a website or home page containing the "KidStrong" name and the Marks, and the exclusive right to reserve or to use "KidStrong" or any derivative or related or similar domain name or e-mail address (without regard to domain name suffix).

(b) Franchisee is not permitted to establish its own web page without securing Franchisor's prior written consent, which may be granted or withheld in Franchisor's sole and absolute discretion. Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other social media platform or other public computer network in connection with the Center, including any profile on Facebook, Instagram, Twitter, LinkedIn, YouTube or any other social media and/or networking site or mobile application ("Social Media Site"). Franchisor shall have the right to directly, or through its affiliates or designee, establish, develop, administer and maintain one or more websites, mobile applications and/or future developed technology (each a "KidStrong App") for franchisees, Center members and/or prospective members. Franchisee shall, if required by Franchisor, use and promote the use of such KidStrong Apps.

1. Franchisee may not advertise any goods or services on any website or on any Social Media Site without securing Franchisor's prior written consent, which Franchisor may withhold in its sole and absolute discretion.

2. Franchisee may not use any of the Marks in any Internet website, home page or Social Media Site, including Franchisee's KidStrong Site, without prior written consent.

3. Franchisee will not create, affiliate itself with, or advertise on any website without Franchisor's written consent. If Franchisor grants its consent for a Franchisee website, then Franchisee will adhere to any guidelines or restrictions on the content or design of that website, and will remove or alter any content as directed by Franchisor at any time.

(c) NO WARRANTY. TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR HEREBY EXPRESSLY DISCLAIMS ANY AND ALL WARRANTIES

(WHETHER EXPRESS, IMPLIED OR STATUTORY) RELATED TO THE AVAILABILITY AND/OR PERFORMANCE OF THE WEBSITE, ANY KIDSTRONG APP, SOFTWARE, AND/OR ANY SOCIAL MEDIA SITE OR PAGE, INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTIES OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISOR SHALL NOT BE LIABLE FOR ANY DIRECT OR INDIRECT DAMAGES, INCLUDING, WITHOUT LIMITATION, ANY CONSEQUENTIAL, PUNITIVE OR INCIDENTAL DAMAGES OR DAMAGES FOR LOST PROFITS OR LOSS OF BUSINESS) RELATED TO THE USE, OPERATION, AVAILABILITY OR FAILURE OF ANY WEBSITE, SOCIAL MEDIA SITE, MOBILE APPLICATION OR SOCIAL MEDIA PAGE.

8.12 Franchisee's Participation. Without limiting other provisions in this Agreement, Franchisee will fully participate in all advertising, marketing, and promotions activities required by Franchisor, including the introduction or test marketing of new goods or services, grand openings, joint marketing efforts with other franchisees, trade shows, industry events, and other programs directed or approved by Franchisor at Franchisee's sole cost and expense.

8.13 Advisory Council. Franchisor has the right to require that a franchisee advisory council be formed, changed, dissolved or merged at any time, in Franchisor's sole discretion. If formed, the council will serve in an advisory capacity only and will be governed by the bylaws and rules we designate or approve.

9. TRAINING, ASSISTANCE AND ANNUAL CONVENTION

9.1. Initial Training.

(a) Initial Training Program. Franchisee shall attend (if Franchisee is a partnership, corporation or limited liability company, Franchisee's general partner, principal shareholder, or member/manager, as appropriate, shall attend) and complete to Franchisor's satisfaction, Franchisor's initial training program ("Initial Training") no later than thirty (30) days before the projected opening of the Center. If Franchisee is an individual, the participants in Initial Training will be: (i) Franchisee, (ii) Franchisee's Center Director; (iii) Franchisee's Head Coach, and up to one other employee of Franchisee's choosing. If Franchisee is an entity, the participants in Initial Training will be: one of Franchisee's Owners, the Center Director, and the Head Coach (collectively the "Initial Trainees"). The Initial Trainees must attend and complete all designated components of Initial Training, as designated by Franchisor, to Franchisor's reasonable satisfaction prior to opening for business. Franchisee will pay for all travel, accommodations, wages, and other costs for the Initial Trainees. Should the Initial Trainees fail to complete the Initial Training to Franchisor's satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available initial training program. Franchisor may charge Franchisee for such Replacement Personnel attending an initial training program and Franchisee shall pay all such charges in advance of the Replacement Personnel attending initial training. Franchisee is not permitted to open the Center until Franchisee has a Head Coach who has successfully completed the "Head Coach Certification" training, and a Center Director who has successfully completed Center Director initial training.

(b) Coach Program. At all times during the term, Franchisee shall ensure that the designated Head Coach associated with its Center completes the Head Coach Certification training to Franchisor's satisfaction (each a "Certified Head Coach") before the Head Coach begins coaching classes and in no case more than 30 days after the Head Coach is hired. Franchisor reserves the right to change any portion of the Head Coach Certification program in its sole discretion and require Franchisee's compliance therewith.

(c) Center Director Training Program. Franchisee shall ensure that its designated Center Director completes any and all director-specific training ("Director Training Programs") designated by Franchisor before beginning their manager duties but no more than 30 days after being hired by Franchisee. Franchisor reserves the right to change any portion of the training program in its sole discretion and require Franchisee's compliance therewith.

9.2. Third-Party Training. Prior to opening for business, Franchisee will participate in and complete to Franchisor's satisfaction any training with third-party providers of software, hardware, cameras and other operational aspects of the Franchised Business.

9.3. Subsequent Training. Franchisee will ensure that its Head Coach, Center Director and any other employees participate in and complete to Franchisor's satisfaction, the applicable initial training program (as designated by Franchisor) and any additional training, remediation training, refresher courses and/or education programs required by Franchisor. If Franchisee seeks to appoint a new r Center Director or Head Coach, then Franchisee will ensure that the proposed new Center Director and/or Head Coach completes all training then required of Center Directors and/or Head Coaches for new franchisees or as otherwise designated by Franchisor before commencing their duties at the Center. Franchisor reserves the right to charge Franchisee its then-current training fee (which may be an hourly rate, a flat rate and/or a rate assessed per day of training) for its required attendance at any such subsequent training or training of new Center Director(s) and/or Head Coaches, and Franchisee will pay for any travel, accommodations, wages, and other costs for its representative attending any subsequent training programs.

9.4. Assistance; Online Training. Franchisor shall provide such initial and continuing advisory assistance in the operation of the Franchised Business as it deems necessary or advisable. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication and on-site visits. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor will provide Franchisee with such assistance at Franchisor's then-current rate for providing ongoing assistance, plus expenses, including Franchisor's travel and lodging expenses. Franchisee acknowledges and agrees that, for any training program that Franchisor requires, Franchisor may provide, supplement or replace any and all portions of such training program via online or remote access training modules ("Remote Access Training"). Franchisee shall participate in and complete all Remote Access Training as designated by Franchisor.

9.5. Annual Convention. Franchisor is permitted to establish an annual convention or meeting of franchisees (the "Annual Convention"), which Franchisee, its Center Director and, if required by Franchisor, its Head Coach, must attend if required by Franchisor. Franchisor reserves the right to charge a registration fee per person for attendance at the Annual Convention and Franchisee will pay the travel, accommodations, wages, and all other expenses for its representatives attending the Annual Convention. Franchisee must pay this registration fee even if Franchisee fails to attend the Annual Convention.

9.6. Delegation. Franchisee acknowledges and agrees that Franchisor has the unrestricted right to delegate the performance of any portion of Franchisor's obligations under this Agreement, including training obligations, to designees, area representatives, affiliates, or any other third party.

10. RECORDS AND REPORTING

10.1. Reports. Franchisee shall use the Information Technology System and the Computer System to collect and provide Franchisor with all data specified or required by Franchisor. Franchisee shall provide and permit Franchisor unrestricted access to Franchisee's Information Technology System and Computer System. In addition to the reports automatically available to and accessible by Franchisor electronically, Franchisee shall, no later than the fifteenth (15^{th}) day of each calendar month (or such other date as designated by Franchisor), Franchisee will provide to Franchisor in a form and format prescribed by Franchisor: (a) a report of all Gross Sales during the preceding month (the "Monthly Report"), (b) a report relating to Member information containing the detail prescribed by Franchisor, and (c) such other monthly reports as required by Franchisor. Franchisee's submission of the Monthly Report to Franchisor will constitute Franchisee's representation that the contents of the Monthly Report are accurate to the best of Franchisee's knowledge.

10.2. Records. Franchisee shall establish and maintain, at Franchisee's sole cost and expense, a bookkeeping, accounting and recordkeeping system that complies with Franchisor's requirements and specifications at all times during the Term. Franchisee will keep accurate records and books of account in relation to the Franchised Business, including records of all goods and services provided to Members, all prices charged, all member information, and all Gross Sales received or credited, in a form and detail prescribed or approved by Franchisor in the Manual. Franchisee will acquire at its own expense and use any accounting or other record-keeping software (including any web-based software or system) required by Franchisor. Franchisor shall have the unrestricted right to electronically access any and all data related to the operation of the Franchised Business in the form and manner designated by Franchisor. Franchisee will preserve for a period of at least seven (7) years after the end of each fiscal year all books and records related to that year.

10.3. Annual Reporting. At Franchisor's option, in addition to the Monthly Reports, Franchisee will submit to Franchisor, no later than ninety (90) days after the end of each fiscal year, the following information concerning the fiscal year, certified as correct by Franchisee:

(a) A statement of Gross Sales for the year as finally adjusted and reconciled after the close and review of Franchisee's books and records for the year. If that statement discloses any underpayment of Royalties, Brand Fund Contributions, or any other payments due to Franchisor, then Franchisee will pay to Franchisor, at the time of submitting the annual statement, the amount of that underpayment. Any overpayment disclosed by such statement will be credited to Franchisee's account by Franchisor; except that Franchisor is not precluded from disputing whether an overpayment has occurred.

(b) Complete financial statements, including a balance sheet, income statement, profit and loss statement, and statement of changes in financial position, all prepared in accordance with U.S. generally accepted accounting principles consistently applied with prior fiscal years and prepared by a certified public accountant or other state licensed public accountant.

(c) Annual state and local sales tax returns or reports, and federal, state, and local income tax returns.

(d) Metrics and other financial information Franchisor reasonably requests regarding the operation of the Franchised Business.

(e) Any other reports and financial information (including up-to-date personal financial information concerning guarantors of Franchisee) as Franchisor reasonably requires.

10.4. Corporate Records. If Franchisee is an entity, then Franchisee will provide to Franchisor upon request copies of any corporate records, including certificates of incorporation, organization or other documentation establishing Franchisee's entity status, Franchisee's articles of incorporation or organization and bylaws, operating agreement, any shareholder, member or partnership agreement, and documents reflecting entity ownership.

10.5. Inspection and Audit Rights. Franchisor and any designee is permitted, with or without prior notice, during the regular business hours of the Franchised Business but without undue disturbance to it, to inspect and audit the Franchised Business, including without limitation to enter into the Location or any other Location at which Franchisee maintains records, and to inspect and take copies of any paper or electronic records relating in any way to the Franchised Business. Franchisor is permitted to direct an independent auditor to audit the Franchised Business for any time period for which Franchisee is required to maintain records, and Franchisee will comply with all reasonable requests for records and financial data relating to that audit. If any audit reveals an understatement of Gross Sales of two percent (2%) or more, then Franchisee will immediately reimburse Franchisor for the reasonable costs and expenses of the audit, and will tender to Franchisor any resulting underpayments of fees, together with late fees and interest. Collection of those payments by Franchisor is not an exclusive remedy and does not preclude Franchisor's enforcement of any rights under this Agreement related to Franchisee's non- performance or insufficient performance of obligations. In addition, if any audit reveals an understatement of Gross Sales of five percent (5%) or more, then at Franchisor's option, Franchisee will promptly prepare at Franchisee's sole expense and submit to Franchisor audited financial statements for the prior and current fiscal years, as directed by Franchisor.

10.6. Use of Franchisee Data. Franchisor is permitted to use and disclose any information or data received from, and any other information concerning, Franchisee for any valid business purpose, including without limitation disclosure to current or prospective franchisees, disclosure to current or prospective investors, and disclosure to or as required by any governmental or regulatory authority.

11. FRANCHISEE COVENANTS

11.1. Restrictive Covenants During the Term of this Agreement. During the Term, neither Franchisee, Franchisee's officers, directors, principals, or Center Director, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Center Director may, directly or indirectly:

(a) own, manage, be employed by, lend money to, extend credit to or participate or serve in any capacity for any (i) children's gym, fitness center, health club, personal training center, or (ii) any other business involved in providing fitness, wellness, health, character development, or brain development services to or for the benefit of children, or (iii) any other business offering products and services offered or authorized for sale by System franchisees (each a "Competing Business"), or (iv) any business offering or granting licenses or franchises for the right to operate a Competing Business; provided, however, that this Section does not apply to Franchisee's operation of any other KidStrong Center pursuant to a license or franchise agreement with Franchisor;

(b) divert or attempt to divert any business or customer or prospect of the Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

11.2. Restrictive Covenants After the Term of this Agreement. For two (2) years after the transfer, termination, or expiration of this Agreement, neither Franchisee, Franchisee's officers, directors, principals, or Center Director, nor any member of the immediate family of Franchisee or Franchisee's officers, directors, principals, or Center Director may, directly or indirectly enter into any business that is competing in whole or in part with Franchisor by granting franchises or licenses to operate a Competing Business.

(a) For two (2) years following the transfer, termination, or expiration of this Agreement, Franchisee will not:

1. own, manage, be employed by, lend money to, extend credit to or participate or serve in any capacity for a Competing Business that is located: (i) at the Location; (ii) within a radius of twenty-five (25) miles from the Location; (iii) within a radius of twenty-five (25) miles from any Center of a then-existing franchisee of Franchisor, (iv) or within a radius of twenty-five (25) miles from a then-existing Center operated by Franchisor or its affiliate using the Marks; or

2. solicit, service, or sell to, directly or indirectly, any Member who was a Member of the Franchised Business before the effective date of transfer, termination or expiration of this Agreement, as applicable; except that this covenant will not restrict Franchisee from engaging in general advertising or marketing to the extent not prohibited by Franchisee's non-competition covenant.

11.3. Restrictive Covenants of Franchisee's Owners. Franchisee will ensure that its Owners, Center Director and any other individual who will have access to Confidential Information or who will participate in Franchisor's initial training program, to execute a Confidentiality and Restrictive Covenant Agreement in the form designated or approved by Franchisor, containing substantially similar covenants of non-competition, non- solicitation, and non-disclosure as are contained in this Agreement. Franchisee acknowledges and agrees that it is Franchisee's responsibility to ensure each such agreement is in compliance with, and enforceable under, applicable law. Franchisor's entry into and continuing obligations under this Agreement are conditioned upon Franchisee's timely delivery of those fully-executed agreements to Franchisor, including from individuals who become Owners subsequent to the execution of this Agreement.

11.4. Consideration for Covenants; Severability. Franchisee and its Owners give these covenants in part as specific consideration for use of the Marks, for access to the Manual, trade secrets, and other proprietary materials and information related to the System, and for Franchisor's training programs. The unenforceability of all or part of any covenant in any jurisdiction will not affect the enforceability of that covenant in other jurisdictions or the enforceability of the remainder of the covenants or this Agreement. If any covenant is held by a court of competent jurisdiction to be broader in time, scope, or subject matter than legally permitted, then Franchisor and Franchisee hereby state their intent that the court impose that covenant to the maximum lawful extent. Franchisor is permitted at any time to reduce the time, scope, or subject matter of any Franchisee or Owner covenant to render it enforceable under applicable law. Franchisee acknowledges and agrees that the restricted periods set forth in this Section 11 (inclusive of all subparts) shall be tolled during any time in which Franchisee is in violation of its obligations.

11.5. No Defense. Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 11. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) which Franchisor incurs in connection with the enforcement of this Section 11. Franchisee agrees that money alone cannot adequately compensate Franchisor if there is a violation of any of Franchisee's non-competition covenants and that injunctive relief is essential for Franchisor's protection and the protection of the System. Franchisee therefore agrees that in any case of any alleged breach or violation of this Section, Franchisor may seek injunctive relief without posting any bond or security, in addition to other remedies that may be available to Franchisor at equity or law.

11.6. Owner Guaranty. All Owners hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement, and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions of Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity.

All such personal guarantors must execute a continuing personal guarantee in the form attached hereto as Exhibit B.

12. TRANSFER

12.1 Assignment, Transfer, or Encumbrance. Franchisee's rights under this Agreement are personal to Franchisee and/or its current owners. Franchisor has granted this franchise in reliance on Franchisee's and Franchisee's owners' business skill, financial capacity and personal character. Accordingly, neither Franchisee, nor any immediate or remote successor to any part of Franchisee's interest in this franchise, nor any individual, partnership, corporation, limited liability company or other legal entity which directly or indirectly owns any interest in this franchise or in Franchisee's shares, membership interests or partnership interests (if Franchisee is a corporation, limited liability company or partnership) shall sell, assign, transfer, convey or give away, any direct or indirect interest in (a) this franchise, (b) the Franchise Agreement, (c) the Center, and/or (d) in any legal entity which owns this franchise (each a "Transfer") without first obtaining Franchisor's prior written consent, which may be granted or withheld in Franchisor's sole and absolute discretion. Any purported Transfer by operation of law or otherwise, not having Franchisor's prior written consent, shall be null and void and shall constitute a material breach of this Agreement for which Franchisor may then terminate without the opportunity to cure. Without limiting the foregoing, Franchisee acknowledges that a transfer requiring Franchisor's prior written consent shall be deemed to occur upon any sale, resale, pledge, encumbrance, transfer or assignment of: (a) any fractional partnership ownership interest if Franchisee is a partnership; (b) any membership interest, if Franchisee is a limited liability company; (c) any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, if Franchisee is a corporation. Any new partner, shareholder, member or manager (as applicable) will be required to personally guarantee Franchisee's obligations under this Agreement. Franchisee is not permitted to and will not offer, sell, or grant any subfranchise in the Franchised Business. Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

12.2 Minimum Conditions of Transfer. Franchisee acknowledges and agrees that Franchisor's consent to any assignment or transfer will be subject, at a minimum, to the prior performance or satisfaction of the conditions set forth below. These conditions are non-exclusive, and Franchisor is permitted to impose any other conditions it deems reasonable in its sole discretion, and is permitted to waive, defer, or modify any of these conditions in its sole discretion.

(a) Franchisee is in full compliance with: (i) this Agreement, (ii) any other agreement between Franchisee and Franchisor, Franchisor's affiliates, and/or Franchisor's designated/approved suppliers and vendors, (iii) the Manual, and any other System requirements, including all accrued monetary obligations;

(b) Franchisee's owners and affiliates are in compliance with any other agreement by and between any such owner or affiliate, on the one hand, and Franchisor, and/or any of Franchisor's affiliates, on the other hand;

(c) Prior to the effective date of transfer, Franchisee has performed all modifications, repairs, updates, upgrades, and renovations required by Franchisor to the Franchised Business, to the goods and services offered by the Franchisee, to Franchisee's advertising, marketing and promotional programs, and to Franchisee's computer, financial, and accounting systems, as designated by Franchisor.

(d) Prior to the effective date of transfer, Franchisee or the transferee has paid Franchisor a transfer fee equal to the greater of: (i) seven thousand five hundred dollars ($7,500.00); or (ii) 25% of Franchisor's then-current initial franchise fee. if Franchisee is a legal entity and Franchisee requests Franchisor's consent to add a new minority owner who will own less than a 20% interest in the legal entity after the Effective Date, Franchisee must pay to Franchisor the "Minority Owner Transfer Fee" of $750, which fee is due and payable to Franchisor at the time Franchisee submits its request for consent to Franchisor.

(e) Franchisee provides to Franchisor in writing the terms of the proposed transfer and Franchisor determines, in its sole discretion, that the terms of the proposed transfer are reasonable and will not unduly hinder the transferee's ability to operate the Franchised Business successfully.

(f) The transferee submits any information or documents then required of new franchisees, and the transferee meets all of Franchisor's subjective and objective standards, including without limitation experience, financial capacity, talent, skills, and qualities of character, applicable to new franchisees and is not in the same business as Franchisor as a licensor, franchisor, independent contractor, or franchisee.

(g) At Franchisor's option, either (i) the transferee agrees in writing to assume this Agreement; or (ii) the transferee (and each of its owners) shall execute Franchisor's standard form of franchise agreement then being offered to new System franchisees for a term ending on the expiration date of this Agreement, as well as personal guaranty agreements, and such other ancillary agreements as Franchisor' may require or specify for the Center, in which event, such agreements shall supersede this Agreement in all respects. Franchisee acknowledges and agrees that Franchisor's then-current form of franchise agreement may vary materially from this Agreement.

(h) Franchisee obtains and submits satisfactory evidence of consent of lenders, lessors, governmental authorities, and any other third parties deemed necessary by Franchisor, for any transfer to the transferee of leases, agreements, permits, approvals, and licenses used in connection with the Franchised Business.

(i) Franchisee and its Owners, and the transferee and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates) execute a general release, in the form specified by Franchisor, of any and all claims accruing prior to the effective date of transfer, in favor of Franchisor and its members, officers, directors, employees, affiliates, and agents, to the extent that release is permitted by applicable law.

(j) The transferee must satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth.

(k) Franchisee or transferee will provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including transferee's assumption of, and agreement to, faithfully perform all of Franchisee's obligations under this Agreement.

(l) Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must agree to comply with the post-termination provisions of this Agreement.

(m) The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Center.

(n) Franchisor's approval of the transfer will not constitute a waiver of any claims Franchisor may have against the transferring party.

12.3 Transfer to a Corporation or Limited Liability Company. If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fee set forth in Section 12.2(d), and such assignment will not be subject to Franchisor's right of first refusal in Section 12.6:

(a) The corporation or limited liability company is newly organized and its activities are confined to operating the franchised business;

(b) Franchisee is, and at all times remains, the owner of 100% of the outstanding shares of the corporation or a controlling interest in the limited liability company;

(c) The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder; and

(d) All stockholders of the corporation, or members and managers of the limited liability company, as applicable, execute Franchisor's designated form of personally guarantee, which shall include, without limitation, (i) a guarantee of the prompt payment and performance by the corporation or limited liability company of all its obligations to Franchisor and Franchisor's affiliates, under this Agreement and (ii) a guarantee of any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates and execute a non-compete agreement as set forth in Section 11.3 hereof.

12.4 Non-Exclusive Additional Bases for Denial. For sake of clarity and without limitation, in addition to the bases identified above, Franchisor also is permitted to deny approval of transfer if Franchisor has elected to discontinue, permanently or temporarily, to sell franchises, either generally or in the geographic area in which the Franchised Business operates or is located; or if Franchisor would not sell a franchise directly to the transferee under normal circumstances.

12.5 No Security Interest in Agreement or Franchised Business. No agreement between Franchisee and a transferee will include any provision that grants Franchisee any security interest in this Agreement, the Location, or the Franchised Business without Franchisor's written consent. Franchisee acknowledges and agrees that Franchisor will have no obligation to enforce, and will not be bound by, either directly or indirectly, any terms of any agreement between Franchisee and a transferee.

12.6 Right of First Refusal. No later than five (5) days after receipt by Franchisee of a bona fide offer from a third party acceptable to Franchisee or any offer originated or extended by Franchisee and agreed to by a prospective purchaser, to purchase or acquire all or part of Franchisee or the Franchised Business (the "Assets"), Franchisee will deliver to Franchisor a signed copy of the complete offer. Franchisor or its assignee is then permitted to purchase and acquire the Assets and Franchisee's rights under this Agreement at the same price and on the same terms and conditions as offered to Franchisee. Franchisor is permitted to substitute cash for any other form of consideration contained in the offer and to pay the entire purchase price at closing. If Franchisor elects to exercise this right to purchase, it will do so in writing and no later than thirty (30) days after receiving Franchisee's notice. If Franchisor does not exercise this right to purchase within thirty (30) days, then subject to the other transfer provisions in this Agreement, Franchisee is permitted to transfer the Assets to the offeror, but only on the terms disclosed to Franchisor in writing. If the terms of the offer materially change at any time prior to transfer, then Franchisee will notify Franchisor of such change, and Franchisor will have a renewed right of first refusal as provided in this Section. If Franchisee does not transfer the Assets to the offeror within ninety (90) days from the date on which Franchisee delivered a signed copy of the complete offer to Franchisor, then Franchisee will again extend this first right of refusal to Franchisor before making any transfer or assignment.

12.7 Sales of Securities. In addition to its other obligations, if Franchisee sells or offers to sell securities or other ownership interests in Franchisee such that that sale is regulated by any applicable law, then Franchisee will: (i) fully comply with all applicable laws; (ii) disclose to offerees and purchasers that neither Franchisor nor its employees, affiliates or agents are an issuer or underwriter, or are in any way liable or responsible for the offering; (iii) ensure that Franchisor has a reasonable time to the review any reference to Franchisor or its franchisees in any prospectus or offering documents before Franchisee uses or distributes them; (iv) pay Franchisor's actual legal costs incurred for its review; (v) defend and indemnify Franchisor, its officers, directors, employees, affiliates, and agents from any liability, cost, damage, claim, and expense and from ongoing obligations to shareholders and to governmental agencies arising out of or relating to the offer, sale, or continuing investment; and (vi) sign any further indemnities and provide any further assurances Franchisor reasonably requires.

12.8 Transfer or Assignment by Franchisor. This Agreement is fully transferable by Franchisor and will inure to the benefit of any transferee or other legal successor to Franchisor's interests. Franchisor is permitted to sell or assign this Agreement and/or its rights in this Agreement in whole or in part, and to sell or issue stock, other ownership interests, or its assets, wholly or in part, whether privately or publicly. Without limiting the foregoing, Franchisor has the right to purchase, merge, acquire and/or affiliate with existing franchise systems, networks and/or chains, whether or not competitive, and to operate, franchise and/or license such businesses under the Marks. Franchisor also is permitted to assign performance of its rights and obligations under this Agreement to any affiliate or third party, or to retain any affiliate or third party to perform those obligations and to receive the benefit of those rights. Franchisee acknowledges and agrees that sale, assignment, purchase, merger or other transfer transaction may require Franchisee to discontinue use of the existing Marks and begin using alternate trademarks, service marks, and trade dress, to adopt new elements and discontinue existing elements of the System, and to adhere to new policies and procedures under the Manual, and Franchisee will comply with any such requirements.

13. DEATH OR INCAPACITY OF FRANCHISEE

13.1. Death or Incapacity Defined. For the purposes of this Agreement, Franchisee's death or incapacity will be deemed to have occurred upon any of the following:

(a) If Franchisee is an individual, Franchisee dies or, according to reasonable medical opinion, becomes mentally or physically incapacitated for a substantial period of time.

(b) If Franchisee is an entity, an Owner of fifty percent (50%) or more of Franchisee dies or, according to reasonable medical opinion, becomes mentally or physically incapacitated for a substantial period of time.

13.2. Notification by Heirs or Estate. Franchisee or its heirs or estate will notify Franchisor in writing within thirty (30) days after Franchisee's death or incapacity (the "Incapacity Notice"). If the heirs or estate of Franchisee desire to continue operating the Franchised Business, then the Incapacity Notice will include the following:

(a) The identity of the heir(s) or attorney(s)-in-fact expected to inherit or control Franchisee's or the deceased or incapacitated Owner's interest in the Franchised Business (each an "Heir" or collectively the "Heirs") and the basis for that expectation.

(b) A summary of the plan for the transition of the Franchised Business to new ownership or control.

(c) The identity of a qualified individual who is immediately available to perform, on an interim basis, any functions previously performed by Franchisee or the deceased or incapacitated Owner in connection with the Franchised Business.

(d) Written confirmation of the Heirs' intent to assume any personal liability required by any vendor or supplier and to execute any guaranty and other ancillary agreements required by Franchisor of Franchisee or the deceased or incapacitated Owner.

13.3. Heirs' Responsibilities Upon Acceptance. If Franchisor allows the Heir to continue operation of the Franchised Business, such Heir must execute Franchisor's then-current franchise agreement for the unexpired term of the franchise, or furnish a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates, and successfully complete Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate).

13.4. Franchisor Option. Subject to Section 13.2, upon the death or incapacity of Franchisee, Franchisor will have the option, which it will exercise within thirty (30) days of Franchisor's receipt of the Incapacity Notice:

(a) To terminate this Agreement, with an effective date of termination of ninety (90) days after Franchisor's written notice of such election. The parties acknowledge and agree that such a termination is for good cause; or

(b) If the Heirs of Franchisee or Franchisee's deceased or incapacitated Owner have stated in the Incapacity Notice that they desire to continue operating the Franchised Business, to permit the transfer of Franchisee's interest in the Agreement to one or more Heirs pursuant to the transfer provisions herein and subject to all corresponding terms, conditions, and qualifications; except that Franchisor will not exercise any right of first refusal with respect to that transfer.

13.5. No Liability to Contesting Heirs. Franchisee will defend, indemnify, and hold harmless Franchisor from any claim relating to the identity of the rightful heirs of the estate of a deceased Franchisee or Owner or the legitimacy of any appointment of an attorney-in-fact or other representative of an incapacitated Franchisee or Owner. Franchisor is entitled to rely upon any representation by any individual reasonably purporting to be a rightful heir or duly-appointed attorney-in-fact or representative and any other reasonable indicia of entitlement to ownership or control of Franchisee or the Franchised Business. If a dispute among any claimants clouds the ownership or control of Franchisee or the Franchised Business, then Franchisor is permitted to terminate this Agreement for good cause upon thirty (30) days written notice. Franchisor is under no obligation to operate the Center or incur any obligation on behalf of any incapacitated franchisee.

13.6. Franchisor's Appointment of Interim Manager. At any time after the death or incapacity and before the appointment (if any) of an approved Center Director, Franchisor is permitted to appoint an interim manager to operate the Franchised Business. Franchisee will compensate that interim manager directly at a rate reasonably determined by Franchisor, and the interim manager will be considered an agent of Franchisee. During any period in which the Franchised Business is operated by the interim manager, Franchisee will remain obligated to all creditors and other third parties for all debts, obligations, and contracts relating to the Franchised Business, and Franchisee will remain solely responsible for any loss or damage incurred by the Franchised Business.

14. INDEMNIFICATION AND INSURANCE

14.1. Franchisee Indemnification. Franchisee will protect, defend, indemnify and hold harmless Franchisor, its members, officers, directors, employees, affiliates, and agents against any and all claims, demands, actions, causes of action, losses, damages, costs, suits, judgments, debts, losses, fines, assessments, taxes, liens, attorneys' fees, disbursements, penalties, expenses, and liabilities of any kind or nature arising directly or indirectly from: (i) the operation of Franchisee's Center, including the use, condition, or construction, equipping, decorating, maintenance or day- to-day operation of the Center, the sale of any service or merchandise sold from the Center, and Franchisee's advertising; (ii) Franchisee's use of the Marks; (iii) the transfer of any interest in this Agreement or Franchisee's Center in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, mark or copyright or other proprietary right owned or controlled by third parties; (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals; (vi) any violation or alleged violation of any applicable law, rule or regulation; (vii) any allegation that Franchisor or any of its affiliates is a joint employer or otherwise responsible for Franchisee's acts or omissions related to Franchisee's employees. Franchisee's duties to defend, indemnity, and hold harmless will not be affected by the fact that a claim is asserted directly against Franchisor for alleged acts or omissions by Franchisor, so long as this Section otherwise would apply. Notwithstanding the foregoing, Franchisee shall have no obligation to indemnify or hold an indemnified party under this Section harmless for any losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been causes solely and directly by the indemnified party's gross negligence, willful misconduct, or willful wrongful omissions. Nothing in this Section limits Franchisee's obligation to defend Franchisor and any other indemnified party under this Section 14.1.

14.2. Notice and Defense of Claims Against Franchisor. Franchisee will promptly notify Franchisor in writing of any notices received or claims made (whether orally or in writing) indicating any person's intent to assert any claim or initiate any action against Franchisee or Franchisor, and Franchisee will use its best reasonable efforts to prevent such claim or action. If any suit or other legal action within the scope of Franchisee's above duty to defend, indemnify, and hold harmless is initiated against Franchisor and known to Franchisee, then Franchisee will immediately notify Franchisor in writing, and, at Franchisor's request, will appoint counsel on Franchisor's behalf and at Franchisee's expense, to defend such suit or action. Franchisor and Franchisee will cooperate in good faith in the defense of such suit or action and in resolving where possible any conflicts of interest to allow a single attorney or law firm to represent all defendants or respondents, but Franchisee will bear all associated costs and fees, and will reimburse Franchisor if Franchisor incurs any material administrative expenses or incurs any fees for its own legal counsel's involvement or oversight. Franchisee has no obligation to indemnify Franchisor or hold Franchisor harmless for an losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by Franchisor's gross negligence, willful misconduct or willful wrongful omissions.

14.3. Franchisor Indemnification. Franchisor will indemnify Franchisee against any losses or damages incurred by Franchisee as a result of any successful claim of trademark infringement brought by a third party that is related solely to Franchisee's authorized use of the Marks in accordance with the terms of this Agreement.

14.4. Insurance. Franchisee will procure and maintain general comprehensive liability and business automobile liability insurance, with policy limits in amounts specified by Franchisor in the Manual. To the extent available, Franchisor is permitted to require Franchisee to obtain insurance for contractual liability, errors and omissions, and employer's liability (workers' compensation), with policy limits in amounts specified by Franchisor in the Manual. Franchisee will ensure that all insurance policies name Franchisor and its members, officers, directors and employees as additional insureds (on a primary and non-contributory basis), and contain a waiver of subrogation in favor of Franchisor and its shareholders, officers, directors and employees. Franchisor is permitted to establish reasonable minimum standards for coverage to be met by underwriters for insurance, which Franchisor will state in the Manual. Before opening for business, Franchisee will provide Franchisor with certificates of insurance for all policies and will obtain any other insurance required by law. Franchisee will maintain in good standing all required insurance during the Term of this Agreement, and will immediately notify Franchisor of any lapse, alteration, or cancellation or any policy or coverage. Franchisor is permitted to acquire any insurance coverage or pay any insurance premium on Franchisee's behalf, in which case Franchisee shall pay Franchisor, on demand, the premium cost thereof and administrative costs of eighteen percent (18%) in connection with Franchisor's obtaining the insurance. Franchisor is entitled to make any reasonable revision to any insurance requirements herein upon reasonable notice to Franchisee. All insurance policies must be written by an insurance company with a Best's Insurance Guide minimum rating of A-VI or better. All policies must include a waiver of subrogation in favor of Franchisor. In addition to the information listed above, Franchisee shall carry such insurance as may be required by the lease of the Location, by any lender or equipment lessor Franchisee selects, and such worker's compensation insurance as may be required by applicable law. Franchisee's obligations under this Section 14, including Franchisee's indemnification obligations, will continue in full force and effect subsequent to and notwithstanding the expiration of termination of this Agreement.

14.5. Minimum Coverage. At a minimum and subject to additional requirements that Franchisor designates its sole discretion, including through the Manual or otherwise in writing, Franchisee's insurance will cover all claims for injury, damage (including property damage), and death that arise directly or indirectly out of the Franchised Business. Franchisor makes no representation or warranty that compliance with these insurance requirements will insure or protect Franchisee against all insurable risks or losses. As of the Effective Date of this Agreement, Franchisor's minimum coverage amounts for each required coverage are:

(a) Commercial General Liability: Including contractual liability and products-completed operations coverage, with limits of one million dollars ($1,000,000) per occurrence and two million dollars ($2,000,000) general aggregate applicable to bodily injury and property damage, and personal and advertising injury.

(b) Automobile Liability: Including contractual liability, insuring owned, non- owned, hired and all vehicles used by the Franchised Business, with coverage of not less than two hundred fifty thousand dollars ($250,000) per person and not less than five hundred thousand dollars ($500,000) per occurrence for bodily injury and property damage.

(c) Workers' Compensation and Employers' Liability: As required by any state in which the Franchised Business operates, but no less than Workers' Compensation coverage of one million dollars ($1,000,000).

(d) Special Form Property Insurance coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of

Franchisee's Center.

(e) Professional Liability Insurance, containing minimum liability protection of one million dollars ($1,000,000) combined single limit per occurrence, and three million dollars ($3,000,000) in the aggregate.

(f) Umbrella Liability: Limits of one million dollars ($1,000,000) per occurrence and aggregate, and must list Commercial General Liability, Automobile Liability, and Workers' Compensation/ Employers' Liability Policies as scheduled immediately underlying policies.

(g) Subrogation: Franchisee will ensure that all policies are endorsed to provide that Franchisee's insurers waive any right of subrogation against Franchisor.

14.6. Claims Cancellation. Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within 24 hours. Franchisee has a 24-hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, nonrenewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section.

14.7. Notice of Insurance-Related Claims. Franchisee will notify Franchisor in writing of any act, omission, or event that could materially affect Franchisee or the Franchised Business, and will provide that notice no later than the date on which Franchisee notifies any insurance carrier of such act, omission, or event.

14.8. Modification of Requirements. Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days prior written notice to Franchisee, and Franchisee will comply with any such modification within the time period specified in said notice.

14.9. Insurance and Indemnification Are Separate Obligations. Franchisee's compliance with the insurance requirements herein, and the availability of insurance coverage to defend and indemnify Franchisor, will not relieve Franchisee of its obligations under the indemnification provisions of this Agreement, which are separate and independent. If any Franchisee insurer denies or limits coverage to Franchisor for any claim falling within the scope of the applicable policy or Franchisee's obligations herein, then Franchisee will provide that defense and indemnity directly.

15. TERMINATION

15.1. Automatic Termination. Franchisor is permitted to terminate this Agreement immediately if Franchisee:

(a) makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business;

(b) has proceedings commenced against it to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within sixty (60) days;

(c) attempts to assign, transfer, or make unauthorized use of the Marks, or discloses or makes unauthorized use of the Manual or other confidential materials or information; or

(d) purports to sell, transfer or otherwise dispose of Franchisee or any interest in the Franchised Business in violation of Section 13 hereof.

15.2. With Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

(a) If Franchisee or Franchisee's principals have misrepresented or omitted material facts in its application or other materials provided to Franchisor prior to the parties' entering into this Agreement;

(b) If Franchisee abandons or ceases operation of the Franchised Business or ceases to communicate with Franchisor;

(c) If Franchisee itself or through any Owner is held liable for, is convicted of, or pleads guilty or no contest to a felony or any other law relevant to the Franchised Business;

(d) If Franchisee fails to meet the required schedule to obtain the Location, complete construction, and open for business within the time prescribed in Section 6.4 hereof.

(e) If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of Franchisee's Center.

(f) If Franchisee fails to successfully complete initial training as provided in Section 9.1 hereof.

(g) If Franchisor sends Franchisee three (3) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any twelve (12) month period.

(h) If Franchisee or the Owners materially breach any other agreement with

Franchisor or any of Franchisor's affiliates, or the lease for the Location, or threaten any material breach of any such agreement or Lease, and fail to cure such breach within any permitted period for cure.

(i) If Franchisee violates any health, safety or sanitation law, ordinance or regulation, including those regulating health and fitness centers, or operates the Center in a manner that presents a health or safety hazard to customers, or the general public.

(j) If Franchisee violates the in-term restrictive covenant contained in Section 11.1 hereof.

(k) If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

(l) If Franchisee or any of Franchisee's principals become insolvent.

(m) If Franchisee offers any unauthorized and unapproved products or services at or from the Center.

(n) If Franchisee orders or purchases supplies, signs, services, furnishings, fixtures, equipment or inventory from any currently unapproved supplier.

(o) If Franchisee misuses or makes unauthorized use of Franchisor's proprietary software program, if any.

(p) If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fails to adhere to the requirements of Section 14.5 hereof.

(q) If Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities, to comply with any law or regulation applicable to the Center.

(r) If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

(s) If Franchisee fails to comply with the anti-terrorism provisions of Section 19.17 hereof.

(t) If Franchisee takes for Franchisee's own personal use any assets or property of the Center, including employee taxes, FICA, insurance or benefits.

(u) If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor three (3) or more times within any twelve (12) month period.

15.3. Upon 15 Days' Notice to Cure. Franchisor has the right to terminate this Agreement if any of the following defaults remain uncured after providing notice and expiration of the fifteen (15) day cure period:

(a) If Franchisee fails to pay as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's designated suppliers.

(b) If any audit reveals that Franchisee has understated Franchisee's Royalty or advertising payments, or Franchisee's local advertising expenditures, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or payments for any two (2) reporting periods within any twelve (12) month period, as described in Section 11 hereof.

(c) If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously remitted to Franchisee.

(d) If Franchisee fails to maintain sufficient levels of inventory to adequately meet consumer demand.

(e) If Franchisee fails to maintain the prescribed days or hours of operation at the Center.

(f) If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Manual.

(g) If Franchisee conducts itself in a manner that, although not criminal, reflects adversely on the System, the Marks, or the services or products offered through the System.

(h) If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of Franchisee's Center.

15.4. Termination by Franchisor After 30-Day Opportunity to Cure. If Franchisee violates any other provision of this Agreement, then Franchisor is permitted to terminate this Agreement if Franchisee does not fully cure that violation within thirty (30) days after receiving written notice of default from Franchisor. If Franchisee's violation is not reasonably susceptible to cure, then Franchisor has the option to: (i) terminate this Agreement immediately upon written notice; or (ii) require Franchisee to take any remedial measures prescribed by Franchisor in Franchisor's sole discretion, and if Franchisee fails to implement those remedial measures in the time and manner required by Franchisor, then Franchisor is permitted to terminate this Agreement immediately upon subsequent notice.

15.5. Cross-Default. If any act or omission would give rise to Franchisor's right to terminate another franchise agreement or other agreement between, on the one hand, Franchisor or an affiliate of Franchisor, and on the other hand, Franchisee, the Center Director, or any entity that is majority-owned by one or more Owner of Franchisee, then Franchisor is entitled to terminate this Agreement in the same manner and upon the same notice (if any) required by such other franchise agreement.

15.6. Remedies Other Than Termination. If Franchisee commits any act or omission that would give rise to Franchisor's right to terminate, then Franchisor is permitted to, instead of or in addition to terminating, withhold, postpone, or forgo any services, payments, access to any electronic systems or other materials, or any other obligations imposed on Franchisor by this Agreement or the Manual, until Franchisee has cured its violation or has otherwise remedied the default to Franchisor's satisfaction.

15.7. Nonwaiver. Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

15.8. Final Charges. In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

15.9. The parties agree that, if this Agreement is terminated as a result of Franchisee's default prior to the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Franchisor because of the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having a closed location, the ability of Franchisor to replace the Center in the same market, and other factors. Accordingly, if this Agreement is terminated as a result of any default by Franchisee, Franchisor shall be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the aggregate Royalty Fees and Brand Fund Contributions due to Franchisor during the 36 full calendar months during which the Center was continuously open and operating immediately before the termination date. If the Center has not been continuously open and operating for 36 months before the termination date, liquidated damages shall be equal to the average monthly Royalty Fees and Brand Fund Contributions due to Franchisor for all months during which the Center was completely open and operating multiplied by 36.

16. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1. Franchisee's Obligations. Upon expiration, termination, or transfer of this Agreement, all covenants, guarantees, and other post-termination obligations will remain in effect. In addition:

(a) Franchisee will pay all Royalties, Brand Fund Contributions, and any other fees based on Gross Sales for all Gross Sales received through the effective date of expiration, termination, or transfer, on the date those fees would have been due but for the expiration, termination, or transfer, and will pay all other amounts then due.

(b) Franchisee will promptly return to Franchisor at Franchisee's expense the Manual, any item bearing the Marks, along with all other manuals and Confidential Information Franchisor loaned to Franchisee, as well as any other copyrighted or proprietary materials or software relating to the System in Franchisee's possession, custody, or control;

(c) Franchisee will immediately cease doing any business under or associated with the Marks and immediately and permanently cease use of any Confidential Information;

(d) Franchisee will cancel any trade name registrations that use any Mark or derivative of any Mark, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after the termination, expiration or transfer of this Agreement; and will refrain from identifying itself as a franchisee or licensee of Franchisor;

(e) Franchisee will remove from the Location and any other property in Franchisee's possession, custody, or control all Marks and signs displaying any Marks, including any trade dress associated with Franchisor or the System;

(f) Franchisee will immediately cease using all email addresses, telephone numbers and listings, facsimile numbers and listings, and Internet listings used in connection with the operation of the Franchised Business and direct the applicable company to transfer all such numbers and listings to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers attached hereto as Exhibit D or, if Franchisor directs, to disconnect the numbers and delete the listings;

(g) Franchisee shall comply with all applicable laws relating to notification of Center members and customers of the closure of the Center. Additionally, Franchisee shall comply with Franchisor's designated procedures relating to providing notification to members and customers in a format approved by Franchisor of the closure of the Center and/or termination or expiration of Franchisee's license to operate the Franchised Business. Franchisee is solely liable for paying any and all refunds to members and customers. Franchisor shall have the unrestricted right to contact all such members and customers for any purpose;

(h) Franchisee will allow Franchisor or its designee to verify Franchisee's compliance with all post-termination obligations, and will allow Franchisor to make a final inspection and audit of Franchisee's books, records, and accounts;

(i) Franchisee will immediately vacate the Location if Franchisor exercises Franchisor's rights pursuant to the Lease Rider attached hereto as Exhibit C;

(j) Franchisee will cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System;

(k) Franchisee will execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16; and

(l) Franchisor will be entitled to exercise all other remedies available under this Agreement or by law.

16.2. Option to Purchase Personal Property.

(a) Upon the termination or expiration of this Agreement, Franchisor or Franchisor's designee shall also have the option, but not the obligation, to purchase any personal property used in connection with operation of Franchisee's Center by providing Franchisee written notice of Franchisor's election within sixty (60) days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a five (5) year depreciation schedule, irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises its right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Center, or Franchisor may require that Franchisee close the Center during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase personal property. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

(b) Exclusions. Franchisor may exclude from the personal property purchased hereunder cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Center's operation or that Franchisor has not approved as meeting standards for the Center.

17. DISPUTE RESOLUTION

17.1. Internal Dispute Resolution. Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President and/or Chief Executive Officer, after providing notice as set forth in Section 17.2 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

17.2. Mediation. The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 17.4 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisor Related Party"), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a "Franchisee Related Party"), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement. This agreement to mediate shall survive any termination or expiration of this Agreement.

(a) Mediation will be conducted Collin County, Texas (or, if Franchisor's corporate headquarters is no longer in Collin County, Texas, the county where Franchisor's corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Mediation Notice"). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party.

(b) Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute within twenty (20) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

(c) The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

(d) The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

(e) The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

17.3. Arbitration. Except as qualified below and in Section 17.4, and if not resolved by the negotiation and mediation procedures set forth in this Section 17, any dispute, controversy or claim between Franchisee and/or a Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Territory, (e) the scope or validity of the arbitration obligation under Section 17.3 (which Franchisee and Franchisor acknowledge is to be determined by an arbitrator and not a court), (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (h) any lease or sublease for the Center, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

(a) Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Collin County, Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Collin County, Texas.

(b) In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. In any arbitration, each party in the arbitration will be bound by the provisions of any limitation on the period of time in which claims must be brought under this Agreement or applicable law, whichever first expires.

(c) The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section 17.3 is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

(d) The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

(e) The arbitrator shall have subpoena powers limited only by the laws of the State of Texas. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Texas. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Texas.

(f) Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

(g) The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

(h) We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

17.4. Exceptions to Arbitration. Notwithstanding anything contained in Section 17.2 or 17.3 to the contrary, the parties agree that the following claims will not be subject to mediation or arbitration: Any controversy, dispute, or claim that concerns an allegation that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating):

(a) Any provision relating to use of the Marks, the System or any Confidential Information;

(b) Any federally or state protected intellectual property rights in the Marks, the System, or in any Confidential Information;

(c) Any of the restrictive covenants contained in this Agreement, including the confidentiality and non-competition covenants; or Any claims to collect past due amounts owed to Franchisor and/or its affiliates.

Franchisor is permitted to seek immediate injunctive relief in the state or federal courts in any court with personal jurisdiction over Franchisee if Franchisee is violating or threatening to violate any restrictive covenant in this Agreement or if Franchisee is infringing on Franchisor's rights in the Marks. In such an action, Franchisor is permitted but not obligated to assert any other existing claims against Franchisee.

17.5. Selection of Venue. In the event the arbitration clause set forth in Section 17.3 is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for Northern District of Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the applicable District Court where our corporate headquarters is then-located), or if such court lacks subject matter jurisdiction, the

State Superior Court in Collin County, Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the county where our corporate headquarters is then-located), shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Franchisee acknowledges and agrees that this Agreement has been entered into in the State of Texas and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision. Franchisee acknowledges and agrees that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor’s interests.

17.6. Third-Party Beneficiaries. Franchisor’s officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation and arbitration provisions set forth in Section 17, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

17.7. Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

17.8. No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor’s alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor’s affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

17.9. Governing Law. All matters relating to mediation or arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et. seq.). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any of its affiliates, on the one hand, and Franchisee, and any of Franchisee’s owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of Texas, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

17.10. Attorneys’ Fees. If Franchisee is in breach or default of any monetary or nonmonetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor’s affiliates, and Franchisor engages an attorney to enforce Franchisor’s rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys’ fees, court costs and litigation expenses Franchisor incurs, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Center. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

17.11. Limitation of Action. Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

17.12. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

17.13. Waiver of Damages. Franchisee hereby waives, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

17.14. WAIVER OF JURY TRIAL. THE PARTIES HEREBY EXPRESSLY AGREE TO WAIVE THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in Section 17 is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.

17.15. No Class or Collective Actions. Franchisee agrees that any arbitration, or, if applicable, litigation between Franchisee and/or any Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

18. FRANCHISEE REPRESENTATIONS AND WARRANTIES

18.1. Franchisee's Independent Investigation. Franchisee acknowledges and agrees that its operation of its Franchised Business may be governed by federal, state, and local laws, regulations, ordinances, and licensing and permitting requirements. Franchisees acknowledges and warrants that, prior to entering into this Agreement, Franchisee has performed its own investigation and analysis of applicable law and the local market for this industry and has determined, to its full satisfaction, that Franchisee will be able to offer the authorized goods and services to members at the Location sufficiently to allow Franchisee to operate a successful business. Franchisee acknowledges that it is entering into this Agreement as a result of its own independent investigation to the Franchised Business and not as a result of any representations about Franchisor or the System made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure document, prospectus, or similar document required or permitted to be given to Franchisee pursuant to applicable law. Franchisee acknowledges that Franchisee has read and understands the Franchise Agreement, the attachments to the Franchise Agreement, and all agreements related thereto. Franchisee acknowledges that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement. Franchisee acknowledges that Franchisor has advised Franchisee to seek franchise counsel to review and evaluate this Agreement.

18.2. No Reliance on Franchisor to Investigate. Franchisee represents and warrants that it has not relied and is not relying on Franchisor to perform any investigation or analysis of any laws, regulations, or market conditions that might affect Franchisee's operation at the Location, and further acknowledges that Franchisor has made no representation about Franchisee's ability to lawfully operate the Franchised Business.

18.3. Risk of Operations. Franchisee recognizes the uncertainties of the Franchised Business, and therefore acknowledges that, except as specifically set forth in this Agreement, no representations or agreements have been made to or with Franchisee regarding the success or profitability of the Franchised Business or the suitability of the Location. Without limiting the foregoing, Franchisee acknowledges that this franchise opportunity is a newly offered opportunity with no track record or operating history, other than as expressly disclosed in the FDD. Franchisee accepts all risks, including the risk of loss of Franchisee's entire investment. Franchisee further acknowledges that any information Franchisee obtains from any franchisee does not constitute information obtained from Franchisor, nor does Franchisor make any representations as to the accuracy of any such information.

18.4. Legal Authority to Operate. Franchisee represents and warrants that it has the full legal authority to operate the Franchised Business, and if an entity has been duly incorporated and authorized in whatever manner required by and among its Owners. Franchisee will ensure that it remains fully licensed and authorized to operate the Franchised Business for the Term of this Agreement.

18.5. Receipt of Documents. Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document, or "FDD", have been in Franchisee's possession for at least fourteen (14) days before Franchisee signed this Agreement and before Franchisee's payment of any monies to Franchisor, refundable or otherwise, and that any material changes to this Agreement were memorialized in writing in this Agreement for at least seven (7) days before Franchisee signed this Agreement. Franchisee represents and warrants that before signing this Agreement, Franchisee was given ample opportunity to review and examine Franchisor's FDD and this Agreement. NO ORAL, WRITTEN OR VISUAL CLAIM OR STATEMENT THAT CONTRADICTS THE FDD WAS MADE, AND FRANCHISEE ENTERS INTO THIS AGREEMENT WITHOUT RELIANCE ON ANY STATEMENT OR REPRESENTATION MADE BY ANY PERSON EXCEPT AS INCLUDED IN THIS AGREEMENT OR THE FDD.

18.6. No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

18.7. Execution of Agreement. EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS OR HER CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION OR ALL OF THE MEMBERS/MANAGERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER INTERESTS IN THE PARTNERSHIP, CORPORATION OR LIMITED LIABILITY COMPANY. THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.

19. GENERAL PROVISIONS

19.1. Relationship of the Parties. Franchisee is an independent contractor responsible for full control over the internal management and daily operation of Franchisee's Center, and neither party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates Franchisee's Center as an independently owned and operated KidStrong franchise and that Franchisee independently owns and operates the Center as a System franchisee. At Franchisor's request, Franchisee must prominently display a "Franchises Available" sign in the form Franchisor prescribes and in the place that Franchisor designates. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor.

19.2. Compliance with Law and Tax Regulations. Franchisee will comply with all applicable laws, regulations and legal requirements in the operation of the Franchised Business and to the extent this Agreement is inconsistent with applicable law, such applicable law shall prevail. Without limiting the foregoing, Franchisee is solely responsible for compliance with all laws and payment card provider standards relating to the security of customer and member information, including information generated through the Information Technology System or any computer system, including the Payment Card Industry Data Security Standards. Franchisee is solely responsible for any and all consequences that may arise if any such system is not properly operated, maintained or upgraded or if the Technology System fails to operate as expected or anticipated. Franchisee will promptly pay when due all taxes, fees, debts, expenses, and assessments of the Franchised Business, including payroll taxes. Franchisee will take all reasonable actions not to permit a tax sale or seizure by levy of execution or similar writ or warrant to occur.

19.3. Warranties and Guarantees. Franchisor is not liable for any guarantee or warranty Franchisee makes or offers to any Member or other person.

19.4. Entire Agreement. This Agreement, inclusive of all exhibits hereto, constitutes the entire, full and complete agreement and understanding between the parties and supersedes any and all prior agreements, no other representations, promises, warranties or agreements have induced Franchisee to execute this Agreement with Franchisor. Both parties acknowledge and agree that there are no oral or written representations, promises, assurances, warranties, covenants, "side-deals", rights of first refusal, options or understandings other than those expressly contained in this Agreement. This Agreement supersedes all prior agreements, no other representations, promises, warranties, assurances, covenants, "side deals", rights of first refusal, options or understandings having induced you to execute this Agreement. The Parties agree that, in entering into this Agreement, they are each relying on their own judgment, belief and knowledge as to any claims and further acknowledge that no promise, inducement or agreement or any representations and warranties not expressed herein have been made to procure their agreement hereto. The parties further acknowledge that they have read, fully understand and fully agreed to the terms of this Agreement. Except for those permitted to be made unilaterally by Franchisor hereunder, no amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the representations Franchisor made in the FDD Franchisor furnished to you before entering in to this Agreement.

19.5. Business Judgment. Franchisor and Franchisee acknowledge and agree that this Agreement grants Franchisor the discretion to make certain decisions, to vary the terms or conditions of other franchisees' agreements or its enforcement of rights under those agreements, and to take or forgo business-related actions in a manner that may favorably or adversely affect Franchisee's interests. Franchisor will use its business judgment in exercising its discretion based in part on its assessment of its own interests and the interests of all franchisees, which may outweigh the interests of Franchisee. Franchisee agrees that Franchisor will have no liability to Franchisee for the exercise of Franchisor's discretion in this manner, and that even if Franchisor has multiple motives for a particular action or decision, so long as at least one motive is a reasonable business justification, that single motive will eliminate any liability by Franchisor to Franchisee related to that action or decision.

19.6. Other Franchisees. Franchisee acknowledges and agrees that, to the extent Franchisor enters into other franchise agreements with other franchisees, Franchisor is not obligated to enforce its rights under those agreements for the benefit of Franchisee. In particular, but without limitation, Franchisee acknowledges and agrees that Franchisor is not obligated to enforce any right to restrict the area or territory in which any other franchisee operates its franchised business, so long as Franchisor does not explicitly grant any rights to other franchisees that would violate any territorial limitations contained in this Agreement.

19.7. Consent. Unless otherwise specified, any provision that refers to Franchisor's "consent" will mean Franchisor's prior written consent, which consent Franchisor is permitted to withhold or deny for any reason in its sole discretion.

19.8. Cumulative Remedies. The rights and remedies herein are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

19.9. Further Documentation. The parties will acknowledge, execute and deliver all further documents, instruments or assurances and will perform all further acts or deeds as may be reasonably required to carry out the terms and conditions of this Agreement.

19.10. Surviving Provisions. Without limitation, the terms and conditions of this Agreement that by their nature require performance or forbearance after transfer, expiration or termination, that impose any obligation to defend or indemnify, or that relate to the resolution of disputes arising out of this Agreement, remain enforceable notwithstanding the transfer, termination, or expiration of this Agreement. This Agreement inures to the benefit of and is binding on the respective heirs, legal representatives, successors, and permitted assigns of the parties, subject to the restrictions on transfer herein.

19.11. Execution, Amendment, and Modification. The submission of this Agreement to

Franchisee does not constitute an offer by Franchisor. This Agreement will only become effective when it has been executed by duly-authorized representatives of both Franchisor and Franchisee. No modification or amendment of this Agreement will be effective unless it is in a writing signed by authorized representatives of Franchisor and Franchisee, except that Franchisor is permitted to modify unilaterally the Manual and other System specifications and directives as provided herein, and Franchisee will be obligated to comply with those modified specifications and directives.

19.12. Notice. Either party delivering to the other any written notice required under this Agreement will provide that notice by traceable means to the contact information identified below. The party serving the notice will have the burden of establishing that notice was received by the other party, but receipt will be deemed proven by any third party carrier's or process server's written verification (including a standard form receipt in paper or electronic form) of its delivery of the notice to the other party or to the contact information identified below. Each party is permitted to change its contact information by delivering written notice to the other identifying the new information. Unless a party notifies the other of alternative contact information, all notices will be sent: If to Franchisor KidStrong Franchising LLC5 Cowboys Way, Suite 300 Frisco, Texas 75034. If to Franchisee, at the address set forth on Exhibit A.

19.13. Non-Waiver of Rights. Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

19.14. Severability. If any part of this Agreement, for any reason, is declared invalid by a court of competent jurisdiction, then that declaration will not affect the validity or enforceability of any remaining portion. The remaining portion will remain in force and effect as if this Agreement were executed with the invalid portion eliminated or curtailed.

19.15. Currency. All monetary figures in this Agreement are described in United States Dollars, and the parties will make all payments in that currency.

19.16. Force Majeure. If, as a result of hurricane, tornado, typhoon, flooding, lightning, blizzard and other unusually severe weather, earthquake, avalanche, volcanic eruption, fire, riot, insurrection, war, terrorist attack, explosion, a pandemic resulting in government mandated closure of the Franchised Business, or act of God (a "Force Majeure"), compliance by either party with the terms of this Agreement is rendered impossible or would otherwise create an undue and commercially unreasonable hardship upon that party, then both parties will be excused from their respective obligations hereunder for the duration of the Force Majeure and for a reasonable recovery period thereafter, but otherwise this Agreement will continue in full force and effect. Notwithstanding the foregoing, a Force Majeure shall not relive a party of any (i) payment obligations for monies owed; (ii) obligations that existed prior to the start of the period of the Force Majeure; (iii) obligations that start after the period of the Force Majeure, or (iv) other obligations that are not necessarily prevented or materially hindered or delayed during the period of Force Majeure.

19.17. Anti-Terrorist Activities. Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees nor anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (the "Annex"). Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 14.1 of this Agreement pertain to Franchisee's obligations under this Section 19.17. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates in accordance with the terms of Section 15.5 of this Agreement. As used herein, "Anti-Terrorism Laws" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts or acts of war.

19.18. Execution by Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original. Franchisee acknowledges that this Agreement will not take effect until accepted and executed by Franchisor.

The next page is the signature page.

EXECUTED on the date below and effective as of the Effective Date by and between:

KIDSTRONG FRANCHISING LLC	**[FRANCHISEE]**
By: _______________________________	_______________________________
Date:_______________________________	Date: _________________________

EXHIBIT A

KIDSTRONG® FRANCHISE AGREEMENT
DATA SHEET

1. Effective Date: ____

2. Franchisee Information: (Check the appropriate box)

□ Individual
□ Limited Liability Company
□ Corporation

Franchisee Name: ____

State of Formation/Incorporation (if applicable):_________________________

Franchisee Address:____
____

Franchisee Telephone:____

Franchisee Email:____

List the Full Name of Each Owner	Owner Address	Ownership Interest in Franchisee Entity (if applicable) *(List Number of Units, Shares, Percentage Interest, as applicable)*

3. Approved Center Location: The Franchised Center will be located at (check (a) or (b), as applicable):

□ a. ____
(Street Address, City, State and Zip Code)

□ b. Site Selection Area: The Franchised Center Location has not been determined as of the Effective Date of this Agreement. Franchisee shall secure the approved Center Location in accordance with the terms and conditions of the Franchise Agreement and Site Selection Addendum within the general area described below:

____

*Indicate city, county or area within which Franchisee is to secure an approved Center location. Note: This area is **not** the "Territory" for the Franchised Business.*

4. Territory. The Territory shall be comprised of an area that encompasses a _______ radius surrounding the approved Franchised Center Location. Franchisor will determine the Protected Territory using the mapping service and / or software of its choice.

5. Guarantor Names: ____
____

Guarantor Addresses:____
____

6. Center Director:____
Center Director Address:____

FRANCHISEE:

By:____________________________________
Print Name:_____________________________

KIDSTRONG FRANCHISING LLC

By:____________________________________
Print Name:_____________________________

EXHIBIT B TO THE FRANCHISE AGREEMENT

GUARANTY OF PERFORMANCE

This Guaranty and Assumption of Obligations is given this ___day of_______________, 20___, by____________________________(whether one or multiple persons or entities, the "Guarantor").

1. In consideration of, and as an inducement to, the execution of the Franchise Agreement (the "Franchisee Agreement") by KidStrong Franchising LLC("Franchisor"), and __________________ ("Franchisee"), Guarantor hereby personally and unconditionally: (i) guarantees to Franchisor, and its successor and assigns, for the term of the Franchise Agreement and as provided in the Franchise Agreement, that Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement; and (ii) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Guarantor waives the right to assert as a defense to Franchisor's claims under this Guaranty that Franchisor had the right to procure any insurance on Franchisee's account.

2. Guarantor waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (iv) any right Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability.

3. Guarantor consents and agrees that: (i) Guarantor's direct and immediate liability under this Guaranty is joint and several; (ii) Guarantor will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (iii) liability is not contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (iv) liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may grant to Franchisee or to any other person, including 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 is continuing and irrevocable during the term of the Franchise Agreement.

4. Guarantor represents and warrants that, by signing the Guaranty: (i) any financial statements and other financial information that Guarantor has submitted to Franchisor are limited to the separate property of Guarantor and any marital property (community property) against which Franchisor is entitled to enforce its rights under this Guaranty and do not include any separate property of Guarantor's spouse against which Franchisor may not enforce this Guaranty; and (ii) if no signature appears below for Guarantor's spouse, Guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate (i.e., community property).

5. Guarantor hereby consents and agrees that:

(a) Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, Franchisee and the other parties who may be held liable for Franchisee's performance of the Franchise Agreement;

(b) Guarantor will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to do so;

(c) Franchisor is entitled to proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action or having obtained any judgment against Franchisee; and

(d) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking (including any amounts expended in pursuing payment from Franchisee) or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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

GUARANTOR(S)	**Percentage Ownership in Franchisee**
Signature:______________________________ Name: _________________________________	____________%
Signature:______________________________ Name: _________________________________	____________%
Signature:______________________________ Name: _________________________________	____________%

EXHIBIT C TO THE FRANCHISE AGREEMENT

LEASE RIDER

THIS LEASE RIDER (the **"Rider"**) is made effective on the ______ day of ______________, 20____, by and between ___________________________________ (**"Landlord"**), _____________________ (**"Tenant"**), and KidStrong Franchising LLC and its affiliates, successors, and assigns (**"Company"**).

WHEREAS, Landlord leases or will lease certain premises to Tenant at ____________________ ___________________ (**"Premises"**) under that certain lease agreement dated ________________ between Landlord and Tenant (**"Lease"**);

WHEREAS, Tenant will operate a KIDSTRONG Center at the Premises under a Franchise Agreement (the "Franchise Agreement") between Tenant and Company; and

WHEREAS, the parties desire to provide Company with certain rights in the event of defaults under the Lease, the Franchise Agreement, and related documents.

NOW, THEREFORE, in consideration of the sum of One United States Dollar (USD$1.00) in hand paid by Company to both Landlord and Tenant, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. No act, failure to act, event, condition, non-payment, or other occurrence (**"Event"**) will constitute a breach or default under the Lease so as to allow Landlord any right of acceleration of obligations, termination, cancellation, or rescission:

(a) unless, if the Event is the non-payment of minimum, base, or percentage rent, such Event is not cured within fifteen (15) business days after Notice of Default (as defined below) has been received by Company from Landlord or Tenant's cure period under the Lease has expired, whichever occurs last;

(b) unless, if the Event is anything other than the non-payment of minimum, base, or percentage rent, such event is not cured within twenty-five (25) business days after Notice of Default (as defined below) has been received by Company from Landlord or Tenant's cure period under the Lease has expired, whichever occurs last, provided, however, if the Event is of such a nature that it cannot reasonably be cured within such twenty-five (25) business-day period, then, in that case, such twenty-five (25) business-day period will be extended to a period of such length as is reasonably necessary for Tenant or Company to cure the Event, provided, however, that such period will be extended only so long as Tenant and/or Company diligently pursues the cure of the Event.

2. Landlord agrees to accept from Company any payment, performance, or cure required or allowed under the Lease. However, nothing in this Rider will be construed as requiring Company to make any payments or perform any obligation under the Lease unless and until Company takes the action specified in Sections 4(a) and (b) below.

3. As used in this Rider, Notice of Default means written notice specifying the Event claimed and specifically describing, in each instance of a claimed Event, the particular Event and the cure that Landlord requires, such Notice of Default to be mailed to Company at:

KIDSTRONG Franchising LLC
5 Cowboys Way, Suite 300 Frisco, Texas 75034
Attention: CEO

or any other address of which Company notifies Landlord.

4. In the event Landlord claims that an Event has occurred, or in the event Company notifies Landlord in writing that Company wishes to take over possession of the Premises due to the expiration or Company's termination of the Franchise Agreement with Tenant (or Tenant's termination of the Franchise Agreement without cause), then, at Company's option, Landlord agrees to accept Company as substitute tenant under the Lease and will cooperate with Company in turning actual, immediate possession of the Premises over to Company. In that case, the Lease will remain in full force and effect but with Company as the tenant. Company's option to take over possession of the Premises may be exercised only if Company or an affiliate or successor agrees:

(a) to assume Tenant's obligations to Landlord under the Lease as of the date Company or its affiliate or successor is given actual possession of the Premises and until there is a further assignment or subletting; and

(b) to cure within a reasonable timeframe any valid Events existing as of the date actual possession of the Premises is given to Company or its affiliate or successor.

Landlord agrees that Company may exercise the rights in this Section 4 for up to a three (3) month period without having to commit to assume the Lease for its remaining term. Company's ability to exercise these rights for a limited time period is intended to allow Company to protect the KIDSTRONG brand.

5. Landlord agrees that Company or its affiliate or successor may sublet or assign the Premises to a new franchisee provided Company remains liable for any obligations it has assumed pursuant to Subsections 4(a) and (b) above. After such an assignment or sublet, Company will have no further liability or obligation under the Lease as assignee, tenant, or otherwise with respect to matters that arise after the effective date of the assignment or sublease, other than to certify that the new tenant operates the leased premises as a KIDSTRONG Center.

6. Tenant agrees that, in the event Landlord claims that an Event of default has occurred, or in the event any default occurs for which Company terminates the Franchise Agreement (or if Tenant terminates the Franchise Agreement without cause), then, in such event, Company has the right to:

(a) immediate actual possession of the Premises and all equipment and inventory at the Premises, which possession Tenant agrees to give peaceably, and which otherwise may be obtained by Company by warrant, injunction, temporary restraining order, summary process, or such other immediate legal, summary, or equitable proceeding or action as Company may choose. Tenant waives any right to a jury in any such proceeding or action; and

(b) become the tenant under the Lease to the exclusion of the Tenant.

7. Tenant agrees that any default under the Lease will constitute a default under the Franchise Agreement between Tenant and Company.

8. Tenant and Landlord understand that Company is entering into or has entered into a Franchise Agreement with Tenant for the operation of a KIDSTRONG Center at the Premises in reliance on the agreements of Tenant and Landlord contained in this Rider and that no provision of this Rider may be amended without Company's prior written consent. In the event of an inconsistency between the Lease and this Rider, this Rider will control.

9. Tenant agrees that Landlord shall give Company all information that Company requests regarding Tenant's operation of the KIDSTRONG® Center at the Premises.

10. Landlord and Tenant agree that the Premises will be used only for the operation of a KIDSTRONG® Center.

11. Landlord agrees that Tenant may display Company's trademarks at the Premises in accordance with Company's requirements and that, after expiration or termination of the Franchise Agreement, Company may enter the Premises to remove signage and other items bearing Company's trademarks and otherwise to de-identify the Premises.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Lease Rider as of the date noted above.

KIDSTRONG FRANCHISING LLC, a Delaware limited liability company

By: ___________________________________

Name: _________________________________

Title: __________________________________

DATE: _________________________________

LANDLORD

____

By: ___________________________________

Name: _________________________________

Title: __________________________________

DATE: _________________________________

TENANT

____

By: ___________________________________

Name: _________________________________

Title: __________________________________

DATE: _________________________________

EXHIBIT D TO THE FRANCHISE AGREEMENT

EXHIBIT D TO THE FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

1. ______________________________ ("Assignor"), in exchange for valuable consideration provided by KidStrong Franchising LLC("Assignee"), receipt of which is hereby acknowledged, hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its KidStrong® Center at Assignor's above-referenced address (the "Assigned Property"). The Assigned Property includes the following:

Telephone Number(s): ____
Facsimile Number(s): ____

2. The conditional agreement will become effective automatically upon termination or expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as the Assignee, in effectuating this assignment.

ASSIGNOR (FRANCHISEE):

BY:_________________________________ Date: ___________

TITLE:______________________________

ASSIGNEE (FRANCHISOR):

KIDSTRONG FRANCHISING LLC

By: ________________________________

EXHIBIT E TO THE FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name : ________________________

ABA# : ________________________

Acct. No. : ________________________

Acct. Name : ________________________

Effective as of the date of the signature below, [Franchisee Name] hereby authorizes KidStrong Franchising LLC("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company under the Franchise Agreement for the franchise located at ____ ____: (1) all Royalty Fees; (2) Advertising Fees; and (3) Technology Fees; and (4) any fees that the Company may impose under the terms of Franchisee's Franchise Agreement from time to time. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. [Franchisee Name] shall provide Company, in conjunction with this authorization, a voided check from the above- referenced account.

AGREED:

ATTEST: FRANCHISEE

______________________________ By: ____

____

Print name: ________________________________

____

Its: ________________________________

EXHIBIT F TO THE FRANCHISE AGREEMENT

SITE SELECTION ADDENDUM

KidStrong Franchising LLC("Franchisor") and________________("Franchisee"), have this____ day of________________________, 20_, entered into a Franchise Agreement for the operation of a KidStrong® Franchised Business using Franchisor's Marks and System (the "Center") and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within 90 days after the effective date of the Franchise Agreement, Franchisee shall, at Franchisee's sole cost and expense find a location within the Site Selection Area (defined below), which location shall be subject to Franchisor's prior approval, which may be granted or withheld in Franchisor's sole discretion. The site must be within the following territory: _ ____ (the "Site Selection Area").

2. Franchisee's failure to obtain a site for the Center in the Site Selection Area within the time required in Paragraph 1 shall constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Center or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and may be beyond Franchisor's control. Franchisor shall not be responsible for the failure of a site under any circumstances, including Franchisee's failure to achieve revenue or operational expectations. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Center at the site is based on Franchisee's own independent investigation of the suitability of the site.

4. Franchisee acknowledges and agrees that: (i) Franchisee does not have any exclusive rights within the Site Selection Area; (ii) Franchisor may permit other new franchisees to search for the location of their franchised Center within the same Site Selection Area; and (iii) potential locations for each franchised KidStrong® Center, and corresponding territory granted in connection with each Center, within the Site Selection Area will be reviewed and rejected/granted by Franchisor on a first-to-propose basis.

5. When Franchisee secures a Location that Franchisor approves within the Site Selection Area, Franchisor will designate the Territory for the Franchised Business, as outlined in Section 1.4 of the Franchise Agreement. Franchisee shall develop, open and operate the Franchised

Business at the Location in accordance with the terms of the Franchise Agreement. Both the Location of the Franchised Business and Franchisee's designated Territory will be set forth in Exhibit A to the Franchise Agreement once determined.

6. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed, including those terms related to governing law, venue and dispute resolution that will also apply to any disputes arising out of or related to this Site Selection Addendum.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

KIDSTRONG FRANCHISING LLC

By: ___________________________________

Title: _________________________________

FRANCHISEE:

By: ___________________________________

Title: _________________________________

EXHIBIT B

KIDSTRONG FRANCHISING LLC

AREA DEVELOPMENT AGREEMENT

EDITION DATE: 2021

KIDSTRONG FRANCHISING LLC

AREA DEVELOPMENT AGREEMENT

____
DEVELOPER

____
DATE

AREA DEVELOPMENT AGREEMENT

KIDSTRONG FRANCHISING LLC

This Area Development Agreement (the "Agreement') is made and entered into on ____ ____________________, 20__________ (the "Effective Date") by and between KidStrong Franchising LLC, a Delaware limited liability company with an address at 5 Cowboys Way, Suite 300, Frisco, Texas 75034 ("we", "us", "our", "KidStrong Franchising" or "Franchisor") and ____________________________, a ___________________________________with an address at ____("you", "your" or "Franchisee") on the date this Agreement is executed by us below (the "Effective Date"). Franchisor and Franchisee are sometimes hereinafter collectively referred to as the "parties".

BACKGROUND

A. KidStrong Franchising, as the result of the expenditure of time, skill, effort and money, owns and continues to develop a franchise system (the "System") involving the establishment and operation of franchised Centers (each, a "Center" or "Franchised Business"), which offer "whole child" development programs focused on building stronger kids through innovative training, including in the areas of physical fitness, leadership, and confidence building under the mark KIDSTRONG® and such other marks as designated by Franchisor (the "Marks").

B. The characteristics of the System may include, without limitation, sales and operating methods; interior and exterior Center design; décor; layout; fixtures and furnishings; equipment; class structure and instruction; customer service and development techniques; uniform standards and procedures for efficient business operations; training and assistance; Brand Funds; pricing specifications; all of which may, at times, be changed, improved and further developed from time to time by KidStrong Franchising.

C. KidStrong Franchising identifies the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark KIDSTRONG® and the KidStrong® logo, and/or such other different and/or additional trade names, trademarks, and service marks as are now designated and may hereafter be designated by KidStrong Franchising in writing for use in connection with the System (the "Proprietary Marks" or "Marks").

D. KidStrong Franchising has the right to establish System "Standards and Specifications" for various aspects of the System, including, without limitation, standards and specifications related to location selection, the Center's physical characteristics, operating procedures, products and services offered, supplier qualifications, training, marketing and other aspects that affect and/or relate to the experience of System customers. You are required to comply with KidStrong Franchising Standards and Specifications, which KidStrong Franchising has the right to (and expects to) change and modify over time.

E. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement and have had sufficient time and opportunity to evaluate and investigate the business concept and the procedure and financial requirement associated with the business as well as the competitive market in which it operates.

F. You have expressed an interest in obtaining the right to open multiple Centers within a specific geographic area, and we are willing to grant such right upon the terms and conditions set forth in this Agreement.

AGREEMENT

In consideration of the above recitals, the covenants, agreements and conditions set forth below and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. APPOINTMENT, DEVELOPMENT TERRITORY AND MINIMUM DEVELOPMENT OBLIGATION

1.1 Development Area

Subject to your strict compliance with the terms and conditions of this Agreement, we grant to you, and you accept, the right during the term of this Agreement to open and operate the number of Centers designated in Exhibit A within the "Development Area" described in Exhibit A. All of your Centers must be located within the Development Area. Except as otherwise set forth in this Agreement, including, without limitation, as set forth in Section 1.4 below, for so long as you are in compliance with your obligations under this Agreement, we will not open or operate, and will not license any other person or entity the right to open or operate, one or more Centers within the Development Area.

This grant is upon the terms and subject to the conditions of this Agreement. You acknowledge and agree that our initial service under this Agreement is solely to identify the Development Area, and that we have no ongoing obligations such as training or operational assistance to you under this Agreement. All ongoing and further obligations to you in opening the Centers shall be provided pursuant to the applicable Franchise Agreement between you and us for each Center you are required to open under this Agreement.

1.2 Minimum Development Obligations

1.2.1 You shall comply with the terms and conditions of this Agreement and you shall comply with the following "Minimum Development Obligations": (i) secure a site and enter into a lease agreement for each Center you are required to develop under this Agreement on or before the lease execution deadline set forth in Exhibit A attached hereto (the "Lease Execution Deadlines"), (ii) develop and open each Center you are required to develop under this Agreement on or before the opening deadline set forth in Exhibit A attached hereto (the "Opening Deadlines"), and (iii) have open and in operation within the Development Area, not less than the cumulative number of Centers identified in Exhibit A to this Agreement; (collectively, "the Minimum Development Obligation"). **YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS AGREEMENT AND THAT YOUR RIGHTS UNDER THIS AGREEMENT ARE SUBJECT TO TERMINATION IF YOU DO NOT STRICTLY COMPLY WITH THE MINIMUM DEVELOPMENT OBLIGATIONS.**

1.2.2 For each Center you are required to develop under this Agreement, you shall enter into our then-current form of Franchise Agreement and pay to us our then-current initial franchise fee, within the time periods set forth in this Agreement. You may form newly established, separate affiliate entities that share the identical ownership structure as Developer, to enter into the lease agreements and franchise agreements for each Center you are required to open under this Agreement (each a "Developer Affiliate"). You, each of your owners, and each owner of each Developer Affiliate, as applicable, shall enter into a personal guaranty agreement in the form attached to the applicable Franchise Agreement, which form may be materially different from the form attached to the FDD you received prior to entering into this Agreement. You also acknowledge and agree that the estimated initial investment figures presented in the FDD you received prior to entering into this Agreement are estimates only and are subject to modification, including increases related to modifications to specifications and requirements to develop Centers. You shall designate one (1) individual who shall be designated in Exhibit A attached hereto, who has the authority to, and does in fact, actively direct your business affairs related to your obligations under this Agreement and has the authority to sign on your behalf all contracts and commercial documents (your "Responsible Owner"). Your Responsible Owner shall exert his or her best efforts to the development of the Centers pursuant to this Agreement and, absent our prior approval, may not engage in any other business or activity that requires substantial management responsibility or time commitments. If you are a legal entity, each of your direct and indirect owners (including all owners of any entity that owns an interest in you) must enter into the form of personal guaranty attached to this Agreement as Exhibit B.

1.2.3 You have no right to sublicense or subfranchise your rights under this Agreement.

1.2.4 If, despite using your best efforts, you fail to meet an Opening Deadline, you may apply for a six (6) month extension to the opening deadline by submitting a written extension request detailing the efforts you have undertaken to meet the Opening Deadline and the reason for the delayed opening. If we grant the six (6) month extension, you must pay a monthly extension fee of $2,500 per month for the duration of the six (6) month extension period.

1.3 Force Majeure

If you are unable to meet the Minimum Development Obligation requirement solely as the result of force majeure, including, but not limited to, war, riot, strikes, material shortages, floods, earthquakes, and other acts of God, or by governmental action or force of law (including mandated closures due to pandemics such as COVID-19), which results in the inability of you to construct or operate Centers in the Development Area, and which you could not, by the exercise of due diligence, have avoided, the Development Periods will be extended by the amount of time the force majeure exists, provided that if any force majeure continues for a period in excess of six months, we may terminate this Agreement upon written notice to you.

1.4 Reservation of Rights

You acknowledge and agree that we have the right to open and operate, and to grant others the right to open and operate Centers anywhere outside of the Development Area as we deem appropriate in our sole and absolute discretion. This Agreement is not a franchise agreement and you do not have any right to use the Marks in any manner by virtue of this

Agreement. You have no right under this Agreement to subfranchise or sublicense others to operate a Center or use the System or the Marks. Without limiting the foregoing, we reserve all rights to do anything within the Development Area, including, without limitation, the following: (i) offer and sell, and authorize others to offer and sell, any goods and services in, at or from any location outside of the Development Area; (ii) manufacture, distribute, offer and sell, and authorize others to manufacture, distribute, offer and sell, any goods and/or services in, at or from any location, including any location within the Development Area either: (a) through alternative channels of distribution, including sales on the Internet, through kiosk locations, through print and online catalogs, and in retail locations; or (b) under any names or trademarks other than the Marks. For the purposes of this provision, alternative channels of distribution include any channels not explicitly authorized for use by Developer under any franchise agreement executed pursuant to this Agreement; (iii) merge with, acquire, or be acquired by, including through purchase or sale of substantially all assets, any other person or entity, including any competitor of Franchisor or Developer (each an "M&A Transaction"), and continue to conduct in any location any business engaged in by the merging, acquiring, or acquired person or entity, including any business directly competitive with Centers developed by Developer under this Agreement regardless of where the business is located and to permit the business to operate under the Marks or any other name; (iv) use the Marks and System in connection with services and products, promotional and marketing efforts or related items, or in alternative channels of distribution, including the sale of products through retail stores and via the internet, without regard to location; (v) develop, or become associated with, other concepts (either directly or through affiliate entities) and grant franchises under such concepts for locations anywhere, including in the Development Area; and (vi) use and license to engage in any other activities not expressly prohibited in this Agreement. In the event of an M&A Transaction, Franchisor has the right to require you to convert the Centers developed pursuant to this Agreement to a different name and Developer hereby agrees to: (a) participate, at Developer's expense in any such conversion; and (b) waive any and all claims, demands or damages arising from or related to the loss of the Mark, the System or any association or affiliation with the Marks or the System.

1.5 Non-Public Access Venues. We also have the right to develop, open and operate, and to license others the right to develop, open and operate, Centers located in Non-Public Access Venues, including within the Development Area. For purposes of this Agreement, the term Non-Public Access Venues shall mean private businesses, military bases, government institutions, private clubs, and other Centers that are not accessible to the general public.

2. DEVELOPMENT FEE.

2.1 Development Fee. You shall pay to us a "Development Fee" in the amount designated in Exhibit A immediately upon execution of this Agreement. The Development Fee is paid to us in consideration of the rights we grant you pursuant to this Agreement. Accordingly, the Development Fee is deemed fully earned by us upon execution of this Agreement and is non-refundable, even if you fail to develop one or more of the Centers.

3. CENTER SITE SELECTION; FRANCHISE AGREEMENT EXECUTION PROCEDURES.

3.1 Center Site Selection. You must, on your own initiative and at your sole cost and expense, locate and secure an acceptable site for each Center you are required to develop under this Agreement, and enter into a valid, binding lease agreement on or before the applicable Lease Execution Deadline. You must advise us in writing of your proposed site for each Center and you must submit to us a complete site report and application (containing demographic, commercial and other information that we or our designee may require). We are relying on your knowledge of the real estate market in your Development Area. Our prior approval is required in writing for each Center location. Each site must meet our confidential site evaluation criteria. In accepting or rejecting a proposed site, we will consider such matters as we deem material, including demographic characteristics, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area, the proximity to other businesses (including other System Centers), the nature of other businesses in proximity to the site and other commercial characteristics and the size of the premises, appearance, and other physical characteristics of the premises. We will approve or disapprove your proposed site within thirty (30) days after we receive all of the materials you are required to provide to us. Our approval of a site will be by delivery of written notice to you. If you do not receive a written notice of approval within thirty (30) days after receipt of the requisite materials to approve or disapprove a proposed site, your proposed site is considered disapproved. We will not unreasonably withhold approval of any proposed site if it meets our then-current site criteria. ***You acknowledge and agree that our approval of a proposed site does not constitute a representation or warranty of any kind, express or implied, of the suitability of the site for a Center or any other purpose. Our approval of a site indicates that we believe that the site meets our then acceptable criteria. Without limiting the foregoing, you acknowledge and agree that we are not responsible of the site fails to meet your or our expectations or if the Center you develop at the site fails.*** We have the right to require you to use our designated suppliers for site selection and real estate development services. We will notify you in writing of any such requirement, and, you shall, immediately upon your receipt of such written notification, comply with any and all such requirements at your sole cost and expense.

3.2 Lease Approval/Execution Procedures.

3.2.1 You must present to us for our approval the lease for each premises from which you will operate each Center you are required to develop under this Agreement **before you sign the lease for such Center**. You must cause your landlord to include the provisions we require in your lease agreement for each Center. For each Center you are required to develop under this Agreement, both you, and the landlord for the applicable leased premises, must enter into our then-current form of Lease Rider, which includes important provisions that protect our interests. If your landlord refuses to sign the Lease Rider in the form we require, we have the right to reject your proposed site for the applicable Center.

3.2.2 Each lease for each Center must provide that we (or our designee) may, at our sole option, upon the termination, expiration or proposed transfer of the Franchise Agreement for such location, take an assignment of your interest in the lease, without the payment of additional consideration (other than a reasonable assignment fee), and without liability for obligations you accrued as of the date of the assignment of the lease. Our review of any lease prior to its execution will not be for the purpose of approving the legal aspects, economics, or rental terms of such lease. Accordingly, we will have no responsibility to you with regard to the economics, legality or enforceability of any lease. At all times during the term of this Agreement, you will promptly pay all rents and charges required by the lease for the Center and shall not be in default under the terms of the lease. You are required to provide us with a copy of your fully executed lease for each Center immediately upon your receipt of a fully executed copy thereof, and any amendments or renewals to the lease, to ensure that at all times we have a complete copy of the then-current lease for each Center.

3.3 Franchise Agreement Execution Requirements.

For each Center you are required to develop under this Agreement, you (or a Developer Affiliate approved by us) shall sign our then-current form of franchise agreement, which agreement may contain materially different terms and conditions as compared to the form of franchise agreement attached to the FDD provided to you prior to your execution of this Agreement, and pay the then-current initial franchise fee and other initial fees due thereunder, no later than the earlier to occur of (a) the date you execute the lease agreement for the Center; or (b) five (5) calendar days after you receive our written approval of the proposed site for the Center. Upon the execution of each Franchise Agreement, the terms and conditions of such Franchise Agreement shall control the establishment and operation of the Center that is the subject of such Franchise Agreement.

4. RELATIONSHIP OF PARTIES

4.1 Relationship of Parties

4.1.1 You will function as an independent party and not as our agent or representative, but rather as a franchisee under our Franchise Agreements. You and we are not and will never be considered joint ventures, partners, employees, employer or agents one for the other. Neither will have the power to bind or obligate the other except as otherwise outlined in this Agreement and/or the Franchise Agreements. No representation will be made by either party to anyone that would create any apparent agency, employment or partnership except as otherwise outlined in this Agreement.

4.1.2 In all public and private records, documents, relationships, and dealings, you will indicate that you are an independent contractor operating pursuant to this Agreement.

4.1.3 You will maintain your records and accounts to clearly indicate that you and your employees are not our employees. You will be solely responsible to hire your own employees, including determinations about a prospective person's background, experience, character and immigration status. You shall provide written notification to each person you intent to hire as an employee advising such person that the Franchisor is not their employer.

4.1.4 You will pay all of your development, travel, tax, operating, sales, and other costs and expenses directly or indirectly incurred in fulfilling your obligations under this Agreement. You will hold us harmless for all such costs and expenses.

5. TERM AND TERMINATION

5.1 Term

Unless sooner terminated, the term of this Agreement ("the Term") will begin on the Effective Date and will end on the earlier to occur of: (a) the date the final Center you are required to develop under this Agreement has opened; or (b) the Opening Deadline for the last Center you are required to open under this Agreement. You do not have any right to renew this Agreement.

5.2 Termination

We have the right to terminate this Agreement, effective immediately upon delivery of written notice to you, if you commit a Material Default under this Agreement.

Each of the following events shall be deemed a "Material Default" under this Agreement:

(a) Your failure to meet any of your Minimum Development Obligations.

(b) Any conduct on your part that impairs the goodwill associated with the marks or otherwise causes harm to us or the reputation of the brand or System.

(c) The termination of any Franchise Agreement entered into by and between Franchisor, its successors or assigns, and you and/or any Developer Affiliate.

(d) If you or any Developer Affiliate commits a default under any Franchise Agreement or other agreement between us and you or any Developer Affiliate, which default remains uncured beyond all applicable notice and cure periods.

(e) If you violate any of your confidentiality or non-competition obligations under this Agreement.

(f) If you default under any other obligation under this Agreement and such default is not cured before the expiration of fifteen (15) calendar days following your receipt of a written notice of default from us.

A termination of this Agreement is not deemed to be a termination of any Franchise Agreement entered into by and between you and us, or any Developer Affiliate and us. You shall not be entitled to any refund of any of the Development Fee if we terminate this Agreement in accordance with the terms hereof.

5.3 Effects of Termination

Upon the expiration of the term, or upon termination of this Agreement, regardless of the cause for termination, you will have no further right to open or operate additional Centers which are not, at the time of such termination or expiration, the subject of a then existing Franchise Agreement between you and us which is in full force and effect. You acknowledge that during and after the expiration or earlier termination of this Agreement, we may open and operate, and license others the right to open and operate one or more Centers anywhere in the Development Area, subject to any territorial rights granted to you or any Developer Affiliate, as applicable, under any Franchise Agreement then in effect.

6. TRANSFER AND SUCCESSION

6.1 Assignment by Us

We may assign this Agreement, or any of our rights and privileges to any other person, firm or corporation without your prior consent; provided that, in respect to any assignment resulting in the subsequent performance by the assignee of our functions, the assignee will expressly assume and agree to perform our obligations.

6.2 Assignment by You

Your rights and obligations under this Agreement are personal to you and are not assignable at all. Without our prior written permission, you will not voluntarily or involuntarily sell, transfer, assign, encumber, give or otherwise alienate the whole or any part of this Agreement, your assets, or the ownership of any of your rights under this Agreement. We have entered this Agreement in reliance upon and in consideration of the singular personal skill, qualifications and trust and confidence we repose in you or your principal officers or partners who will actively and substantially participate in the development and operation of the Centers you are required to develop under this Agreement.

7. COVENANTS: NON COMPETITION/CONFIDENTIALITY/COMPLIANCE WITH LAWS

7.1 Non-Compete

7.1.1 You and each of your owners, officers and agents will not, during the Term of this Agreement, directly, indirectly or through, on behalf of, or in conjunction with any person or legal entity:

(a) participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business (as defined below); or

(b) divert, or attempt to divert any present or prospective business or customer of any Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

For purposes of this Agreement, the term "Competitive Business" shall mean any (i) children's gym, fitness center, health club, personal training center, or (ii) any other business involved in providing fitness, wellness, health, character development, or brain development services to or for the benefit of children, or (iii) any other business offering products and services offered or authorized for sale by System franchisees (each a "Competing Business"), or (iv) any business offering or granting licenses or franchises for the right to operate a Competing Business; provided, however, that this Section does not apply to Franchisee's operation of any other KidStrong Center pursuant to a license or franchise agreement with Franchisor.

7.1.2 During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25 mile radius of any Center in operation, under lease, or under construction as of the date of termination or expiration, as applicable. During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents **will not** directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive

Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.

7.1.3 You acknowledge and agree that the restricted periods set forth in Section 7.1 (inclusive of all subparts) shall be tolled during any time in which you are in violation of your obligations. We may require you to obtain written agreements from your owners, officers, directors, employees and agents to not compete against us and to not disclose our trade secrets and confidential information. These agreements will be in a form we approve.

7.1.4 If for any reason, any provision of any of the covenants not to compete set forth in Section 7.1 (inclusive of all subparts) is determined to exceed any lawful scope and limit as to duration, geographic coverage, or otherwise, it is agreed that provision will nevertheless be binding to the full scope or limit allowed by applicable laws or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to this Agreement.

7.1.5 You agree that damages alone cannot adequately compensate us if there is a violation of any of your non-competition covenants and that injunctive relief is essential for our protection. You therefore agree that in any case of any alleged breach or violation of this section, we may seek injunctive relief without posting any bond or security, in addition to all other remedies that may be available to us at equity or law.

7.2 Communication of Information

During the Term of this Agreement and thereafter, you will not communicate or divulge to any person or entity the contents of the System Manuals, or any other non-public information related to the System or the operation of the Centers. Under no circumstances will you or your agents communicate or divulge to any person or entity any trade secrets, confidential information or personal contacts relating to the System or Centers operating under the System during the Term of this Agreement or thereafter.

7.3 You to Cease Using Names and Marks

Except to the extent permitted under then current Franchise Agreements, upon expiration or termination of this Agreement, whatever the cause for termination, you will immediately cease using the Marks and our names, logos, service marks, trademarks and other marks, symbols or materials suggesting that you were related to us or the System in any way. You acknowledge that all of these are our exclusive property and that you are allowed to use them only in connection with your work as our sales and service agent or franchisee. You may use them only pursuant to the provisions of any relevant franchise agreements between the parties.

7.4 Compliance with Applicable Laws.

You shall, at your sole cost and expense, comply with all federal, state, city, municipality and local laws, ordinances, rules and regulations applicable to your obligations under this Agreement. You must, at your expense, be absolutely and exclusively responsible for determining all licenses and permits required by law for your Centers, for qualifying for and obtaining all such licenses and permits, and maintaining all such licenses and permits in full force and effect.

8. DISPUTE RESOLUTION

8.1 Mediation.

8.1.1 The parties have reached this Agreement in good faith and with the belief that it is advantageous to each of them. In recognition of the strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action brought by us under Section 8. 3 of this Agreement, and with the exception of injunctive relief or specific performance actions, before the filing of any arbitration, you and we agree to mediate any dispute, controversy or claim between us and/or any of our affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a “Franchisor Related Party”), on the one hand, and you and/or any of your affiliates, officers, directors, managers, shareholders, members, owners, guarantors, employees or agents (each a “Developer Related Party”), including without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties’ relationship; or (c) the events occurring prior to the entry into this Agreement. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintaining any arbitration or legal action, including any action to interpret or enforce this Agreement.

8.1.2 Mediation will be conducted Collin County, Texas (or, if Franchisor’s corporate headquarters is no longer in Collin County, Texas, the county where Franchisor’s corporate headquarters is then-located). Persons authorized to settle the dispute must attend each mediation session in person. The party seeking mediation (the “Initiating Party”) must commence mediation by sending the other party/parties a written notice of its request for mediation (the “Mediation Notice”). The Mediation Notice must specify, to the fullest extent possible, the nature of the dispute, the Initiating Party’s version of the facts surrounding the dispute, the amount of damages and the nature of any injunctive or other such relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. Upon receipt of the Mediation Notice, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice. If the parties have been unable to resolve any such dispute within twenty (20) days after the date the Mediation Notice is provided by the Initiating Party to the other party, either party may initiate a mediation procedure in accordance with this provision. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within thirty (30) days of the notice from the party seeking to initiate the mediation procedures. The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section.

The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the authorized person designated by each party an opportunity to hear an oral presentation of each party’s views on the matter in dispute. The mediator shall assist the authorized persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party.

The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible. The mediation may be concluded: (a) by the signing of a settlement agreement by the parties; (b) by the mediator's declaration that the mediation is terminated; or (c) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.

8.1.3 The fees and expenses of the mediator shall be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved. The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in the mediation.

8.2 Arbitration

8.2.1 Except as qualified below and in Section 8.3, and if not resolved by the negotiation and mediation procedures set forth in Section 8.1, any dispute, controversy or claim between Developer and/or a Developer Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement, (b) the parties' relationship, (c) the events leading up to the entry into this Agreement, (d) the Development Area, (e) the scope or validity of the arbitration obligation under this Agreement, (f) any System standard; (g) any claim based in tort or any theory of negligence; and/or (h) any lease or sublease for any Center, shall be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures.

8.2.2 Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action, associational claim, or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate shall become null and void and the parties shall submit all claims to the jurisdiction of the courts. The arbitration must take place in Collin County, Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the county where our corporate headquarters is then-located). The arbitration will be heard before one arbitrator. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five (5) years of significant experience in franchise law. Any issue as to whether a matter is subject to arbitration will be determined by the arbitrator. A judgment may be entered upon the arbitration award by any state or federal court in Collin County, Texas.

8.2.3 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; (3) certify a class or a consolidated action; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. The arbitrator shall have the right to make a determination as to any procedural matters that court of competent jurisdiction would be permitted to make in the state in which our main office is located. Further, the arbitrator shall decide all factual, procedural, or legal questions relating in any way to the dispute between the parties, including, without limitation, questions relating to whether Section **8.2** is applicable and enforceable as against the parties; the subject matter, timeliness, and scope of the dispute; any available remedies; and the existence of unconscionability and/or fraud in the inducement.

8.2.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.

8.2.5 The arbitrator shall have subpoena powers limited only by the laws of the State of Texas. The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute shall otherwise have the same discovery rights as are available in civil actions under the laws of the State of Texas. All other procedural matters shall be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the State of Texas.

8.2.6 Other than as may be required by law, the entire arbitration proceedings (including, without limitation, any rulings, decisions or orders of the arbitrator), shall remain confidential and shall not be disclosed to anyone other than the parties to this Agreement.

8.2.7 The judgment of the arbitrator on any preliminary or final arbitration award shall be final and binding and may be entered in any court having jurisdiction.

8.2.8 We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so shall not be deemed to have waived or relinquished our right to seek recovery of those costs against you.

8.3 Exceptions to Arbitration

Notwithstanding Section 8.1 or Section 8.2, the parties agree that the following claims will not be subject to mediation or arbitration:

(a) any action for declaratory or equitable relief, including, without limitation, seeking preliminary or permanent injunctive relief, specific performance, other relief in the nature of equity to enjoin any harm or threat of harm to such party's tangible or intangible property, brought at any time, including, without limitation, prior to or during the pendency of any arbitration proceedings initiated hereunder;

(b) any action in ejectment or for possession of any interest in real or personal property; or

(c) any claim by us: (a) relating to your failure to pay any fee due to us under this Agreement; (b) relating to your failure to comply with the confidentiality and non-competition covenants set forth in this Agreement; and/or (c) and/or our affiliates relating to your use of the Marks and/or the System, including, without limitation, claims for violations of the Lanham Act.

9. MISCELLANEOUS PROVISIONS

9.1 Choice of Law and Venue; Limitation of Claims; Jury Trial Waiver; Class Action Waiver; Waiver of Damages

9.1.1 You acknowledge that we have appointed and intend to appoint many franchisees on terms and conditions similar to those set forth in this Agreement and the Franchise Agreement. It mutually benefits those franchisees, you and us if the terms and conditions of these license agreements are uniformly interpreted. This Agreement shall take effect upon its acceptance and execution by Franchisor. All matters relating to mediation or arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1, et. seq.). Except to the extent governed by the Federal Arbitration Act or other federal law, this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any of its affiliates, on the one hand, and Developer, and any of Developer's owners, guarantors and/or affiliates, on the other hand, shall be interpreted and construed under the laws of the state of Texas, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

9.1.2 In the event the arbitration clause set forth in Section 8.2 is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for Northern District of Texas (or, if our corporate headquarters is no longer in Collin County, Texas, the applicable District Court where our corporate headquarters is then-located), or if such court lacks subject matter jurisdiction, the State Superior Court in Collin County, Texas (or, if our corporate headquarters is no longer in

Collin County, Texas, the county where our corporate headquarters is then-located), shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Developer acknowledges and agrees that this Agreement has been entered into in the State of Texas and that Developer is to receive valuable and continuing services emanating from Franchisor's headquarters. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision. Developer acknowledges and agrees that this location for venue is reasonable and the most beneficial to the needs of and best meets the interest of all of the members of the System.

9.1.3 Except for claims arising from your non-payment or underpayment of amounts you owe to us, or claims related to your unauthorized use of the Marks, any and all claims arising out of or related to this Agreement or the relationship of the parties will be barred unless a judicial or arbitration proceeding, as required under this Agreement, is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims, and that any action not so brought shall be barred, whether as a claim, counterclaim, defense or setoff. You hereby acknowledge and agree that you may not maintain any action against us or any of our principals, officers, directors, agents, employees, parents, subsidiaries, affiliates, successors or assigns (each a "KidStrong Franchising Related Party") unless (a) you deliver written notice of any claim to the other party within one hundred eighty (180) days after the event complained of becomes known to you, (b) you strictly adhere to the negotiation and mediation procedures set forth in this Agreement, and (c) you file an arbitration within one (1) year after the notice is delivered.

9.1.4 **Waiver of Rights. THE PARTIES HERETO AND EACH OF THEM KNOWINGLY, VOLUNTARILY AND INTENTIONALLY AGREE AS FOLLOWS:**

9.1.5 Jury Trial. **The parties hereto and each of them EXPRESSLY WAIVE(S) THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN ANY ARBITRATION, ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INCLUDING, WITHOUT LIMITATION, FOR ANY CLAIMS RELATING DIRECTLY OR INDIRECTLY TO THIS AGREEMENT, THE NEGOTIATION OF THIS AGREEMENT, THE EVENTS LEADING UP TO THE SIGNING OF THIS AGREEMENT, OR THE BUSINESS RELATIONSHIP RELATING TO THIS AGREEMENT OR THE FRANCHISE, WHETHER BROUGHT IN STATE OR FEDERAL COURT, WHETHER BASED IN CONTRACT THEORY, NEGLIGENCE OR TORT, AND REGARDLESS OF WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. This waiver is effective even if a court of competent jurisdiction decides that the arbitration provision in this Agreement is unenforceable. Each party acknowledges that it has had full opportunity to consult with counsel concerning this waiver, and that this waiver is informed, voluntary, intentional, and not the result of unequal bargaining power.**

9.1.6 Damage Waiver. The parties hereto and each of them EXPRESSLY WAIVE(S) ANY CLAIM FOR PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES; ***except that*** this waiver and limitation shall not apply with respect to (a) your obligation to indemnify us pursuant to any provision of this Agreement, or (b) any claims we bring against you and/or your guarantors and/or your owners for unauthorized use of the Marks, unauthorized use or disclosure of any Confidential Information, unfair competition, breach of your confidentiality or non-competition covenants under this Agreement, and/or any cause of action under the Lanham Act, and we shall be entitled to receive an award of multiple damages, attorneys' fees and all damages as provided by law.

9.1.7 The parties hereto and each of them EXPRESSLY AGREE(S) THAT IN THE EVENT OF ANY FINAL DETERMINATION, ADJUDICATION OR APPLICABLE ENACTMENT OF LAW THAT PUNITIVE, MULTIPLE AND/OR EXEMPLARY DAMAGES MAY NOT BE WAIVED, ANY RECOVERY BY ANY PARTY IN ANY ARBITRATION OR OTHER FORUM SHALL NEVER EXCEED TWO (2) TIMES ACTUAL DAMAGES, except that we may recover more than two (2) times its actual damages if you commit acts of willful trademark infringement or otherwise violate the Lanham Act, as provided by law.

9.1.9 No Class or Collective Actions. You agree that any arbitration, or, if applicable, litigation, between you (or any of your owners or guarantors), on the one hand, and us or any KidStrong Franchising Related Party, on the other hand, will be on such party's individual claim and that the claim or claims subject to arbitration and/or litigation shall not be arbitrated or litigated on a class-wide, associational or collective basis.

9.2 Enforcement

9.2.1 Either party may seek to obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

9.2.2 We shall be entitled to recover from you all of our costs and expenses, including attorneys' fees, accounting fees, expert witness fees, and any other reasonably incurred fees, if we are the prevailing party in any action, including arbitration, litigation, any motion to compel arbitration, and/or any action on appeal, with you and/or any of your owners or Guarantors, including, without limitation, any action: (a) to enforce the terms of this Agreement; (b) for violation of this Agreement; or (c) for violation of the Lanham Act or other state or federal statutes. Without limiting the generality of the foregoing, if we incur costs and expenses due to your failure to pay when due amounts owed to us our affiliates, to submit when due any reports, information, or supporting records, or otherwise comply with this Agreement, you agree, whether or not we initiate a formal arbitration or legal proceeding, to reimburse us for all of the costs and expenses that we incur including, without limitation, reasonable accounting, attorneys' and related fees and costs.

9.3 Relationship of You to Us

The parties intend by this Agreement to establish the relationship of franchisor and developer and/or independent contractors. You have no authority to create or assume in our name or on our behalf, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of us for any purpose whatsoever. Neither party is the employer, employee, agent, partner or co-venturer of or with the other, each being independent. You agree that you will not hold yourself out as our agent, employee, partner or co-venturer. All employees hired by or working for you will be your employees and will not, for any purpose, be deemed our employees or subject to our control. You must provide written notification to each of your employees that each such employee is employed by you, and not us. You shall file your own tax, regulatory and payroll reports with respect to your employees and operations.

9.4 Your Indemnification

9.4.1 You agree to protect, defend and indemnify us, and all of our past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees (the "Indemnified Parties") and hold each of the Indemnified Parties harmless from and against any and all damages, costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or related to your rights or obligations under this Agreement.

9.4.2 You represent and warrant that you have full and legal capacity to enter into this Agreement and into the Franchise Agreements and that they will not violate any provision or restriction in any contractual relationship you or your owners have with any third party.

9.5 Waiver and Delay

9.5.1 The following will not constitute a waiver of the provisions of this Agreement with respect to any subsequent breach or a waiver by us of our right at any time to require exact and strict compliance with the provisions of this Agreement or of the franchise agreements:

(a) Waiver by us of any breach or series of breaches or defaults in your performance,

(b) Our failure, refusal or neglect to exercise any right, power or option given to us under this Agreement or under any franchise agreement between us and you, or

(c) Our failure, refusal or neglect to insist upon strict compliance with or performance of your obligations under this Agreement or any other franchise agreement between you and us.

This applies to this Agreement and to any franchise agreement between the parties whether entered into before, after or contemporaneously with the execution of this Agreement and whether or not related to the Centers.

9.6 Survival of Covenants

The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, will be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

9.7 Successors and Assigns

This Agreement will be binding upon and inure to the benefit of our successors and assigns and will be binding upon and inure to your benefit and your heirs, executors, administrators, successors and assigns, subject to the prohibitions against assignment contained above.

9.8 Joint and Several Liability

If you consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to us are joint and several.

9.9 Agreements with Other Developers. You acknowledge that other KIDSTRONG® franchisees and/or developers have or may be granted franchises or development rights at different times and in different situations, and further acknowledge that the provisions of such agreements may vary substantially from those contained in this Agreement.

9.10 Entire Agreement

Except for the Franchise Agreements that may be executed between the parties, this Agreement expresses the sole and complete understanding between the parties concerning the subject matter hereof. This Agreement, including the Exhibits attached hereto, is the entire agreement between the parties with respect to the subject matter hereof. No other prior agreements concerning the subject matter hereof, written or oral, will be deemed to exist or to bind the parties, and all prior agreements, understandings and representations, are merged into this Agreement and superseded by it. Nothing in this Agreement is intended to disclaim the representations we made in the FDD provided to you prior to your execution of this Agreement. You represent that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained in this Agreement. No officer, employee, or agent of ours has any authority to make any representation or promise not contained in this Agreement or in the FDD. You agree that you have executed this Agreement without reliance upon any such representation or promise. This Agreement cannot be modified or changed except by written instrument signed by all of the parties. **Time is of the essence for this Agreement.**

9.11 Titles for Convenience

Section and paragraph titles used in this Agreement are for convenience only and will not affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

9.12 Gender

All terms used in any number or gender will extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any section or paragraph may require.

9.13 Severability

Nothing contained in this Agreement will require the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail. In such event the provisions of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirements of the law. If any part, section, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

9.14 Counterparts

This Agreement may be executed in any number of counterparts; each of which will be deemed an original and all of which together will be deemed the same instrument.

9.15 Notices

Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally, by email, or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and addressed as follows:

Notices to Franchisor:	KidStrong Franchising LLC 5 Cowboys Way, Suite 300, Frisco, Texas 75034
With a copy to:	________________________ ________________________ ________________________ Attention:________________ Facsimile:________________
Notices to Developer:	________________________ ________________________ ________________________ Attention:________________ Facsimile:________________

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of email, upon transmission, or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

9.16 Submission of Agreement

The submission of this Agreement does not constitute an offer and this Agreement will become effective only upon the execution by you and us. **THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT WILL HAVE BEEN ACCEPTED AND SIGNED BY FRANCHISOR.**

9.17 Acknowledgments & Representations

9.17.1 You, and your shareholders, members and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution of this Agreement. You and they have obtained the advice of counsel concerning entering this Agreement. You and they understand the nature of this Agreement and intend to comply with and to be bound by it. You acknowledge that you have conducted an independent investigation of the System, the Franchisor and the Centers, and recognize that, like any other business, the business venture contemplated by this Agreement involves business risks. Your success in this business is not guaranteed, is speculative and depends, to an important extent, upon your ability as an independent businessperson. We do not represent or warrant that any Center will achieve any certain level of sales or be profitable. We expressly disclaim the making of, and you acknowledge that you have not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement. By signing this Agreement, you acknowledge that you have entered into it after making an independent investigation of the System.

9.17.2 You represent to us, as an inducement to our entry into this Agreement, that all statements you have made and all materials you have submitted to us in connection with your purchase of this franchise are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise. We have approved of your entering into this Agreement and granting you the rights under this Agreement in reliance upon all of your representations.

9.17.3 You understand that neither we, nor any of our representatives or agents with whom you have met have made, and are not making, any guarantees, express or implied, as to whether or not the Centers you develop under this Agreement will break even, be successful or profitable. You acknowledge that the franchise opportunity is a newly offered opportunity with a limited track record and a limited operating history. You accept all risks, including the risk of loss of your entire investment. You acknowledge that neither we nor any of our representatives and/or agents with whom you have met or corresponded with, have, in any way, represented or promised any specific amounts of earnings or profits in association with any of any Center, including the Centers you are obligated to develop under this Agreement.

9.17.4 You will exert your best efforts and full time to carrying out the terms, covenants and conditions of this Agreement in good faith.

9.17.5 You acknowledge that you received our FDD at least 14 calendar days prior to the date on which this Agreement was executed and that you have read the FDD. You acknowledge that the FDD is a disclosure document, not a contract, and that this Agreement embodies the entire contractual agreement between the parties.

IN WITNESS WHEREOF, this Agreement has been executed on the day and date first set forth above.

DEVELOPER:	**FRANCHISOR:**
If an entity:]	KidStrong Franchising LLC
______________________________	By: __________________________
By: __________________________	Name:

Name: ______________________________ Title:
Title: ______________________________
Date: ______________________________

[If an individual or individuals:]

Signature: ______________________________
Name: ______________________________
Date: ______________________________

Signature: ______________________________
Name: ______________________________
Date: ______________________________

Signature: ______________________________
Name: ______________________________
Date: ______________________________

EXHIBIT A TO DEVELOPMENT AGREEMENT

1. **DEVELOPMENT AREA**

The Development Area is defined as the entire territory encompassed by ____ ____ __ in the State of _______________. If the Development Area is identified by city or other political subdivisions, political boundaries will be considered fixed as of the Agreement Date, notwithstanding any political reorganization or change to the boundaries. The Development Area is depicted on the map attached to this Exhibit A. However, if there is an inconsistency between the language in this Exhibit A and the attached map, the language in this Exhibit A shall control. All street boundaries will be deemed to end at the street center-line unless otherwise specified.

2. **MINIMUM DEVELOPMENT OBLIGATIONS**

Developer agrees to open _____________ (__) Centers within the Development Area according to the following Schedule:

Column A	**Column B**	**Column C**	**Column D**
Center #	**Lease Execution Deadline**	**Opening Deadline**	**Cumulative Number of Centers To Be Opened and Operating By Opening Deadline Designated in Column C**

3. **DEVELOPMENT FEE**. The Development Fee is $______________________________.

4. **RESPONSIBLE OWNER:**

Responsible Owner Name:____
Responsible Owner Address:____
Telephone Number & Email Address:____
Percentage Ownership Interest:____

5. **DEVELOPER INFORMATION:**

____ Individual **______ Legal Entity**

Name of Individual(s) or Legal Entity (as applicable): _________________________________

If Legal Entity:
State of formation/incorporation:_____________________________________
Date of formation: ____
Ownership Information:

Owner Name	**Owner Address**	**Percentage Ownership Interest**

DEVELOPER:	**FRANCHISOR:**
[If an entity:]_________________________	KidStrong Franchising LLC
By: ___________________________	By: ___________________________
Name: _________________________	Name:
Title: __________________________	Title:
Date: __________________________	
[If an individual or individuals:]	
Signature: ______________________	
Name: _________________________	
Date: __________________________	
Signature: ______________________	
Name: _________________________	
Date: __________________________	

EXHIBIT B TO DEVELOPMENT AGREEMENT

GUARANTY OF PERFORMANCE

This Guaranty and Assumption of Obligations is given this ___day of________________, 20___, by______________________________(whether one or multiple persons or entities, the "Guarantor").

1. In consideration of, and as an inducement to, the execution of the Area Development Agreement (the "ADA" or the "Area Development Agreement") by KidStrong Franchising LLC("Franchisor"), and ___ ("Developer"), Guarantor hereby personally and unconditionally: (i) guarantees to Franchisor, and its successor and assigns, for the term of the ADA and as provided in the ADA, that Developer will punctually pay and perform each and every undertaking, agreement and covenant set forth in the ADA; and (ii) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the ADA, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Guarantor waives the right to assert as a defense to Franchisor's claims under this Guaranty that Franchisor had the right to procure any insurance on Developer's account.

2. Guarantor waives: (i) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (iv) any right Guarantor may have to require that an action be brought against Developer or any other person as a condition of liability.

3. Guarantor consents and agrees that: (i) Guarantor's direct and immediate liability under this Guaranty is joint and several; (ii) Guarantor will render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (iii) liability is not contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (iv) liability is not diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may grant to Developer or to any other person, including 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 is continuing and irrevocable during the term of the ADA.

4. Guarantor represents and warrants that, by signing the Guaranty: (i) any financial statements and other financial information that Guarantor has submitted to Franchisor are limited to the separate property of Guarantor and any marital property (community property) against which Franchisor is entitled to enforce its rights under this Guaranty and do not include any separate property of Guarantor's spouse against which Franchisor may not enforce this Guaranty; and (ii) if no signature appears below for Guarantor's spouse, Guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate (i.e., community property).

5. Guarantor hereby consents and agrees that:

(e) Guarantor's liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, Developer and the other parties who may be held liable for Developer's performance of the ADA;

(f) Guarantor will render any payment or performance required under the ADA upon demand if Developer fails or refuses punctually to do so;

(g) Franchisor is entitled to proceed against Guarantor and Developer jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action or having obtained any judgment against Developer; and

(h) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking (including any amounts expended in pursuing payment from Developer) or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

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

GUARANTOR(S)	**Percentage Ownership in Developer**
Signature:______________________________ Name: _________________________________	____________%
Signature:______________________________ Name: _________________________________	____________%

EXHIBIT C

FINANCIAL STATEMENTS

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

KidStrong Franchising LLC

Balance Sheet

As of June 30, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Business Advantage Chk - 7237 (7237)	1,830,659.54
Clearing	0.00
Total Bank Accounts	**$1,830,659.54**
Accounts Receivable	
Accounts Receivable (A/R)	20,857.22
Total Accounts Receivable	**$20,857.22**
Other Current Assets	
Accounts Receivable (Manual)	0.00
Franchise Fee Receivable	0.00
Undeposited Funds	0.00
Total Other Current Assets	**$0.00**
Total Current Assets	**$1,851,516.76**
TOTAL ASSETS	**$1,851,516.76**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	150,000.00
Total Accounts Payable	**$150,000.00**
Other Current Liabilities	
Accounts Payable (manual)	0.00
Deferred Development Fees (current)	100,583.00
Deferred Franchise Fees (current)	254,500.00
Due to/from Equipment	1,182.21
Due to/from HQ	-24,648.55
Franchise Deposit Payable	0.00
Total Other Current Liabilities	**$331,616.66**
Total Current Liabilities	**$481,616.66**
Long-Term Liabilities	
Deferred Development Fees (long-term)	209,417.00
Deferred Franchise Fees (long-term)	1,134,916.67
Intercompany Transfers	0.00
Total Long-Term Liabilities	**$1,344,333.67**
Total Liabilities	**$1,825,950.33**
Equity	
Distributions	-30,864.65
Owner's Investment	35,000.00
Retained Earnings	-93,608.85
Net Income	115,039.93
Total Equity	**$25,566.43**
TOTAL LIABILITIES AND EQUITY	**$1,851,516.76**

KidStrong Franchising LLC

Profit and Loss

January - June, 2021

	TOTAL
Income	
Franchise Fee	0.00
Start-up Fee	60,000.00
Total Franchise Fee	**60,000.00**
Marketing Administration	61,536.77
Royalties	118,753.16
Tech Fees	24,750.00
Total Income	**$265,039.93**
GROSS PROFIT	**$265,039.93**
Expenses	
Management Fee	150,000.00
Total Expenses	**$150,000.00**
NET OPERATING INCOME	**$115,039.93**
NET INCOME	**$115,039.93**

KIDSTRONG FRANCHISING LLC
(A Limited Liability Company)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

KIDSTRONG FRANCHISING LLC
(A Limited Liability Company)
FOR THE YEAR ENDED DECEMBER 31, 2020

Table of Contents

CITRINCOOPERMAN®
Accountants and Advisors

INDEPENDENT AUDITOR'S REPORT

To the Member
KidStrong Franchising LLC

We have audited the accompanying financial statements of KidStrong Franchising LLC (a limited liability company) (the "Company"), which comprise the balance sheet as of December 31, 2020, and the related statements of operations and member's deficit 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 our audit. We conducted our audit 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 financial statements are 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 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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KidStrong Franchising LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

COVID-19 - Uncertainty

As discussed in Note 7 to the financial statements, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact on the Company cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Citrin Cooperman & Company, LLP

CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
April 29, 2021

KIDSTRONG FRANCHISING LLC
(A Limited Liability Company)
BALANCE SHEET
DECEMBER 31, 2020

ASSETS

Cash	$	655,230
Accounts receivable		54,083
TOTAL ASSETS	$	709,313

LIABILITIES AND MEMBER'S DEFICIT

Current liabilities:		
Accounts payable and accrued expenses	$	109,369
Deferred franchise fees, current		254,500
Deferred development fees, current		100,583
Total current liabilities		464,452
Long-term liabilities:		
Deferred franchise fees, net of current portion		124,917
Deferred development fees, net of current		209,417
Total long-term liabilities		334,334
Total liabilities		798,786
Commitments and contingencies (Notes 5 and 7)		
Member's deficit		(89,473)
TOTAL LIABILITIES AND MEMBER'S DEFICIT	$	709,313

See accompanying notes to financial statements.

KIDSTRONG FRANCHISING LLC
(A Limited Liability Company)
STATEMENT OF OPERATIONS AND MEMBER'S DEFICIT
FOR THE YEAR ENDED DECEMBER 31, 2020

Revenues:		
Royalties	$	46,409
Franchise fees		85,583
Marketing fees		12,523
Technology fees		8,848
Other revenues		24,836
Total revenues		178,199
Selling, general and administrative expenses		271,807
Net loss		(93,608)
Member's equity - beginning		35,000
Distributions		(30,865)
MEMBER'S DEFICIT - ENDING	$	(89,473)

See accompanying notes to financial statements.

KIDSTRONG FRANCHISING LLC
(A Limited Liability Company)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash flows from operating activities:		
Net loss	$	(93,608)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable		(54,083)
Accounts payable and accrued expenses		109,369
Deferred franchise fees		379,417
Deferred development fees		310,000
Net cash provided by operating activities		651,095
Cash used in financing activities:		
Distributions to member		(30,865)
Net increase in cash		620,230
Cash - beginning		35,000
CASH - ENDING	$	655,230

See accompanying notes to financial statements.

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

KidStrong Franchising LLC (the "Company") was formed on July 13, 2019, as a Delaware limited liability company to offer and sell franchises pursuant to a non-exclusive license agreement with an effective date of July 31, 2019, between the Company and Skillz, LLC (the "Licensor"), an entity related to the Company by common ownership and control. Pursuant to the Company's standard franchise agreement, franchisees will operate children's development and fitness centers under the trade name "KidStrong" in accordance with a uniform system established by the Company.

The Company is a limited liability company, and therefore the members are not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Accounts receivables
Accounts receivables are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its franchisees to make required payments. Management considers the following factors when determining the collectibility of specific franchisees' accounts: franchisee creditworthiness, past transaction history with the franchisee, current economic industry trends, and changes in franchisee payment terms. If the financial conditions of the Company's franchisees were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivables. The Company had no allowance for doubtful accounts at December 31, 2020.

Revenue and cost recognition
The Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("Topic 606") on January 1, 2020. Additionally, during 2020, the Company elected to early adopt FASB Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02"), which is presented using full retrospective method in the accompanying financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

In January 2021, FASB issued ASU 2021-02, which permits franchisors, that are not public business entities, to elect a practical expedient to account for pre-opening services provided to its franchisees as distinct from the franchise license if the services are consistent with those included in ASU 2021-02. This accounting policy election would recognize all of those pre-opening services as a single performance obligation. This standard is effective in interim and annual periods beginning after December 15, 2020, with early adoption permitted. The standard requires a full retrospective transition to the date Topic 606 was adopted.

The Company early adopted the practical expedient effective January 1, 2020, using the full retrospective transition method. There was no material effect of the Company's transition for the practical expedient to be reflected as an adjustment to January 1, 2020 member's equity.

The Company derives its revenues from franchise fees, royalties, marketing fees, technology fees and other revenues.

Franchise fees, development fees, royalties, marketing fees, and technology fees

Contract consideration from franchise operations primarily consist of initial and renewal franchise fees, sales-based royalties, sales-based marketing fees, technology fees, and transfer fees payable by a franchisee for the transfer of a franchise unit to another franchisee. The Company also enters into area development agreements ("ADA") which grant a franchisee the right to develop two or more franchise units. The Company collects the up-front franchise fee related to the first location in the ADA along with an additional portion of each additional unit in the arrangement. The initial franchise fees are nonrefundable and collected when the underlying franchise agreement or ADA is signed by the franchisee. Sales-based royalties and marketing fees are payable monthly. Renewal and transfer fees are payable when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to access the Company's intellectual property and a variety of activities relating to opening a franchise unit, including site selection, training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under ASU 2021-02 are recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a company-branded franchise unit. The portion of pre-opening activities, if any, that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property and therefore accounted for as a separate performance obligation. All other pre-opening activities will be determined to be highly interrelated to the use of the Company's intellectual property and therefore accounted for as a component of a single performance obligation which is satisfied along with granting of certain rights to use the Company's intellectual property over the term of each franchise agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Franchise fees, development fees, royalties, marketing fees, and technology fees (continued)

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU 2021-02, which are not brand specific are recognized ratably as those services are rendered. Consideration allocated to pre-opening activities included under ASU 2021-02 are recognized when those performance obligations are satisfied.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. ADAs generally consist of an obligation to grant the right to open two or more units. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is recognized as revenue in the same manner as the initial and renewal franchise fees.

Royalties are earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property are recognized as franchisee sales occur and the royalty is deemed collectible.

The Company recognizes revenues from technology fees from services provided to the franchisees as a single performance obligation, when the services are rendered.

Brand fund

The Company maintains a brand fund established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Marketing fees are collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore recognizes the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When marketing fees exceed the related brand fund expenses in a reporting period, advertising costs are accrued up to the amount of marketing fees recognized.

The Company charges its franchisees a marketing fee of 1.65% of its franchisees gross revenues, in accordance with the Company's standard franchise agreement. Pursuant to the standard franchise agreement, the Company is not required to segregate and restrict monies collected on behalf of the brand fund. During the year ended December 31, 2020, the Company recognized $12,523 of marketing fees as revenue, of which all funds collected were expended on franchisee related advertising.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Other revenues

The Company recognizes revenues from other fees from marketing management and other services provided to the franchisees as a single performance obligation, when the services are rendered.

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement and ADAs. In the case of costs paid related to ADAs for which no signed franchise agreement has been received, these costs are deferred until the signed franchise agreement is received.

Income taxes

As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Company's sole member, Kidstrong Inc. (the "Parent"). Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

The Parent files income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

The Company recognizes and measures its unrecognized tax benefits in accordance with FASB ASC 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at December 31, 2020.

Advertising

Advertising costs are expensed as incurred or as committed to be spent as part of the advertising fund. Advertising costs totaled $37,481 for the year ended December 31, 2020.

Franchised outlets

The following data represents the Company's franchised outlets as of and for the year ended December 31, 2020:

Franchises sold	16
Franchised outlets in operation	5

Recently issued but not yet effective accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which among other items, requires an entity to recognize lease assets and lease liabilities in the Company's balance sheets and to disclose key information about leasing transactions. In June 2020, FASB issued ASU No. 2020-05, which defers the effective date for annual reporting periods beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through April 29, 2021, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES

Disaggregated revenues

The Company derives its revenues from franchisees located throughout the United States. The economic risks of the Company's revenues are dependent on the strength of the economy in the United States and its ability to collect on its contracts. The Company disaggregates revenue from contracts with customers by geographic region and timing of revenue recognition by type of revenues, as it believes this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Revenues by geographic region for the year ended December 31, 2020, were as follows:

Northeast	$ 953
Southeast	45,332
Central	56,523
Southwest	75,391
Total	$ 178,199

Revenues by timing of recognition for the year ended December 31, 2020:

Point in time:	
Royalties	$ 46,409
Marketing fees	12,523
Franchise fees	80,000
Technology fees	8,848
Other revenues	24,836
Total	172,616
Over time:	
Franchise fees	5,583
Total	$ 178,199

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract balances

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as "Deferred franchise fees" on the accompanying balance sheet. A summary of significant changes in deferred franchise fees during the year ended December 31, 2020, is as follows:

Deferred franchise fees - December 31, 2019	$	-
Revenue recognized during the year		(85,583)
Additions for initial franchise fees received		465,000
Deferred franchise fees - December 31, 2020	$	379,417

Deferred franchise fees are expected to be recognized as revenue over the remaining term of the associated franchise agreement as follows:

Year ending December 31:		Amount
2021	$	254,500
2022		14,500
2023		14,500
2024		14,500
2025		14,500
Thereafter		66,917
Total	$	379,417

Deferred franchise fees for the year ended December 31, 2020, consisted of the following:

Franchise units not yet opened	$	355,750
Opened franchise units		23,667
Total	$	379,417

Contract liabilities are comprised of unamortized development fees received from franchisees, which are presented as "Deferred development fees" on the accompanying balance sheet. A summary of significant changes in deferred revenues during the year ended December 31, 2020 is as follows:

Deferred development fees - beginning of year	$	-
Revenue recognized during the year		-
Additions for initial development fees received		310,000
Deferred development fees - end of year	$	310,000

NOTE 3. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

Contract balances (continued)

Deferred development fees are expected to be recognized as revenue over the remaining term of the associated franchise agreements as follows:

Year ending December 31:		Amount
2021	$	100,583
2022		43,250
2023		66,917
2024		28,833
2025		9,000
Thereafter		61,417
Total	$	310,000

NOTE 4. CONCENTRATION OF CREDIT RISK

Cash

Financial instruments that potentially expose the Company to concentration of credit risk consist primarily of cash. The Company's cash is placed with a major financial institution and at times may be in excess of the Federal Deposit Insurance Corporation insurance limits. Management believes that this investment policy limits the Company's exposure to credit risk.

Accounts receivable

Concentration of credit risk with respect to accounts receivable is limited due to the number of franchisees in the Company's customer base and their geographic dispersion. The Company provides an allowance for doubtful royalties equal to the estimated collection losses based on historical experience coupled with a review of the current status of existing receivables.

NOTE 5. RELATED-PARTY TRANSACTIONS

License agreement

In July 2019, the Company entered into a non-exclusive license agreement with the Licensor for the use of the registered name "KidStrong" (the "license agreement"), which will remain in effect indefinitely. Pursuant to the license agreement, the Company acquired the right to sell and operate KidStrong franchises in the United States of America and Canada, and the right to collect franchise fees, royalties and other fees from franchisees.

Management fee

The Company entered into a management fee arrangement with the Parent, whereby the Parent will perform administrative services on the Company's behalf. Management fee expense for the year ended December 31, 2020, was $150,000 and is included in "Selling, general and administrative expenses" in the accompanying statement of operations and member's deficit. There are no balances due to or due from the Parent at December 31, 2020.

NOTE 6. BRAND FUND

The Company collects a marketing fee of up to 1.65% of their gross revenues per month from its franchisees, in accordance with the Company's standard franchise agreement. Under the terms of the franchise agreements, the Company is obligated to spend the amounts received (when collected from the franchisees) solely on advertising and related expenses for the benefit of the franchisees. The Company has discretion as to the nature of the advertising expenditures, as long as they are related to the business of the franchisees. Pursuant to the standard franchise agreement, the Company is not required to segregate and restrict monies collected on behalf of the brand fund. There were no funds collected and not yet spent on the franchisees' behalf at December 31, 2020.

NOTE 7. CORONAVIRUS (COVID-19) PANDEMIC

During 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to business operations have occurred as a result of quarantines of employees, vendors, and franchisees' customers that have been materially and adversely affected by the outbreak. The fitness industry has faced more obstacles than many other industries because of heightened restrictions. Given the uncertainty of the situation, the duration of the business disruption and related financial impact cannot be reasonably estimated at this time.

KIDSTRONG FRANCHISING, LLC

BALANCE SHEET

AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2019

SAVILLE®

INDEPENDENT AUDITORS' REPORT

To the Members
KidStrong Franchising, LLC

We have audited the accompanying financial statement of KidStrong Franchising, LLC (the "Company"), which is comprised of the balance sheet as of December 31, 2019 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement 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.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit 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 financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statement, 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 statement 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 statement.

Saville, Dodgen & Company, P.L.L.C.
Certified Public Accountants & Advisors
700 North Pearl Street, Suite 1100
Dallas, Texas 75201
214-922-9727 Tel
214-740-1726 Fax
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We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

<u>Opinion</u>

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Company as of December 31, 2019, in accordance with accounting principles generally accepted in the United States of America.

Saville, Dodgen & Co.

Saville, Dodgen & Company, P.L.L.C.
Dallas, Texas

January 31, 2020

KIDSTRONG FRANCHISING, LLC
BALANCE SHEET
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	$	35,000
TOTAL ASSETS	$	35,000

MEMBERS' EQUITY

MEMBERS' EQUITY	$	35,000
TOTAL MEMBERS' EQUITY	$	35,000

KIDSTRONG FRANCHISING, LLC
NOTES TO BALANCE SHEET
DECEMBER 31, 2019

NATURE OF OPERATIONS

KidStrong Franchising, LLC, a Delaware limited liability company (the "Company"), was formed on July 31, 2019. The Company sells franchises for the establishment and operation of studios which offer "whole child" development programs focused on building stronger kids through innovative training, including in the areas of physical fitness, leadership, and confidence building. KidStrong is a science-based training program that focuses on brain, physical, and character development.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The balance sheet has been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investment instruments with an original maturity of three months or less when purchased to be cash equivalents.

Revenue Recognition

The Company earns an initial franchise fee, ongoing royalty fees, marketing fees, as well as a technology fee under the Company's franchise agreements. In addition, the Company may earn an area development fee for granting the franchisee the right to establish three or more studios in a specified area. The initial franchise fee and area development fee are due upon signing the franchise or area development agreement and are non-refundable upon payment. Revenue is recognized for each of these fees when the Company has substantially performed or satisfied all services required under the franchise agreement. Royalty fees are 7% of gross weekly sales and are recorded as revenue as the fees are earned and become a receivable from the franchises. Marketing fees are up to 1.65% of gross sales, while the technology fee is currently a monthly charge of $300 per month. Both of these fees are recorded as revenue as the fees are earned.

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment

The Company sells and delivers equipment purchased from third-party equipment manufactures to franchisee-owned studios. Revenue is recognized upon transfer of control of ordered items, generally upon delivery to the customer, which is when the customer obtains physical possession of the goods, legal title is transferred, the customer has all risks and rewards of ownership and an obligation to pay for the goods is created. Franchisees are charged for all freight costs incurred for the delivery of equipment. Freight revenue is recorded within equipment revenue and freight costs are recorded within cost of revenue. The Company recognizes equipment revenue on a gross basis as management has determined the Company to be the principal in these transactions. Management determined the Company to be the principal in the transaction because the Company controls the equipment prior to delivery to the final customer as evidenced by its pricing discretion over the goods, inventory transfer of title and risk of loss while the inventory is in transit, and having the primary responsibility to fulfill the customer order and direct the third-party vendor.

Income Taxes

The Company is taxed as a partnership under the Internal Revenue Code. In lieu of corporate income taxes, the members are taxed on the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in this financial statement.

SUBSEQUENT EVENT

The Company's management has reviewed events occurring through January 31, 2020, the date this financial statement was available for issue and noted no events that meet recognition or disclosure criteria.

EXHIBIT D
CURRENT FRANCHISEE LOCATION INFORMATION

Facilities Open As of December 31, 2020

Owner	Location Address	Location Phone Number
LOUISIANA		
KidStrong LA1 LLC	17900 Airline Highway, Suite GHI Prairieville, LA 70769	225-243-9729
OHIO		
Owner	**Location Address**	**Location Phone Number**
Bassel Mighty Kids in Ohio LLC; Amy J. Bassel	8457 South Mason Montgomery Rd., Mason, Ohio	513-398-1315
Bassel Mighty Kids of Kenwood LLC; Amy J. Bassel	8740 Montgomery Rd. Taft, Ohio 45236	513-906-5555
TEXAS		
Cedar Park Mompreneuers LLC Sheri McDonald James McDonald Jana Pickett	3219 E. Whitestone Blvd, Ste. 100 Cedar Park, Texas	512-596-5678
Pflugerville Mompreneurs LLC	21315 TX-130 North, Suite 100 Pflugerville, TX 78660	512-596-4441

Franchise Agreements Signed but Outlet Not Yet Operational as of 12/31/2020

FRANCHISEE	CITY/STATE	CONTACT NUMBER	FRANCHISE AGREEMENT EXECUTION DATE (MONTH/YEAR)
	ALABAMA		
TrinityFit LLC Scott Larkin	Auburn, Alabama	352.870.9456	July 2020
	FLORIDA		
Alphas Active LLC Adrian Antigua	Gainesville, Florida	352.244.9818	July 2020
Don Allen/Nabilah Fountain (Area Developer)	Tampa, Florida	727.7981577	September 2020

Don Allen/Nabilah Fountain (Area Developer)	Orlando, Florida	407.734.2557	September 2020
Adrian Antigua (Area Developer)	Jacksonville, Florida	954.292.2370	August 2020
Doug Birer/Barb Volk (Area Developer)	Palm Beach/Broward, Florida	954.684.8228	October 2020
	MARYLAND		
Sonrisa and Pierre Medina/Crystal Herbert	Maryland	410.216.0144	December 2020
	MASSACHUSETTS		
Joe Attia, Mariah and Costa Tsolirides	Boston, Massachusetts	617.299.9462	August 2020
	NEW JERSEY		
Joe Pedatella (Area Developer)	New Jersey	201.808.5000	August 2020
	TENNESSEE		
Amy and Darren Bassel	Nashville, Tennessee	408.205.0939	December 2020
	TEXAS		
Deep and Ruchi Shah (Area Developer)	San Antonio, Texas	210 399 2226	July 2020
	VIRGINIA		
Sonrisa and Pierre Medina/Crystal Herbert	Virginia	786.247.4035	December 2020

-

EXHIBIT E

LIST OF FRANCHISEES THAT HAVE LEFT THE SYSTEM IN THE PAST FISCAL YEAR OR THAT HAVE FAILED TO COMMUNICATE WITH US IN THE 10 WEEKS PRECEDING THE ISSUE DATE OF THIS DISCLOSURE DOCUMENT

As of the issuance date of this Disclosure Document, there were no Former Franchisees.

EXHIBIT F
PRE-CLOSING FRANCHISEE QUESTIONNAIRE

As you know, KidStrong Franchising LLC ("we", "us"), and you are preparing to enter into a Franchise Agreement and/or Area Development Agreement for the right to open and operate one (1) or more KIDSTRONG® franchises (each, a "Franchised Business"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Area Development Agreement and/or Franchise Agreement, and pay us the appropriate franchise/development fee. You acknowledge that we are relying on the truthfulness of your answers to this questionnaire in deciding whether or not to counter-sign the Franchise Agreement and/or Area Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer on the back of this sheet.

Yes____ No ____ 1. Have you received and personally reviewed the Franchise Agreement and/or Area Development Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

Yes____ No ____ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?

Yes____ No ____ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

Yes____ No ____ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?

Yes____ No ____ 5. Have you reviewed the Disclosure Document and Franchise Agreement (and/or Area Development Agreement) with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating the Franchised Business(es) with these professional advisor(s)?

Yes____ No ____ 6. Do you understand the success or failure of your Franchised Business(es) will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as demographics of your Premises (or Development Area), competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes____ No ____ 7. Do you understand we have only granted you certain, limited territorial rights under the Franchise Agreement, and that we have reserved certain rights under the Franchise Agreement?

Yes____ No ____ 8. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the KIDSTRONG® mark or any other mark at any location outside your (a) Territory under the Franchise Agreement and (b) Development

Area is you have entered into an Area Development Agreement, without regard to the proximity of these activities to the premises of your Franchised Business(es) or the Development Area?

Yes____ No ____ 9. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and/or Area Development Agreement must be mediated at our then-current headquarters?

Yes____ No ____ 10. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and / or Area Development Agreement, if not resolved through mediation, must be arbitrated, at our option, at our then-current headquarters?

Yes____ No ____ 11. Do you understand the Franchise Agreement and Area Development Agreement provide that you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and are not entitled to any punitive, consequential or other special damages?

Yes____ No ____ 12. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement or Area Development Agreement is us?

Yes____ No ____ 13. Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?

Yes____ No ____ 14. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

Yes____ No ____ 15. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises (other than those that you timely fulfill your development obligations and have contracted to open under the Area Development Agreement, provided you have not materially breached that agreement and failed to timely cure that breach)?

Yes____ No ____ 16. Do you understand that we will send written notices, as required by your Franchise Agreement and/or Area Development Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?

Yes____ No ____ 17. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

Yes____ No ____ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 19. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 20. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and/or Area Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

Yes____ No ____ 21. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?

Yes____ No ____ 22. Is it true that you understand that the approval of any location for a Center does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a Center at the location?

Yes____ No ____ 23. Is it true that you understand that our approval of a financing plan for operation of a Center does not constitute any representation or assurance that such financing plan is favorable, or not unduly burdensome, or that a Center will be successful if the financing plan is implemented?

Yes____ No ____ 24. Is it true that you understand that the estimated initial investment expenditures disclosed in Item 7 of the FDD are only estimates of the costs and expenses you may incur in opening a Center and that the disclosed ranges are not assurances that your costs and expenses will fall within the disclosed ranges?

Yes____ No ____ 25. Is it true that you understand that you are voluntarily electing to invest in this franchise opportunity after conducting your own due diligence investigation in the midst of the COVID-19 pandemic and that you understand that the current and potential effects of the COVID-19 pandemic on the KidStrong franchise system and franchised locations are difficult to assess and that the duration and intensity of the impact is uncertain?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)
Dated: ______________, 20______	Dated: ______________, 20______
______________________________	______________________________
Signature of Franchise Applicant	Signature of Franchise Applicant
______________________________	______________________________
Name (please print)	Name (please print)

Dated: ________________, 20________ Dated: ________________, 20________

GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES ON BACK OF THIS PAGE (REFER TO QUESTION NUMBER)

EXHIBIT G
MANUAL TABLE OF CONTENTS

Confidential Operations Manual

EXHIBIT H

STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

LIST OF STATE ADMINISTRATORS

California Department of Business Oversight
TOLL FREE 1-(866) 275-2677

LA Office
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office
1515 K Street, Suite 200
Sacramento, CA 95814-4052
(866) 275-2677

San Diego Office
1350 Front Street, Room 2034
San Diego, CA 92101-3697
(619) 525-4233

San Francisco Office
One Sansome St., Suite 600
San Francisco, CA 94104
(415) 972-8565

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-0800
(904) 922-2770

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

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

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

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

Michigan Department of the Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280

St. Paul, MN 55101-2198
(651) 539-1600

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

North Dakota Securities Department
State Capital, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

Director, Department of Business Regulations
Rhode Island Division of Securities
233 Richmond Street, Suite 232
Providence, RI 02903-4232

South Dakota, Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501-2017
(605) 773-3563

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

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-0804
(801) 530-6601

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

State of Washington
Washington Department of Financial
Institutions
Securities Division
150 Israel Road, SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin Commissioner of Securities
345 W Washington Ave., 4th Floor
Madison, WI 53703
(608) 266-8550

AGENTS FOR SERVICE OF PROCESS

California Commissioner of the Department of Business Oversight
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
Commissioner of the Department of Business Oversight
One Sansome St., #600
San Francisco, California 94104

Commissioner of the Department of Business Oversight
1515 K Street., Suite 200
Sacramento, CA 95814

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Maryland Securities Commissioner
Office of Attorney General
Securities Division

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, NY 12231
(518) 473 2492

North Dakota Securities Commissioner
State Capitol – 5th Floor
600 E. Boulevard Avenue
Bismarck, ND 58505

Director, Department of Business Regulation
Division of Securities
Suite 232
233 Richmond Street
Providence, RI 02903-4232

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, SD 57501-3185

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

Washington Department of Financial Institutions
Securities Division
150 Israel Road, Southwest
Tumwater, WA 98501

200 St. Paul Place
Baltimore, MD 21202-2020

Michigan Department of
Attorney General
Consumer Protection
Division
Antitrust and Franchise Unit
P.O. Box 30054, 6546
Mercantile Way
Lansing, MI 48909

Wisconsin Commissioner of
Securities
345 West Washington
Avenue, 4th Floor
Madison, WI 53703
(608) 261-9555

EXHIBIT I

<u>STATE SPECIFIC ADDENDA TO THE FDD</u>

REQUIRED ADDENDA FOR THE STATE OF ILLINOIS

ILLINOIS ADDENDUM TO THE DISCLOSURE DOCUMENT

Illinois law governs 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.

You will not be permitted to open your Center until you have at least 250 members enrolled. Your Center must be opened within 12 months of the signing of the Franchise Agreement or the franchisor can terminate your Franchise Agreement.

Your 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.

Items 5 and 7 of the Franchise Disclosure Document are hereby amended as follows:

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

ADDENDUM TO THE KIDSTRONG FRANCHISE AGREEMENT
REQUIRED FOR ILLINOIS FRANCHISEES

This Addendum to the KidStrong Franchise Agreement dated ________________. (**"Franchise Agreement"**) between KidStrong Franchising LLC (**"we," "us,"** or **"our"**) and ____ (**"Franchisee," "you,"** or **"your"**) is entered into simultaneously with the execution of the Franchise Agreement.

1. The following sentence is added to the end of Section 2.2:

> The parties' rights on non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

2. The following sentence is added to the end of Section 3.1

> Notwithstanding anything to the contrary set forth in the Franchise Agreement, and in particular, Section 3.1, Franchisee shall pay the Initial Franchise Fee to us when we have satisfied our pre-opening obligations to Franchisee under this Agreement and you open the Center for business. This financial assurance requirement was imposed by the Illinois Attorney General due to our financial status.

3. The following sentence is added to the end of Section 15:

> The conditions under which the franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

4. The following sentence is added to the end of Section 17.2:

> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

5. The following sentence is added to the end of Section 17.9:

> Notwithstanding the foregoing, Illinois law shall govern this Agreement.

6. The following sentence is added to the end of Section 19.4:

> 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.

7. You will not be permitted to open your Center until you have at least 250 members enrolled. Your Center must be opened within 12 months of the signing of the Franchise Agreement or the franchisor can terminate your Franchise Agreement.

8. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

9. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect. for any reason.

KIDSTRONG FRANCHISING LLC	FRANCHISEE:
By:	By:
Print Name: ______________________________	Print Name:_______________________________
Title:____________________________________	Title:________________

ADDENDUM TO THE KIDSTRONG AREA DEVELOPMENT AGREEMENT

<u>REQUIRED FOR ILLINOIS FRANCHISEES</u>

This Addendum to the KidStrong Area Development Agreement dated ________________. ("Area Development Agreement") between KidStrong Franchising LLC ("we" or "us") and ____ ("Developer," "you," or "your") is entered into simultaneously with the execution of the Area Development Agreement.

1. The following sentence is added to the end of Section 2.1

Notwithstanding anything to the contrary set forth in the Development Agreement, and in particular, Section 2.1,of the Area Development Agreement, Developer shall pay the Development Fee to us when we have satisfied our pre-opening obligations to Developer and the Franchised Center is open for business. This financial assurance requirement was imposed by the Illinois Attorney General due to our financial status.

2. The following sentence is added to the end of Section 5.2:

The conditions under which the franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

3. The following sentence is added to the end of Section 8.1:

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in an Area Development Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

4. The following sentence is added to the end of Section 9.1:

Notwithstanding the foregoing, Illinois law shall govern this Agreement.

5. The following sentence is added to the end of Section 9.10:

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.

6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Area Development Agreement.

7. Except as expressly modified by this Addendum, the Area Development Agreement remains unmodified and in full force and effect.

KIDSTRONG FRANCHISING LLC	**FRANCHISEE:**
By:______________________________	By:____________________________________
Print Name: _______________________	Print Name:______________________________
Title:____________________________	

REQUIRED ADDENDA FOR THE STATE OF MARYLAND

MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT:

1. Item 1 is amended as follows:

   A general release as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. Item 5 is amended to include the following:

   Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

3. The "**Summary**" section of Item 17(h) entitled **"Cause" defined (defaults which cannot be cured)**, is amended by adding the following:

   The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

2. The "**Summary**" sections of Item 17(c) entitled **Requirements for renewal or extension**, and Item 17(m) entitled **Conditions for franchisor approval of transfer**, are amended by adding the following:

   The general release required as a condition of renewal, sale, transfer or assignment of the Franchise Agreement shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following are added to the end of the chart in Item 17:

   Despite any contradicting provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

   This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

   A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The following is added under the heading and subheading "Advertising Program – Brand Fund" in Item 11:

> In recognition of the requirements of COMAR 02.02.08.16(G)(1)(b), a franchisee operating in the State of Maryland, or a franchisee who is a resident of the State of Maryland, may obtain an annual accounting of the monies collected and costs incurred by the Marketing Fund within ninety (90) days upon written request delivered to: Attention: Matt Sharp, CEO, 5 Cowboys Way, Suite 300, Frisco, Texas 75034.

MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Termination upon bankruptcy of the Franchisee might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce it to the extent enforceable.

A franchisee may obtain an annual accounting of the monies collected and costs incurred by the Marketing Fund within ninety (90) days upon written request delivered to: Attention: Matt Sharp, CEO, 5 Cowboys Way, Suite 300, Frisco, Texas 75034.

Section 17.11 of the Franchise Agreement shall be supplemented by the following additional language:

> Provided, however, that this limitation of claims shall not act to reduce the three (3) year statute of limitations afforded franchisee for bringing a claim under the Maryland franchise registration and disclosure law.

The Pre-Sale Franchisee Closing Questionnaire is hereby amended as follows:

> All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISOR: **KIDSTRONG FRANCHISING, LLC**	**FRANCHISEE:**
By:_________________________________	By:_________________________________
Print Name: ___________________________	Print Name:___________________________
Title:________________________________	Title:________________________________
Dated: __________________________	Dated:_____________________________

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

MINNESOTA ADDENDUM TO THE FRANCHISE DISLCOSURE DOCUMENT:

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

APPROVED AND ACCEPTED BY: KIDSTRONG FRANCHISING, LLC

____

Print Name: ____________________________

Date: ________________________________

FRANCHISEE:

____

(Individual, Partnership or Corporation Name)

By: _________________________________

Title: ___________________________________

Date: ___________________________________

MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT:

Minnesota Statute 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchiser from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statute 80Cor (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchiser will comply with Minnesota Statute 80C.14 Subd. 3-5, which require (except in certain specified cases)

- that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and
- that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchiser will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

REQUIRED ADDENDUM FOR THE COMMONWEALTH OF VIRGINIA

VIRGINIA ADDENDUM TO THE DISCLOSURE DOCUMENT:

The following statements are added to Item 17.h.

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

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

The State Cover Page is amended to include the following:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from $191,400 to $297,250. This amount exceeds the franchisor's stockholders' equity as of December 31, 2020.

The following statement is added to Item 5 of the Disclosure Document:

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

VIRGINIA ADDENDUM TO THE AREA DEVELOPMENT AGREEMENT:

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

Washington Addendum to the Franchise Agreement, Franchise Disclosure Document, Franchisee Disclosure Questionnaire, and Related Agreements

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

RCEW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington. The undersigned does hereby acknowledge receipt of this addendum.

Dated this ________________ day of ______________________________________ 20______.
______________________________________ ______________________________________ FRANCHISOR
FRANCHISEE

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

   To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR: **KIDSTRONG FRANCHISING, LLC**	**FRANCHISEE:**
By:____________________________________	By:____________________________________
Print Name: ______________________________	Print Name:______________________________
Title:___________________________________	Title:___________________________________
Dated: ____________________________	Dated:________________________________

EXHIBIT J

SAMPLE RELEASE

In consideration for the consent of KidStrong Franchising LLC (the "Franchisor"), to the assignment by ________________("Franchisee") of its interest in that certain franchise agreement entered into by and between Franchisor and Franchisee dated ___________________ (the "Franchise Agreement"), Franchisee, guarantors, Franchisee's owners, Franchisee's principals and all persons and entities claiming by, through or under any such person or entity, hereby remises, releases, acquits, and forever discharges Franchisor, its affiliates, parents, subsidiaries, principals, officers, members, directors and employees and agents, and their respective successors, assigns, heirs and personal representatives, from any and all debts, covenants, claims, demands, contracts, promises, agreements, judgments, costs, liabilities, attorneys' fees, actions, and causes of action whatsoever, of every kind and nature, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or in any way related to, the offer, sale, and/or operation of the Center, the parties' rights or obligations under the Franchise Agreement and Guarantee, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, whether in law or in equity. Franchisee acknowledges that this Release is intended to release all claims held by any person against the parties to be released, arising out of any of the matters to be released.

This Release has been entered into and agreed to as of the _____ day of ____________________, 20____

FRANCHISEE:

By: ____

Print Name:____________________________________

By: ____

Print Name:____________________________________

STATE EFFECTIVE DATES:

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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	May 18, 2021
Hawaii	Not Registered
Illinois	May 4, 2021
Indiana	June 30, 2021
Maryland	Pending Registration
Michigan	May 8, 2021
Minnesota	Not Registered
New York	May 21, 2021
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	August 23, 2021
Washington	Pending Registration
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.

EXHIBIT K

<u>RECEIPTS</u>

KIDSTRONG FRANCHISING LLC RECEIPT
(FRANCHISEE'S COPY)

This disclosure document summarizes certain provisions of the franchise agreement, Area development agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If KidStrong Franchising LLC ("Company") offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the company or an affiliate in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If the Company does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit D to this Franchise Disclosure Document.

The Issuance Date of this Disclosure Document is: April 30, 2021.
A list of franchisor's agents registered to receive service of process is also included in Exhibit D to this Franchise Disclosure Document.
I received a Disclosure Document dated April 30, 2021 that included the following exhibits:

EXHIBIT A:	FRANCHISE AGREEMENT
EXHIBIT B:	AREA DEVELOPMENT AGREEMENT
EXHIBIT C:	FINANCIAL STATEMENTS
EXHIBIT D:	CURRENT FRANCHISEE LOCATION INFORMATION
EXHIBIT E:	FORMER FRANCHISEE LOCATION INFORMATION
EXHIBIT F:	PRE-CLOSING QUESTIONNAIRE
EXHIBIT G:	MANUAL TABLE OF CONTENTS
EXHIBIT H:	STATE AGENCIES AND REGISTERED AGENTS
EXHIBIT I:	STATE SPECIFIC ADDENDA
EXHIBIT J:	SAMPLE RELEASE
EXHIBIT K:	RECEIPTS

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

Date:________________

Prospective Franchisee:
By:____
Name:___________________________________
Individually and on behalf of the following entity:
Company Name: ___________________________________
Title: ____

KIDSTRONG FRANCHISING LLCRECEIPT
(FRANCHISOR'S COPY)

This disclosure document summarizes certain provisions of the franchise agreement, Area development agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If KidStrong Franchising LLC (“Company”) offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the company or an affiliate in connection with the proposed franchise sale.

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A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

______________________________ ______________________________
______________________________ ______________________________
______________________________ ______________________________
____

____

Date:________________

Prospective Franchisee:
By:____
Name:___________________________________
Individually and on behalf of the following entity:
Company Name: ________________________________
Title: ____