FRANCHISE DISCLOSURE DOCUMENT

Class 101 Franchise, LLC,
a Delaware limited liability company
2350 Airport Freeway, Suite 505
Bedford, Texas 76022
866.501.2331
letstalk@class101.com
www.class101.com
www.class101franchise.com

As a franchisee of Class 101, you will operate a business providing advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college under the CLASS 101® trademarks and system (each a "Class 101 Business"). The franchises offered are for the operation of an individual Class 101 Business under a franchise agreement or for development of multiple Class 101 Businesses under the development agreement.

The total investment necessary to begin operation of a CLASS 101® franchise is $75,287 to $130,187. This includes $49,900 to $54,900 that must be paid to us or our affiliates.

We may offer to enter into a development agreement to establish and operate two to three Class 101 franchised businesses at specific locations under individual franchise agreements. The total investment necessary under the development agreement ranges from $112,787 to $197,687 for two to three Class 101 Businesses. This includes $84,400 to $117,400 that must be paid to us or our affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Josh Barker, Sr, Vice President of Franchise Recruitment, Unleashed Services, LLC, 2350 Airport Freeway, Suite 505, Bedford, Texas 76022, 866.501.2331 or by email at Franchising@unleashedbrands.com.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1.877.FTC.HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov 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 14, 2025.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or **Exhibit I.**
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or **Exhibit H** 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 CLASS 101® 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 CLASS 101® franchisee?	Item 20 or **Exhibit I** lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the Disclosure Document Addenda. See the Table of Contents for the location of the Disclosure Document 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 arbitration or litigation only in Texas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Texas than in your own state.

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

3. **Mandatory Minimum Payments**. You must make minimum royalty and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

4. **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.

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.

NOTICE REQUIRED BY THE STATE OF MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

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

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

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

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

subdivision (c).

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

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

Any questions regarding this notice should be directed to: Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48933, 517-335-7622.

*** NOTE: NOTWITHSTANDING PARAGRAPH (f) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (f) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS**

CLASS 101
FRANCHISE DISCLOSURE DOCUMENT

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

This disclosure document describes CLASS 101® franchises. In this disclosure document, the terms "we," "us," "our" and "Franchisor" mean Class 101 Franchise, LLC, the franchisor. The terms "you," "your" and "Franchisee" mean the individual(s) or business entity (limited liability company, corporation, or partnership) that signs a franchise agreement with us. If the Franchisee is a business entity, the term "Owners" means the person(s) identified in the Franchise Agreement as owners of the Franchisee and all other persons whom we may subsequently approve to acquire an interest in the franchise. Owners holding more than a ten percent equity interest will have certain personal obligations as described in this disclosure document. If any Owner is a business entity, then the term "Owner" also includes the owners of that business entity.

THE FRANCHISOR AND ITS PARENT, PREDECESSORS, AND AFFILIATES

Class 101 Franchise, LLC is a Delaware limited liability company formed on April 6, 2022. We do business only under our legal name and the "Class 101" name. We do not engage in any other type of business. Our principal business address is 2350 Airport Freeway, Suite 505, Bedford, Texas 76022. Our agents for service of process are identified in Exhibit C to this disclosure document.

Our predecessor is Class 101, Inc., which began offering franchises in June 2007 and had 50 Class 101 franchises as of December 31, 2021. Our predecessor did not franchise in any other lines of business. We acquired the assets of Class 101, Inc. on April 11, 2022, and our affiliate, Class 101 Franchise IP, LLC, is the owner of certain trademarks and intellectual property associated with Class 101 franchises. Franchisor and Class 101 Franchise IP, LLC are wholly owned subsidiaries of Unleashed Brands, LLC ("Unleashed Brands"), which we consider our parent company. Unleashed Brands' parent company is Leviathan Intermediate Holdco, LLC, which is owned by UA Holdings, LLC ("UA Holdings"). UA Holdings guarantees our performance of obligations under the Franchise Agreement and Development Agreement. Unleashed Brands Foundation, the charitable affiliate of Unleashed Brands, is a Texas based nonprofit corporation which conducts certain charitable activities. Unleashed Brands, Leviathan Intermediate Holdco, LLC, Unleashed Brands Foundation, and UA Holdings share our principal business address.

We have been offering franchises for Class 101 since July 2022. We have never offered franchises in any other line of business. However, we have affiliates that offer franchises in other lines of business. We do not operate businesses of the type being offered. All of the affiliates listed below have the same business address as us:

- UATP Management, LLC ("UATP") offers URBAN AIR ADVENTURE PARK franchises, which are venues for recreational activities, birthday parties, and other group events featuring the Adventure Park Attraction package. UATP began offering franchises in May 2013 and had 193 franchises as of December 31, 2024. UATP Canada Franchising, Ltd., a British Columbia corporation, offers these franchises in Canada.
- Snapology, LLC ("Snapology") offers SNAPOLOGY franchises, which provide curriculum-based courses, events and hands-on learning experiences using LEGO® brand bricks, K'Nex® brand toys, and other building toys, robotics, animation, coding, and engineering techniques. Snapology began offering franchises in March 2015 and had 120 franchises as of December 31, 2024. Snapology International, LLC, a Pennsylvania limited liability company, offers these franchises outside of the USA. Our affiliate Snapology IP, LLC is the owner of certain trademarks and intellectual property associated with the SNAPOLOGY franchises.
- Premier Franchising Group, LLC ("PMA") offers PREMIER MARTIAL ARTS franchises, which are martial arts studios for self-defense and character development. PMA began offering franchises in

April 2018 and has 165 franchises as of December 31, 2024. Our affiliate PMA IP, LLC is the owner of certain trademarks and intellectual property associated with the PREMIER MARTIAL ARTS franchises.

- TLGI, LLC (formerly The Little Gym International, Inc., "TLGI") offers THE LITTLE GYM franchises which provide physical fitness, recreational gymnastics, motor skills development, and other programs for children under The Little Gym name and trademarks. TLGI began offering franchises in September 1992 and had 218 franchises as of December 31, 2024.
- XP League Franchise, LLC ("XP League") offers eSports league franchises which follows traditional youth sports formats delivering values and life skills learned in coach-led athletics in an esports format, for elementary and middle school aged children, under the trademark XP League. On April 21, 2022, XPL acquired certain assets of XP League, LLC, which began offering franchises in August 2020, and had 40 franchises as of December 31, 2024.
- Sylvan Learning, LLC ("Sylvan") offers learning center franchises with a system designed for specialized assessment and teaching of individualized educational programs for children in the principal areas of reading, mathematics, writing, and test preparation, and portable SylvanSync and Sylvan-branded learning environment individualized for children, using proprietary SylvanSync computer systems, under the trademarks SYLVAN, SYLVAN LEARNING, and SYLVANSYNC. Sylvan's predecessors began offering variations of the Sylvan franchises since 1979, and Sylvan had 478 franchises as of December 31, 2024.
- WW Franchise, LLC ("Water Wings") offers Water Wings School franchises that operate year-round indoor swim school that offers swim lessons, hosts athletic events and competitions, and other swimming related programs for children and adults under the WATER WINGS and WATER WINGS SWIM SCHOOL trademarks. Water Wings began offering franchises in April 2025 and has no franchisees as of the issuance date of this disclosure document.
- Our affiliate, Unleashed Services, LLC ("Unleashed Services"), provides executive management services to us, UATP, Snapology, PMA, TLGI, Sylvan, and Water Wings but Unleashed Services does not offer franchises in any line of business.
- Unleashed Tech, LLC ("Unleashed Tech") is a Delaware limited liability company established on February 24, 2025. Unleashed Tech provides certain technology services to us, UATP, TLGI, Snapology, PMA, XP League, Sylvan, and Water Wings but does not offer franchises in any line of business.

You will not conduct business directly with UATP, Snapology, PMA, TLGI, XP League, Sylvan, or Water Wings (each an "Affiliated Brand"), unless you decide to co-brand with an Affiliated Brand. If you decide to co-brand the premises of your Class 101 franchise with an Affiliated Brand, you will be offered a separate franchise disclosure document of your desired Affiliated Brand and will be required to sign a separate franchise agreement for that Affiliated Brand. Other than the above, we do not have any affiliates which offer or sell goods or services to our franchisees, and no other parent, predecessor, and affiliates offer franchises in this or any other lines of business.

THE FRANCHISE OFFERED

We franchise a system for operation of a Class 101 Business that provides advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college using our proprietary System (defined below) that we designate using the "Class 101" and other Proprietary Marks, (as defined below) (the "Franchised Business").

You will operate your Franchised Business according to the terms and conditions of our standard franchise agreement ("Franchise Agreement," see Exhibit D) and our operational standards, specifications, policies, and procedures, which we will communicate to you through our confidential operations manual, high school

manual, memos, newsletter, and other written directives (collectively, our "Manual"). As a franchisee, you will have the right to use our proprietary business format and system ("System") and to do business under our or our affiliates' trademarks and service marks ("Proprietary Marks").

Our System includes distinctive programs, interior and exterior design, décor, color scheme, graphics, fixtures, and furnishings ("Indicia"); our proprietary products and proprietary technology solutions, merchandise, and offerings which incorporate our trade secrets and proprietary information ("Proprietary Products"); our operation and customer service standards and procedures, our advertising and marketing specifications and requirements, and our other standards, specifications, techniques, and procedures which we designate from time-to-time for developing, operating, and managing CLASS 101® businesses ("Standards"); all of which we may change, improve, and additionally develop from time-to-time.

DEVELOPMENT PROGRAM

Also, we may offer to enter into a development agreement (the "Development Agreement") (Exhibit G to this disclosure document) with qualified legal entities (each, a "Developer"), which grants the right to establish and operate up to three Class 101 Franchises in a specified area (the "Development Area") at specific locations that must be approved by us, each under a separate then-current franchise agreement. If we offer and you sign a Development Agreement, you will be required to open at least two Class 101 Franchises. Developers must open each location in accordance with an agreed upon opening schedule (the "Development Schedule") included as Attachment B to the Development Agreement. You will execute your first Franchise Agreement when you execute the Development Agreement for your first location. When you are ready to open your second or third Franchised Business, you will be disclosed with the then-current franchise disclosure document and execute the then-current franchise agreement for each additional Franchised Business. The subsequent franchise agreements signed under the Development Agreement may be in a form that is different from the Franchise Agreement in this disclosure document.

MARKET AND COMPETITION

The market for advising high school students and their parents in preparing for, selecting, applying to, and paying for college is well established and highly competitive. Your Franchised Business will compete with other programs designed to help high school students and their parents in preparing for, selecting, applying to, and paying for college, such as national companies that provide test preparation services that compete with some of our services. There are also individuals that provide competitive counseling and training services in this market. We believe the market for college planning services is growing as college entrance becomes more competitive. Various factors can adversely affect the Franchised Business, including increased competition, increases in labor costs, availability, and cost of suitable sites, fluctuating insurance and interest rates, local, state, and federal regulations and licensing requirements, and the availability of an adequate number of hourly-paid employees and, in some cases, employees with specialized training.

INDUSTRY SPECIFIC LAWS

There are no industry-specific laws that apply to Class 101 franchises. We strongly encourage you to investigate the local, state, and federal laws that may apply to your Class 101 Business. You should check with your local attorney for advice on complying with applicable law before you purchase a Franchised Business and during the operation of your Franchised Business. You must investigate and satisfy and stay current on all local, state, and federal laws and regulations since they vary from geographical regions and can change over time.

ITEM 2
BUSINESS EXPERIENCE

CLASS 101

Jamie Clark – Brand President: Jamie has served as our Brand President since January 2025 in Bedford, Texas. She has also served as the Brand President of Snapology since January 2025 in Bedford, Texas. Previously, she served as our Senior Marketing Director from April 2022 to January 2025 and served in the same capacity for our predecessor from February 2022 to April 2022 in Lexington, Kentucky. From June 2016 to February 2022, Jamie was a Senior Graphic Designer, Marketing Manager and Marketing Director for ARCPoint Labs in Greenville, South Carolina.

Nancy Bigley – Multi-Brand Group President: Nancy currently serves as the Multi-Brand Group President to Snapology, The Little Gym, Class 101, XP League, Water Wings, and Premier Martial Arts in Bedford, Texas, and has held that role since January 2025. Previously, Nancy has served as Snapology's Brand President from April 2023 to December 2024 in Bedford, Texas. She also served as the President for TLGI from October 2021 to December 2024 in Bedford, Texas. Previously, for Twist Brands, LLC, Nancy served as the Chief Executive Officer from July 2021 to October 2021, and as Chief Operating Officer from November 2020 to July 2021 in Mandeville, Louisiana. Previously, she served as Chief Operating Officer of Painting with a Twist, LLC from October 2018 to November 2020 in New Orleans, Louisiana.

UNLEASHED SERVICES

Michael Browning, Jr. – Chief Executive Officer: Michael Browning, Jr. has been the Chief Executive Officer of both Unleashed Brands and Unleashed Services since July 2021 in Bedford, Texas. He is one of co-founders of UATP and has served as UATP's Chief Executive Officer from its inception in May 2013 to June 2021 in Bedford, Texas. Michael also served as the Chief Executive Officer of UA Attractions, LLC from May 2018 to October 2021 in Bedford, Texas. Previously, he served as the Manager of Southlake Urban Air, LLC from March 2011 to December 2018 in Southlake, Texas; Mansfield Urban Air, LLC from January 2013 to September 2020 in Mansfield, Texas; Frisco Urban Air, LLC from May 2013 to February 2019 in Frisco, Texas; Garland Urban Air, LLC from March 2015 to July 2020 in Garland, Texas; Coppell Urban Air, LLC from March 2015 to July 2020 in Coppell, Texas; and Fort Worth Urban Air, LLC since August 2016 in Bedford, Texas.

Stephen Polozola – Special Counsel: Stephen Polozola has served as Special Counsel since January 1, 2025, and previously served as the Chief Legal Officer of Unleashed Services since July 2021 to December 2024 in Bedford, Texas. Stephen is one of the co-founders and has served as the Executive Vice President and General Counsel of UATP since its inception in May 2013 to June 2021 in Bedford, Texas. He has served as Vice President of UATP IP, LLC since October 2013 in Bedford, Texas. Stephen has served as President of Adventis Insurance, Inc. since March 2020.

Joshua Wall, CFE – Chief Operating Officer: Josh Wall has served as the Chief Operating Officer since January 1, 2025, and previously served as the Chief Growth Officer of Unleashed Services since July 2021 in Bedford, Texas. From June 2019 to June 2021, Josh Wall served as UATP's Executive Vice President and Chief Franchise Officer in Bedford, Texas.

Mark McAndrew – General Counsel: Mark McAndrew has served as the General Counsel since January 1, 2025, and previously served as Deputy General Counsel of Unleased Services from January 2024 to December 2024 in Bedford, Texas. Previously, at McDonald's in Chicago, Illinois, he served in several positions from July 2013 to January 2024, the latest being Senior Counsel - Business Counsel/ Franchising.

Jon Shell – Chief Financial Officer: Jon Shell has served as the Chief Financial Officer at Unleashed Services since December 2, 2024 in Bedford, Texas. From September 2023 to July 2024, he was the Interim Chief Executive Officer and President for Neighborly in Waco, Texas. He also served as Chief Financial Officer at Neighborly, and its subsidiaries and affiliates, from August 2015 to September 2023, and resumed that role from July 2024 to November 2024 in Waco, Texas.

Diane Sanford, SHRM-SCP – Chief People Officer: Diane Sanford has served as the Chief People Officer at Unleashed Services since March 2023 in Bedford, Texas. Previously, she was the Chief People Officer at Local Favorite Restaurants in Dallas, Texas from May 2022 to March 2023. Before this role, she served as the Chief People Officer at On the Border Mexican Grill & Cantina from December 2014 to April 2022 in Irving, Texas.

Ryan Slemons – Chief Development Officer: Ryan Slemons has served as the Chief Development Officer of Unleashed Services since April 2023 in Bedford, Texas. From July 2021 to April 2023, he served as Vice President, Global Real Estate and Development at Game Stop in Dallas, Texas. Previously, from September 2014 to July 2021, he held various positions with Amazon, most recently serving as Head of Real Estate – Amazon Go, Amazon Style, and New Concepts in Dallas, Texas.

Patrick O'Toole – Chief Marketing Officer: Patrick O'Toole has served as the Chief Marketing Officer of Unleashed Services since February 2025 in Bedford, Texas. From January 2023 to December 2024, he served as the Chief Marketing Officer at Burger King, US & Canada, in Miami Florida. From March 2023 to December 2024, he served as a Board Member at the Burger King Foundation in Miami, Florida. Before this position, Pat served in several roles at PepsiCo in Purchase, New York over 14 years, including Chief Marketing Officer of Mountain Dew from March 2022 to January 2023, Vice President of Marketing – Mountain Dew and Flavors from July 2021 to March 2022, and Vice President Global Brand Marketing and Beverage Innovation from October 2019 to July 2021.

Josh Barker – Senior Vice President of Franchise Recruitment: Josh Barker has served as Unleashed Services' Senior Vice President of Franchise Recruitment since January 1, 2025, and previously served as Unleashed Services' Senior Vice President of Franchise Recruitment from August 2021 to December 2024 in Bedford, Texas. Previously, he served as the Vice President of Franchise Development at Neighborly in Waco, Texas from October 2020 to August 2021. At Christian Brothers Automotive in Houston, Texas, he served as the Director of Franchise Development from April 2018 to October 2020.

Kal Savoie – Vice President of Franchise Recruitment: Kal Savoie has served as the Vice President of Franchise Recruitment since January 2025, and previously served as Director of Franchise Recruitment from March 2022 to December 2024 at Unleashed Services in Bedford, Texas. Previously, he served as the Sales Director from January 2021 to March 2022 and Used Car Director and Corporate Trainer from August 2015 to January 2021 at Fabre Automotive Group in Baton Rouge, Louisiana.

Timm Sasser – Vice President of Franchise Recruitment: Timm Sasser has been the Vice President of Franchise Recruitment at Unleashed Brands since April 2025 in Bedford, Texas. Previously, from February 2024 to April 2025, Timm served as Principal Owner of Generate Consulting in Fort Worth, TX. From October 2019 to February 2024, he held several positions with Mission to the World, most recently serving as Director of Development from January 2021 to February 2024 in Fort Worth, Texas.

Eric Schechterman, CFE – Vice President of Franchise Finance: Eric Schechterman has served as the Vice President of Franchise Finance of Unleashed Services since April 2023 in Bedford, Texas. Previously, from April 2011 to February 2023, he held several positions with Benetrends Financial, most recently serving as Chief Development Officer from April 2017 to February 2023 in Philadelphia, Pennsylvania. He currently also serves as Senior Advisor to Lander Analytics, and has held that position since January 2014 in New York, New York.

ITEM 3
LITIGATION

Class 101

Concluded:

Unleashed Services, LLC vs. Tom Pabin vs. Josh Wall, 48th Judicial District of Tarrant County, Texas, bearing Cause No. 48-346174-23. On September 18, 2023, Unleashed Services, LLC ("Unleashed") filed a petition against Thomas Pabin ("Pabin") requesting Declaratory Judgment as to certain issues under Mr. Pabin's employment agreement. On February 22, 2024, Pabin filed an Amended Counterclaim against Unleashed and Third-Party Petition against Josh Wall alleging (1) breach of contract; (2) fraud; (3) indemnification; and (4) declaratory judgment regarding his employment agreement. Unleashed and Josh Wall filed a Motion to Dismiss Pabin's claims, which was granted on April 12, 2024 as to Pabin's claims for breach of contract, promissory estoppel, and indemnification. On June 27, 2024, Pabin and Counter-Plaintiff Class 101, Inc. and Pabin Enterprises filed their amended Counterclaims and Third-Party Petition against Unleashed and Josh Wall alleging (1) breach of contract, (2) tortious interference with contract, (3) fraud, (4) indemnification, and (5) declaratory judgment. The suit was resolved on October 29, 2024 with Unleashed Brands, LLC buying back Mr. Pabin's remaining ownership interests in Class 101 for two hundred and seventy-five thousand dollars. No payment was made by Unleashed Brands, LLC or any other person or entity on the underlying claims in the lawsuit, all of which have been dismissed with prejudice.

Snapology

Concluded:

In the Matter of Snapology Community Programs, L.P. and its successor Snapology, LLC, Administrative Proceeding Before the Securities Commissioner of Maryland, Case No. 2015-0429. As a result of an investigation into the franchise related activities of Snapology Community Programs, L.P. and its successor Snapology, LLC, the Maryland Securities Commissioner ("Commissioner") concluded that grounds existed to allege that Snapology violated the registration and disclosure provisions of the Maryland Franchise Law in relation to the offer and sale of a Snapology franchise. In responding to inquiries from the Maryland Securities Division, Snapology acknowledged that, during the time it was not registered to offer and sell franchises in Maryland, it entered into two separate License and Training Service Agreements in Maryland that the Commissioner concluded constituted the sale of two franchises. Snapology represented that it had offered rescission to one of those franchisees. On January 15, 2016, the Commissioner and Snapology entered into a consent order whereby Snapology, without admitting or denying any violations of the law, agreed to: immediately and permanently cease from the offer and sale of franchises in violation of the Maryland franchise law; complete registration of its franchise offering in Maryland; and offer rescission to the remaining franchisee who was sold a franchise in Maryland while Snapology was not registered with the State.

Urban Air Adventure Parks

Concluded:

UATP Management, LLC v. Leap of Faith Adventures, LLC (District Court of Tarrant County, Texas, Case No. 017-300796-18). On July 9, 2018, UATP filed this lawsuit ("Petition") against the defendant Leap of Faith Adventures, LLC ("LOFA") that, at the time of filing, was a distributor and installer of attractions used in Urban Air Adventure Parks. UATP claimed that LOFA had stopped paying UATP rebates on revenue LOFA received from selling attractions to UATP franchisees, alleging breach of contract, tortious interference, fraud, and fraudulent inducement. UATP sought compensatory damages in excess of six million five hundred thousand dollars on its various claims, attorneys' fees, and costs. LOFA answered UATP's Petition on August 13, 2018 and filed a counterclaim on October 31, 2018. LOFA alleged, among other things, conversion, breach of contract, interference with business relationships, violation of the Texas

Theft Liability Act, and theft of trade secrets arising primarily from UATP's alleged interference with LOFA's contracts with UATP franchisees and relationships with other entities, all for the supposed purpose of bringing in house, to the exclusion of LOFA, the installation of attractions at Urban Air Adventure Parks. LOFA sought unspecified compensatory and exemplary damages, equitable relief, and attorneys' fees. On March 29, 2019, the Court granted UATP's motion to dismiss certain of LOFA's counterclaims, in particular the trade secrets claim. After UATP appealed the Court's order, the Court of Appeals on May 4, 2021, dismissed additional claims asserted by LOFA, leaving only claims for, among other things, interference with contracts and business relationships with UATP franchisees, conversion, breach of contract, and violation of the Texas Theft Liability Act. Before the Appellate Court's ruling, LOFA filed its own new petition on September 10, 2020, against certain of UATP's affiliates and principals, including Michael Browning, Jr. and Stephen Polozola, which was consolidated with the lawsuit described in this paragraph. In an effort to resolve the matter and bring it to a final conclusion, the case was dismissed with prejudice on September 2, 2022 following the execution of a confidential settlement agreement, wherein UATP and LOFA released all claims against each other without admission of any liability in exchange for a one-time payment of five million dollars to LOFA.

Premier Martial Arts

Concluded:

The Commissioner of Financial Protection and Innovation v. Premier Franchising Group, LLC doing business as Premier Martial Arts International ("PMAI") and/or Premier Martial Arts ("PMA"). On November 18, 2021, PMA entered into a consent order with the California Commissioner of Financial Protection and Innovation related to four licensees of PMAI. The Commissioner found that PMAI offered and sold at least four franchises in California without being registered with the Commissioner or exempt, in violation of Section 31110 of the California Franchise Investment Law. The Commissioner further found that PMA and PMAI willfully omitted to state in subsequent franchise registration applications the material fact that PMAI had at least four California studios in violation of Section 31200 of the California Franchise Investment Law. Pursuant to the consent order, PMA agreed to (1) refrain from violating Sections 31110 and 31200, (2) pay a $10,000 administrative penalty, (3) file a post-effective amendment updating PMA's then-current registration to include the consent order, and (4) disclose the existence of each and every California studio in Item 20 and in the exhibit list of current and former franchisees in any PMA disclosure document filed with the Commissioner moving forward.

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

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

FRANCHISE AGREEMENT

The initial franchise fee is $39,900. The initial fee is non-refundable and payable in full when you sign the Franchise Agreement. Except for the differences described below, the initial franchise fee is uniform for all franchisees.

DEVELOPMENT AGREEMENT

If we offer and you sign our Development Agreement, you must pay us a development fee based on the number of Franchised Businesses you commit to open ("Development Fee"), as follows:

Number of Locations	Franchise Fee For Each	Total Development Fee
1	$39,900	$39,900
2	$34,500	$74,400
3	$28,000	$102,400

The minimum commitment is two Class 101 Businesses, and the maximum commitment is three Class 101 Businesses. The full Development Fee is due when you sign the Development Agreement and is fully earned when paid in consideration of our reserving the Development Area for you. The Development Fee is non-refundable even if you do not sign any Franchise Agreements or open any Class 101 Franchised Businesses in the Development Area. If and when you sign a Franchise Agreement for each location required by the Development Agreement, you will not have to pay an additional initial franchise fee for that location.

GRAND OPENING

You must spend a between $10,000 and $15,000 in connection with your grand opening of the Franchised Business. We will consult with you in planning your grand opening, and we may require that you pay all or a portion of your grand opening obligation to our media partner directly or to us or our affiliate, which we or our affiliate will then submit to our Designated Supplier no later than six weeks before your scheduled business launch or once the grand opening media plan is submitted to you.

INCENTIVES

We offer a 5% reduction of the initial franchise fee and the Development Fee for active-duty United States military and United States veterans who were honorably discharged. The Franchised Business must be operated under a business entity, and the active-duty personnel or veteran participant must maintain at least a 51% ownership interest in such entity throughout the initial term of the Franchise Agreement. A copy of either the active military ID or the form DD-214, evidencing the status of a participating veteran and discharge type, must be submitted with the Franchise Agreement to receive this discount. If the veteran who was the basis of the veteran's incentive is no longer an Owner for any reason, other than death or disability, at the fifth anniversary of the effective date of your franchise agreement, then you must reimburse us for the veteran's incentive discount applied to your initial franchise fee.

We offer a 5% discount off the initial franchise fee and the Development Fee for existing Class 101 and Affiliated Brands franchisees in good standing who wish to purchase additional units. We require you to develop two to three Class 101 franchised businesses under the Development Agreement. The discounted initial franchise fee is payable in full upon execution of the Franchise Agreement or Development Agreement. In 2024, we charged initial franchise fees ranging from $23,940 to $39,900 for a single Class 101 franchise.

We reserve the right to cancel or modify any incentive program or discount at any time. Except as described in this Item 5, all fees are uniformly imposed on new franchisees receiving this offering. All fees are fully earned when paid to us and are non-refundable upon payment.

(Item 6 continues on the next page.)

ITEM 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty Fee	Greater of 8% of monthly Gross Sales[2] or $500 per month ("Minimum Royalty")	Monthly on the 15th of the month	See Note 2 for definition of "Gross Sales." The Minimum Royalty fee assessment shall begin on the first day of the seventh month following the opening of the Franchised Business.
NAF Contribution[3]	Up to 5% of monthly Gross Sales; currently 2% of monthly Gross Sales	Monthly on the 15th of the month beginning on the established Opening Date	Your total obligation between NAF Contribution, Local Marketing Expenditure, and Advertising Cooperative shall not exceed 6% of Gross Sales.
Local Marketing Expenditure[4]	Up to 6% of monthly Gross Sales, minus the portion we designate for NAF Contribution; currently 4% of Gross Sales	Monthly upon invoice	We may modify the Local Marketing Expenditure periodically by providing you at least 30 days' notice.
Advertising Cooperative[5] (if established)	Determined by majority vote of cooperative members	Monthly	Contributions to the Advertising Cooperative will be credited toward your Local Marketing Expenditure.
Technology Fee	Currently $149 per month; the greater of $300 per month and 1% of Gross Sales, which is subject to adjustment upward in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year or in an amount equal to any increase passed on by the applicable third-party vendors.	Drafted automatically on the 15th day of each month	We have the right to add technology systems and/or adjust the Technology Fee on 30 days' notice to franchisees. This fee includes licenses to the point of sale system and other software programs that we designate as well as other technology solutions (e.g., franchise management system). See Item 11 for more information.
Call Center Fee[6]	The sum of the Service Fee and your pro-rata share of E-Commerce Variable Cost, as defined in Note 6.	Monthly on the 15th of the month	We have established a call center that you must use for various functions; see Note 6 for details.

Type of Fee[1]	Amount	Due Date	Remarks
Initial Training	None for first 2 individuals; then-current training fee (currently, $500 per day) for each additional person	Upon Invoice	See Item 11 for more information about our initial training program and training requirements.
Additional Training	Then-current additional training fee (currently $500 per day), plus reimbursement of our out-of-pocket costs	Upon invoice	We can require your Designated Manager and other personnel to complete additional and remedial training as we reasonably deem necessary based on, for example, failure to comply with quality and service standards
Conference Fee	Currently $1,000 per attendee; up to $1,500 per attendee, which is subject to adjustment upward in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year	Upon billing	We require that you attend our annual conference. If you cannot attend and we excuse your absence, you must send your Designated Manager or general manager in your place. If you or your representative do not attend, you must pay us a conference materials fee of $1,000 and we will provide you with relevant training materials from the annual conference. In addition to payment of the Conference Fee, you are responsible for wages, travel, lodging, and other fees and costs for you, your Designated Manager, or other personnel to attend such conferences.
Additional On-Site Assistance[7]	$500-$2,500 per day; plus our expenses for travel and accommodations	Upon billing	Payable if you request us to send a representative to your site for training or other assistance.
Compliance Review Fee (if implemented)	Actual cost of program, including purchases made as part of the mystery shop or audit	Upon invoice	Payable if we implement a mystery shop, audit, customer satisfaction, or similar program.
Dashboard Access License Fee	Waived for the first license; $10 per month per license after the first one	Monthly upon invoice	This fee is payable to us and may be increased by Microsoft from time-to-time, which is a pass-through fee and does not include any markup or rebate.

Type of Fee[1]	Amount	Due Date	Remarks
Supplier Review Fee	Reimbursement of our costs incurred in product testing and evaluating suppliers. Based on our past experience, this fee typically ranges from $250 to $1,000.	Upon invoice	Payable only if you request to purchase products from an alternative supplier or request to use an alternative product. See Item 8.
Gift Card and Loyalty Program Fees	Currently $0; amount of administrative fees once instituted	As incurred	You must participate in the gift card, loyalty, and other electronic incentive programs (the "Customer Card Programs") that we establish, using vendors that we designate, which may include us or our affiliates. We or our affiliates may charge, or collect on behalf of our vendors, an administrative cost for participating in these programs. If a gift card is redeemed in your School, we will reimburse the redeemed amount minus the up to 7% administrative fee retained by the vendor or affiliate.
On-site evaluation	Reimbursement of our out-of-pocket costs incurred with evaluation of your proposed site	Upon invoice	Payable only if you request us to conduct an on-site evaluation of your proposed site for the Franchised Business.
DISC Profiles	Currently $15 per profile	Upon invoice	Payable to us. The number of DISC profiles you purchase from us depends on the number of students you advise in your Class 101 Business.
Renewal Fee	25% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses and our other costs incurred in connection with the renewal	Upon invoice	Payable only if you exercise your successor term option and satisfy conditions for a successor term.
Relocation Fee	25% of our then-current initial franchise fee	Upon invoice	Payable prior to relocation only if you request and we approve your relocation.
Holdover Fee	$250 per day that you operate after the expiration of the term of the Franchise Agreement	Upon invoice	Payable only if you desire to renew but have not signed the renewal franchise agreement before the expiration date of the initial term.

Type of Fee[1]	Amount	Due Date	Remarks
Transfer Fee	1) 50% of our then-current initial franchise fee if Controlling interest is transferred to a new approved franchisee; 2) 25% of our then-current initial franchise fee if Controlling interest is transferred to an approved existing franchisee who has already undergone our initial training and any other required training and has at least one open and operating Class 101 franchised business, plus reimbursement of our actual legal and professional expenses and our other costs incurred in connection with the transfer; or 3) $3,500 but only if the Non-Controlling interest is transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the fee in #2 above.	Upon invoice	Payable before transfer of your Franchised Business if you request and we consent to transfer. For purposes of the Transfer Fee, a "Controlling interest" means more than 20% the outstanding shares, interest, or assets in the Franchised Business and "Non-Controlling interest" means 20% or less than the outstanding shares, interest, or assets in the Franchised Business.
Resale Program Fee	Currently, the greater of 4% of the purchase price paid for your Franchised Business (in any form, including cash, credit, debt or stock) or our then-current initial franchise fee (currently $39,900).	Prior to closing	Payable only if you elect to participate in our Resale Program in connection with the sale of your Franchised Business to an approved transferee of the Franchise Agreement.
Interest	Lesser of 18% per year or maximum lawful rate in your state	Upon demand	Interest is charged when any Royalty Fee or other fee or payment due to us is not paid when due or an audit reveals underpayment based on inaccurate Gross Sales.
Nonsufficient Funds Fee	$100 per occurrence, not to exceed maximum allowed by applicable law.	Upon demand	Payable only if there are insufficient funds in the account designated by you for ACH debit to satisfy fees and amounts owed

Type of Fee[1]	Amount	Due Date	Remarks
			to us under the Franchise Agreement when due.
Audit Costs	Actual cost of audit	Upon invoice	Payable if the audit is made necessary by your failure to provide reports or supporting records as required, or provide those reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any audit is determined to be greater than 2%
Indemnification	Varies depending upon claim and resolution of claim	Upon demand	You are required to pay us for all losses and expenses we incur in connection with any third-party claim for which you are required to indemnify us under the Franchise Agreement.
Liquidated Damages	The product of (i) the Royalty Fee multiplied by the franchisee's Gross Sales during the entire previous twelve (12) full calendar months and (ii) the lesser of (a) three years or (b) the number of years remaining in the Initial Term.	On demand	Payable only if you default and we terminate your Franchise Agreement. If at the time your Franchise Agreement is terminated, you have been operating your Class 101 Business for less than 12 months, the amount of liquidated damages will be based upon the system-wide Royalty Fee average for the month in which termination.
Public offering or private placement of your securities	Reimbursement of our actual costs and expenses incurred in having our legal and professional counsel review offering materials	Upon demand	Payable only if you offer your securities in a public or private offering.
Payment Processing Fee[8]	Varies depending upon the volume of payments made by credit card	Monthly	Payable to us.

DEVELOPMENT AGREEMENT

Type of Fee[1]	Amount	Due Date	Remarks
Transfer Fee (Controlling Interest)	$25,000 plus $1,500 for each Class 101 Franchised Business yet to be developed	Upon demand	Payable only if you transfer your obligations under the Development Agreement to an approved third-party
Administrative Fee	$3,500 but only if 20% or less of the total outstanding	Upon demand	Payable only if you transfer your rights under this

(Convenience of Operation or Non-Controlling Interest)	units or assets in the Franchised Business are being transferred to an approved Owner and limited to one time per rolling twelve-month period. Otherwise, such transfers are subject to the Transfer Fee governing Controlling Interest.		agreement to a business entity under your common control
Liquidated Damages	The lesser of i) $100,000 and ii) the Minimum Royalty fee, multiplied by 36, multiplied by the number of units undeveloped under the Development Agreement.	Upon demand	Payable only if you default and we terminate your Development Agreement.
DISC Profiles	Currently $15 per profile	Upon invoice	Payable to us.
Site Evaluation Visit	Reimbursement of our actual costs and expenses incurred in visiting and evaluating your proposed site.	Upon demand	Payable only if you request, and we agree, to conduct an on-site evaluation of your proposed site.

Notes:

Note 1. Unless otherwise noted, all fees in this Item 6 are uniformly imposed on new franchisees receiving this offering and are non-refundable.

Note 2. "Gross Sales" means the dollar aggregate of: (1) the sales price of all products, services, membership fees, merchandise and other items sold, and the charges for all services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales, including but not limited to the redemption of approved gift cards/certificates, stored value cards, and loyalty program benefits (the initial sales or reloading of gift cards shall not be included in the calculation of Gross Sales) pursuant to the Customer Card Programs. Gross Sales does not include: (1) the exchange of merchandise between Franchised Businesses (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates and stored value cards (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and

accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; (9) tips and gratuities; (10) Gross Sales earned through an Affiliated Brand franchise operated at the Franchised Business premises, so long as such Gross Sales constitute gross sales (or equivalent) subject to a royalty fee and other fees under such Affiliated Brand's franchise agreement; and (11) rent or other consideration paid by an Affiliated Brand franchise for occupying the Franchised Business' premises. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

Note 3. The NAF Contribution combined with the Local Marketing Expenditure and any Advertising Cooperative contribution will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, Local Marketing Expenditure, and Advertising Cooperative contribution) during any 12-month period. If established, the NAF will contribute up to 15% of its monthly balance to a separate fund (the "Unleashed Fund") utilized for marketing all the Affiliated Brands, including Class 101. See Item 11 for details on the Unleashed Fund.

Note 4. We reserve the right to identify a Designated Supplier, which may be our affiliate, of local and regional marketing services and establish a system-wide supply contract for local and regional marketing services. Under these circumstances, we may collect all or a portion of the Local Marketing Expenditure and apply it to fees payable to the Designated Supplier for those marketing services. If the full amount of the Local Marketing Expenditure is applied to fees due under a system-wide supply contract, you may, but are not required to, conduct additional or supplemental marketing activities as permitted under the Franchise Agreement. If we collect less than the full amount of the Local Marketing Expenditure, you must spend the remaining Local Marketing Expenditure on marketing activities in your Protected Area as permitted under the Franchise Agreement.

Note 5. Currently, there is no established Class 101 advertising cooperative ("Advertising Cooperative"). If we establish an Advertising Cooperative, we may require that you participate in an approved local or regional Advertising Cooperative with certain other franchisees and sign our then-current form of cooperative advertising agreement. If an Advertising Cooperative is established, it will operate by majority vote, with each Class 101 Franchised Business (whether franchised or affiliate-owned or managed) entitled to one vote. We also will have the right to cast one vote with respect to each Advertising Cooperative. The majority vote will determine the level of contributions. The amounts you contribute will be credited against the Local Marketing Expenditure. We do not currently expect that company-owned or affiliate-owned Class 101 Franchised Businesses will have majority voting power in any Advertising Cooperative, but if they do, the required contribution by any member of the Advertising Cooperative will not exceed $10,000 per year absent the consent of a majority (i.e., 51%) of the franchisees in the Advertising Cooperative.

Note 6. We have established a call center that performs various functions for franchisees, including general customer support, scheduling, and soliciting prospective customers for the Franchised Business. The center also provides an e-commerce platform to accept sales for your benefit. You will pay us a Call Center Fee for these services. The Call Center Fee consists of a Service Fee and your Pro-rata Share of the E-commerce Variable Cost, as further explained below. The Service Fee is the sum of (i) $10 per student booked for an introduction meeting through the call center; (ii) an additional $15 commission per student for any SAT/ACT prep course booked through the call center; (iii) $100 per student enrolled into the core college counseling program; and (iv) your share of Call Center Costs.

"Call Center Costs" means all costs of operating, administering and upgrading the call center, including costs of the telephone provider and associated software, rental payments, utility payments, SaaS agreements, messaging, SaaS licenses, event lead generation and management as we may select, the hourly wages, benefits, and taxes of call center employees, and certain fees, costs and expenses that we pay to designated suppliers on behalf of participating franchisees. "Share" means Call Center Costs divided by the number of participating franchisees.

"E-commerce Variable Cost" means all costs of hosting and accepting consumer orders, which includes (among other things) hosting fees for the Command Center website, merchant fees, sales tax administration, SaaS agreements, fraud prevention costs, and chargeback administration costs that we pay to designated suppliers on behalf of participating franchisees.

"Pro-rata Share" means the proportion of your gross revenue derived through the e-commerce platform to the total gross revenue of all Class 101 franchisees derived through the e-commerce platform, multiplied by E-commerce Variable Cost. We may revise the costs included in Call Center Costs and E-commerce Variable Cost periodically by giving franchisees 30 days' written notice.

Note 7. There is no additional fee for such on-site assistance for the first Class 101 Franchised Business you develop, but you may be charged if such assistance is provided with respect to the second or any subsequent Class 101 Franchised Business developed by you or your Affiliate.

Note 8. We require that franchisees utilize the payment processor that we designate for processing credit card payments by customers. You will be charged each month a payment card processing fee by us, which represents your pro rata share of the system-wide fee assessed by our designated payment card processor based on the volume of credit card payments you receive.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(Unit Initial Investment)

Type of Expenditure[1]	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee[1]	$39,900	$39,900	Lump Sum	On signing Franchise Agreement	Us
Lease Payments (one month rent and security deposit)[2]	$0	$7,000	As arranged	Signing of Lease	Landlord
Leasehold and Tenant Improvements[3]	$1,500	$10,000	As requested by suppliers	Requested by Contractors and Others	Contractors, landlord, and third-party suppliers
Signage (Exterior and Interior)[4]	$2,000	$12,000	As arranged	Before Opening	Third-party suppliers, Us
Furniture, Fixtures and Equipment[5]	$2,000	$10,000	As arranged	As incurred	Us, our Affiliate, or Designated Suppliers
Computer Systems, A/V, Security and Other Systems[6]	$3,000	$5,000	As arranged	Before Opening	Us, Designated Suppliers or third parties

Type of Expenditure[1]	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Training Related Expenses[7]	$2,500	$5,000	As arranged	As arranged	Pre-Opening Payroll, Training, Airlines, Hotels & Restaurants
Legal, Accounting and other Professional Fees[8]	$1,500	$7,000	As arranged	As incurred	Attorney, Accountant and other professionals
Technology Fees	$447	$447	As arranged	As incurred	Us
Insurance Deposit[9]	$1,440	$1,840	As arranged	As arranged	Insurance providers
Business Licenses and Permits[10]	$500	$1,000	As arranged	As incurred	Government agencies, attorneys
Grand Opening Marketing[11]	$10,000	$15,000	As arranged	As arranged	Us or our Affiliate or Designated Suppliers
Initial Supplies	$500	$1,000	As arranged	As arranged	Us, our Affiliate or third parties
Additional Funds – 3 Months[12]	$10,000	$15,000	As arranged	As incurred	Us, employees, third-party suppliers, Approved Suppliers, etc.
TOTAL[13]	$75,287	$130,187			

Notes:

Note 1. We compiled the costs reflected in Item 7 based on data collected from our franchisees. This initial franchise fee does not reflect any discounts. Except for security deposits, no amount in the table is refundable.

Note 2. You are not required to execute a lease for your Class 101 Franchised Business until 30 days before your one-year anniversary of the effective date of your Franchise Agreement. However, you must open for business within 120 days of the effective date of your Franchise Agreement or within 7 days following your successful completion of the initial training program, whichever occurs earlier. The low end of this estimate assumes you are not choosing to sign a lease before the required lease execution deadline. The high end of the estimate reflects the cost for leasing the premises and includes one month of rent and security deposit. A typical Class 101 Business is approximately between 800 square feet but not more than 1,600 square feet, and may be located in strip centers, office and retail business parks, co-working spaces or other shared commercial office spaces, or other retail parks. Rent varies substantially based upon the

site's size, visibility, condition, accessibility and location, local market conditions, demand for premises among prospective lessees, whether it is a co-working or shared office space or a traditional leased premises, and the arrangement you negotiate with the landlord. Your costs for commercial space will be higher in certain high-cost markets, if you choose to purchase real estate, or if you choose a commercial space with a higher square footage than our recommended range stated above.

Note 3. This estimate includes fees paid to a general contractor you engage to build out the Franchised Business to meet our standards, and for performing cosmetic improvements to an office space (as opposed to retail premises). Leasehold improvements include but are not limited to minor electrical, carpentry, floor covering, and painting. The cost of a general contractor or trades people will vary widely depending on the size and condition of the premises, whether or not there are any existing and comparable leasehold improvements in the premises, the extent and quality of the improvements you desire over and above our minimum requirements, your landlord's cash contribution to the costs of improvements, and the local costs of materials and labor. You may be able to negotiate tenant improvement allowances from your landlord. The low end of this estimate assumes you are going into a location that only needs minor cosmetic improvements. The high end of this estimate assumes that the location is provided by landlord as a warm vanilla shell. This estimate does not include architectural plans and construction management, costs for construction permits, and other costs involved in a full tenant buildout. Architectural Plans may be required if the location you are considering premises that needs modifications to the layout that are common with needing a construction permit.

Note 4. The low end of the estimate reflects a location that has only interior signage and graphics available to them and the high end reflects a location with exterior façade signage and interior signage and graphics.

Note 5. These costs include, but are not limited to, lobby/reception furniture and fixtures, office furniture and fixtures, classroom furniture and fixtures, initial supplies, wall decals, and other materials required in line with brand standards. These costs are approximations and may vary.

Note 6. The computer system, audio/visual, security system and other systems may include, but not limited to computers, iPads, printer, TVs, cameras and security/alarm system.

Note 7. You must pay for transportation, lodging, meals, wages, and worker's compensation insurance (if you send any employees) and salary or compensation for your trainees. As to the amounts shown, the low end of the estimate assumes that you will be operating the Franchised Business and attend the training program yourself, and the high end assumes that you bring an employee, other travel will be needed, and includes travel expenses, although these may vary significantly depending upon factors such as the distance traveled and mode of transportation. Your costs will also vary depending on the nature and style of accommodations, and the number of persons who will attend training.

Note 8. The estimate assumes that you will engage an attorney, accountant, and other consultants to help you evaluate our franchise offering as well as any lease documents. Your actual costs may vary substantially, for example, depending on the degree to which you rely upon your advisors and upon the requirements that may apply to your Franchised Business.

Note 9. You must maintain insurance of the kinds and in the minimum amounts as we specify, and in each case, under which Class 101 Franchise, LLC and its affiliates are named as additional named insureds. The amounts displayed are the initial deposit amounts (typically 20% of the annual premium) plus three months of premium payments. If you choose to pay the policies in full, these costs will be higher.

Note 10. These are general estimates for permits and licensing that may be required by local and state governments, as well as forming and registering an entity to operate as the franchisee. Local, municipal, county and state regulations vary on the licenses and permits you will need to operate a Franchised Business. You are solely responsible for obtaining all appropriate licenses and permits.

Note 11. Grand Opening Marketing costs include advertising, promotional and related expenses for your initial grand opening program. You may choose to spend more or do other types of marketing as approved by us.

Note 12. This estimates the additional funds you may need to cover expenses you will incur before your Franchised Business opens and in its first three (3) months of operation. These expenses may include, without limitation, employee salaries, wages and benefits, payroll taxes, Royalty Fees, NAF Contribution, Local Marketing Expenditure, Call Center Fees, additional inventory, miscellaneous suppliers, and equipment, rent, bank charges, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. Such amounts are the minimum recommended levels and are only estimates. You should not plan to draw income from the operation during the start-up and developmental stage of your business, the actual duration of which will vary materially from location to location. We relied on our affiliate-owned operations in estimating these amounts. You should take into account the cash outlays that you may incur while you are trying to get established. You must have additional sums available, whether in cash or through a bank line of credit or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain.

Note 13. As of the issuance date of this disclosure document, the U.S. government has imposed tariffs for goods imported from various countries. This tariff, including tariffs on imports from China and other countries, is subject to change from time to time—including potentially material increases—as determined by the United States government. While the duration and level of applicable tariffs (and the items to which they apply) are uncertain going forward, such tariffs will directly impact (i.e., increase) your estimated initial investment, including, but not limited to, the cost of your required build-out, furniture, fixtures, equipment, merchandise, and other supplies for your franchised business.

YOUR ESTIMATED INITIAL INVESTMENT – DEVELOPMENT AGREEMENT

(Additional Costs to the Above Per Unit Initial Investment)

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is Made
	Low	High			
Development Fee for two to three Class 101 Businesses[1]	$74,400	$102,400	Lump Sum	On signing the Development Agreement	Us
Legal, Accounting and Other Fees[2]	$3,000	$5,000	Lump Sum	As Incurred	Third parties
Initial Investment for the first Class 101 Business[3]	$35,387	$90,287	See the first table above. The low range is equal to the low range of the total from that first table, less the Initial Franchise Fee, and the high range is equal to the high range of the total from that first table, less the Initial Franchise Fee.		
TOTAL[4]	$112,787	$197,687			

Notes:

Note 1. You must develop a minimum of two to a maximum of three Class 101 Businesses under the Development Agreement. The Development Fee due includes the Initial Franchise Fees payable by you for the two to three franchised units to be developed. The Development Fee will be due in a lump sum payment

upon the signing of the Development Agreement. The Development Fee is fully earned and non-refundable in consideration of administrative and other expenses we incur in entering into the Development Agreement. The Development Fee is uniform for all Developers, except as described in Item 5.

Note 2. You may incur additional legal, accounting, and other fees for reviewing the Development Agreement.

Note 3. For each Class 101 Business you develop in addition to the first one under the Development Agreement, you will also incur the types of expenses appearing in the first table above in this Item 7 (except for the initial franchise fees).

Note 4. This figure represents the total estimated initial investment to enter into a Development Agreement for the development of two to three Class 101 franchised businesses, including the estimated initial investment to open your first Class 101 Business under the Development Agreement.

The amounts in the above charts are estimates only and specific amounts vary depending upon various local conditions that are outside of our control. We relied on our experience in this business to compile these estimates. You should review these figures carefully with the business advisor of your choosing before you purchase a franchise. We do not offer direct or indirect financing for your initial investment.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

PURCHASES FROM APPROVED OR DESIGNATED SUPPLIERS; PURCHASES ACCORDING TO SPECIFICATIONS

We have a right to require that products, supplies, furniture, fixtures, equipment and services that you purchase or lease for use in your Franchised Business: (1) meet specifications that we establish from time to time; (2) be a specific brand, kind, or model; (3) be purchased or leased only from suppliers we designated (each a "Designated Supplier"); (4) be purchased or leased only from a single source that we designate (which may include us or our affiliates); and/or (5) be purchased as part of a purchasing program, arrangement, or contract we negotiate or specify. We may add or change Designated Suppliers at any time. We may designate one or more Designated Suppliers for any goods or services upon notice to you.

You must purchase from us or from suppliers or distributors we designate (each a "Designated Supplier") all of your requirements for developing, constructing, and operating the Franchised Business including: (1) fixtures, furniture and other furnishings, equipment, supplies, point-of-sale systems, merchant processing systems, signs, items of décor, paper products, and architect services; (2) uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing our Proprietary Marks); (3) advertising, point-of-purchase materials, and other printed promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance policies, to the extent permitted by law; (8) local and regional marketing services; (9) reputation management and customer service satisfaction evaluations, and other surveys, (10) real estate brokers, and (11) other products and services that we require. We will notify you in our Manuals or other communications of our standards and specifications with respect to Designated Suppliers, including situations in which we may revoke approval.

You will be required to purchase the following through us or our affiliate: (1) retail merchandise, (2) licenses to the point of sale, merchant processing, and other software programs that we designate, (3) certain digital marketing services, (4) technology solutions (e.g., franchise management system, computer equipment) identified by us, (5) certain insurance policies, (6) DISC profiles, (7) certain workbooks and other certain other instructional material, and (8) certain support services related to the operation of your Franchised Business, including the accounting systems and third party accounting services that we prescribe (e.g., Call Center and Membership Program). Except as set forth in this paragraph, neither we nor our

affiliates are currently Designated Suppliers for any products or services that you are required to purchase or lease.

We have certain exclusive supply, license, or merchandizing arrangements with suppliers, and they may pay us in connection with such agreements (see amounts of supplier payments below). These may become part of our required program or required retail sales. We may add other Designated Suppliers or discontinue such arrangements at our discretion.

In addition to the items described above, we may require you to buy from us advertising and promotional materials, direct mail flyers and related forms of our franchise owners at prices that we determine. We or our affiliate may in the future provide media buying and placement services for local marketing and advertising. If we or our affiliate purchase media time or space or place advertising, then you will pay us or our affiliate's costs plus a fee not to exceed 15% of those costs. We do not currently require you to purchase these materials or services from us. We or affiliates may in the future offer or choose others to offer other goods or services and may become approved suppliers or the only approved supplier for other goods and services.

If we institute a Customer Card Program, you are required to participate in such programs, invest in additional equipment, and incur vendor processing or administrative fees for administration of the Customer Card Program. You must accept for payment gift card(s) presented as payment for purchases made in your School for products and services.

You may purchase from any supplier those items and services for which we have not chosen Designated Supplier, if the items and services meet our specifications, which may include brand requirements. If brand requirements have been identified, you may purchase and use only those brands approved by us. Our approved vendor list and standards and specifications, and our modifications to our standards and specifications, are communicated to our franchisees in the Manual.

SUPPLIER APPROVAL PROCESS

If we require that a product or service be purchased from a Designated Supplier and you wish to purchase it from an alternate supplier, you must submit to us a written request for approval and must include pertinent information about the supplier as required in the Manual. You may not purchase or lease the product or service until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications, and samples to us to enable us to determine whether the products or services, as applicable, comply with our standards and specifications and whether the supplier meets our criteria, as may be amended by us periodically. We also have the right to inspect the supplier's facilities and have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, traceability, consistency, and pricing as well as supplier financial condition, corporate social responsibility policies, reliability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints and positive complaint resolution history), and other criteria that we may establish periodically. You must reimburse us for all costs that we incur in connection with due diligence of your proposed supplier and our evaluation of such supplier as well as any costs we incur in monitoring a Designated Supplier's compliance with our requirements. We do not act as an agent, representative, fiduciary or other intermediary for you in our relationship with an alternative supplier you propose and we approve. We have the right to monitor the quality of the services provided by the alternative suppliers in a manner we deem appropriate. We may impose obligations on alternative suppliers, which will be incorporated in a written license agreement with the suppliers.

We are not required to approve any particular supplier. We will notify you of our approval or disapproval within 120 days of our receipt of complete information from you that we require to evaluate a proposed supplier. If you do not receive an approval or disapproval from us within the specified timeline, such silence will constitute a disapproval. Our specifications for products and services and criteria for suppliers are

generally issued through written communication and available to franchisees through the Manual, but we do not disclose information regarding specifications for products and services and criteria to suppliers that we consider proprietary or confidential to us. We may re-inspect the facilities and products of any alternative supplier, and we may revoke our approval upon the alternative supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any alternative supplier, you must promptly discontinue use of that alternative supplier.

LOCATION AND LEASE

You must secure a site for the Franchised Business in the Protected Area that meets our site selection criteria ("Approved Location"), which are detailed in the Manual, and sign the lease for the premises no later than 30 days prior to the one-year anniversary of the effective date of the Franchise Agreement (the "Lease Deadline"). You may not enter into a lease for a site for the Franchised Business until we approve that site. Your failure to acquire the Approved Location under a lease within the Lease Deadline will constitute a default for which we will have the right to terminate the Franchise Agreement if you fail to cure the default within 30 days after delivery of the default.

MINIMUM INSURANCE COVERAGE

You must obtain and maintain, at your own expense, the insurance that is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including our mandatory policies and minimum limits of coverages described below:

Line of Coverage:	**Limits:**
General Liability Insurance	• $1,000,000 per occurrence • $2,000,000 Annual General Aggregate, Other than Products • $2,000,000 Annual Aggregate, Products and Completed Operations • (a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) abuse and molestation; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you ($100,000); (j) owned, non-owned and hired automobile insurance ($1,000,000 combined single limit); and (k) student sport accident • Medical Expense – each claim – to be excluded
Commercial Property Insurance	Covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business's contents.
Worker's Compensation	$1,000,000 limit
Hired and Non-Owned Auto Liability	$1,000,000 per occurrence
Employment Practices Liability Insurance	• $1,000,000 per claim • Wage & Hour sublimit no less than $100,000 per occurrence • Coverage for 1st and 3rd party sexual harassment
Professional Liability (recommended but not required)	$1,000,000 per occurrence

Line of Coverage:	Limits:
Other coverage as we may require from time to time	

We have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance. Each policy must include those terms and endorsements that we require, as specified in the Franchise Agreement and the Manual. We may designate periodically one or more Designated Suppliers for the required insurance, and you must use those Designated Suppliers, to the extent permitted by applicable law.

You must purchase the required worker's compensation insurance, general liability insurance, property insurance, and employment practices insurance from our Designated Supplier(s). If we have not named a Designated Supplier or with respect to all other required insurance, in lieu of purchasing the insurance through our Designated Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

You must include us as an additional insured on all of the above policies except Worker's Compensation and Professional Liability. All insurance must be provided by an approved vendor or an insurer with an A.M. Best rating of not less than an A-VIII ("excellent" and $100,000,000 to $250,000,000 in policy holder surplus) that is authorized to sell insurance in the state in which your Franchised Business is located. You must provide us with a certificate of insurance and additional insured endorsement complying with the above requirements no less than 30 days prior to opening your Franchised Business and at least 30 days prior to any renewal providing the endorsements as noted below. All insurance policies (except worker's compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

REVENUE DERIVED FROM FRANCHISEE PURCHASES AND LEASES

We and our affiliates may derive revenue from franchisee purchases and leases to the extent that franchisees purchase products or services from us or our affiliates, and we also may receive payments or material benefits from Designated Suppliers based on your purchases or leases from them. We have negotiated supply agreements with providers of merchandise, technology solutions, and credit card processing services under which the vendors will remit to us a percentage of revenue from purchases made by franchisees. During the fiscal year ending December 31, 2024, we received revenue from required purchases of $101,595, which was 8.3% of our total revenues of $1,219,789. During the fiscal year ending December 31, 2024, we received rebates of $47,133, which was 3.9% of our total revenues.

We estimate that the aggregate cost of required purchases and leases of products and services from us, Designated Suppliers, approved suppliers, and otherwise in compliance with our standards and specifications will constitute virtually 100% of your total cost of products and services in connection with establishing and then operating the Franchised Business.

Except through an interest in us or our affiliates, none of our officers owns any interest in any Designated Supplier.

PURCHASING COOPERATIVES; SUPPLIER NEGOTIATIONS AND ARRANGEMENTS

There currently are no purchasing or distribution cooperatives in existence connected to our franchise system. We may, but are not obligated to, negotiate purchase arrangements with suppliers for the benefit of our franchisees, and we may but are not obligated to establish national buying accounts with vendors whose

products meet our specifications. We do not provide you any material benefits (such as renewal rights or the right to acquire additional franchises) based on your purchases from approved or Designated Suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Sections in Franchise Agreement	Sections in Development Agreement	Disclosure Document Items
a. Site selection and acquisition/lease	Article 3 and Attachments G	Articles 1 and 4	Items 11 and 12
b. Pre-opening purchases/leases	Articles 4 and 5	Not Applicable	Items 7 and 8
c. Site development and other pre-opening requirements	Articles 4 and 5	Article 4	Item 7
d. Initial and ongoing training	Article 8 and Section 2.B.(4)	Section 6.2	Item 11
e. Opening	Article 5	Article 4	Item 11
f. Fees	Article 6	Article 3	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Articles 7, 9, 10, and 11	Article 5	Item 11
h. Trademarks and proprietary information	Articles 9 and 13, and Section 14.A.	Section 1.4	Items 1, 13, and 14
i. Restrictions on products/services offered	Articles 9, 10, and Sections 11.B.-11.D.	Article 1	Items 8 and 16
j. Warranty and customer service requirements	Sections 11.I. and 15.F.	Not Applicable	Item 16
k. Territorial development	Section 1.B.	Article 4	Item 12
l. Ongoing product/service purchases	Sections 11.B.-11.F.	Not Applicable	Item 8 and 16
m. Maintenance, appearance and remodeling requirements	Article 10 and Sections 2.B(2), and 11.B.	Not Applicable	Items 7 and 8
n. Insurance	Article 16	Not Applicable	Items 6, 7, and 8
o. Advertising	Article 15	Not Applicable	Items 6, 7, and 11
p. Indemnification	Section 20.B.	Section 7.2	Item 6
q. Owner's participation/ management/staffing	Sections 11.J.-11.K.	Article 5	Item 15
r. Records and reports	Article 7	Section 5.3	Items 6 and 11

Obligation	Sections in Franchise Agreement	Sections in Development Agreement	Disclosure Document Items
s. Inspections and audits	Article 7 and Sections 4.D., 4.E., and 11.G.	Not Applicable	Items 6 and 11
t. Transfer	Article 17	Article 8	Item 17
u. Renewal	Section 2.B.	Section 5.2	Items 6 and 17
v. Post-termination obligations	Article 19	Article 9	Item 17
w. Non-competition covenants	Sections 14.B.-14.F.	Section 6.3	Items 15 and 17
x. Dispute resolution	Article 23	Article 11	Item 17
y. Guaranty	Attachment D	Attachment D	Item 15
z. Other: Liquidated Damages	Section 18.F.	Section 9.8	Item 6

ITEM 10
FINANCING

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

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

Except as listed below, Franchisor is not required to provide you with any assistance.

FRANCHISE AGREEMENT

Before you begin operating the Franchised Business, we will:

1. Review your franchise site information and notify whether your proposed site is approved or rejected after receiving the complete (as determined by us) site application package. (Franchise Agreement, Section 3.B.).
2. Provide to you specifications, including requirements for dimensions, design, image, interior layout, décor, fixtures, equipment, signs, furnishings, storefront, signage, graphics, color schemes, and opening inventory. (Franchise Agreement, Section 4.A.) You must have all required construction plans and specifications prepared to suit the shape and dimensions of the Franchised Business and ensure that the plans and specifications comply with applicable law, building codes, permit requirements, and any lease requirements and restrictions.
3. For your first Franchised Business only, we will provide you with one member of our training team for two to three days of remote pre-opening assistance and training at your Franchised Business location; there is no fee for the service if it is remote, but if you request on-site assistance, we require you to pay our then-current training fee and reimburse our related costs. (Franchise Agreement, Section 5.C.)
4. Conduct the initial training program for you or your Designated Manager (see Item 15) without charge. (Franchise Agreement, Section 8.A.)
5. Give you access to our operations Manual. The Manual may be in electronic format. (Franchise Agreement, Section 9.).

Except as described above, the Franchise Agreement does not require us to provide any other assistance or services to you during the operation of the Franchised Business. As the Development Agreement relates to the development of Franchised Business, the Development Agreement does not require us to provide any other assistance or services during the operation of the Franchised Business.

During the operation of the Franchised Business, we will:

1. Provide to you our knowledge and expertise regarding the System and pertinent new developments, techniques, and improvements in the areas of management, sales promotion, service concepts, and other areas. We may provide these services through on-site visits, through the distribution of printed or filmed material or electronic information, meetings or seminars, telephone communications, email communications, or other communications. (Franchise Agreement, Section 5.D.)
2. Use good faith efforts to approve or disapprove your proposed promotional and marketing materials within 10 business days after we receive them. (Franchise Agreement, Section 15.A.)
3. Establish and administer a membership program, gift card acceptance program, loyalty program and insurance program for so long as we elect to do so. (Franchise Agreement, Sections 11.P., 15.F. and 16.B.)

DEVELOPMENT AGREEMENT

When you sign the Development Agreement, we will: provide you site selection guidelines, including our minimum standards for Class 101 locations and sources regarding demographic information, and such site selection counseling and assistance as we may deem advisable.

During the course of the Development Agreement, we will:

1. Upon your request, disclose to you the then-current franchise disclosure document and, upon your compliance with the Development Agreement and our requirements, issue and execute remaining franchise agreements pursuant to your Development Schedule. (Development Agreement, Section 4.3.); and
2. Evaluate each site application and conduct on-site evaluation as we deem advisable in response to your request for site approval for each proposed site (through us or our appointed representatives) and using our then-current site selection criteria. (Development Agreement, Section 4.3.2.).

SITE SELECTION

You may operate the Franchised Business from your home office for the first year, but all of your classes, training sessions, and client meetings must take place at a classroom or other location outside of your home at a location that meets our approval. You must transition your operations to an Approved Location (as defined in Item 12) on or before the first anniversary of the effective date of your Franchise Agreement. Your Approved Location must be located in your Protected Area. You must submit our form of a site application for each site you identify, which we will review and notify you whether we accept or reject your proposed site. Upon our acceptance of a site, you must execute a lease within the Lease Deadline (or the Extended Lease Deadline, as applicable) specified in the Franchise Agreement, which is a minimum of 30 days prior to the one-year anniversary of the effective date of the Franchise Agreement. Failure to identify a site and enter into a lease within this period is a default of the Franchise Agreement for which we will have the right to terminate the Franchise Agreement if you fail to cure the default within seven days after delivery of written notice of default. If you and we cannot agree on a suitable site for your Approved location, then the Franchise Agreement may be terminated, and your initial franchise fee is forfeited.

We will provide you with site selection assistance as we consider advisable, including providing our site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; however, we will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete site application. If we conduct an on-site evaluation, you must reimburse us for our out-of-pocket expenses

incurred in connection with the evaluation. We do not own and lease premises to franchisees. We do not provide assistance in conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.

If we do not notify you in writing that we approve a site you propose, we will be deemed to have rejected the proposed site. No site may be used for the location of the Franchised Business unless we first approve it in writing. We do not provide assistance with conforming the Approved Location to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees (other than providing the initial training program to you or your Designated Manager, as described below).

Under the Development Agreement, you will have the right to develop, open, and operate up to three Class 101 Franchised Businesses within certain Development Areas that we determine. Upon development of each Franchised Business, we will identify a Protected Area from your Development Area in which you shall identify a suitable site. We will follow the procedure outlined above, or our then-current procedure if different, regarding establishing a Protected Area and executing a lease. Each Franchised Business must be developed and opened according to our then-current system standards and other approval requirements, and pursuant to the corresponding franchise agreement.

TYPICAL TIME BETWEEN SIGNING AND OPENING FOR BUSINESS

The typical length of time between signing the Franchise Agreement and the opening of your Franchised Business is the earlier of 120 days from the effective date of the Franchise Agreement or within seven (7) days following your successful completion of the initial training program, whichever occurs earlier. You may begin operations in your home office while you identify a site and enter into a lease, which you must do within 12 months after the effective date of your Franchise Agreement. Factors affecting this range include site availability, lease negotiations, lender approvals, city zoning, permitting, use restrictions, construction time (especially when a new building is being constructed), governmental inspections and regulations, and other factors, such as force majeure that are outside our control. While you are securing a lease, you may operate the Franchised Business' administrative operations out of your home office. However, all of your services, classes, training sessions, and client meetings must take place at a classroom or other location outside of your home that meets our approval, such as the customer's home or public locations such as a coffee shop or library.

CONFIDENTIAL MANUALS

The table of contents of the current Manual is attached as Exhibit A to this disclosure document. The Manual currently contains 146 pages. We will also disclose to you our periodically updated Manual. We consider these materials to be proprietary and confidential, and you are bound by the Franchise Agreement to keep them confidential.

INITIAL TRAINING PROGRAM

The initial training program currently consists of both virtual and in-person training. The in-person portion takes place at an approved working Class 101 location that we choose and requires travel. Owners of the franchise, as well as a Designated Manager (if different than the Owner) must attend and complete our initial training program to our satisfaction.

You must complete the initial training program no later than 30 days before opening the Franchised Business. If you purchase a franchise from an existing Class 101 franchisee, you must attend the initial training program after signing a purchase and sale agreement with the transferor franchisee, but before closing. The purchase and sale agreement must be contingent on simultaneously signing a Franchise Agreement and successfully completing training. We plan to be flexible in scheduling training to

accommodate both our personnel and your principals. We currently conduct training as often as necessary based on the number of new franchisees joining our system.

The initial training program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training/Lab	Hours of on the job Training	Location
Introduction and Orientation	1	0	As we determine (online, Bedford, Texas, or at our designated locations)
Student Meeting Curriculum	15	8	As we determine (online, Bedford, Texas, or at our designated locations)
Business Performance	3	1	As we determine (online, Bedford, Texas, or at our designated locations)
Marketing	3	3	As we determine (online, Bedford, Texas, or at our designated locations)
Total	**22**	**12**	

The primary person in charge of training is Kacie Davis, our Manager of College Planning and Training. Before joining us in January 2024, Kacie served as a college advisor at the high school level for over four years and has been a high school educator for seven years. She also served as an academic advisor at the college level for four years. The training instruction material includes the Manual and the forms you will use in operating the Franchised Business. Any other trainers will have appropriate knowledge to facilitate training in the areas they will teach based on their day-to-day involvement with our system or in the subject matters they will teach.

You are responsible for transportation to the training facilities, lodging, daily transportation between the hotel and the training facilities, wages, and all meals and personal expenses incurred during the initial training program.

We retain the absolute right to prescribe optional and mandatory continuing training programs without charge throughout the term of your Franchise Agreement. We currently require that you attend regional training each year at locations and on dates we determine. We may provide continuing training programs for you if you need specialized instruction and hands-on training with implementing newly developed operating procedures as we incorporate them into the Class 101 franchise system. We may also provide continuing training programs for those franchise owners who, as an identifiable group, have experienced the same or similar difficulties in managing their Franchised Businesses. We may hold these continuing training programs at the corporate training facilities or other locations as we designate for the convenience of the franchise owners in attendance and our training staff. We have structured all continuing training programs to build business-management skills, to develop expertise in technical matters related to the Franchised Business or to remedy specific problems commonly encountered throughout the franchise system. These continuing training programs may last from one to five days depending on the subject material and the specific needs of those attending. You must acknowledge this obligation to attend these

mandatory continuing training programs and agree that you will be responsible for your own travel, lodging, meals and living expenses.

We may conduct, and require you to attend, periodic conferences to discuss System developments, including operational efficiency, personnel training, bookkeeping, account, inventory control, performance standards, advertising programs, and merchandising procedures. We may require your Designated Manager to attend the conferences, and the conference fee is currently $1,000 per attendee. In addition, you are responsible for all conference-related costs and expenses, including compensation, travel, accommodations, wages, and meals for attendees. An estimate of these travel expenses is included in Item 7.

ADVERTISING

We have no obligation to conduct advertising, except through the National Advertising Fund ("NAF") described below. If we conduct media advertising, we may use direct mail, print, radio, Internet, or television, which may be local, regional, or national in scope. We may produce the marketing materials in-house or employ a local, regional, or national advertising agency. We are not obligated to conduct any advertising or marketing programs within your market.

We have established and maintain a URL website promoting the Class 101 system and identifying the location of Class 101 Franchised Businesses. You will participate in all system-wide promotions that we conduct.

NATIONAL ADVERTISING FUND

We administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of our brand positioning. As noted in Item 6, you will pay to Franchisor a continuing, non-refundable monthly contribution of up to 5% of monthly Gross Sales ("NAF Contribution"); currently the NAF Contribution is 2% of Gross Sales. We reserve the right to suspend or increase the NAF Contribution at any time upon 60 days' prior notice to you; however, if we increase the NAF Contribution, the sum of the NAF Contribution, Advertising Cooperative contribution, and Local Marketing Expenditure will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, Advertising Cooperative contribution, and the Local Marketing Expenditure) during any 12-month period. (Franchise Agreement, Section 15.E.) Any corporate-owned Class 101 locations will contribute to the NAF at the same rate as franchisees.

We direct all initiatives related to the positioning of the brand using the NAF, including advertising and marketing programs (for example, research methods, branding, creative concepts and materials, sponsorships, and endorsements used); selection of geographic and media markets; and media placement and the allocation of media placement. We may use the NAF to pay the costs of research (including product and services research and development), market research (for example, customer engagement with the brand, including design and décor, concept development, uniform design, customer service techniques, customer research, surveys, and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in national online, social media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist; conducting community relations activities; supporting public relations, maintenance of the System websites, and online presence; and other advertising, marketing, and promotional activities as we determine are appropriate for Class 101 Franchised Businesses, the Proprietary Marks and the System. The NAF will furnish you with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when we deem appropriate. Multiple copies of those materials will be provided to you at your sole cost. You will ultimately be responsible for the costs associated with local placement of any such marketing and materials provided by the NAF in your Protected Area for your Franchised Business.

The NAF will be accounted for separately from our other funds, will not be used to defray any of our general operating expenses, but may be used to cover reasonable salaries, administrative costs, travel expenses, and overhead as we may incur in activities related to the administration of the NAF and its programs, including as described above and with respect to collecting and accounting for contributions to the NAF. We will not use NAF funds to solicit new franchise development. We will not act as trustee with respect to the NAF and have no fiduciary duty to you or your affiliates, Owners or any other franchisees. We may spend, on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contributions to the NAF in that year, and the NAF may borrow from us or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. The NAF will not be audited. We will, upon your written request (but no more than once annually) provide a copy of our unaudited annual statement of monies collected and costs incurred by the NAF. We have the right to cause the NAF to be incorporated or operated through a separate entity we own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties. You may submit a written request to us to obtain an unaudited accounting of the NAF once it is established.

Although we endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, we have no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by Class 101 Franchised Businesses in that geographic area or spent marketing your Class 101 Franchised Business. Nor are we under any obligation to ensure that any franchisee will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering the NAF. We reserve the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and those amounts will be spent on local marketing.

NAF Contributions

In our last fiscal year ended December 31, 2024, we spent approximately 1.6% of the NAF on production, 74.5% on media placement and 23.9% on platforms and administration. At the end of the year, we will carry over to the following year any advertising fees we have not spent and will use these monies for advertising and marketing.

Unleashed Fund

We have the right to establish an advertising fund separate from the NAF, which we call the Unleashed Fund. You will not contribute directly to the Unleashed Fund. The Unleashed Fund is identical to the NAF except that the funds are spent marketing all of the Affiliated Brands under the Unleashed Brands umbrella. When the Unleashed Fund is established, the NAF may contribute up to 15% of its monthly balance to the Unleashed Fund. Each of the Affiliated Brands are expected to contribute to the Unleashed Fund, except the percentage contributed by each Affiliated Brand's fund may vary. Only the Affiliated Brands that contribute to the Unleashed Fund are included in the advertising conducted by the fund. The Unleashed Fund is not audited, and we are not required to provide you a report of Unleashed Fund. We will have the right to cause the Unleashed Fund to be incorporated or operated through a separate entity our affiliates own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

If we are required to do so by your state law (for example, Maryland), we will within 60 days after your written request (but no more than once annually) provide a copy of our unaudited annual statement of monies collected and costs incurred by the Unleashed Fund. In our last fiscal year ended December 31, 2024, we did not create or maintain an Unleashed Fund

LOCAL MARKETING EXPENDITURE

You must make the Local Marketing Expenditure, as may be amended by us periodically, but which, when combined with the NAF Contribution and Advertising Cooperative, will not exceed 6% of Gross Sales (as allocated by us between the NAF Contribution, the Advertising Cooperative, and the Local Marketing Expenditure) during any 12-month period. At our request, you must provide us copies of invoices and other documentation reasonably satisfactory to us to evidence your compliance with this obligation. If we determine that you have failed to comply with the Local Marketing Expenditure requirement for any period, we may notify you of any additional amounts that you must spend (up to the then-current percentage of Gross Sales required by us) on local marketing, and if you have not spent such additional amounts (in addition to any ongoing marketing requirements) within the time period required by us, we may collect those unspent amounts directly from your account and contribute them to the NAF, without any liability or obligation to use such funds for your local advertising. We will provide you not less than 30 days' notice of any change in the amount of your Local Marketing Expenditure. Alternatively, at our discretion, we may collect these monies from you and place the advertising on your behalf.

You must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area only. "Direct marketing activities" include personal solicitations, direct mailings, sporting event sponsorships and advertising, and school event sponsorships and advertising but do not include web site advertising or targeted emails or text messages to existing customers. We may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and you must comply with those policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless we provide you written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area.

Your promotional and marketing materials must comply with applicable law and conform to our standards and specifications related to advertising, marketing, and trademark use. You must submit to us samples of proposed promotional and marketing materials, and notify us of the intended media, before first publication or use. We will use good faith efforts to approve or disapprove proposed promotional and marketing materials within 10 business days after receipt. You may not use the promotional or marketing materials until we expressly approve the materials and the proposed media. If we do not respond within the prescribed timeline, such silence will be deemed a disapproval. Once approved, you may use the materials only in connection with the media for which they were approved. We may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

ADVERTISING COOPERATIVE

If we believe that two or more Class 101 Businesses may benefit by pooling their advertising dollars, we may form a local or regional Advertising Cooperative for this purpose. If we form an Advertising Cooperative for the region in which your Franchised Business is located, your membership to the advertising cooperative is automatic, and you must participate in the Advertising Cooperative. Contributions to the Advertising Cooperative will be credited toward your Local Marketing Expenditure. We have the right to create, dissolve, and merge advertising cooperatives. We will also have the power to require Advertising Cooperatives to be formed, changed, dissolved, or merged, and to create and amend their governing documents. No advertising cooperative has yet been created and, therefore, no governing documents are available for your review.

Governing documents will provide that any Advertising Cooperative created under authority of the Franchise Agreement will (1) operate by majority vote, with each Class 101 Business (whether franchised or affiliate-owned or managed) being entitled to one vote, (2) entitle us to cast one vote (in addition to any votes we may cast for affiliate-owned locations), (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions, and (4) provide that any funds left in the Advertising Cooperative at the time of its dissolution be returned to the members in proportion to their

contributions made during the 12-month period immediately preceding dissolution. All members (including company-owned and our affiliate-owned locations) will contribute at the same rate. The majority vote will determine the level of contributions. We do not currently expect that company-owned or affiliate-owned Class 101 Businesses will have majority voting power in any Advertising Cooperative, but if they do, the required contribution to the Advertising Cooperative for each member will not exceed $10,000 per year without consent of a majority (*i.e.*, 51%) of franchisee members of such Advertising Cooperative.

GRAND OPENING ADVERTISING

You must conduct a grand opening advertising and promotional program before the Franchised Business opens for business in accordance with the Standards set forth in the Manual and using our Designated Suppliers, which may our affiliate. We will consult with you in planning the grand opening program. You must spend between $10,000 and $15,000 in connection with your grand opening. We may require that you pay all or a portion of your grand opening obligation to us, which we will then submit to our Designated Supplier no later than six weeks before your scheduled business launch or once the grand opening media plan is submitted to you. If collected by us or our affiliate, the grand opening expenditure are passed through and spent on your Franchised Business, and not held in a fund. This amount is in addition to the other required advertising investments described in this Item 11. We have not and do not plan to establish a separate advertising fund for all grand opening program fees submitted to us by franchisees.

ADVERTISING COUNCIL

There currently are no franchisee advertising councils or advertising cooperatives that advise us on advertising policies. In our discretion, we reserve the right to establish an advisory council of franchisees that does advise us on advertising policies and other matters.

PRICING

We may, if permitted by applicable law, establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services, including required participation in systemwide discount programs and promotions. If we do not establish such pricing requirements, then you will have the right to determine the prices you charge.

TECHNOLOGY REQUIREMENTS

You must acquire and use all computer systems that we prescribe for use by our franchisees and may not use any computer system or components or software applications that do not conform to the Standards or that we have not approved in writing. Requirements may include, among other things, a computer that meets our minimum hardware requirements, printer, and high-speed internet connections and service. We also require that you use certain Microsoft products, maintain your books using QuickBooks, and utilize a certain CRM software. We require 24/7 third-party read-only access to your QuickBooks account. Depending on whether you already have a computer and printer that meets our requirements, the cost of the initial equipment you must acquire ranges from $500 to $3,500. You must also license the CRM software we require, for which the monthly fee is $30.00 to $149.00 per month. Currently, Class 101 franchisees utilize Google products, but in the near future, franchisees may be required to switch to Microsoft products. You may incur additional expenses if you require or would like additional equipment, training, or installation services.

We may require you to utilize certain office management software that includes proprietary front desk management and point of sale system, online enrollment system, automated e-mail marketing tool, customer management system, and any other technology or software and respective updates that we may implement from time to time (the "Software"). You must enter into all applicable software license agreements and software maintenance agreements, in the form and manner we prescribe, and pay all fees charged by third-party software and software service providers, whether billed to you directly or passed through by us. At our request, you must sign or consent to a "terms of use" agreement regarding all software

applications that we designate. In addition to the fees you pay to third-party Software providers, we may require you to pay a Technology Fee of up to 1% of Gross Sales. The computer system generates various information relating to your business operations, including sales, purchase orders, inventory, expenditures, and customer count and enrollment.

We may periodically require you to change, update, or upgrade computer hardware components and software applications as we deem necessary, but not more than three times per calendar year. While there is no contractual limit on the cost of your obligation to change, update, or upgrade to your computer system at our direction, we do not expect the cost of doing so at any particular time will exceed the initial acquisition costs described above. Neither we nor any of our affiliates or any third party is obligated to provide ongoing maintenance, repairs, upgrades or updates to any computer hardware or software. You must, at your own expense, maintain your computer systems and network in good repair and working order and properly update and otherwise change your computer hardware and software systems as we may require. You must pay all amounts charged by any licensor of the systems and programs you use, including charges for use, maintenance, support and update of these systems or programs. There is no contractual limitation on our ability to require the hardware and any software programs be updated.

We may also require that you connect to a web-based application, such as franchise management software, which enables us to independently access and poll the information on your computer, point-of-sale, and CRM systems. We may independently access from a remote location, at any time, all information input to, and compiled by, your computer system or an off-site server, including information concerning sales, purchase orders, inventory, and expenditures. There is no contractual limitation on our right to independently access this information. We will exclusively own all data provided by you, downloaded from your computer system, and otherwise collected from your computer system. We will have the right to use such data in any manner that we deem appropriate without compensation to you.

We will also have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an extranet or intranet) between us, our franchisees, and other persons and entities that we determine appropriate, which requires you to have high speed internet access at all times. If we require, you must establish and maintain access to the extranet or intranet in the manner we designate. Additionally, we may from time to time prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign.

ITEM 12
TERRITORY

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

You must operate your Franchised Business at an Approved Location within the Protected Area as identified in the Franchise Agreement. Upon execution of the lease for the Approved Location, your Franchise Agreement will be amended to identify your Approved Location. Your Protected Area will be determined by us and which may be based upon any or all of the following: zip codes, geographic boundaries, or a radius surrounding the Approved Location. There is no minimum Protected Area. Typically, but not in all cases, available Protected Areas will have i) an average household income above $65,000, ii) encompass a population of approximately 8,000 students aged 14 to 18, based on the most recent U.S. Census or other publicly available data that we designate, and iii) a minimum of six public or private high schools whose districts must touch contiguously. The boundaries of your Protected Area may be altered only by written consent of the parties, except as provided in your Franchise Agreement with respect to any default of your representations, warranties, covenants or obligations therein. We highly recommend that your Approved Location be located near one of your key schools in your Protected Area. If you co-brand with an Affiliated Brand, your Protected Area may be different from the protected area granted under the Affiliated Brand's franchise agreement.

During the term of and subject to your compliance with the Franchise Agreement and any other agreement between you and us or our affiliates, we will neither operate nor grant others the right to operate another Class 101 Franchised Business in the Protected Area, except for those rights reserved to us and our affiliates. This restriction will not apply to any Class 101 Franchised Business that is operating or in development within the Protected Area as of the effective date of the Franchise Agreement. The Protected Area may overlap with or be overlapped by the protected area of other Class 101 franchisees or locations that our affiliates own or operate, so long as there are no other Class 101 Businesses in the area of overlap.

We retain for ourselves and our affiliates all other rights in and to the Proprietary Products, Proprietary Marks, Indicia, and System, including: (1) the right to own and operate and to grant others the right to own and operate Class 101 Franchised Businesses at any location outside the Protected Area, regardless of proximity to the Protected Area; and (2) the right to distribute any and all products and services and their components identified by the Proprietary Marks, including those used or sold in your Franchised Business, including, without limitation, proprietary merchandise (such as shirts, hats, jackets, etc.) and pre-packaged products, through alternative channels of distribution including retail, wholesale, mail order, electronic, direct mail, the Internet or any other form of e-commerce except a Franchised Business, whether or not such sales occur within your Protected Area. You are not entitled to compensation for any such sales made in your Protected Area. We also may establish and operate, and license others to establish and operate, other types of businesses (including those franchised by our affiliates) under the Proprietary Marks or under other marks, and we or our affiliates may acquire, be acquired by, or be merged or consolidated with such businesses. While we and our affiliates reserve the right to do so, we and our affiliates have not yet established, and have no current plans to establish or operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services (to a Class 101 Franchised Business) under a different trademark.

Certain products or services from our affiliate Sylvan, whether currently existing, in research and development, or developed in the future, may be distributed in your Protected Area by our affiliates, or its franchisees, licensees, or designees, in the manner and through such channels of distribution as our affiliates determine at its sole discretion without compensation to you. Sylvan, whose principal business address is the same as Class 101's principal business address, currently offers franchises for SYLVAN franchised businesses, which provide specialized assessment and teaching of individualized educational programs for children in the principal areas of reading, mathematics, writing, and test preparation, and portable SylvanSync and Sylvan-branded learning environment individualized for children, using proprietary SylvanSync computer systems. Sylvan may also provide certain college prep services, including SAT and ACT prep classes, under the Sylvan name and related trademarks. Sylvan may also offer other services and products that may overlap with Class 101's services and products. While the principal business addresses for Class 101 and Sylvan are the same, Sylvan maintains training facilities that are physically separate from Class 101. Sylvan franchisees may solicit or accept customers near your Franchised Business and in your Protected Area. We do not expect any material conflicts between Sylvan franchisees and Class 101 franchisees regarding territory, customers, or support because the principal products and services offered by each do not materially overlap. However, we intend to use reasonable efforts to resolve any conflicts that might arise in the future.

As stated in Item 11, you must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area (even if they overlap another franchisee's protected area). We may develop policies and procedures that apply to all types of advertising and marketing efforts, including Social Media advertising, and you must comply with all policies and procedures that we develop. You may not conduct marketing activities outside of your Protected Area, unless we provide you with written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area. You may not sell products through alternative channels of distribution, such as the internet, direct mail, telemarketing, or other direct marketing without our consent.

You may relocate your Franchised Business only within the Protected Area and with our written consent. We will not unreasonably withhold consent if your lease expires or terminates through no fault of yours, or if the Franchised Business premises are destroyed or materially damaged by fire, flood, or other natural catastrophe and you are not in default of any agreement with us; we will permit you to relocate to another location within your Protected Area. If we grant relocation rights for this reason, you must open the Franchised Business for business at the new location within 180 days of closing the original location. If we permit you to relocate the Franchised Business for any other reason, you must open the Franchised Business for business at the new location within 30 business days of closing the original location.

Under the Franchise Agreement, you do not receive any options or rights of first refusal to acquire additional franchises. Upon termination of the Franchise Agreement for any reason, we can re-grant the territory to another franchise owner or establish a company-owned business offering the same or similar goods and services as those you offered.

DEVELOPMENT AGREEMENT

When you execute your Development Agreement, we will identify an exclusive Development Area in which you will open your Class 101 Franchised Businesses. During the term of the Development Agreement, as long as you are not in default, we will not own or operate, or grant anyone else the right to operate, a Class 101 Business within the Development Area. When you are ready to open each Franchised Business, you will sign a franchise agreement which will contain the appropriate Protected Area. We will determine or approve the location of future Franchised Business and any protected territories for those Franchised Business based on our then-current standards for sites and protected territories. Upon expiration or termination of the Development Agreement, your rights to the Development Area also terminate, except for the Protected Areas defined in each Franchised Business' franchise agreement. If you do not comply with a deadline under the Development Schedule, you will be in default under the Development Agreement. Accordingly, we may terminate your Development Agreement, or we may elect to take one or more of the following actions: (a) eliminate the territorial protection or reduce the scope of protections granted to you within the Development Area; (b) reduce the scope of the Development Area; (c) reduce the number of Franchised Business for you to develop; or (d) retain all Development Fees paid to us. If we elect to take one or more of these actions, we will provide written notice of such action, and the Development Agreement will be amended to reflect the changes.

ADDITIONAL FRANCHISE RIGHTS

Other than what is set forth in your Franchise Agreement and Development Agreement, we do not grant you any options or rights of first refusal to acquire additional franchises.

ITEM 13
TRADEMARKS

The principal trademarks associated with the Class 101 franchise program are the following, both of which are registered on the Principal Register of the U.S. Patent and Trademark Office ("USPTO") as shown below:

Mark	Registration Number	Registration Date
CLASS 101 (standard character mark)	3517347	October 14, 2008

Mark	Registration Number	Registration Date
(Design Mark)	7113594	July 18, 2023

Our affiliate, Class 101 Franchise IP, LLC, is the owner of the principal marks as well the other marks that make up the Proprietary Marks. Class 101 Franchise IP, LLC has granted us the perpetual right to use and sublicense the use of the Proprietary Marks, including those listed above and those developed in the future, together with other intellectual property critical to the System, pursuant to a written license agreement dated April 11, 2022 ("License Agreement"). If the License Agreement terminates, Class 101 Franchise IP, LLC will assume all of our rights and obligations under your Franchise Agreement.

All affidavits required to date for the principal marks have been filed. We claim common law trademark rights in the names of our instructional classes, which may change. The trademark registration for the first mark has been renewed. No other renewals currently are due. All trademark registrations for the principal marks will continue to be renewed when due if the marks remain important to our franchise system.

There are no currently effective determinations of the USPTO, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which is relevant to their ownership, use, or licensing. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark.

USE OF PROPRIETARY MARKS

Except for the License Agreement, there are no agreements currently in effect that significantly limit our rights to use or to license the use of the Proprietary Marks in any manner material to the Franchised Business. We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in any state. We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Proprietary Marks in any manner material to you.

You must use the Proprietary Marks in full compliance with provisions of the Franchise Agreement and according to the trademark usage guidelines and rules we periodically prescribe. You may not use any Proprietary Mark as a part of your corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed by us to you) and you may not use them to incur any obligation or indebtedness on our behalf. You may not use any name or mark associated with the sale of any unauthorized product or services in any other manner not explicitly authorized in writing by us.

You may use only the Proprietary Marks that we designate, must use them only in the manner that we authorize and permit, and must use them with the symbols, "®," "™," or "SM," as appropriate. You may use the Proprietary Marks only in connection with the operation and promotion of the Franchised Business, and only in the manner we prescribe. You may not contest ownership or validity of the Proprietary Marks or any registration of the Proprietary Marks, or our right to use or to sublicense the use of the Proprietary Marks. You must sign all documents that we require to protect the Proprietary Marks and to maintain their validity and enforceability.

INFRINGEMENT

If there is any infringement of, or challenge to, your use of any Proprietary Mark or any other name, mark, or symbol associated with the Class 101 Franchise, you must immediately notify us, and we may take any

action that we deem appropriate, in our sole discretion. The Franchise Agreement does not require us to take affirmative action if notified of the claim. We have the right to control all administrative proceedings or litigation involving your use of the Proprietary Marks. The Franchise Agreement does not require us to participate in your defense or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding based on your use of the Proprietary Marks, or if the proceeding is resolved unfavorably to you. We have the right to designate one or more new, modified or replacement Proprietary Marks for your use and to require you to use the new, modified or replacement Proprietary Marks in addition to or in lieu of any previously designated Proprietary Marks. You must comply with the directive, at your expense, within 60 days following your receipt of written notice of the change. These rights arise only under the Franchise Agreement.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or registered copyrights, or pending patent or copyright applications, material to the franchise, but we claim copyright protection in many elements of the System including our training and marketing material, the Manual, advertising, confidential operations content, software, designs, creative works, Web pages, and other works of authorship in any media ("Copyrighted Works").

No agreement limits our right to use or license the Copyrighted Works. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Copyrighted Works. We need not protect or defend the Copyrighted Works or take any action if notified of infringement, and you have no obligation to notify us of any infringement. We may take the action we deem appropriate (including no action) and exclusively control any proceeding involving the Copyrighted Works. No agreement requires us to participate in your defense or indemnify you for damages or expenses in a proceeding involving a Copyrighted Work or claims arising from your use of the Copyrighted Works.

You and your Owners and employees must maintain the confidentiality of all trade secrets, the Standards and all other elements of the System, all customer information, all information contained in the Manual, and any other information that we designate as confidential and as trade secrets ("Confidential Information"). Each of your Owners must sign the Undertaking and Guaranty Agreement attached as Attachment D to the Franchise Agreement and the Confidentiality and Non-Competition Agreement attached as Attachment E to the Franchise Agreement. All of your employees with access to Confidential Information must also sign a confidentiality and non-competition agreement that you must prepare according to the jurisdiction in which your Franchised Business is located..

You must promptly notify us of any apparent infringement of, or challenge to, your use of any of the Copyrighted Works or Confidential Information. We are not required to take affirmative action when notified of a claim, or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving any of the Copyrighted Works or Confidential Information, or if the proceeding is resolved unfavorably to you, but will take whatever action we determine to be appropriate under the circumstances. We have the right to control all administrative proceedings or litigation involving the Copyrighted Works and Confidential Information. If we or our affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Copyrighted Works or Confidential Information, you must sign all documents and perform such acts and things as, in the opinion of our legal counsel, may be necessary to carry out the defense or prosecution.

If you or any of your Owners develops any new concept, product, sales technique, or improvement in the operation or promotion of the Franchised Business, you must promptly notify us, and provide to us all necessary related information. By signing the Franchise Agreement, you and each owner permanently and irrevocably assign your respective rights in and to the concept, product, sales technique, or any improvement and permit us to use or disclose the information to our affiliates and other Class 101 franchisees as we determine appropriate, without providing you any compensation.

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

FRANCHISE AGREEMENT

The Franchised Business must be supervised at all times by a person who assumes the responsibilities of general management, and full-time responsibility for daily supervision and operation, of your Franchised Business (the "Designated Manager"). An Owner may be the Designated Manager. Your Designated Manager must attend and complete to our satisfaction our initial training program and all other training that we require, devote substantial full-time and best efforts, in person on a daily basis, to the supervision, operation, and conduct of the Franchised Business, and sign and deliver to us a Confidentiality and Noncompete Agreement in the form attached as Attachment E to the Franchise Agreement. We must approve your Designated Manager. We highly recommend, but do not require, that your Designated Manager own an equity interest in the Franchisee if the Franchisee is a business entity. If your Designated Manager ceases to serve in, or no longer qualifies for, the position, you must designate another qualified person to serve as your Designated Manager within 30 days. Your proposed replacement Designated Manager must successfully complete the initial training program and sign and deliver to us a Confidentiality and Noncompete Agreement before assuming Designated Manager responsibilities.

Neither you nor your Designated Manager may own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any direct or indirect interest in (as owner or otherwise) or relationship or association with, any business that competes with Class 101 Franchised Businesses or any of the products or services they offer. You also may not disclose any information contained in our Manual or other information proprietary to the System. Each Owner (regardless of the limitation of their ownership percentage in the Franchised Business), Designated Manager, any supervisors, and other key employees having access to our Manual and proprietary information must sign a Confidentiality and Non-Competition Agreement substantially in the form of Attachment E to the Franchise Agreement.

Each Owner of the franchise or the franchisee entity (as defined in Item 1) must sign an Undertaking and Guaranty substantially in the form of Attachment D to the Franchise Agreement to personally guarantee to us that you will perform all obligations under the Franchise Agreement in a timely manner according to the respective terms of the Franchise Agreement. Unless your spouse is the Owner of the franchise or the franchise entity, your spouse will not be required to sign a personal guaranty. "Owner" means you if you are an individual, or each individual or entity holding more than a ten percent equity interest in you if you are a business entity (regardless of voting rights), and the franchisee individual(s) or entity(ies) that enter into the Franchise Agreement if you are a business entity. It includes all officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a business entity, then the term "Owner" also includes the Owners of that business entity.

The franchisee is required to be a business entity formally organized in the state of your choosing. If the franchise agreement was signed under the franchisee's individual capacity, then such individuals are required to execute the then-current form of the assignment and assumption agreement assigning the franchise agreement to your business entity before you open the Approved Location to the public. Our current template form of the assignment and assumption agreement is included in this disclosure document under Exhibit J.

DEVELOPMENT AGREEMENT

You must appoint a person to serve as the "Designated Principal" who is an Owner of the Developer. The Designated Principal will be responsible for general oversight and management of the development of the Franchised Businesses under the Development Schedule. Once each Franchised Business is open, the

Developer or Designated Principal may appoint another to serve as Designated Manager for that Franchised Business. Each Owner and Designated Principal of the Developer must sign an Undertaking and Guaranty substantially in the form of Attachment D to the Development Agreement to personally guarantee to us that you will perform all obligations under the Development Agreement in a timely manner according to the respective terms of the Development Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may offer and sell only the products, goods, and services specifically authorized by us in writing, including without limitation ancillary services that we may authorize from time to time. You may not offer or sell any products, goods, or services not specifically authorized by us in writing. We may, at any time and in our sole and absolute discretion, add, eliminate, or modify authorized products, goods, and services; there are no contractual limitations on our rights to make such changes.

We administer a multi-tier membership program for Class 101 Franchised Businesses ("Membership Program"). You must participate in the Membership Program. In connection with the offer and sale of memberships for the Membership Program at your Franchised Business, you must comply with the Standards for the Membership Program, including Membership Program tiers, pricing and other terms and conditions we may establish periodically. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of such Membership Program and benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement in the form required by us and pay the applicable Membership Program dues.

We and our affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business's members and prospects, including names, addresses and other related information ("Member Information"). We and our affiliates may use Member Information in our and their business activities, but, during the term of the Franchise Agreement, we and our affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Business. Upon termination of the Franchise Agreement, we and our affiliates reserve the right to make any and all disclosures to the members of your Franchised Business and use the Member Information in any manner that we or they deem necessary or appropriate.

We reserve, to the fullest extent permitted by then-applicable law, the right to establish policies and programs regarding pricing of products and services, including, but not limited to, establishing the maximum and minimum retail prices and membership program prices, recommending retail and membership program prices, advertising specific retail prices for some or all products or services sold through your Franchised Business, and developing and advertising price promotions or package promotions. We may compel you to observe, honor, and participate in any such policies or programs we establish.

The Franchise Agreement gives you the right to operate a single Class 101 Franchised Business and to offer approved products, goods, and services only at the Approved Location. You may not host or permit third parties to host programs (including after school programs, student "camps" or similar services) at the Approved Location unless we have authorized such services to be offered in advance in writing.

You must participate in and offer to your customers all customer loyalty and reward programs and all contests, sweepstakes, and other prize promotions that we designate. We will provide you the details of each program and promotion, and you must promptly display all point-of-sale advertising and promotion-related information at such places within the Franchised Business premises as we may designate. You must purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons,

clothing, toys, and collateral merchandise) we designate for use in connection with each such program or promotion.

You may only use marketing and promotional materials that we have approved.

As stated in Items 11 and 12, you must focus your marketing activities within your Protected Area. You may engage in direct marketing activities in the Protected Area. We may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and you must comply with those policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless we provide our written consent that specifically identifies the additional areas and time frame in which you may market outside of your Protected Area. Except as described in this Item, you are not limited in the type of customers to whom you may sell approved products or services.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 2.A.	10 years from the effective date of the Franchise Agreement.
(b) Renewal or extension	Section 2.B.	If you are in good standing, you may elect to continue operating the franchise for two additional, consecutive five-year successor terms. You must pay us a renewal fee equal to 25% of our then-current initial franchise fee plus reimbursement of our legal and professional expenses.
(c) Requirements for franchisee to renew or extend	Section 2.B.	Provide notice; you may not be in default of the Franchise Agreement or any other agreement; you must renovate and modernize the Franchised Business premises to conform to our then-current image; you and employees must be in compliance with our then-current training requirements; you must have the right to possess the Franchised Business premises or have secured a substitute location; may not have a continued pattern of non-compliance as evidenced by repeated failed quality assurance evaluations, regardless of whether you have taken corrective action; and you and all guarantors must execute our then-current form of general release, subject to applicable law. If we grant you the right to a successor/renewal term, you must sign our then-current form of franchise agreement, which may be materially different than your original contract or franchise agreement and may reflect different royalty fee and advertising obligations.

Provision	Section in Franchise Agreement	Summary
(d) Termination by franchisee	No provision	You have no contractual right to terminate the Franchise Agreement. However, you have the right to terminate the Franchise Agreement on any grounds available under applicable state law.
(e) Termination by franchisor without cause	No provision	Not applicable.
(f) Termination by franchisor with cause	Section 18	We can terminate only if you are in default.
(g). "Cause" defined – curable defaults	Section 18.C.	(1) You fail to identify an Approved Location for the Franchised Business and fail to cure within seven (7) days after delivery of written notice of default; (2) You passed on an acceptable opportunity and fail to sign a lease for your Approved Location by the lease deadline, and you fail to cure within seven (7) days after delivery of written notice of default; (3)You fail to commence operation of your Franchised Business by the Opening Date and fail to cure within 15 days after delivery of written notice of default; (4)You do not obtain or maintain all insurance coverage required and you fail to cure within five (5) days after delivery of written notice of default; (5) The Designated Manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default; (6) You fail to commence operation of your Franchised Business by the Opening Date and fail to cure within 30 days after delivery of written notice of default; (7) You or your Affiliate fails to pay any monies owed to Franchisor, its Affiliates or your trade creditors when due and fail to cure within ten days after delivery of written notice of default; (8) You misuse the Proprietary Marks or the Intellectual Property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or Intellectual Property, and fail to correct the misuse within five days after delivery of written notice of default; (9) You infringe on the rights of third-parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after Franchisor's written or verbal notice, depending on the severity of such infringement; (10) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued; (11) You purchase or

Provision	Section in Franchise Agreement	Summary
		use items for which Franchisor has identified Designated Suppliers from an unapproved source; (12) You purchase, use, or sell items not approved by the Franchisor; (13) You refuse to permit Franchisor to inspect the Franchised Business premises, or the books, records, or accounts of Franchisee upon demand; (14) You fail to operate the Franchised Business during such days and hours specified in the Manuals; (15) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws affected the day-to-day operations of your Franchised Business; (16) You fail to comply with any provision of the Franchise Agreement and fail to take appropriate corrective action within 30 days after delivery of written notice of a default; or (17) You do not maintain a minimum of 20 active and paying customers as of December 31 of every year of the Term and you fail to cure within 30 days written notice to you.
(h) "Cause" defined – non-curable defaults	Sections 18.A. and 18.B.	The Franchise Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against the assets of the Franchised Business. We may terminate the Franchise Agreement without providing you an opportunity to cure upon: (1) Your abandonment of the Franchised Business (for purposes of this provision "abandonment" will be deemed to occur if you fail to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to close the Franchised Business), or lose the right to possess the premises for the Approved Location; (2) Accepting or processing non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency; (3) Your lease expires or terminates for any reason or you otherwise lose the right to occupy the premises of the Franchised Business and you do not have an alternative premises to relocate your Franchised Business; (4) The making of any false or materially misleading representations in your franchise application or during the franchise application process; (5) You or any of your Owners or Affiliates is or has been held liable for or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any conduct which Franchisor believes will materially and adversely affect the

Provision	Section in Franchise Agreement	Summary
		reputation of the Brand, the Class 101 franchise system, any other Class 101 business, or the goodwill associated with the Proprietary Marks; (6) You knowingly maintain false books or records or submit any false reports or statements to Franchisor; (7) Violation of any applicable law or revocation or suspension of any necessary license or certification, in whole or in part; (8) Violation of any confidentiality or non-compete obligations, by you or any Owner; (9) The Franchised Business fails two consecutive quality assurance inspections during any rolling 12-month period or fails three quality assurance inspections during any rolling 24-month period; (10) Termination for cause of any other franchise agreement or development agreement between Franchisor and you or your Affiliate; (11) Delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured; (12) Transfer or attempted transfer in violation of the franchise agreement; (13) If an imminent threat or danger to public health or safety results from the operation of the Franchised Business; (14) Failure to follow Franchisor's instructions or protocol upon a crisis management event; (15) Utilizing unapproved non-cash payment systems in the Franchised Business; or (16) If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.
(i) Franchisee's obligations on termination/non-renewal	Article 19	Under the Franchise Agreement, obligations include payment of all amounts owed to us (including without limitation a lump sum payment of liquidated damages, described in Item 6), ceasing to hold yourself out as a franchisee or former franchisee; disposing of branded items as we direct; transferring the Franchised Business' telephone number to us; at our option, assigning us your interest in the lease for the Franchised Business premises; sell to us any of the Franchised Business' assets we elect to purchase; notify members of the closure of your Franchised Business using our then-current form of notice and offering those members the option to terminate their membership and receive a pro rata refund; and comply with post term obligations (also see r, below). In addition, if the Franchise Agreement is terminated due to a breach by you, you will be required to pay us liquidated damages for breach of that agreement.

Provision	Section in Franchise Agreement	Summary
(j) Assignment of contract by franchisor	Section 17.A.	No restriction on our right to assign our interest in the Franchise Agreement, transfer any of our assets, merge with other companies, etc.
(k) "Transfer" by franchisee – defined	Section 17.B.	Includes transfer of Franchise Agreement, transfer of the assets of the Franchised Business, and ownership changes.
(l) Franchisor approval of transfer by franchisee	Section 17.B.	We have the right to approve all transfers but will not unreasonably withhold approval.
(m) Conditions for franchisor approval of transfer	Section 17.B.	We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you must be in full compliance with the Franchise Agreement and all other agreements; you and each owner must sign our then-current form of general release; the transferee must meet our Standards for new franchisees; the transferee must sign our then-current form of franchise agreement for the remainder of the franchise term left on your agreement; the transferee must agree to refurbish the Franchised Business premises; you must agree to remain liable for all pre-transfer obligations; the transferee must comply with our then-current training requirements; the economic terms of the transfer may not, in our opinion, materially and adversely affect the post transfer viability of the Franchised Business. If you participate in our resale program, and we find a prospective buyer, you must pay the then-current resale program fee.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 17.G.	We may match any bona fide offer to purchase your business or the ownership interests in you, if you are an entity.
(o) Franchisor's option to purchase franchisee's business	Section 19.B.	We may assume your lease and purchase the assets of your business upon expiration or termination of the Franchise Agreement.
(p) Death or disability of franchisee	Section 17.H.	Transfer of interest to his or her spouse or third party within six months of death or incapacity, subject to our approval and right of first refusal.
(q) Non-competition covenants during the term of the franchise	Article 14.B and C.	Neither you nor any Owner may be involved in any Competitive Business. A Competitive Business is any business or enterprise that is the same as or similar to Class 101 Franchised Businesses, including without limitation any business or enterprise, franchised and non-franchised, that operates or grants franchises or licenses for the operation of a business that provides advice,

Provision	Section in Franchise Agreement	Summary
		guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college.
(r) Non-competition covenants after the franchise is terminated or expires	Article 14.B	For a two (2) year period following termination or expiration of the franchise, neither you nor any Owner may be involved in any Competitive Business that (a) is located (i) at the location of any former Class 101 Franchised Business; (ii) within a 25-mile radius of your former Franchised Business location; or (iii) within the Protected Area of any other Class 101 Business in existence or under development at the time of such termination or transfer, or within 25-miles of the border of any such Protected Area; or (b) delivers services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location.
(s) Modification of the agreement	Section 22.B.	The Franchise Agreement may be modified only by a written document signed by both parties.
(t) Integration/merger clause	Section 22.A.	The Franchise Agreement and its Attachments constitute the full and final agreement and are binding (subject to state law). Any other promises or statements may not be enforceable. No claim made in the Franchise Agreement or any related agreement is intended to disclaim the express representations made in this disclosure document.
(u) Dispute resolution by arbitration or mediation	Section 23.G.	Except for certain claims, all disputes must be arbitrated in Texas unless contrary to applicable state law.
(v) Choice of forum	Section 23.G(10)	Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarter at the time litigation is initiated (currently Tarrant County, Texas) (subject to governing state law).
(w) Choice of law	Section 23.A.	Texas law applies (subject to governing state law).

DEVELOPMENT AGREEMENT

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 2.A.	Unless sooner terminated, the term will commence on the effective date of the Development Agreement and will expire on the date on which you have completed your development obligations under the Development Agreement.
b. Renewal or extension	No provision	Not applicable.
c. Requirement for Developer to renew or extend	No provision	Not applicable.
d. Termination by Developer	No provision	You have no contractual right to terminate the Development Agreement. However, you have the right to terminate the Development Agreement on any grounds available under applicable state law.
e. Termination by franchisor without cause	No provision	Not applicable.
f. Termination by franchisor with cause	Article 9	We can only terminate if Developer is in default. If you default under any agreement, including any franchise agreement, with us or our affiliates and you fail to cure within the applicable cure period, such failure is considered a default under the Development Agreement and serves as an independent basis for termination of the Development Agreement without an opportunity to cure, subject to applicable state law. If we terminate the Development Agreement, we may elect to take one or more of the following actions: (a) eliminate the territorial protection or reduce the scope of protections granted to you within the Development Area; (b) reduce the scope of the Development Area; (c) reduce the number of Franchised Business for you to develop; or (d) retain all Development Fees paid to us. Developer shall have no right to establish or operate any Class 101 Business for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration.
g. "Cause" defined – curable defaults	Sections 9.3. and 9.4.	Developer shall have 10 days to cure the following upon Franchisor's written notice: (a) failure to obtain or maintain required insurance coverage at the Franchised Business; (b) failure to pay any amounts due to Franchisor; (c) failure to pay any amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; (e)

Provision	Section in Development Agreement	Summary
		misappropriate, misuse, or otherwise utilize the Marks and Confidential Information in a way not authorized by Franchisor; and (f) if an approved transfer is not effected within the designated time frame following a death or permanent incapacity (mental or physical). Developer shall have 30 days to cure any other curable defaults upon delivery of Franchisor's written notice.
h. "Cause" defined – non-curable defaults	Sections 9.1. and 9.2.	The Development Agreement will terminate automatically without notice and without an opportunity to cure upon the happening of certain bankruptcy or insolvency-related events, or upon foreclosure or lien against the assets of the Developer. We may terminate the Development Agreement without providing you an opportunity to cure if (a) you fail to meet the Development Schedule; (b) you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; (c) there is any transfer or attempted transfer in violation of the Development Agreement; (d) you or any Owner fails to comply with the confidentiality or non-compete covenants; (e) you or any Owner has made any material misrepresentations in connection with your developer application; or (f) Franchisor delivers to you three or more written notices of default within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured. Further, if you default under any agreement, including any franchise agreement, with us or our affiliates and you fail to cure within the applicable cure period, such failure is considered a default under the Development Agreement and serves as an independent basis for termination of the Development Agreement without an opportunity to cure, subject to applicable state law.
i. Developer's obligations on termination/ non-renewal	Section 9.7.	Developer shall have no right to establish or operate any Class 101 Business for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Our remedies for Developer's breach will include Developer's loss of its right to develop additional Class 101 Businesses and our retention of all development fees paid or owed by Developer. Upon termination or expiration, we will be entitled to establish, and to franchise others to establish Class 101 locations in the Development Area, except as may be otherwise provided under any franchise agreement which has been executed between Franchisor and Developer or Developer's affiliates. In addition, if the Development Agreement is terminated due

Provision	Section in Development Agreement	Summary
		to a breach by you, you will be required to pay us liquidated damages for breach of that agreement.
j. Assignment of contract by franchisor	Section 8.1.	No restriction on our right to assign our interest in the Development Agreement or to transfer any of our assets.
k. "Transfer" by Developer – defined	Sections 8.2., 8.3., and 8.4.	Includes transfer of the Development Agreement, ownership changes, and transfer to an entity.
l. Franchisor approval of transfer by Developer	Sections 8.3. and 8.4.	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Sections 8.3. and 8.4.	We may condition approval on satisfaction of the following: all monetary obligations must be satisfied; you have obtained our prior written consent and deliver the proposed transfer agreements to us; you must be in full compliance with the Development Agreement and all other agreements; you and each Owner must sign a release; the transferee must meet our Standards for new developers; the transferee must sign our then-current form of development agreement for the remainder of the term left on your Development Agreement; the transferee must comply with our then-current training requirements; you must satisfy all of your accrued monetary obligations to us; you must pay us the corresponding transfer fee; you and the transferee must execute the consent to transfer agreement in the form we require; transferee and its Owners must sign our form of the Undertaking and Guaranty.
n. Franchisor's right of first refusal to acquire Developer's business	No provision	Not applicable.
o. Franchisor's option to purchase Developer's business	No provision	Not applicable.
p. Death or disability of Developer	Section 8.9.	Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. In the case of transfer by devise or inheritance, if the heirs or

Provision	Section in Development Agreement	Summary
		beneficiaries of any such person are unable to meet Franchisor's requirements, the executor, administrator, or personal representative of the decedent may transfer the decedent's interest to another party approved by Franchisor within six months. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement.
q. Non-competition covenants during the term of the franchise	Section 6.2.	Neither you nor any owner may be involved in any Competitive Business. A Competitive Business is any business or enterprise that is the same as or similar to Class 101 Businesses, including without limitation any business or enterprise, franchised and non-franchised, that operates or grants franchises or licenses for the operation of a business that provides advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college.
r. Non-competition covenants after the franchise is terminated or expires	Section 6.3.	For a two (2) year period following termination or expiration of the franchise, neither you nor any owner may be involved in any Competitive Business located (1) within the Development Area (other than the Franchised Businesses already open pursuant to the Development Schedule), or (2) within a 25-mile radius of any other Class 101 Business.
s. Modification of the agreement	Section 13.1.	The Franchise Agreement may be modified only by a written document signed by both parties.
t. Integration/ merger clause	Section 13.1.	The Development Agreement and its Attachments constitute the full and final agreement. Any other promises or statements may not be enforceable. No claim made in the Development Agreement or any related agreement is intended to disclaim the express representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Sections 11.2. and 11.3.	Except for certain claims, we and you must first mediate, and if unsuccessful, arbitrate all disputes within a five (5) mile radius of Franchisor's principal headquarters at the time arbitration is initiated. Subject to state law.
v. Choice of forum	Section 11.4.	Litigation must be instituted and maintained in the state or federal courts serving the district in which we maintain our principal headquarters at the time litigation is initiated (currently Tarrant County, Texas) (subject to governing state law).
w. Choice of law	Section 11.1.	Texas law applies (subject to governing state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

AVERAGE GROSS SALES[1] OF FRANCHISED OUTLETS

Table 1	Top Quartile Range Revenue	# of Units
High	$707,038	12
Low	$272,344	
Avg.	$404,678	
Median	$345,264	
No Above Avg.	3	
% Above Avg.	25%	

Table 2	2nd Quartile Range Revenue	# of Units
High	$270,720	12
Low	$134,758	
Avg.	$195,866	
Median	$204,576	
No Above Avg.	7	
% Above Avg.	58%	

Table 3	3rd Quartile Range Revenue	# of Units
High	$133,534	12
Low	$49,256	
Avg.	$92,701	

Median	$90,700	
No Above Avg.	5	
% Above Avg.	41%	

Table 4	4th Quartile Range Revenue	# of Units
High	$47,885	12
Low	$7,410	
Avg.	$27,928	
Median	$26,733	
No Above Avg.	6	
% Above Avg.	50%	

Notes:

Note 1. "Gross Sales" means the dollar aggregate of: (1) the sales price of all products, services, membership fees, merchandise and other items sold, and the charges for all services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales, including but not limited to the redemption of approved gift cards/certificates, stored value cards, and loyalty program benefits (the initial sales or reloading of gift cards shall not be included in the calculation of Gross Sales) pursuant to the Customer Card Programs. Gross Sales does not include: (1) the exchange of merchandise between Franchised Businesses (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises; (2) returns to shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates and stored value cards (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; (9) tips and gratuities; (10) Gross Sales earned through an Affiliated Brand franchise operated at the Franchised Business premises, so long as such Gross Sales constitute gross sales (or equivalent) subject to a royalty fee and other fees under such Affiliated Brand's franchise agreement; and (11) rent or other consideration paid by an Affiliated Brand franchise for occupying the Franchised Business' premises. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

Note 2. Out of the 69 total franchised outlets at the end of calendar year 2024, 12 were excluded because they were not open the entire year 2024, and 8 were excluded because they reported incomplete data.

The information in the above table is taken from historical reports submitted to us by our franchisees. This information is not audited. The Gross Sales figures in the table above do not reflect the costs of sales, operating expenses or expenses that must be deducted from the Gross Sale figures to obtain your net income or profit.

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

Written substantiation for these financial performance representations will be made available to you upon reasonable request.

The financial performance representation figures do not reflect the costs of sales or operating expenses that must be deducted from the Gross Sales figures to obtain you net income or profit. The best source of cost and expense data may be from franchisees and former franchisees, some of whom may be listed in Exhibit I.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the Franchisor's management by contacting Josh Barker, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1

SYSTEM-WIDE OUTLET SUMMARY
FOR YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	49	48	-1
	2023	48	56	+8
	2024	56	69	+13
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	0	0
Total Outlets	2022	50	49	-1
	2023	49	57	+8
	2024	57	69	+13

TABLE NO. 2

TRANSFERS OF OUTLETS FROM FRANCHISEE TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2022 TO 2024

State	Year	Number of Transfers
Florida	2022	0
	2023	0
	2024	0
Kentucky	2022	1
	2023	0
	2024	0
Total	2022	1
	2023	0
	2024	0

TABLE NO. 3

STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 TO 2024

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
Alabama	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arizona	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Arkansas	2022	1	0	0	0	0	1	0
	2023	1	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
California	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Colorado	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Connecticut	2022	0	0	0	0	0	0	0

	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	1	0
Florida	2022	5	0	1	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	2	0	0	0	1	5
Georgia	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
Illinois	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Indiana	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Kansas	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Kentucky	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Massachusetts	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Maryland	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Michigan	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Mississippi	2022	1	0	0	0	0	0	1

	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Jersey	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Mexico	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New York	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
North Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Ohio	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	1	0	0	0	0	5
Oklahoma	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Oregon	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Pennsylvania	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Tennessee	2022	4	1	0	0	0	1	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Texas	2022	7	1	0	0	0	0	8

	2023	8	3	0	0	0	0	11
	2024	11	7	0	0	0	0	18
Virginia	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Wisconsin	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	2022	48	5	2	0	0	3	48
	2023	48	9	0	0	0	1	56
	2024	56	15	0	0	0	2	69

TABLE NO. 4

STATUS OF COMPANY OWNED OUTLETS FOR YEARS 2022 TO 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Kentucky	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0
Total	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	1	0

TABLE NO. 5

PROJECTED OPENINGS AS OF DECEMBER 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
California	3	1	0
Idaho	1	1	0
Illinois	1	0	0
Nebraska	1	0	0
Ohio	1	0	0
South Carolina	1	0	0
Texas	1	0	0
Virginia	2	0	0
Total	11	2	0

The name of each of our current franchisees and the address and telephone number of each of their outlets as of the end of our last fiscal year (unless another date is stated on the list) is in Exhibit I. Our fiscal year ends on December 31 of each year. Exhibit I also reflects franchisees, if any, who had a franchise agreement terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the last fiscal year, or who has failed to communicate with us within ten weeks of the date of this disclosure document.

If you buy a Class 101 Franchised Business, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three years, we have entered into agreements with franchisees that contain confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Class 101. 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.

We have not created, sponsored or endorsed a trademark-specific franchisee organization. No independent franchisee organization has asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit H to this disclosure document are the consolidated audited financial statements for the years ending December 31, 2024, 2023, and 2022 of UA Holdings, LLC, our parent company. A copy of the guaranty of UA Holdings, LLC is in Exhibit H. Our fiscal year end is December 31, 2024.

ITEM 22
CONTRACTS

Attached to this disclosure document are the following contracts:

Exhibit D	Franchise Agreement, Attachments, and State Specific Amendments
Exhibit F	Sample form of General Release
Exhibit G	Development Agreement, Attachments, and State Specific Amendments
Exhibit J	Sample Form of Assignment and Assumption Agreement

ITEM 23
RECEIPT

The last two pages of this disclosure document are detachable duplicate Receipts. Please sign and date both copies of the Receipt. Keep one signed copy of the Receipt for your file and return to us the other signed copy of the Receipt. The Receipt page also contains the names, addresses and telephone numbers of our franchise sellers or brokers.

(END OF DISCLOSURE DOCUMENT.)

STATE SPECIFIC APPENDIX

TO THE CLASS 101 FRANCHISE DISCLOSURE DOCUMENT

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

INFORMATION REQUIRED
BY THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The following paragraphs are added to the Disclosure Document:

OUR WEBSITES (WWW.CLASS101.COM; WWW.CLASS101FRANCHISE.COM) HAVE NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

2. Item 3, "Litigation," is supplemented by the addition of the following:

The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

3. Item 6, "Other Fees," is supplemented by the addition of the following statement:

The highest interest rate allowed by law in the State of California is ten (10%) percent.

4. Item 17, "Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship," is supplemented by the addition of the following:

A. California Business and Professions Code 20000 through 20043 establish the rights of the franchisee concerning termination, transfer, or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

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

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

D. The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

E. The franchise agreement requires binding arbitration. The arbitration will occur in Texas with the costs being borne by the franchisee and franchisor. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal

Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

5. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

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

7. Franchisees must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

8. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

INFORMATION REQUIRED BY THE STATE OF HAWAII

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

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

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

Registered agent in the state authorized to receive service of process: Commissioner of Securities of the State of Hawaii, Department of Commerce & Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

INFORMATION REQUIRED BY THE STATE OF ILLINOIS

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

Item 17, Additional Disclosures.

The conditions under which the Franchise Agreement and the Development Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and the Development Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void.

The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern franchise agreements entered into in Illinois.

INFORMATION REQUIRED
BY THE STATE OF MARYLAND

1. Special Risks to Consider About *This* Franchise, Additional Disclosures.

Over the past three years, Unleashed Brands, the parent of the franchisor, acquired multiple franchise systems. After those acquisitions, some of the acquired franchisors made changes to some of the franchise business operations. Multiple franchisees questioned those changes and commenced legal proceedings against the franchisor. The franchisor prevailed in all of the proceedings. You should perform your own research about Unleashed Brands and its relationships with its franchisees. Be sure to review the litigation disclosure (Item 3) in the FDD and do an Internet search of the franchisor and its parents. In addition, before buying this franchise, you should contact existing and terminated franchisees to discuss their experience with the franchisor. Contact information for the franchisees is provided in an exhibit to the FDD.

2. **Item 17, Additional Disclosures.**

The Franchise Agreement and the Development Agreement require you to sign a general release as a condition of renewal or transfer of the franchise. This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

The Franchise Agreement and Development Agreement provide 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.

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

3. **Item 22, Additional Disclosure.**

Your responses to the Questionnaire do not act as a release, estoppel, or waiver of any liability of the Franchisor under the Maryland Franchise Registration and Disclosure Law

INFORMATION REQUIRED
BY THE STATE OF MINNESOTA

Item 6, Additional Disclosure.

Nonsufficient Funds Fee	$100 per occurrence, not to exceed maximum allowed by applicable law. Currently the State of Minnesota caps this fee at $30.	Upon demand	Payable only if there are insufficient funds in your account to process payment of fees due to us.

The following language is added to the Remarks Column in the line-item titled "Liquidated Damages" in Item 6:

> Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to consent to liquidated damages. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 13, Additional Disclosure.

We will indemnify you against liability to a third party resulting from claims that your use of the Proprietary Marks infringes trademark rights of the third party, provided that your use of the Proprietary Marks is in accordance with the requirements of the Franchise Agreement, the Development Agreement, and the System.

Item 17, Additional Disclosures.

We will comply with Minnesota Statutes Section 80C.14, subdivisions 3, 4, and 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 the Development Agreement.

Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. This rule does not bar a voluntary arbitration of any matter.

The Minnesota Franchise Act prohibits a franchisor from imposing upon a franchisee by contract or rule, whether oral or written, any standard of conduct that is unreasonable.

This addendum does not act as a release or waiver of franchisee by franchisee of an otherwise applicable provision of the Minnesota Franchise Act that is omitted, misstated, or whose legal effect is misconstrued.

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

INFORMATION REQUIRED BY THE STATE OF NEW YORK

12.1 The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT B OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

12.2 The following is to be added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

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

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

4. The following language replaces the "Summary" section of Item 17(d), titled "**Termination by franchisee**":

> You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum**," and Item 17(w), titled "**Choice of law**":

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

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

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

INFORMATION REQUIRED
BY THE STATE OF NORTH DAKOTA

In recognition of the restrictions contained in the North Dakota Franchise Investment Law, the disclosure document for use in North Dakota is amended with the following:

Item 6, Revised Disclosures.

The references to liquidated damages are deleted for disclosures made in North Dakota.

Item 17, Revised Disclosures.

1. The following is removed from "c":

   you and all guarantors must execute our then-current form of general release, subject to applicable law.

2. The following is removed from "i":

   (including without limitation a lump sum payment of liquidated damages, described in Item 6).

3. The following sentence is added to item "r":

   Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

4. The following sentence is added to item "u":

   Notwithstanding anything to the contrary, the site of the arbitration or mediation must be agreeable to all parties and not be remote from the franchisee's place of business.

5. The following sentence is added to item "v":

   Notwithstanding anything to the contrary, this provision does not apply in North Dakota.

6. The following sentence is added to item "w":

   Notwithstanding anything to the contrary, "Texas" is replaced with "North Dakota."

INFORMATION REQUIRED
BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended to add the following:

> According 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 does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.
>
> According 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 the 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

INFORMATION REQUIRED
BY THE STATE OF WASHINGTON

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, DEVELOPMENT AGREEMENT, AND ALL RELATED AGREEMENTS

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

1. The following language is added to the "Special Risks to Consider About *This* Franchise" page:

> **Use of Franchise Brokers.** The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

2. Line-item 17(o) of the Franchise Disclosure Document is amended to read as follows:

> Upon the happening of a "Triggering Event" (meaning termination or expiration of the franchise), we may purchase the assets of the Franchised Business for a purchase price equal to "Fair Market Value" of the assets, excluding goodwill or going concern value.

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

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

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

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

except as provided for in RCW 19.100.220(2).

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

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

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

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

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

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

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

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

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

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

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

Washington.

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

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

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

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

EXHIBIT A

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

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EXHIBIT B

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

STATE	STATE ADMINISTRATOR	STATE	STATE ADMINISTRATOR
CALIFORNIA	Dept. of Financial Protection and Innovation 320 W. 4th St., Ste. 750 Los Angeles, CA 90013 213.576.7505 866.275.2677	**NEW YORK**	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 212-416-8222
HAWAII	Commissioner of Securities of the State of Hawaii Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant St. Honolulu, HA 96813 808.586.2722	**NORTH DAKOTA**	North Dakota Securities Department 600 East Blvd. Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701.328.4712
ILLINOIS	Franchise Bureau Office of the Attorney General 500 S. Second St. Springfield, IL 62706 217.782.4465	**RHODE ISLAND**	Securities Division Dept. of Business Regulation 1511 Pontiac Ave. John O. Pastore Complex – Building 69-1 Cranston, RI 02920 401.462.9585
INDIANA	Securities Commissioner Indiana Securities Division 302 W. Washington St., Room E-111 Indianapolis, IN 46204 317.232.6681	**SOUTH DAKOTA**	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.4823
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 410.576.6360	**VIRGINIA**	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main St, 9th Floor Richmond, VA 23219 804.371.9051
MICHIGAN	Michigan Dept. of Attorney General Consumer Protection Division Franchise Section 525 West Ottawa Street G. Mennen Williams Bldg, 1st Floor Lansing, MI 48909 517.373.1837	**WASHINGTON**	Securities Division, Department of Financial Institutions, PO Box 41200, Olympia, WA 98504-1200 360.902.8760

STATE	STATE ADMINISTRATOR	STATE	STATE ADMINISTRATOR
MINNESOTA	Minnesota Dept. of Commerce 85 7th Place East, Ste 280 St. Paul, MN 55101 651.539.1600	**WISCONSIN**	Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington St, 4th Floor Madison, WI 53703 608.266.3364

EXHIBIT C

TO THE CLASS 101® FRANCHISE DISCLOSURE DOCUMENT

LIST OF AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
Department of Financial Protection and Innovation
Division of Corporations
320 W. 4th Street, Suite 750
Los Angeles, California 90013
(866) 275-2677

HAWAII:
Commissioner of Securities
Hawaii Dept. of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Suite 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS:
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4462

INDIANA:
Indiana Secretary of State
200 West Washington Street, Room 201
Indianapolis, IN 46204
(317) 232-6531

MARYLAND:
Securities Commissioner
200 St. Paul Place
Baltimore, Maryland 21202-2020
(410) 576-6360

MICHIGAN:
Corporations, Securities and Land Development Bureau
Michigan Department of consumer and Industry Services
6546 Mercantile Way
P.O. Box 30222
Lansing, MI 48909
(517) 241-6470

NORTH DAKOTA
Securities Commissioner
600 East Boulevard Avenue State Capitol
Fifth Floor Dept 414,
Bismarck ND 58505-0510
(701) 328-4712

RHODE ISLAND
Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9527

SOUTH DAKOTA
Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(701) 328-2910

TEXAS:
Registered Agents Inc.
5900 Balcones Drive, Suite 100
Austin, Texas 78731

VIRGINIA
Clerk, State Corporation Commission
Tyler Building, 1st Floor
1300 Eat Main Street
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501
(360) 903-8760

WISCONSIN
Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way
Madison, Wisconsin 53705
(608) 261-7577

MINNESOTA Minnesota Department of Commerce, 85 7th Place East, Suite 280, Saint Paul, MN 55101, (651) 539-1600 **NEW YORK** New York Secretary of State 99 Washington Avenue, 6th Floor Albany, New York 12231 (518) 474-0050	

EXHIBIT D

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT, ATTACHMENTS, AND STATE-SPECIFIC AMENDMENTS

CLASS 101®
FRANCHISE AGREEMENT

SUMMARY PAGE

EFFECTIVE DATE:	
FRANCHISEE(S):	
ADDRESS FOR NOTICES:	
TELEPHONE NUMBER:	
E-MAIL ADDRESS:	
FRANCHISOR:	Class 101 Franchise, LLC, a Delaware limited liability company
ADDRESS FOR NOTICE:	2350 Airport Freeway, Suite 505, Bedford, Texas 76022
PROTECTED AREA NAME:	
INITIAL FRANCHISE FEE:	$39,900
GRAND OPENING ADVERTISING AMOUNT:	$10,000 minimum
MONTHLY ROYALTY FEE:	8% of Gross Sales, subject to minimum royalty of $500 per month beginning on first day of the seventh month following the Opening Date
MARKETING EXPENDITURE:	Up to 6% of monthly Gross Sales, with up to 5% allocated to NAF and remainder to be spent on local marketing
TECHNOLOGY FEE:	The greater of 1% of Gross Sales and $300 per month
RENEWAL FEE:	25% of the then-current initial franchise fee plus reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the renewal

CLASS 101®
FRANCHISE AGREEMENT

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CLASS 101®

FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT ("Agreement") is made and entered into on the Effective Date reflected in the Summary Page by and between Class 101 Franchise, LLC, a Delaware limited liability company with its principal business address at 2350 Airport Freeway, Suite 505, Bedford, Texas 76022 ("we," "our" or "Franchisor"), and the Franchisee identified on the Summary Page ("you," "your" or "Franchisee").

BACKGROUND:

A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed a distinctive business system relating to the development, establishment, and operation of businesses that provide advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college under the name CLASS 101® (generally, the "Class 101 Business"), which are based on and include the Proprietary Products, Proprietary Marks, Indicia, and Standards ("System").

B. The distinguishing characteristics of the System include, without limitation, our program curricula, services, products, and merchandise, which incorporate Franchisor's Proprietary Marks, trade secrets, and proprietary information ("Proprietary Products"); distinctive exterior and interior design, decor, color scheme, graphics, fixtures, and furnishings ("Indicia"); standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs ("Standards"); all of which may be changed, improved, and further developed by Franchisor from time-to-time.

C. The System is identified and recognized by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the word mark "Class 101" (the "Brand") and the list of marks set forth in Attachment A to this Agreement, and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may hereafter designate in writing for use regarding the System ("Proprietary Marks").

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Proprietary Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System's high standards of quality, appearance, and service.

E. You have applied for the right to operate a business using the System and the Proprietary Products, Proprietary Marks, Indicia, and Standards (the "Franchised Business"), and Franchisor has approved your application in reliance on the representations contained therein, including those concerning your financial resources, your business experience and interests, and the way the Franchised Business will be owned and operated.

AGREEMENT:

IN CONSIDERATION OF the mutual promises contained in this Agreement, including the recitals set forth above, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. GRANT OF FRANCHISE.

A. Grant.

Subject to the provisions of this Agreement, including without limitation Franchisor's reservation of rights described in Section 1.B, Franchisor hereby grants you, upon the terms and conditions in this Agreement, the right and limited license ("Franchise"), and Franchisee hereby accepts the right and obligation, to develop and continuously operate the Franchised Business at the site identified (or to be

identified) in Attachment B to this Agreement (the "Approved Location") and to use the Proprietary Marks in the operation and promotion of the Franchised Business in accordance with the terms and conditions of this Agreement, the Standards and the Manual.

B. Protected Area.

You must operate the Franchised Business at a site within the Protected Area, as further described in Section 3.A. Upon our approval of the site for the Franchised Business in accordance with Section 3.B and the parties' execution of Attachment B identifying the Approved Location for the Franchised Business, your Protected Area will be described in Attachment B and deemed incorporated herein. During the Term, and provided that you are in full compliance with this Agreement and all other agreements between you and Franchisor or its Affiliates, Franchisor shall neither operate nor grant others the right to operate another Class 101 business in the Protected Area as described in Attachment B, except for those rights reserved to Franchisor in this Section 1.B. The Protected Area may overlap with or be overlapped by the protected area of other Class 101 franchisees or Class 101 locations that our Affiliates own or operate, so long as there are no other Class 101 locations in the area of overlap. If there are overlapping protected areas, then during the Term, neither you nor the overlapping franchisee, nor any Affiliate will be permitted to open a Class 101 location within the area of overlap. For avoidance of doubt, nothing in this Agreement shall be deemed to grant Franchisee an exclusive territory.

Neither the Franchisor nor any other franchisee in the System will be permitted to directly solicit the guidance counselors, principals, other schools administrators, or students of the high schools within the Protected Area. Similarly, you are prohibited from directly soliciting the guidance counselors, principals, other school administrators or students of any high schools within the Protected Area of any other franchisee in the System.

C. Reservation of Rights

Franchisor on behalf of itself, its Affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and, without any compensation or consideration to Franchisee, to (a) own, acquire, establish, operate, and grant to others the right to operate a Class 101 Business or other business that offers and sells products and services that are the same as or similar to a Class 101 Business using the System and/or the Proprietary Marks at locations outside Franchisee's Protected Area as Franchisor deems appropriate and irrespective of the proximity to Franchisee's Protected Area; (b) acquire, merge with, or otherwise affiliate with one or more businesses of any kind including businesses that offer and sell products and services that are the same as or similar to a Class 101 Business, and, after such acquisition, merger or affiliation, to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses of any kind even if such business offer and sell products and services that are the same as or similar to a Class 101 Business (but not using the Class 101 Proprietary Marks) within Franchisee's Protected Area; (c) be acquired by, merge with, or otherwise affiliate with one or more businesses of any kind including businesses that offer and sell products and services that are the same as or similar to a Class 101 Business even if such business or businesses presently, or in the future, own and operate and franchise or license others to own and operate businesses that offer and sell products and services that are the same as or similar to a Class 101 Business (but not use the Class 101 Proprietary Marks) within Franchisee's Protected Area; (d) use the Proprietary Marks and System to distribute the Services or products and services similar to the Services in Alternative Channels of Distribution within or outside Franchisee's Protected Area, without limitation, including to sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers, the Internet, mobile or temporary locations, or other alternative distribution channels, including products bearing Proprietary Marks anywhere within or outside of the Protected Area. Franchisee is not entitled to compensation for any such sales made in the Protected Area; (e) operate and grant to others the right to operate a Class 101 Business or other business that offers and sells products and services that are the same as or similar to a

Class 101 Business using the System and/or the Proprietary Marks at within non-traditional fixed-location third-party sites such as (but not limited to) Affiliated Brands' premises, national retail outlets, and captive markets that include resorts, parks, stadiums, and other venues with a captive audience, both within or outside Franchisee's Protected Area; (f) use the Proprietary Marks and System and to license others to use the Proprietary Marks and System to engage in all other activities not expressly prohibited by this Agreement; and (g) establish and operate, and license others to establish and operate, any business other than an Class 101 Business, under the Proprietary Marks or under other marks, including education or children's entertainment businesses that we or our affiliates may operate, acquire, be acquired by, or be merged or consolidated with. Nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than CLASS 101), whether or not the business is the same as or competitive with CLASS 101 Businesses within or outside of the Protected Area. In addition, Franchisor and its Affiliates may advertise and promote the Class 101 brand and the System within and outside your Protected Area without limitation.

D. Restrictions.

Franchisee has no right to (i) sublicense the Proprietary Marks or the System to any other person or entity, (ii) use the Proprietary Marks or System at any location other than the Approved Location and within the Protected Area, except for when providing Services at Third Party Sites within its Protected Area or as otherwise approved by Franchisor, or (iii) except as expressly authorized by Franchisor, to use the Proprietary Marks or System in any type of sale of, or offer to sell, or distribution of products or Services, including, but not limited to: selling, distributing or otherwise providing, any products to third parties at wholesale, or for resale or distribution by any third party; and selling, distributing or otherwise providing any products through catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet).

2. TERM.

A. Initial Term.

The initial term of this Agreement ("Initial Term") shall begin on the Effective Date and shall expire at midnight on the tenth anniversary thereafter. Notwithstanding the foregoing, nothing contained in this Section 2.A will limit Franchisor's termination rights set forth in Section 18 of this Agreement. You agree to operate the Franchised Business in compliance with this Agreement for the entire Initial Term unless this Agreement is properly terminated under Article 18.

B. Successor Term.

At the expiration of the Initial Term, you will have an option to remain a franchisee at the Approved Location for two additional, consecutive five (5) year terms (each a "Successor Term"). The Initial Term and Successor Terms (if any) are referred to in this Agreement as the "Term." You must give Franchisor written notice of whether you intend to exercise each Successor Term option no less than eight months, nor more than 12 months, before expiration of the Initial Term or first Successor Term, as applicable. Failure to timely provide the required written notice constitutes a waiver of your option to remain a franchisee beyond the expiration of the expiring Term. If you desire to exercise this option, you must comply with all of the following conditions prior to and at the end of the expiring Term:

(1) You may not be in default under this Agreement or any other agreement between you and Franchisor or its Affiliates; you may not be in default beyond the applicable cure period of any real estate lease, equipment lease or financing instrument relating to the Franchised Business; you may not be in default beyond the applicable cure period with any vendor or supplier to the Franchised Business; and, for the 12 months before the date of your notice and the 12 months before the expiration of the then-current term, you may not have been in default beyond the applicable cure period under this Agreement or any other agreements between you and Franchisor or its Affiliates;

(2) You (and any of your affiliates) shall not have any past due monetary obligations or other outstanding obligations to Franchisor and its affiliates, the approved suppliers of the System, or the lessor of the premises of the Franchised Business;

(3) If reasonably deemed necessary by Franchisor, you must renovate and upgrade the Franchised Business premises and all fixtures, furniture, equipment, signage and graphics , at your expense, to reflect the then-current image of a Class 101 business, which renovations may include structural changes, installation of new equipment, remodeling, redecoration, and modifications to existing improvements;

(4) You must have the right to remain in possession of the Franchised Business premises for the Successor Term, or have secured other premises acceptable to Franchisor for the purposes of operating the Franchised Business in the Successor Term and all monetary obligations owed to your landlord, if any, must be current;

(5) You and your employees must be in compliance with Franchisor's then-current training requirements, and if Franchisor requires, attend the then-current initial training or additional training before renewal is approved;

(6) At the time of renewal, you satisfy Franchisor's standards of financial responsibility and, if requested by Franchisor, you demonstrate to Franchisor that you have sufficient financial resources and means to continue to operate the Franchised Business during the renewal term;

(7) You and each Owner shall have executed Franchisor's then-current form of general release, subject to governing law, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective past and present officers, directors, shareholders, agents, and employees, in their corporate and individual capacity, including, without limitation, claims arising under federal, state, or local laws, rules, or ordinances, and claims arising out of, or relating to, this Agreement, any other agreements between you and Franchisor or its Affiliates, your operation of the Franchised Business, and the offer and grant of the franchise opportunity; and

(8) You may not have an established pattern of failing to operate the Franchised Business in accordance with this Agreement and with the System (as set forth in the Manual or otherwise and as revised from time-to-time by Franchisor), as evidenced by three or more failed quality assurance evaluations conducted by Franchisor or its designee pursuant to Section 18.B.(7), regardless of whether any corrective action with respect to such failed evaluation was completed, and you have operated any other Class 101 businesses in which you have an interest in accordance with the applicable franchise agreements.

Within four months after Franchisor's receipt of written notice of your desire for a Successor Term, and subject to you providing such information and documentation requested by Franchisor, including the information described in this Section 2.2 and current financial statements, Franchisor will provide written notice to you regarding whether or not you satisfy the criteria to remain a franchisee for such Successor Term. Such notice will contain preliminary information regarding the required renovations and modernizations described in Section 2.B(2), above. If you fail to satisfy the criteria for renewal as set forth above, then Franchisor will have the right to unilaterally extend the Initial Term as necessary to comply with governing law.

This Agreement does not grant any automatic rights to a Successor Term and Franchisor is not obligated to offer you a Successor Term if the requirements of this Section 2.B. are not strictly and timely met. If you are granted the right to a Successor Term, Franchisor will deliver to you the then-current form of the franchise disclosure document and, for execution, its then-current form of franchise agreement. which may contain terms and conditions differing materially from any and all of those in this Agreement including, without limitation, higher royalty fees and marketing obligations. Your Protected Area under the franchise agreement for the Successor Term will be the same as under this Agreement. Franchisor will waive any initial franchise fee imposed under such franchise agreement, but you must pay Franchisor the Renewal Fee set forth in Attachment A.

This Agreement does not grant any automatic rights to a Successor Term and Franchisor is not obligated to offer you a Successor Term if the requirements of this Section 2.B. are not strictly and timely met. You must execute the franchise agreement for the Successor Term and return the signed franchise agreement and payment of the Renewal Fee to Franchisor prior to expiration of the Initial Term. Your failure to sign the then-current franchise agreement, pay the Renewal Fee, and return them to Franchisor prior to expiration of the Initial Term shall be deemed a waiver of your right to renew for a Successor Term, and this Agreement and the Franchise granted by this Agreement will expire on the Expiration Date. If you have complied timely with all conditions set forth in this Article 2, Franchisor shall execute the franchise agreement for the Successor Term and promptly return a fully executed copy to you.

Notwithstanding the foregoing in this Section 2.B, if Franchisor publicly announces a decision to discontinue offering new franchises and the renewal of existing franchises, then upon expiration of the Initial Term, you shall not have the right to renew this Agreement, in which case and only in such case, the post-termination covenants of Section 14.B. herein shall not apply.

C. Holding Over

If you continue to operate the Franchised Business after the expiration of the Initial Term without having completed or complied with the required Successor Term process in Section 2.B., Franchisor, at its option, may consider this Agreement to be renewed on a month-to-month basis until all of the conditions set forth above are met or the Agreement is extended by execution of an extension agreement or is terminated. Whether or not Franchisor exercises this option, you will owe Franchisor the then-current holdover fee for each day, up to $250 per day, that you operate after the expiration of the Initial Term until the Agreement is renewed, extended or terminated ("Holdover Fee"). Notwithstanding any month-to-month extension, any continuance of business relations between you and Franchisor after the termination or expiration of this Agreement will not constitute, and may not be construed as, a reinstatement, renewal, or extension beyond a month-to-month arrangement and will not be considered a continuation of the Franchise unless you and Franchisor agree in writing to such renewal, extension or continuation. Payment of the Holdover Fee shall be made in such manner and at such time as Franchisor shall require, including by electronic means.

3. DEVELOPMENT PROCEDURES.

A. Site Selection.

Franchisee shall locate and secure, subject to Franchisor's approval, access to and use of an Approved Location for the Franchised Business within the Protected Area described in Attachment B. Franchisee shall be limited to locating and securing a site for the Franchised Business within this Protected Area, which must be approved pursuant to Section 3.B. below..

Upon identifying a potential Approved Location, Franchisee shall submit to Franchisor its complete site application in accordance with the site application procedures set forth in the Manual ("Site Application"). Franchisor will provide Franchisee with site selection assistance as Franchisor deems advisable, including without limitation Franchisor's site selection guidelines and design specifications and conducting an on-site evaluation of the proposed site; provided, Franchisor will not conduct an on-site evaluation for any proposed site prior to the receipt of the complete Site Application. To the extent Franchisor conducts an on-site evaluation, Franchisee will reimburse Franchisor for its out-of-pocket expenses incurred in connection with such site evaluation, including travel, accommodations and meals. Franchisee must obtain Franchisor's acceptance of the site for the Franchised Business within the Protected Area and sign the lease by the Lease Deadline (defined below). Franchisee assumes all cost, liability, expense and responsibility for locating, obtaining and developing the site for the Franchised Business within the Protected Area and for finish-out or renovation and equipping the Franchised Business at the site. **FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S PROVIDING ITS SITE SELECTION GUIDELINES AND DESIGN SPECIFICATIONS AND ANY OTHER SITE**

SELECTION ASSISTANCE TO FRANCHISEE PRIOR TO THE PROPOSED SITE BEING ACCEPTED BY FRANCHISOR WILL NOT CREATE ANY RELIANCE OR EXPECTATION DAMAGES OR LIABILITY FOR FRANCHISOR, AND SUCH ACTIVITIES WILL NOT CREATE ANY EXPECTATIONS OR REPRESENTATIONS TO FRANCHISEE THAT ANY PROPOSED SITE WILL BE ACCEPTED BY FRANCHISOR. Without Franchisee's prior consent, Franchisor shall not operate nor grant others the right to operate another Class 101 location in the Protected Area so long as Franchisee is in compliance with this Agreement and during the Term unless terminated, subject to Section 1.B.

B. Site Acceptance.

Franchisee shall develop and operate the Franchised Business only at the site and premises specified in Attachment B to this Agreement as the "Approved Location" (or "Premises"). The Approved Location shall be described in Attachment B subsequent to the execution of this Agreement, upon Franchisor's approval of the location and execution of the related lease or other agreement for access to and use of the space. Franchisee shall not relocate the Franchised Business from the Approved Location without Franchisor's prior written consent and/or otherwise in writing by Franchisor, as provided in Section 3.E. below.

Upon receipt of the complete Site Application, as determined by Franchisor, Franchisor will review and notify you whether Franchisor accepts (in writing) or does not accept, at its sole option, Franchisee's proposed site. If Franchisor does not provide written notice to Franchisee of its acceptance of a proposed site, Franchisor will be deemed to have rejected the proposed site. Upon Franchisor's acceptance of a proposed site, Franchisor will identify the Opening Date and the Parties will amend Attachment B memorializing the address of the Approved Location, the Protected Area, and the Opening Date. No site may be used for the location of the Franchised Business unless it is first accepted by Franchisor. No site shall be identified outside of the Protected Area, unless otherwise agreed to by the parties and upon written amendment to this Franchise Agreement. If Franchisee and Franchisor cannot agree on an acceptable site for the Franchised Business, then Franchisor may terminate this Agreement, without refund of the initial franchise fee and any other fees paid by Franchisee.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S RENDERING OF ANY SITE SELECTION ASSISTANCE OR ITS APPROVAL OF YOUR PROPOSED SITE DOES NOT AND WILL NOT CONSTITUTE, DIRECTLY OR IMPLICITLY, A REPRESENTATION, WARRANTY, GUARANTY OR ASSURANCE THAT THE FRANCHISED BUSINESS WILL ACHIEVE A CERTAIN SALES VOLUME OR LEVEL OF PROFITABILITY OR OTHERWISE WILL BE SUCCESSFUL; IT MEANS ONLY THAT THE PROPOSED SITE MEETS FRANCHISOR'S MINIMUM SITE CRITERIA. FRANCHISOR ASSUMES NO LIABILITY OR RESPONSIBILITY FOR: (1) EVALUATION OF THE SITE FOR STRUCTURAL SOUNDNESS, SEISMIC ACTIVITY, THE SITE'S SOIL FOR HAZARDOUS SUBSTANCES, OR THE SITE'S COMPLIANCE WITH APPLICABLE BUILDING CODES; (2) INSPECTION OF ANY STRUCTURE ON THE FRANCHISED BUSINESS LOCATION FOR ASBESTOS OR OTHER TOXIC OR HAZARDOUS MATERIALS; (3) COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT ("ADA"); OR (4) COMPLIANCE WITH ANY OTHER APPLICABLE LAW. IT IS YOUR SOLE RESPONSIBILITY TO OBTAIN SATISFACTORY EVIDENCE AND ASSURANCES THAT THE SITE (AND ANY STRUCTURES THEREON) IS STRUCTURALLY SOUND, FREE FROM ENVIRONMENTAL CONTAMINATION AND IS IN COMPLIANCE WITH THE REQUIREMENTS OF THE ADA AND OTHER APPLICABLE LAWS.

C. Execution of Lease.

(1) Franchisee shall excerpt best efforts to timely identify appropriate proposed premises for the Approved Location, and submit site selection applications and proposed lease agreements as required to the Franchisor for approval. Unless otherwise agreed by Franchisor in writing, Franchisee is required to

lease the Approved Location for the Franchised Business no later than the one-year anniversary of the Effective Date of this Franchise Agreement (the "Lease Deadline"), Franchisee shall obtain and provide Franchisor a copy of a fully executed lease agreement permitting the operation of the Franchised Business within the Protected Area. Franchisor retains all rights to approve or reject the proposed lease agreement and premises according to its standard practices and the terms set forth in or incorporated into the Franchise Agreement. Upon execution of the lease, Franchisor shall amend the Franchise Agreement (if not already amended under Section 2.B above) to establish a new Protected Area based on the Approved Location described in the lease upon its execution.

(2) If Franchisee has not executed a lease agreement by the Lease Deadline, then so long as Franchisee has not passed on an identified Acceptable Opportunity (defined below) in the Protected Area, Franchisee shall have a one-time option to extend the Lease Deadline by 30 days ("Extended Lease Deadline"). Franchisee must provide Franchisor with written notice of its election no later than ten (10) days after the Lease Deadline or such option is waived. Franchisee's failure to enter into a lease for the Approved Location within the Lease Deadline (if the lease extension is not exercised) or within the Extended Lease Deadline (if the lease extension is exercised) will constitute a default for which Franchisor will have the right to terminate the Franchise Agreement if Franchisee fails to cure such default within 7 days after delivery of the default notice by Franchisor.

(3) "Acceptable Opportunity" shall mean (i) an opportunity to lease an existing premises or newly constructed premises (i.e., develop and lease a new building) in the Protected Area; and (ii) the following criteria are satisfied: (a) when measured within the Protected Area, the Protected Areas will have i) an average household income above $65,000, ii) encompass a population of approximately 8,000 students aged 14 to 18, based on the most recent U.S. Census or other publicly available data that we designate, and iii) a minimum of six public or private high schools; and (b) with respect to the proposed premises or building, the rentable square footage is equal to or greater than 600 sq. ft. but not more than 1,600 sq. ft.

(4) Franchisee may operate the Franchised Business from its Owner's home office for the first year at the home address specified in Attachment B, but all classes, training sessions, client meetings, and other services offered to customers must take place at a classroom or other location outside of the home office that meets Franchisor's approval. Franchisee must transition all operations to the Approved Location on or before the first anniversary of the Effective Date.

D. Lease Approval and Lease Rider.

Unless otherwise agreed by Franchisor in writing, Franchisee is required to lease the Approved Location for the Franchised Business. Franchisee will provide to Franchisor for its review and approval a copy of the proposed lease pursuant to which Franchisee will occupy or acquire rights in the Approved Location after Franchisor accepts the Approved Location. The proposed lease will include the Lease Rider attached to this Agreement as Attachment G and will not contain any covenants or other obligations that would prevent, limit or adversely affect Franchisee from performing its obligations under this Agreement. The proposed lease will be executed by all necessary parties after Franchisor accepts the proposed lease (provided such lease must be executed by the Lease Deadline), and Franchisee will furnish a complete copy of the Lease and Lease Rider to Franchisor within ten days after execution.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT FRANCHISOR'S APPROVAL OF A LEASE DOES NOT MEAN THAT THE ECONOMIC OR LEGAL TERMS OF THE LEASE ARE FAVORABLE; IT MEANS ONLY THAT THE LEASE CONTAINS THE LEASE TERMS THAT FRANCHISOR REQUIRES.

E. Relocation.

You may relocate the Approved Location only within the Protected Area and only with Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent if your lease for the Approved Location expires or terminates through no fault of yours, or if the Franchised Business

premises are destroyed or materially damaged by fire, flood, or other natural catastrophe ("Innocent Loss or Casualty") and you are not in default of this Agreement or any other agreement between you and Franchisor. Selection of the relocation site and construction, renovation, and opening shall be governed by Articles 3, 4, and 5 of this Agreement; provided that: (1) if the relocation occurred as a result of an Innocent Loss or Casualty, the Franchised Business must be open for business at the new location within 180 days of closing at the previous Approved Location; and (2) if the relocation occurred for any other reason, the Franchised Business must be open for business at the new location within 30 days of closing at the previous location. You are solely responsible for all relocation costs and expenses, including your payment of the Relocation Fee, as defined in Attachment A.

4. DRAWINGS, CONSTRUCTION, AND RENOVATION.

A. Specifications and Drawings.

You assume all cost, liability, and expense for developing, constructing, and equipping the Franchised Business. You must ensure that all plans and specifications comply with applicable law and ordinances, building codes, and permit requirements, and with your lease requirements and restrictions. You shall use only qualified registered architects, registered engineers, and professional and licensed contractors, all or some of which Franchisor may specifically designate or approve from time-to-time in the Manual. All construction must comply in all respects with the Standards and with applicable laws, ordinances, local rules, and regulations. Franchisor may, but is not required to, make available to Franchisee standard plans and specifications for fixtures, equipment, furnishings and signs to be used in connection with development of the Franchised Business. Franchisee acknowledges that such standard design plans and specifications shall not contain the requirements of any federal, state or local law, code or regulation (including without limitation those concerning the Americans with Disabilities Act (the "ADA") or similar rules governing public accommodations or commercial facilities for persons with disabilities), compliance with which shall be Franchisee's sole responsibility and at Franchisee's sole expense.

B. Acquisition of Necessary Furnishings, Fixtures and Equipment.

You agree to use in the development and operation of the Franchised Business only the fixtures, furnishings, equipment, technology, signs, and items of décor that Franchisor has approved as meeting its specifications and Standards for quality, design, appearance, function, and performance, including without limitation the Indicia. You further agree to place or display at the Franchised Business location (interior and exterior) only those signs, emblems, lettering, logos, and display materials that Franchisor has approved in writing from time-to-time or as otherwise required in accordance with governing law.

You shall purchase or lease approved brands, types, or models of fixtures, furnishings, equipment, and signs only from suppliers designated or approved by Franchisor. If you propose to purchase, lease or otherwise use any fixtures, furnishings, equipment, signs, or items of décor which have not been approved by Franchisor, you shall first notify Franchisor in writing and shall, at your sole expense, submit to Franchisor upon its request sufficient specifications, photographs, drawings, or other information or samples for a determination as to whether those fixtures, furnishings, equipment, or signs comply with Franchisor's specifications and Standards. Franchisor will, in its sole discretion, approve or disapprove the items and notify you within 30 days after Franchisor receives the request.

C. Commencement and Completion of Construction and Build Out.

Construction shall be performed that satisfies the Standards set forth in the Manual. You must obtain our approval of and sign the lease for the Franchised Business at the Approved Location within twelve (12) months from the Effective Date. We may grant extensions at our discretion, but we are not required to grant extensions. "Force Majeure" means any natural disaster (such as tornadoes, earthquakes, hurricanes and floods), strike, lock-out, or other industrial disturbance, war (declared or undeclared), riot, government mandated closures due to epidemics and pandemics, fire, or other catastrophe, compliance with the orders, requests, regulations of any governmental authority having jurisdiction over a party or its

business, and any other cause not within the control of the party affected thereby that materially and adversely affects such party's ability to perform its obligations under this Agreement. Financial inability of a party will not constitute an event of Force Majeure. If events constituting Force Majeure cause a delay in the commencement of the construction or build out of the Franchised Business, Franchisor shall proportionately extend the date for the Franchised Business. Notwithstanding the occurrence of any such Force Majeure events, the Franchised Business shall be furnished, equipped and shall otherwise be ready to open for business per this Agreement, no later than the Opening Date.

You agree, at your sole expense, to do or cause to be done the following before transitioning business operations to the Approved Location:

(1) Obtain and maintain all required building, utility, sign, health, sanitation, business, and other permits and licenses applicable to the Franchised Business;

(2) Make all required improvements to the Franchised Business location and decorate the exterior and interior in compliance with the Standards;

(3) Purchase or lease and install all specified and required fixtures, equipment, furnishings, and interior and exterior signs required for the Franchised Business;

(4) Purchase an opening inventory for the Franchised Business of only authorized and approved products and other materials and supplies; and

(5) Deliver a copy of the lease and Lease Rider (if Franchisor requires) to Franchisor.

Franchisor reserves the right to delay Franchisee's transition to the Approved Location until it meets Franchisor's Standards. Further, upon Franchisor's request, you agree to submit development costs of the Franchised Business to Franchisor in the format Franchisor requires.

D. Inspection; Cooperation.

During construction or renovation, you shall (and shall cause your architect, engineer, contractors, and subcontractors to) cooperate fully with Franchisor and its designees for the purpose of permitting Franchisor and its designees to inspect the Franchised Business location and the course of construction or renovation to determine whether construction or renovation is proceeding according to the Plans.

E. Final Inspection.

You shall notify Franchisor in writing at least ten days prior to the date you expect construction or renovation to be completed and a certificate of occupancy to be issued. Upon Franchisor's request, you shall submit a copy of the certificate of occupancy to Franchisor. Franchisor reserves the right, after receiving your notice, to conduct a final inspection of the Franchised Business premises to determine your compliance with this Agreement. You shall not open the Franchised Business for business unless you have satisfied the conditions set forth in Article 5, below. Further, upon Franchisor's request, you agree to submit development costs of the Franchised Business to Franchisor in the format Franchisor requires.

5. OPENING.

A. Opening Date.

Franchisee must open the Franchised Business by the "Opening Date", which is the earlier of 120 days from the Effective Date or within seven (7) days following successful completion of the initial training program. Franchisee may operate the Franchised Business out of an approved home office, provided that all services delivered to customers and third-parties shall be conducted at a classroom or other location outside of the home office that meets Franchisor's approval. Franchisee shall transition to and commence operations at the Approved Location within one year of the Effective Date.

Time is of the essence in performance under this Section 5.B. If the Franchised Business is not open and operating by the Opening Date, Franchisor may, at its option, terminate this Agreement without

providing any refund to Franchisee or opportunity to cure. However, neither party shall be responsible for non-performance or delay in performance occasioned by a Force Majeure event. Force Majeure shall not include Franchisee's lack of adequate financing, and no event of Force Majeure shall relieve Franchisee of the obligation to pay any money under this Agreement, including the Minimum Royalty.

B. Opening Authorization.

Franchisee shall provide Franchisor with (a) written notice of its specific intended opening date; and (b) request for Franchisor's approval to open on such date. Such written notice and request shall be made no later than thirty (30) days prior to such intended opening date. Franchisor will authorize the opening of the Franchised Business only after all of the following conditions have been fully satisfied:

(1) You are not in material default under this Agreement or any other agreements with Franchisor; you are not in default beyond the applicable cure period under any real estate lease, equipment lease, or financing instrument relating to the Franchised Business; and you are not in default beyond the applicable cure period with any vendor or supplier of the Franchised Business;

(2) You are current on all monetary obligations due to Franchisor, including payment of the initial franchise fee, Minimum Royalty, Technology Fee, and any other fees then due;

(3) Franchisor has received a copy of the approved and fully executed lease and Lease Rider;

(4) You have obtained a certificate of occupancy and any other required health, safety, or fire department certificates;

(5) Your Designated Manager has attended and successfully completed Franchisor's initial training program and you have hired and trained your personnel in accordance with the requirements of this agreement, including without limitation ensuring that your personnel have obtained all required safety training and certifications;

(6) You have executed and delivered to Franchisor the Telephone Number Assignment Agreement attached hereto as Attachment F;

(7) You have executed and delivered to Franchisor the ACH Agreement attached hereto as Attachment H for the Franchisee entity operating under this Franchise Agreement;

(8) You have obtained initial inventory of supplies to open, and paid any amounts due to Designated Suppliers, or Franchisor or Affiliate;

(9) Franchisor has been furnished copies of all insurance policies required by Article 16 of this Agreement, and all such insurance is in full force and effect;

(10) You have satisfied all bonding, licensing, and other legal requirements for the lawful operation of your Class 101 business, including, without limitation, by ensuring that your planned membership offerings follow the Franchised Business' opening and your forms of membership agreement comply with governing law;

(11) You have conducted or are conducting the grand opening advertising, as described in Section 15.B according to our Standards; and

(12) You have complied with all other of Franchisor's pre-opening requirements, conditions and procedures (including, without limitation, those regarding pre-opening scheduling, training, and communications) as set forth in this Agreement, the Manuals, and/or elsewhere in writing by Franchisor.

In addition to the above, Franchisee must obtain Franchisor's approval before opening the Approved Location. Franchisor will authorize the opening of the Approved Location only after all of the following conditions have been fully satisfied:

(1) You have obtained all permits, certificate of occupancy, and certifications required for the lawful operation of the Franchised Business and shall certify in writing to Franchisor that all such permits and certifications have been obtained;

(2) You shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the ADA, regarding the Approved Location. In the event you receives any complaint, claim, other notice alleging a failure to comply with the ADA, you shall provide Franchisor with a copy of such notice within five (5) days after receipt thereof;

(3) You have provided a copy of the Lease and Lease Rider to Franchisor, and if the tenant under the Lease is different from the Franchisee entity herein, execute Franchisor's then-current form of assignment and assumption agreement and general release; and

(4) If the Franchisee is not a Business Entity upon execution of this Agreement, execute Franchisor's then-current assignment and assumption agreement to assign this Agreement to a Business Entity, which must be the same Business Entity that is the tenant on the Lease.

Franchisee shall ensure its operations meet the requirements of the space in which the Franchised Business is operating, whether imposed by a lease, other agreement, or rules imposed by the landlord or other party controlling the space.

C. Pre-Opening Assistance.

Franchisor will provide consultation and advice to you regarding: (1) development and operation of the Franchised Business; (2) building and layout, furnishings, fixtures, and equipment plans and specifications; (3) qualifications and training requirements for various personnel roles required for the operation of the Franchised Business in accordance with the Standards; and (4) purchasing and inventory control; and such other matters as Franchisor deems appropriate. If this Agreement is being signed in conjunction with your development and operation of your first Class 101 business, Franchisor will make available one member of Franchisor's training staff to provide you two to three days of remote or on-site opening assistance. There is no additional fee for such assistance for the first remote Class 101 business you develop, but if such assistance is provided with respect to the first on-site or second or any subsequent Class 101 business developed by you or your Affiliate, or if Franchisor deems necessary or you request that Franchisor provide additional members of its training staff to provide on-site opening assistance (subject to availability of personnel), then in each such case, Franchisor may charge, and you agree to pay, a then-current training fee per day per each individual provided for such on-site assistance, including reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such on-site opening assistance, including travel, accommodations and meals for the trainer(s) providing such assistance.

D. Ongoing Assistance.

Franchisor periodically, as it deems appropriate, will advise and consult with you regarding the operation of your Franchised Business, and provide to you its knowledge and expertise regarding the System and pertinent new developments, techniques, and improvements in business management, sales promotion, service concepts, and other areas. Franchisor may provide these services through visits by Franchisor's representatives to the Franchised Business, the distribution of printed or filmed material, or electronic information, meetings, or seminars, telephone communications, email communications, or other communications.

6. FEES.

A. Initial Franchise Fee.

Upon execution of this Agreement, you shall pay Franchisor an Initial Franchise Fee in the amount specified in the Summary Page. Franchisee acknowledges and agrees the Initial Franchise Fee is fully earned by Franchisor when paid and is not refundable. In the event any Initial Franchise Fee discounts were applied because one of the Owners is a veteran, and if the veteran who was the basis of such veteran's incentive is no longer an Owner for any reason, other than death or disability, then, at the fifth anniversary of the Effective Date or upon any transfer, Franchisee shall reimburse Franchisor the entire amount of the discount applied to the Initial Franchise Fee.

The Initial Franchise Fee shall be paid in full upon the execution of this Agreement, subject to any applicable development fees that Franchisee previously paid to Franchisor pursuant to a separate development agreement and which may be applied against the Initial Franchise Fee under the terms of such development agreement.

B. Royalty Fee.

You shall pay to Franchisor a nonrefundable and continuing Royalty Fee in the amount specified in the Summary Page for the right to use the System and the Proprietary Marks, as they may be amended by Franchisor from time to time, at the Franchised Business location and in connection with the operation of the Franchised Business. In each monthly period, the Royalty Fee will be the greater of: (a) 8% of Gross Sales, and (b) $500 (the "Minimum Royalty"). The Minimum Royalty shall begin on first day of the seventh month following the Opening Date.

C. Administrative Fees.

In addition to the Royalty Fee and any other fees charged in this Agreement, you are required to pay to Franchisor certain administrative fees each month related to support services provided to the Franchised Business, as follows:

(1) Call Center: If Franchisor establishes or designates a centralized call center for Class 101 businesses operating in the United States ("Call Center"), you must pay Franchisor or the designated provider the then-current fee for Call Center services (the "Call Center Fee"). Both the services and the associated fee may be revised from time to time. The Call Center program may include commissions for scheduling customers for classes and soliciting prospective customers for the Franchised Business. Policies and procedures related to bookings through the Call Center, including your obligations with respect to such bookings and related commissions, will be set forth in the Manual, as it may be amended by Franchisor from time to time. Fees that are collected by Designated Suppliers of services related to the Call Center are established by such Designated Suppliers and will vary depending on the number of licenses provided to your Franchised Business and the overall number of licenses provided to Class 101 businesses operating in the United States.

(2) Membership Program. Franchisor has the right to establish a multi-tier membership program for Class 101 businesses (the "Membership Program"), as further described in Section 11.P. If established, you are obligated to participate in the Membership Program in accordance with the terms set forth in this Agreement and the Manual. All Membership Program fees you collect from members will be included in your Gross Sales and subject to the monthly Royalty Fee.

(3) Technology Fee. You must pay Franchisor a Technology Fee as specified in the Summary Page and Section 11.E below.

(4) Payments to Affiliates. If any of our Affiliates provides products and services to you, whether under a separate agreement or otherwise, you must promptly pay any and all outstanding invoices and other payments to such Affiliate. Late or non-payment of our Affiliate invoices is a breach of

this Agreement, and any such overdue and unpaid invoices to our Affiliates become payable and an outstanding obligation under this Agreement, which is subject to default and termination under Article 18.

D. National Advertising Fund.

Upon 30 days' notice to Franchisee, Franchisor may implement, and thereafter will administer and control the National Advertising Fund ("NAF") for Class 101 businesses in the United States. You will pay to Franchisor a continuing, non-refundable monthly contribution of up to 5% of monthly Gross Sales ("NAF Contribution") to the NAF. Franchisor reserves the right to suspend collection of the NAF Contribution or increase the NAF Contribution at any time, provided that (i) the NAF Contribution will not exceed 5% of Gross Sales, and (ii) the sum of the NAF Contribution, Advertising Cooperative contribution, and required Local Marketing Expenditure will not exceed 6% of Gross Sales during any 12-month period.

E. Conferences.

Franchisor may, at its sole option, conduct conferences to discuss System developments including operational efficiency, personnel training, bookkeeping, accounting, inventory control, performance standards, advertising programs, merchandising procedures, and such other matters as Franchisor may identify. Attendance at such conferences by your Designated Manager or general manager may be made mandatory by Franchisor. If you are currently in default of this Agreement then Franchisor may, at its option, prohibit you and your Designated Manager's attendance at such conferences. You are responsible for all costs and expenses associated with attendance including, without limitation, compensation, travel, accommodations, wages, and meals for conference attendees. Franchisor reserves the right to charge a conference fee up to $1,500 per attendee, which is subject to adjustment upward in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year, which is due upon Franchisor's invoice to you. If your attendance is required and you fail to attend or send a representative in your place to attend the conference, then Franchisor reserves the right to charge you a conference materials fee of $1,000 to provide you the training materials from the conference in a format of Franchisor's choosing.

F. Payment for Products and Services.

You agree to pay Franchisor and/or its affiliates for all purchases of merchandise, equipment, supplies, and services from Franchisor and its affiliates, in accordance with the seller's then-current prices, terms and conditions of sale, and credit policies for Class 101 businesses. Franchisor and its affiliates reserve the right to refuse orders from or deny delivery of products and services to any Class 101 business with a past due balance. Franchisor and its affiliates have the right to change their prices, terms and conditions of sale, and credit policies on reasonable notice. Franchisor reserves the right to pass through payment processor and merchant fees for payment processors it designates. If Franchisor elects, you will be charged each month a payment card processing fee, which represents your pro rata share of the system-wide fee assessed by Franchisor's designated payment card processor based on the volume of credit card payments you receive.

G. Payment Method.

You must participate in Franchisor's then-current electronic funds transfer program authorizing Franchisor to utilize a pre-authorized bank draft system and sign the ACH Authorization form attached hereto as Attachment H. Except as otherwise specified, all Royalty Fees and other amounts owed under this Agreement, including interest charges, are payable monthly and must be received by Franchisor or credited to Franchisor's account by pre-authorized bank debit before 5:00 p.m. on the date such payment is due, as specified in the Manual (the "Due Date"). On each Due Date, Franchisor will transfer from your commercial bank operating account ("Account") the fees due pursuant to this Section 6 based on the Gross Sales reported to Franchisor by you or as determined by Franchisor by the records contained in the cash registers/computer terminals of the Franchised Business. Declining or revoking participation (directly or

indirectly) your participation in Franchisor's then-current electronic funds transfer program is a material breach of this Agreement for which Franchisor may terminate your agreement.

For the sake of clarity, you must include in Gross Sales all revenue you receive in connection with the operation of the Franchised Business, including without limitation disbursements you receive from any third party sales platform (e.g. Groupon), in each case whether authorized or unauthorized (provided, Franchisor's acceptance of fees paid by Franchisee in connection with unauthorized programs or third party service providers will not constitute a waiver of any right or remedy of Franchisor under this Agreement or governing law). If you have not reported to Franchisor Gross Sales for any reporting period, Franchisor will transfer from the Account an amount calculated in accordance with its estimate of the Franchised Business' Gross Sales during the reporting period, which estimate may be based on, among other things, historical financial performance of the Franchised Business or current and historical performance of other franchisees. If, at any time, Franchisor determines that you have underreported Gross Sales or underpaid the Royalty Fee or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor shall initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided in this Agreement. Any overpayment will be credited against future Royalty Fees and other payments due under this Agreement.

In connection with the payment by electronic funds transfer, you shall: (1) comply with procedures specified by Franchisor in the Manual or otherwise in writing; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section 6.G.; (3) give Franchisor an authorization in the form of Attachment J or as otherwise designated by Franchisor to initiate debit entries and credit correction entries to the Account for payments of the Royalty Fee and other amounts payable under this Agreement, including any interest charges; and (4) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

In addition to those fees payable to Franchisor set forth in this Section 6 and elsewhere in this Agreement, Franchisor may, upon notice to Franchisee and at its option, collect payments due to certain Designated Suppliers of goods and services the Franchisee is required to purchase pursuant to the Standards in connection with the development and operation of the Franchised Business via the electronic funds transfer program and may remit such collected amounts to the Designated Suppliers directly. Such payment on behalf of Franchisee does not constitute a guarantee by Franchisor of any obligation of Franchisee to such Designated Suppliers, and Franchisee will remain fully liable for all such obligations.

Notwithstanding the provisions of this Section 6.G., Franchisor reserves the right to modify, at its option, the method by which you pay the Royalty Fee and other amounts owed under this Agreement, including interest charges, upon receipt of written notice by Franchisor. Your failure to have sufficient funds in the Account shall constitute a default of this Agreement pursuant to Article 18. You shall not be entitled to set off, deduct, or otherwise withhold any Royalty Fees, interest charges, or other monies payable to Franchisor under this Agreement on grounds of any alleged nonperformance by Franchisor of any of its obligations or for any other reason.

H. Interest; Non-Sufficient Funds Charge.

Any payments not received by the Due Date will accrue interest at the rate of 18% per annum or the highest lawful interest rate permitted by the jurisdiction in which the Franchised Business operates, whichever is less. If any check, draft, electronic or otherwise, is returned for nonsufficient funds, you shall pay to Franchisor a nonsufficient funds charge in an amount determined by Franchisor, but not to exceed $100 per transaction or the maximum allowed by governing law and shall reimburse Franchisor for all expenses that it incurs on account of such nonsufficient funds.

I. Taxes.

Any and all amounts expressed as being payable pursuant to this Agreement are exclusive of any applicable taxes. You are obligated to pay all federal, state and local taxes, including without limitation sales, use and other taxes, fees, duties and similar charges assessed against you. **You are responsible for and must indemnify and hold Franchisor and the Franchisor Indemnitees (as defined in Section 20.B.) harmless against any penalties, interest and expenses incurred by or assessed against Franchisor as a result of your failure to withhold such taxes or to timely remit them to the appropriate taxing authority.** You agree to fully and promptly cooperate with Franchisor to provide any information or records it requests in connection with any application by Franchisor to any taxing authority with respect to you.

J. Partial Payments.

No payment by you or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Your payments of a lesser amount than due with an endorsement, statement, or accompanying letter to the effect that payment of the lesser amount constitutes full payment shall be given no effect and Franchisor may accept the partial payments without prejudice to any rights or remedies it may have against you. Acceptance of payments by Franchisor other than as set forth in this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement or a waiver by Franchisor of any other remedies or rights available to it pursuant to this Agreement or under governing law. Notwithstanding any designation by you, Franchisor shall have the sole discretion to apply any payments by you to any of your past due indebtedness for Royalty Fees, purchases from Franchisor or its Affiliates, interest or any other indebtedness. Franchisor has the right to accept payment from any other entity as payment by you. Acceptance of that payment by Franchisor will not result in that other entity being substituted as franchisee under this Agreement.

K. Collection Costs and Expenses.

You agree to pay Franchisor on demand all costs and expenses incurred by Franchisor in enforcing the terms of this Agreement including, without limitation, collecting any monies that you owe to Franchisor. These costs and expenses include, without limitation, costs and commissions due a collection agency, attorneys' fees, costs incurred in creating or replicating reports demonstrating Gross Sales of the Franchised Business, court costs, expert witness fees, discovery costs, and attorneys' fees and costs on appeal, together with interest charges on all of the foregoing.

L. Pre-Opening Gross Sales.

If Franchisor approves your Franchised Business to engage in pre-opening sales of memberships, then such pre-opening sales will be conducted in accordance with the Standards set forth in the Manual. In such case, Franchisee will pay Franchisor a Royalty Fee, NAF Contribution, and such other fees payable to Franchisor under this Article 6 in accordance with the terms and conditions described above on all Gross Sales of the Franchised Business in connection with such pre-opening sales.

M. Designated Accountants and Fees.

If required by Franchisor, Franchisee shall use a certified public accountant service designated or approved by Franchisor for bookkeeping and financial records management of the Franchised Business. Franchisee shall pay such service provider or Franchisor, as directed by Franchisor, a fee for these services for each month in such amount as the service provider or Franchisor may periodically designate.

N. No Subordination.

Franchisee shall not subordinate to any other obligation its obligation to pay Franchisor the Royalty Fees and/or any other fee or charge payable to Franchisor, whether under this Agreement or otherwise.

7. RECORDKEEPING AND REPORTS

A. Recordkeeping.

You agree to use computerized cash and data capture and retrieval systems that meet Franchisor's specifications and to record Franchised Business sales electronically or on tape for all sales at or from the Franchised Business premises. You shall keep and maintain, in accordance with any procedures set forth in the Manual, complete and accurate books and records pertaining to the Franchised Business in the format and using the accounting software that Franchisor requires. Your books and records shall be kept and maintained using generally accepted accounting principles in the United States ("GAAP"). You shall preserve all of your books, records, and state and federal tax returns for at least five years after the later of preparation or filing (or such longer period as may be required by any governmental entity) and make them available and provide duplicate copies to Franchisor within five days after Franchisor's written request. Upon Franchisor's request, you shall provide all organizational documents of the Franchisee, your lease for the Approved Location, and such other records as Franchisor may reasonably require.

B. Periodic Reports and Retention of Records.

You shall, at your expense, submit to Franchisor in the form prescribed by Franchisor a monthly profit and loss statement and balance sheet (both of which may be unaudited). Each statement and balance sheet shall be signed by you, your treasurer, or chief financial officer attesting that it is true, correct, and complete and uses accounting principles applied on a consistent basis which accurately and completely reflects the financial condition of the Franchised Business during the period covered. Where Franchisor authorizes Franchisee to use the services of a third party sales platform (e.g. Groupon), Franchisee must execute an authorization in the form prescribed by Franchisor that permits Franchisor to access the sales made by such third party sales platform and the disbursements paid to Franchisee at least monthly.

With respect to the operation and financial condition of the Franchised Business, Franchisor may require that Franchisee adopt, until otherwise specified by Franchisor, a fiscal year that coincides with Franchisor's then-current fiscal year, as specified by Franchisor in the Manuals or otherwise in writing. Franchisee shall maintain during the entire term of this Agreement, and, for not less than seven (7) years following the termination, expiration, or non-renewal of this Agreement, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing, including but not limited to: (i) daily transaction reports; (ii) cash receipts journal and general ledger; (iii) cash disbursements and weekly payroll journal and schedule; (iv) monthly bank statements, deposit slips and cancelled checks; (v) all tax returns; (vi) suppliers' invoices (paid and unpaid); (vii) dated daily and weekly transaction journal; (viii) semi-annual fiscal period balance sheets and fiscal period profit and loss statements; and (ix) such other records as Franchisor may from time to time request.

C. Other Reports.

You shall submit to Franchisor, for review or auditing, such other forms, reports, records, information, and data as Franchisor may reasonably designate, in the form and at times and places reasonably required by Franchisor, upon request and as specified from time-to-time in the Manual or otherwise in writing. At Franchisor's request, you shall furnish to Franchisor a copy of all federal and state income tax returns reflecting revenue derived from the operation of the Franchised Business, and copies of all sales tax returns, filed with the appropriate taxing authorities.

D. Audit Rights.

Franchisor or its designee shall have the right at all reasonable times, both during and for a period of five years after the Term, to inspect, copy, and audit your books, records, and federal, state, and local tax returns, sales tax returns and such other forms, reports, information, and data as Franchisor reasonably may designate, applicable to the operation of the Franchised Business. If Franchisor conducts an audit pursuant

to this Section 7.D., you must produce all requested documents to Franchisor within 10 calendar days after Franchisor's written request; if you do not timely produce such documents, it is considered a default under Section 18.C.(16). If an inspection or audit discloses an understatement of Gross Sales, you shall pay Franchisor, within ten days after receipt of the inspection or audit report, the deficiency in the Royalty Fees plus interest (at the rate and on the terms provided in Section 6.F.) from the Due Date until the date of payment. If an inspection or audit is made necessary by your failure to furnish reports or supporting records as required under this Agreement, or to furnish such reports, records, or information on a timely basis, or if an understatement of Gross Sales for the period of any inspection or audit is determined to be greater than 2%, you also shall reimburse Franchisor for the actual cost of the inspection or audit including, without limitation, the charges of attorneys and independent accountants, and the travel expenses, accommodations, meals and compensation of Franchisor's employees or designees involved in the inspection or audit. These remedies shall be in addition to all other remedies and rights available to Franchisor under this Agreement and governing law.

Franchisor may also require you to participate in Brand-wide management and reporting systems, which you must contribute requested data and otherwise participate in. Upon execution of this Agreement, you must also execute Attachment I, the Dashboard Access Agreement, which gives you access to Franchisor's current reporting system. You may be required to participate in other systems in the future, which you must participate in and incorporate into your reporting procedures at your own cost and expense.

E. Accounting Practices.

If you fail to comply with any of the reporting requirements described in this Article 7 then Franchisor may require you to engage a bookkeeping service provider, designated or approved by Franchisor, to provide bookkeeping services for the Franchised Business for such period of time that Franchisor deems appropriate, in its sole discretion.

8. TRAINING AND ASSISTANCE

A. Training.

Franchisor will provide an initial training program at its headquarters or such other location as Franchisor may designate. Your Designated Manager and such other of your management personnel as Franchisor may reasonably require must attend and successfully complete the initial training program before the Franchised Business may open for business. "Designated Manager" means the individual identified in Attachment C and that satisfies the requirements and conditions set forth in Section 11.K. There is no charge for up to two individuals (including the Designated Manager) to attend the initial training program. At your request, Franchisor may permit additional individuals to attend the same training program (subject to certain conditions, as set forth in the Manual), provided there is availability for additional participants in the training program and, if approved, you pay to Franchisor its then-current training fee as published in the Manual from time-to-time. If Franchisee is other than an individual, Franchisor may require (in addition to the training of the key personnel identified in Attachment C and the Designated Manager) that any or all owners of beneficial interests in Franchisee (each a "Owner"), who are individuals and own more than a ten percent (10%) beneficial interest in Franchisee, to attend and successfully complete, to Franchisor's satisfaction, such portions of the initial training program as determined by Franchisor appropriate for Owners not involved in the day-to-day operations of the Franchised Business.

Your Designated Manager, general manager, and other Franchised Business personnel shall attend and successfully complete to Franchisor's satisfaction all safety training courses and programs that Franchisor requires from time-to-time, including, without limitation, all training that may be required by the state or local municipality where your Franchised Business is located, and shall maintain such certifications at all times throughout the Term. Franchisor may charge, and you agree to pay, a then-current training fee or tuition for all safety training courses and programs that it provides plus, when applicable,

reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such training.

Your Designated Manager shall be responsible for training your employees in all aspects of Franchised Business operations in accordance with the Standards set forth in the Manual. If Franchisor determines that the training provided by Franchisee or Designated Manager does not satisfy Franchisor's standards and requirements, or that any newly trained individual is not trained to Franchisor's standards, then Franchisor may require that such newly trained individual(s) attend and complete an initial training program provided by Franchisor prior to the opening of the Franchised Business.

Franchisor may, in its sole discretion, require your Designated Manager and other of your management personnel to attend and complete, to Franchisor's satisfaction, such other additional and remedial training as Franchisor may from time-to-time reasonably deem necessary. By way of example and not limitation, remedial training may be required if you repeatedly fail to comply with the quality and service Standards set forth in the Manual, fail to comply with reporting requirements of this Agreement or receive significant customer complaints. Franchisor may charge, and you agree to pay, a then-current training fee for each day of additional or remedial training provided plus, when applicable, reimbursement of Franchisor's out of pocket costs it incurs in connection with providing such training, including travel, accommodations and meals for the individual(s) providing such assistance.

You are responsible for all costs and expenses of complying with Franchisor's training and certification requirements including, without limitation, tuition, fees, and registration costs, as well as compensation, travel, accommodations and meals for all personnel who participate in the training.

Franchisor's training program is intended to maintain and protect the Proprietary Marks and System and not to control the day-to-day operations of the Franchised Business. Franchisor's training program may consist of on-the-job instruction on basic business procedures, equipment operation and maintenance, scheduling, basic accounting principles, computer operations, advertising and promotion, purchasing procedures, customer safety, inventory and cost control, customer service, janitorial service, general maintenance, and other topics selected by Franchisor (excluding topics relating to labor relations and employment practices). If Franchisee, its Designated Manager, or Franchisee's manager does not successfully complete the required training program, then such person will not be permitted or authorized to participate in the operation of the Franchised Business.

B. New or Replacement Designated Manager.

In the event that Franchisee's Designated Manager ceases active employment in the Franchised Business, Franchisee shall enroll a qualified replacement who is reasonably acceptable to Franchisor in Franchisor's training program reasonably promptly following cessation of employment of said individual. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for any such training conducted by Franchisor. In the alternative, with respect to training a replacement Designated Manager, Franchisee may train such replacement(s) in accordance with Section 8.C. below. The replacement Designated Manager and/or any required managers shall complete the initial training program as soon as is practicable and in no event later than any time periods as Franchisor may specify from time to time in the Manuals and otherwise in writing. Franchisor reserves the right to review any Franchisee trained personnel and require that such persons attend and complete, to the satisfaction of Franchisor, the initial training program offered by Franchisor at a location designated by Franchisor.

C. Training by Franchisee of Additional or Replacement Managers.

Franchisee shall have the option of training any additional Designated Manager (following the training of the first Designated Manager by Franchisor) at the Franchised Business or other Class 101 businesses operated by Franchisee or its Affiliates, provided that Franchisee is in compliance with all agreements between Franchisee and Franchisor and further provided that the training is conducted: (a) by the Designated Manager or other personnel who has completed Franchisor's initial training program to the

satisfaction of the Franchisor (and who remains acceptable to Franchisor to provide such training) and (b) in accordance with any requirements or standards as Franchisor may from time to time establish in writing for such training. In the event Franchisor conducts such training, Franchisor reserves the right to require Franchisee to pay Franchisor's then-current per diem charges for training.

D. Refresher Training.

Subject to Section 8.G., Franchisor may also require that Franchisee or its key personnel or Designated Manager attend such refresher courses, seminars, and other training programs as Franchisor may reasonably require from time to time.

E. Training Costs.

All expenses incurred in connection with training, including, without limitation, the costs of transportation, lodging, meals, wages, and worker's compensation insurance, shall be borne by Franchisee.

F. Location of Training.

All training programs shall be at such times as may be designated by Franchisor. Training programs shall be provided at Franchisor's headquarters and/or such other locations as Franchisor may designate.

G. Additional Training.

If Franchisor determines, in its sole discretion, that Franchisee is in need of additional supervision or supplemental training, Franchisor may require that Franchisee receive such training from Franchisor, in which case Franchisee agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, which shall be as set forth in the Manuals or otherwise in writing. If Franchisee requests that Franchisor provide additional supervision or supplemental training or that any training programs offered or required by Franchisor, then Franchisee further agrees that it shall pay Franchisor's then-current per diem charges and out-of-pocket training expenses, set forth in the Manuals or otherwise in writing.

9. MANUAL

A. Manual on Loan.

Franchisor will loan you one copy of the Manual (as defined in Attachment A), which may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; videos; CD-ROMS or other electronic media; online postings; online portal; e-mail or electronic communications; facsimiles; PDF; or, any other medium capable of conveying the Manual's contents. The Manual is material because it will affect the way you operate your Franchised Business. The Manual contains detailed standards, specifications, instructions, requirements, methods, and procedures for management and operation of the Franchised Business. The Manual may also contain information relating to customer experience and service standards; customer loyalty, rewards and Membership Programs; management training and brand qualifications for personnel roles; marketing, advertising, and sales promotions, including brand strategy and positioning; maintenance and repair of the Franchised Business premises; personnel uniform standards; graphics; and accounting, bookkeeping, records retention, and other business systems, procedures, and operations. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall operate the Franchised Business strictly in accordance with the standards, specifications, methods, policies, and procedures specified in the Manuals (as supplemented, amended, or modified by Franchisor from time-to-time). The mandatory specifications, standards and operating procedures prescribed by Franchisor and communicated to Franchisee in writing as part of the Manual, shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include the provisions of the Manuals and all such mandatory specifications standards and operating procedures.

B. The Manual is Confidential

Franchisee shall treat the Manuals, any other materials created for or approved for use in the operation of the Franchised Business, and the information contained therein, as confidential, and shall use all reasonable best efforts to maintain such information (both in electronic and other formats) as proprietary and confidential. You shall not download, copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any unauthorized person, except as authorized in advance by the Franchisor. You agree to maintain the Manual at the Franchised Business, to treat the Manual as strictly confidential and proprietary, and to disclose the contents of the Manual only to those employees who have a need to know in connection with the operation of the Franchised Business.

C. Revisions to the Manual

Franchisor, at its sole discretion, may supplement, amend, or modify the Manual from time-to-time through any of the foregoing methods of communication concerning the System to reflect changes in the image, specifications, and standards relating to developing, equipping, furnishing, and operating a Class 101 business, including without limitation products and services that may be offered to customers, all of which will be considered part of the Manual and will, upon delivery to you, become binding on you as if originally set forth in the Manual or in this Agreement. You must keep your copy of the Manual current and up-to-date with all additions and deletions provided by or on behalf of Franchisor, and you must purchase whatever equipment and related services (including, without limitation, sound system, lighting, computer system, internet service, dedicated phone line, and such other hardware and software and related technology solutions and components as we may prescribe) as may be necessary to receive these communications. Franchisee expressly agrees to comply with each new or changed standard in the Manual. If a dispute relating to the contents or interpretation of the Manual develops, the master copy maintained by Franchisor at its principal offices shall control.

D. Franchisor's Property

The Manuals shall remain the sole property of Franchisor and shall be accessible only from a secure place. Upon termination or expiration of this Agreement, you shall immediately return the Manual without retaining any copies thereof.

10. MODIFICATIONS OF THE SYSTEM

Franchisor may, at its sole option, change or modify from time-to-time the System, any components of this System, and the requirements applicable to you by means of supplements or amendments to the Manual, including, but not limited to, modifications to the Manual, the required equipment, the signage, the building and premises of the Franchised Business (including the trade dress, décor, and color schemes), the presentation of the Proprietary Marks (including requiring additional or replacement Proprietary Marks), and other characteristics to which you are required to adhere (subject to the limitations set forth in this Agreement); adoptions of new administrative forms and methods of report and of payment of any monies owed by Franchisee (including electronic means of reporting and payment); alterations of the products, services, programs, methods, standards, accounting and computer systems, forms, policies and procedures of the System; and additions to, deletions from, or modifications to the products and services your Franchised Business is authorized or required to offer; and additions, changes, improvements, modifications, substitutions to, of, from, or for the Proprietary Marks or copyrighted materials. You must accept and implement at the Franchised Business any such changes or modifications in the System as if they were a part of the System at the time you executed this Agreement, and you must make such expenditures as the changes or modifications in the System reasonably require.

Because enhancing the Brand's competitive position and consumer acceptance for the Brand's products and services is a paramount goal of Franchisor and its franchisees, and because this objective is consistent with the long-term interest of the System overall, Franchisor may exercise certain rights, to the fullest extent permitted by then-governing law, with respect to pricing of products and services offered for

sale at Class 101 businesses, including, but not limited to, establishing policies with respect to the maximum and minimum retail prices which you may charge customers of your Franchised Business. Franchisor further reserves the right to establish price promotions or package promotions, gift card programs, loyalty programs, and other supplemental marketing programs, which may directly or indirectly impact your retail prices, and in which Franchisor may compel you to participate. Franchisor may engage in any such activity periodically or throughout the Term and may engage in such activity in some geographic areas but not others, or with regard to certain subsets of franchisees but not others.

You acknowledge that because uniformity may not be possible or practical under many varying conditions, Franchisor reserves the right to materially vary its standards or franchise agreement terms for any franchisee, based on the timing of the grant of the franchise, the peculiarities of the particular territory or circumstances, business potential, population, existing business practices, other non-arbitrary distinctions, or any other condition which Franchisor considers important to the successful operation of the System. Except as required by governing law, Franchisor is not obligated to disclose any variation or to grant the same or a similar variation to you.

If you develop any new concepts, processes, or improvements relating to the System, whether or not pursuant to a test authorized by Franchisor, you must promptly notify Franchisor and provide Franchisor with all information regarding the new concept, process, or improvement, all of which will automatically become the sole and exclusive property of Franchisor and its Affiliates, and which Franchisor and its Affiliates may incorporate into the System without any payment or other consideration to you. You, on behalf of yourself and your owners and all personnel, hereby irrevocably assign all rights in any new concepts, process or improvements relating to the System, and any derivative thereof, to Franchisor or any of its Affiliates, at Franchisor's option, and will execute and deliver all such additional instruments and documents as Franchisor may request to evidence the assignment and Franchisor's or its Affiliate's ownership of such new concept, process or improvement relating to the System.

Franchisee shall not implement any change to the System (including the use of any product or supplies not already approved by Franchisor) without Franchisor's prior written consent. Franchisee acknowledges and agrees that, with respect to any change, amendment, or improvement in the System or use of additional product or supplies for which Franchisee requests Franchisor's approval: (i) Franchisor shall have the right to incorporate the proposed change into the System and shall thereupon obtain all right, title, and interest therein without compensation to Franchisee, (ii) Franchisor shall not be obligated to approve or accept any request to implement change, and (iii) Franchisor may from time to time revoke its approval of a particular change or amendment to the System, and upon receipt of written notice of such revocation, Franchisee shall modify its activities in the manner described by Franchisor.

At all times, Franchisee shall update, upgrade, maintain, replenish, replace and recondition Franchisee's supplies, and, if applicable, the premises of the Approved Location, as specified by Franchisor, in the Operations Manual and as modified by Franchisor from time to time**. NOTWITHSTANDING THE FOREGOING, FRANCHISEE EXPRESSLY ACKNOWLEDGES AND AGREES THAT THE FOREGOING RELATES TO BRAND STANDARDS AND SPECIFICATIONS ASSOCIATED WITH THE PROPRIETARY MARKS AND THE SERVICES AND THAT, AT ALL TIMES, FRANCHISEE IS AND SHALL EXCLUSIVELY REMAIN RESPONSIBLE FOR CONDITIONS INVOLVING THE SAFETY OF CUSTOMERS.**

If Franchisee fails or refuses to initiate within 10 days after receipt of notice, and to continue in good faith and with due diligence, a bona fide program to undertake and complete required maintenance or refurbishing of the Approved Location that, in Franchisor's sole discretion, is necessary to prevent a negative impact upon the goodwill associated with the Proprietary Marks and/or the System, or for the safety of customers of the Franchised Business, then Franchisor has the right, but is not obligated, to enter upon the premises of Approved Location and effect maintenance and refurbishing on Franchisee's behalf, and Franchisee must pay the entire cost to Franchisor on demand. In lieu, Franchisor may also require

Franchisee to shutter the Franchised Business until such required maintenance or refurbishment is conducted according to Franchisor's specifications.

11. PERFORMANCE REQUIREMENTS

A. Best Efforts

Your Designated Manager (see Section 11.K below) must use full time and best efforts in the operation of the Franchised Business and must personally supervise the day-to-day operation of the Franchised Business. An Owner may be the Designated Manager.

B. Standards, Specifications and Procedures.

You agree to comply with all System specifications, standards, and operating procedures (whether contained in the Manual or any other written communication, or communicated in training) relating to the appearance, operation, customer experience, function, safety and cleanliness of a Class 101 business, including without limitation: (1) the types of programs offered; (2) uniformity, pricing and type of all products and services offered for sale at the Franchised Business; (3) sales and marketing procedures and customer service; (4) advertising and promotional programs; (5) Membership Programs (including compliance with the terms and formats of membership agreements in the form prescribed by Franchisor), customer loyalty programs and gift card programs (Customer Card Programs); (6) layout, décor, and color scheme of the Franchised Business and Approved Location; (7) qualification and training of personnel; (8) submission of requests for approval of brands of products, supplies, and suppliers; (9) use and illumination of signs, posters, displays, standard formats, and similar items; (10) use of audio equipment and type and decibel levels of music; (11) use of video equipment and type and decibel level of television broadcasts (including closed captioning requirements); (12) types of fixtures, furnishings, equipment, computer systems, small wares, and packaging; and (13) the make, type, location, and decibel level of any entertainment or vending machine. Mandatory specifications, standards, and operating procedures, including upgraded or additional equipment (including Computer Systems, as defined below) that Franchisor prescribes from time-to-time in the Manual or otherwise communicates to you shall constitute provisions of this Agreement as if fully set forth in this Agreement.

Such System specifications may include brand specifications ("Approved Brands"), and to the extent that Approved Brands have been identified, you may purchase and use only the Approved Brands. Franchisor may from time-to-time modify its specifications, and you shall promptly comply with all such modifications.

C. Designated Suppliers and Distributors.

You must purchase from us or from suppliers or distributors we designate (each a "Designated Supplier") all of your requirements for developing, constructing, and operating the Franchised Business including, but not limited to: (1) fixtures, furniture and other furnishings, equipment, supplies, point-of-sale systems, merchant processing systems, signs, items of décor, paper products, and architect services; (2) uniforms, shirts, and all merchandise and items intended for retail sale (whether or not bearing our Proprietary Marks); (3) advertising, point-of-purchase materials, and other printed promotional materials; (4) gift certificates and stored value cards; (5) stationery, business cards, contracts, and forms; (6) bags, packaging, and supplies bearing the Proprietary Marks; (7) insurance policies, to the extent permitted by law; (8) local and regional marketing services; (9) reputation management and customer service satisfaction evaluations, and other surveys, (10) real estate brokers, and (11) other products and services that we require. We reserve the right to modify, add, and discontinue use of such suppliers or distributors at any time at our sole discretion. You agree to promptly comply with all such requirements within our designated timeframe, and at your sole expense.

Franchisor may, at its sole option, enter into supply contracts either for all Class 101 businesses or a subset of Class 101 businesses situated within one or more geographic regions (each a "Systemwide

Supply Contract"). Franchisor may enter into Systemwide Supply Contracts with one or more vendors of products, services, or equipment and may require all company-owned and franchised Class 101 businesses in a geographic area to purchase from or use such vendors. If Franchisor enters into such Systemwide Supply Contracts, then immediately upon notification, you must purchase or use the specified product, service, or equipment, as applicable, only from the Designated Supplier for such Systemwide Supply Contract; provided, however, that if, at the time of such notification, you are already a party to a non-terminable supply contract with another vendor or supplier for the designated product, service, or equipment, then your obligation to purchase from or use Franchisor's Designated Supplier under the Systemwide Supply Contract will not begin until the scheduled expiration or earlier termination of your pre-existing supply contract. Franchisor makes no representation that it will enter into any Systemwide Supply Contracts or other exclusive supply arrangements or, if it does, that you will not otherwise be able to purchase the same products or services at a lower price from another supplier. Franchisor may add to, modify, substitute or discontinue Systemwide Supply Contracts or exclusive supply arrangements in the exercise of its sole discretion and business judgment. If Franchisor enters into a Systemwide Supply Contract or such other contracts with a Designated Supplier (e.g., point-of-sale systems, music licenses, Membership Programs), then you agree to pay Franchisor on a monthly basis (via ACH or Franchisor's then-current electronic payment program and on the Due Date for the Royalty Fee collected under this Agreement), or such other basis as reasonably determined by Franchisor, your pro rata share of such payments due to such Designated Supplier under the Systemwide Supply Contract regardless of whether there is a participation agreement or similar agreement in effect to which you are a party.

Franchisor may also establish commissaries and distribution facilities owned and operated by Franchisor or its Affiliate that Franchisor may deem a Designated Supplier. Franchisor may receive money or other benefits, such as rebates or conference sponsorships, from Designated Suppliers based on your purchases; you agree that Franchisor has the right to retain and use all such benefits as it deems appropriate, in its sole discretion. Franchisor and its Affiliates have the right to derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that we designate, approve, or recommend for some or all Water Wings Swim School franchised businesses on account of those suppliers' prospective or actual dealings with your Franchised Business and other Water Wings Swim School franchised businesses. That revenue may or may not be related to services we and our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our Affiliates' exclusive property, which we and our Affiliates have the right to retain and use without restriction for any purposes we and our Affiliates deem appropriate. Any products or services that we or our Affiliates sell you directly may be sold to you at prices exceeding our and their costs.

Franchisor may approve one or more suppliers for any products and services and may approve a supplier only as to certain products and services. Franchisor may concentrate purchases with one or more suppliers or distributors to obtain lower prices and the best advertising support and services for any group of Class 101 businesses or any other facilities franchised or operated by Franchisor or its Affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, reporting capabilities, standards of service, including prompt attention to complaints, corporate social responsibility policies or other criteria as set forth in the Manual, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such supplier by Franchisor.

If you propose to purchase from a previously unapproved source, you shall submit to Franchisor a written request for such approval or shall request the supplier to submit a written request on its own behalf. Franchisor has the right to require, as a condition of its approval, that its representatives be permitted to sample the product and inspect the supplier's facilities, and that such information, specifications, and samples as Franchisor reasonably requires be delivered to Franchisor and to an independent, certified laboratory designated by Franchisor for testing prior to granting approval. A charge not to exceed the actual

cost of the inspection and product testing and the actual cost of the test shall be paid by you ("Supplier Testing Fee"). Franchisor will notify you within 120 days of your request as to whether you are authorized to purchase such products from that supplier; Franchisor's failure to respond constitutes rejection of the proposed supplier. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such Designated Supplier and to revoke its approval of any supplier upon the suppliers' failure to meet Franchisor's criteria for quality and reliability. If Franchisor revokes approval of such Designated Supplier, you must promptly discontinue use of that supplier.

D. Authorized Products and Services.

You shall cause the Franchised Business to offer all products and services that Franchisor requires and only offer the products and services that Franchisor has authorized in writing. For the sake of clarity, you may not "co-host" programs at your Franchised Business (e.g., after-school programs and student camps organized by third party service providers for which the Franchised Business serves as a "host venue") without Franchisor's prior written authorization. Franchisor may add, modify, and discontinue authorized products and services at any time, in its sole discretion, and you shall promptly comply with all directives. The Franchised Business shall begin offering for sale additional, upgraded or modified products and services and cease offering discontinued products and services within ten days of the date you receive written notice of the addition, modification, or discontinuance. All products and services offered for sale by the Franchised Business shall meet Franchisor's Standards. You shall discontinue selling and offering for sale any products and services which Franchisor shall have disapproved, in writing, even if Franchisor has previously approved its use.

ALTHOUGH APPROVED OR DESIGNATED BY FRANCHISOR, FRANCHISOR AND ITS AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, FRANCHISOR DISCLAIMS ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS SUPPLIED BY ANY DESIGNATED SUPPLIER OR SUPPLIER APPROVED BY FRANCHISOR. FRANCHISOR'S APPROVAL OF OR CONSENT TO ANY PRODUCTS OR SERVICES, ANY SUPPLIER THEREOF OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM WILL NOT CREATE ANY LIABILITY TO FRANCHISOR.

With respect to party supplies, merchandise and other items required for the operation of the Franchised Business, you shall always maintain an inventory of such products sufficient in quality and variety to realize the full potential of the Franchised Business. Franchisor may, from time-to-time, conduct market research and testing to determine consumer trends and the salability of new products and services. You agree to cooperate in these efforts by participating in customer surveys and market research programs if requested by Franchisor. All customer surveys and market research programs will be at Franchisor's sole cost and expense, unless you have volunteered to participate in the survey or market research and to share your proportionate cost. You may not test any new product or service without Franchisor's prior written consent.

E. Computer Systems and Intranet/Extranet Systems.

You shall acquire and use all point-of-sale systems, computer hardware and related accessories, and peripheral equipment ("Computer Systems") that Franchisor prescribes for use by the Franchised Business and may not use any point-of-sale systems or computer hardware, accessories, or peripheral equipment that Franchisor has not approved for your use. Requirements may include, among other things, connection to remote servers, off-site electronic repositories, and high-speed Internet connections and service.

You shall: (1) use any proprietary software programs, system documentation manuals, and other proprietary materials provided to you by Franchisor in connection with the operation of the Franchised Business; (2) input and maintain in your computer such data and information as Franchisor prescribes in the Manual, software programs, documentation, or otherwise; and (3) purchase new or upgraded software programs, system documentation manuals, and other proprietary materials at then-current prices whenever Franchisor adopts such new or upgraded programs, manuals, and materials system-wide. You shall enter into all software license agreements, "terms of use" agreements, and software maintenance agreements, in the form and manner Franchisor prescribes, and pay all fees charged by third-party software and software service providers thereunder. In addition, Franchisor has the right to charge, and you agree to pay, a technology fee of up to $399 per month ("Technology Fee")., The Technology Fee is subject to adjustment upward in an amount equal to the annual increase in the Consumer Price Index for all urban consumers when measured on January 1 of each year or in an amount equal to any increase passed on by the applicable third-party vendors. Franchisor has the right to adjust the Technology Fee upon thirty (30) days' notice to franchisees.

You acknowledge that Franchisor may independently access from a remote location, at any time, all information input to, and compiled by, your Computer System or an off-site server, including information concerning Gross Sales, purchase orders, inventory and expenditures, customer data, and any other data contained within your Computer System. You must provide Franchisor continuous, uninterrupted 24/7 independent access to the Computer System to monitor your social media, sales, receivables and other financial and operational data Franchisor designates. There is no contractual limitation on Franchisor's right to access these records. There are no contractual limitations on Franchisor's right to access or retrieve any information contained and/or utilized by your Computer System.

You acknowledge that technology is ever changing and that, as technology or software is developed in the future, Franchisor may, in its sole discretion, require you to: (1) add to your Computer System memory, ports, and other accessories or peripheral equipment, or additional, new, or substitute software; (2) replace, update or upgrade your Computer System, including but not limited to computer hardware components and software applications as Franchisor prescribes, but not to exceed three times per calendar year.

To ensure full operational efficiency, you agree to keep your Computer System in good maintenance and repair and to make additions, changes, modifications, substitutions, and replacements to your computer hardware, accessories and peripherals, software, telephone and power lines, high speed Internet connections, and other computer-related facilities as directed by Franchisor. Upon termination or expiration of this Agreement, all computer software, disks, tapes, and other magnetic storage media shall be returned to Franchisor in good operating condition, excepting normal wear and tear. You must update the Computer System periodically according to Franchisor's then-current Standards.

Franchisor may, at its option, establish and maintain an intranet or extranet system through which members of Class 101 franchise network may communicate, and through which Franchisor may disseminate updates to the Manual and other Confidential Information. Franchisor will have no obligation to establish or to maintain the intranet indefinitely and may dismantle it at any time without liability to you. Franchisor may establish policies and procedures for the intranet's use. Franchisor expects to adopt and adhere to a reasonable privacy policy. However, you acknowledge that, as administrator of the intranet, Franchisor can technically access and view any communication that anyone posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that you or any other individual may assert. If you fail to pay when due any amount payable to Franchisor under this Agreement, or if you fail to comply with any policy or procedure governing the intranet, Franchisor may suspend your access to any chat room, bulletin board, listserv, or similar feature the intranet includes until you fully cure the breach.

F. Non-Cash Payment Systems.

Franchisor shall reserve the right to dictate the method of Franchisee's payment systems, whether it be through a Designated Supplier or through Franchisor or its Affiliate's online payment processing portal. You shall accept debit cards, credit cards, stored value cards, or other non-cash systems (including, for example, APPLE PAY, and/or GOOGLE WALLET) specified by Franchisor to enable customers to purchase authorized products, and you shall obtain all necessary hardware and software used in connection with these non-cash systems. You will use the Designated Suppliers of such non-cash payment systems that we designate in the Manual, and we will collect your pro rata share of payments due to such Designated Suppliers in accordance with Section 11.C. related to Systemwide Supply Contracts. The parties acknowledge and agree that protection of customer privacy and credit card information is necessary to protect the goodwill of businesses operating under the Proprietary Marks and System. Accordingly, you shall cause the Franchised Business to meet or exceed, at all times, all applicable security standards developed by the Payment Card Industry Security Standards Council or its successor and other regulations and industry standards applicable to the protection of customer privacy and credit card information. You shall use only the non-cash payment systems approved by Franchisor, and are prohibited from accepting any currency or payment type other than U.S. currency. This prohibition extends to cryptocurrency or any other non-U.S. currency based payment systems. You shall take commercially reasonable precautions to prevent data security breaches, and to comply with breach notification statutes and other legal requirements in the event of a security breach. You are solely responsible for your own education concerning these regulations and standards and for achieving and maintaining applicable compliance certifications. **YOU SHALL DEFEND, INDEMNIFY, AND HOLD FRANCHISOR HARMLESS FROM AND AGAINST ALL CLAIMS ARISING OUT OF OR RELATED TO YOUR VIOLATION OF THE PROVISIONS OF THIS SECTION 11.F. IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B**.

G. Franchisor Inspections.

Franchisor or its designees shall have the right at any reasonable time and without prior notice to you to: (1) inspect the Franchised Business premises; (2) observe, photograph, and record the operation of the Franchised Business for such consecutive or intermittent periods as Franchisor deems necessary; (3) interview Franchised Business personnel; (4) interview customers; and (5) inspect and copy any books, records, and documents relating to the operation of the Franchised Business or, upon request of Franchisor or its designee, require you to send copies thereof to Franchisor or its designee. You shall present to your customers those evaluation forms as are periodically prescribed by Franchisor and shall participate and ask your customers to participate in any surveys performed by or on behalf of Franchisor as Franchisor may direct.

You agree to cooperate fully with Franchisor or its designee regarding any such inspection, observations, recordings, product removal, and interviews. You shall take all necessary steps to immediately correct any deficiencies detected during these inspections including, without limitation, ceasing further sales of unauthorized items and ceasing further use of any equipment, advertising materials, or supplies that do not conform to the Standards and requirements promulgated by Franchisor from time-to-time. Franchisor shall have the right to develop and implement a grading system for inspections and, to the extent such a system is implemented, if the Franchised Business fails to achieve a passing score on any inspection, Franchisor may require your key personnel identified in Attachment C and other Franchised Business personnel to attend and participate in such additional training as Franchisor deems appropriate. If the Franchised Business fails to achieve a passing score on any two consecutive inspections or if the Franchised Business fails to achieve a passing score three or more times in any 12-month period, Franchisor may terminate this Agreement in accordance with Article 18.

These inspections may take the form of quality assurance inspections and mystery shops. If Franchisor utilizes any of its employees, representatives, or a third-party service to conduct quality

assurance inspections and mystery shops of the Franchised Business, then the cost of same ("Compliance Review Fee") shall be borne by Franchisor, save and except in the following circumstances in which case you must reimburse Franchisor for the Compliance Review Fee: : i) the Franchisee has failed to report Gross Sales or use the approved technology systems; (ii) the Franchisee has failed to comply with brand standards related to health, safety, and sanitation, or iii) Franchisee has failed to follow brand standards. The Compliance Review Fee shall be actual cost of program, including purchases made as part of the mystery shop or audit. At Franchisor's request, Franchisor may require you to pay the Compliance Review Fee directly to the applicable services provider.

H. Upkeep of the Franchised Business.

You shall continuously operate the Franchised Business and shall, at all times and at your sole expense, maintain in first class condition and repair (subject to normal wear and tear), in good working order, in accordance with the requirements of the System, and in compliance with all applicable laws and regulations, the interior and exterior of the Franchised Business premises, including, without limitation, all furniture, fixtures, equipment, computer systems, furnishings, floor coverings, interior and exterior signage, interior and exterior finishes, and interior and exterior lighting. You shall promptly and diligently perform all necessary maintenance, repairs, and replacements to the Franchised Business premises as Franchisor may prescribe from time-to-time including periodic interior painting and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment, and décor. Franchisee shall make such changes, upgrades, and replacements as Franchisor may periodically require, in the time frames specified by Franchisor.

I. Franchised Business Operations and Minimum Customer Requirements.

You shall cause the Franchised Business to be open and operating on the days and during the hours that Franchisor designates, which may be all seven days during the week, subject to applicable lease and local law or licensing limitations. You shall operate and maintain the Franchised Business in conformity with the highest ethical standards and sound business practices and in a manner that will enhance the goodwill associated with the Proprietary Marks. You must maintain a minimum of 20 active and paying customers as of December 31 of every year of the Term, and if you do not cure this breach within 30 days written notice from Franchisor, Franchisor reserves the right to terminate the Franchise Agreement.

J. Management and Personnel.

You shall employ a sufficient number of qualified, competent personnel to satisfy the demand for the products and services offered by the Franchised Business. Your key management personnel are identified in Attachment C to this Agreement. You shall hire all employees of the Franchised Business and be exclusively responsible for the terms of their employment and for the proper training of such employees in the operation of the Franchised Business, including without limitation with respect to customer relations. You will ensure that your personnel comply with the Standards set forth in the Manual, including compliance with Standards related to customer service and engagement. The parties acknowledge and agree that these requirements are necessary to preserve the goodwill identified by the Proprietary Marks.

Franchisor may provide recommendations to you on qualifications and skill level of certain key employees or prospective candidates. These recommendations do not constitute direction to you on whether to employ or discharge candidates, or otherwise impact your employment relationship with your employees. You retain the sole authority to make all employment decisions regarding your employees.

Further, the parties acknowledge and agree that Franchisor neither dictates nor controls labor or employment matters for you or your employees. You are exclusively responsible for labor and employment-related matters and decisions related to the Franchised Business, including, but not limited to, hiring, promoting, and compensating personnel, for determining the number of jobs offered or job vacancies to be filled, for determining and changing employee wages, benefits and work hours, method of payment, maintenance of employment records, for disciplining and discharging your employees, and for supervising

and controlling your employee's work schedule or conditions of employment. You are exclusively responsible for labor relations with your employees. We do not require you to implement any employment-related policies or procedures or security-related policies or procedures that we (at our option) may make available to you in the Manual or otherwise for your optional use. You shall determine to what extent, if any, these policies and procedures may be applicable to your operations at the Franchised Business. **YOU SHALL DEFEND AND INDEMNIFY FRANCHISOR AND ITS INDEMNITIES (AS DEFINED IN SECTION 20.B BELOW) AGAINST ANY AND ALL PROCEEDINGS, CLAIMS, INVESTIGATIONS, AND CAUSES OF ACTION INSTITUTED BY YOUR EMPLOYEES OR BY OTHERS THAT ARISE FROM YOUR EMPLOYMENT PRACTICES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

K. Designated Manager.

You shall designate and retain an individual to serve as your Designated Manager, or, alternatively, one of your Owners may serve as the Designated Manager. The Designated Manager as of the date of this Agreement is identified in Attachment C to this Agreement. Unless waived in writing by Franchisor, the Designated Manager shall meet all of the following qualifications:

(1) He or she, at all times, shall have full control over the day-to-day activities and operations of the Franchised Business and shall devote full time and best efforts to supervising the operation of the Franchised Business (and any other Class 101 businesses that you own and operate pursuant to a franchise agreement with Franchisor) and shall not engage in any other business or activity, directly or indirectly, that requires substantial management responsibility or time commitment;

(2) He or she shall successfully complete the initial training program and any additional training required by Franchisor;

(3) Franchisor shall have approved him or her as meeting its then-current Standards for such position, and not have later withdrawn such approval;

(4) He or she shall have executed and delivered to Franchisor the Undertaking and Guaranty in the form attached to this Agreement as Attachment D (or then-current form if later appointed) if he or she is an Owner with more than 10% ownership interest in you; and

(5) He or she shall have executed and delivered to Franchisor a Confidentiality and Noncompete Agreement in the form attached to this Agreement as Attachment E (or then-current form if later appointed) if he or she is also an Owner.

If the Designated Manager ceases to serve in, or no longer qualifies for such position, you shall inform the Franchisor immediately and designate another qualified person to serve as your Designated Manager within 30 days. Franchisor reserves the right to approve or reject your replacement Designated Manager. Your approved replacement Designated Manager must successfully complete the initial training program and execute and deliver to Franchisor a Confidentiality and Noncompete Agreement in the form prescribed by Franchisor before assuming Designated Manager responsibilities. We reserve the right to charge you our then-current training fee to train your new Designated Manager. Franchisee acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Manager as having responsibility and decision-making authority regarding the Franchised Business's operation and Franchisee's business.

L. Signs and Logos.

Subject to any applicable local ordinances, you shall prominently display at the Franchised Business premises such interior and exterior signs, logos, and advertising of such nature, form, color, number, location, and size, and containing the content and information that Franchisor may from time-to-time direct. You shall not display in or about the Franchised Business premises or otherwise regarding the Proprietary Marks any unauthorized sign, logo, or advertising media of any kind.

M. Compliance with Lease and other Agreements.

Franchisee shall comply with all terms of its lease or sublease or the agreement governing its access to and use of Approved Location in which the Franchised Business operates, its financing agreements (if any), and all other agreements affecting the operation of the Franchised Business; shall undertake best efforts to maintain a good and positive working relationship with its landlord, lessor, and/or the party controlling the site in which the Franchised Business operates; and shall not engage in any activity which may jeopardize Franchisee's right to remain in possession of or access to, or to renew the lease, sublease or other agreement for, the premises of the Franchised Business.

Franchisee must at all times pay its distributors, contractors, suppliers, trade creditors, employees, lessors, lenders, tax authorities, and other creditors, promptly as the debts and obligations to such persons become due. Failure to do so shall constitute a breach of this Agreement.

N. Compliance with Laws and Good Business Practices.

You shall secure and maintain in full force in your name and at your expense all required licenses, permits, and certifications relating to the operation of the Franchised Business, including without limitation any licenses, permits, and certifications that may be required in the jurisdiction in which the Franchised Business is located with respect to services and programs (e.g., after-school programs and student camps) offered at your Franchised Business. You shall operate the Franchised Business in full compliance with all laws, ordinances, and regulations including, without limitation, all laws or regulations governing or relating to immigration and discrimination, occupational hazards, employment laws (including, without limitation, workers' compensation insurance, unemployment insurance, and the withholding and payment of federal and state income taxes and social security taxes) and the payment of sales taxes. All advertising and promotion for the Franchised Business shall be completely factual and shall conform to the highest standards of ethical advertising and all governing law, including truth in advertising laws. In all dealings with the Franchised Business' customers, suppliers, and the public, you shall adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You acknowledge that the quality of customer service, and every detail of appearance and demeanor of you and your employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, you shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business, including operating in strict compliance with all applicable standards, rules, and regulations. You shall at all times give prompt, courteous, and efficient service to customers of the Franchised Business. You shall refrain from any business or advertising practices that may be injurious to the good will associated with the Proprietary Marks or to Class 101 Brand, Franchisor or its Affiliates, the System, or other System franchisees.

You shall notify Franchisor in writing within five days after the commencement of: (1) any action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation of the Franchised Business or your financial condition; or (2) any notice of violation of any law, ordinance, or regulation relating to health or sanitation at the Franchised Business.

O. Payment of Taxes and Other Indebtedness.

You shall promptly pay, when due, all taxes levied or assessed by any federal, state, or local tax authority and any and all other indebtedness incurred by you in the operation of the Franchised Business. In the event of any bona fide dispute as to liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or governing law; provided, however, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business or any improvements thereon.

P. Membership Program.

Franchisor has established a multi-tier membership program for CLASS 101 businesses (the "Membership Program"). You are obligated to participate in the Membership Program in accordance with the terms set forth in this Agreement and the Manual. All Membership Program fees you collect from members will be included in your Gross Sales and subject to the monthly Royalty Fee and other fees.

You must comply with the Standards for the Membership Program set forth in the Manual, including Membership Program tiers, pricing, and such other terms and conditions as we may establish from time to time. We or our Designated Supplier will administer the Membership Program, and we reserve the right to modify the structure of the Membership Program and the benefits of membership at any time upon notice to you. In connection with the sale of each membership, the customer must enter into a membership agreement with us in the form prescribed by us and we reserve the right to charge each customer a setup or additional fees to be paid to us, the amount of which we may set at our sole discretion, in addition to membership fees that customers may pay directly to you.

You acknowledge that we and our Affiliates have the right, through the point-of-sale or other technology system components, or otherwise, to independent and unrestricted access to lists of the Franchised Business's members and prospects, including names, addresses and other related information ("Member Information"). If we require your participation, you must sign the Dashboard Access Agreement, attached hereto as Attachment I and pay the relevant fees, and any other reporting software that we require from time to time. We and our Affiliates may use Member Information in our and their business activities, but, during the Term, we and our Affiliates will not use the Member Information that we or they learn from you or from accessing the point-of-sale or other technology system components to compete directly with the Franchised Businesses. Upon termination of this Agreement, we and our Affiliates reserve the right to make any and all disclosures and use the Member Information in any manner that we or they deem necessary or appropriate.

Q. Crisis Management Events.

Upon the occurrence of a Crisis Management Event, you must immediately inform Franchisor's President, Chief Executive Officer, or Chief Legal officer (or as otherwise instructed in the Manuals) by telephone, and to cooperate fully with Franchisor with respect to Franchisor's response to the Crisis Management Event. You shall also notify Franchisor immediately when you receive any media inquiries concerning the Franchised Business or Approved Location, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, and you shall direct all media inquiries to Franchisor. You must not communicate directly with the press or media, and you or your employees are prohibited from publishing your own statements on any other media, including on any social media platform. You shall follow all of Franchisor's policies, procedures, and instructions in every such situation, including, without limitation, managing public relations and communications, as directed by the Franchisor or as specified in the Manuals, whether or not you have retained outside counsel or a public relations firm to assist with such matters.

R. Business Data.

Franchisor may, from time-to-time, specify in the Manuals or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System installed at the Franchised Business, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained. All data pertaining to the Franchised Business, and all data created or collected by Franchisee in connection with the System (including Membership Data), or in connection with Franchisee's operation of the business (including without limitation data pertaining to or otherwise concerning the Franchised Business's customers) or otherwise provided by Franchisee (including, without limitation, data uploaded to, or downloaded from Franchisee's Computer System) is and will be owned exclusively by Franchisor, and Franchisor will have the right to use such data in any manner that Franchisor

deems appropriate without compensation to Franchisee. Copies and/or originals of such data must be provided to Franchisor upon Franchisor's request. Franchisor hereby licenses use of such data back to Franchisee for the term of this Agreement, at no additional cost, solely for Franchisee's use in connection with the business franchised under this Agreement.

12. ORGANIZATION OF THE FRANCHISEE

A. Representations.

The Franchisee is required to be a Business Entity. If the Agreement was signed under the Franchisee's individual capacity, then such individuals are required to execute the Franchisor's form of the assignment and assumption agreement assigning this Agreement to the Business Entity within 30 days of signing the Lease and before you open the Approved Location for business to the public.

If you are a Business Entity, you make the following representations and warranties: (1) the Business Entity is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state or states in which the Franchised Business is located; (3) execution of this Agreement and the development and operation of the Franchised Business is permitted by its governing documents; and (4) unless waived in writing by Franchisor, its charter documents and its governing documents shall at all times provide that the activities of the Business Entity are limited exclusively to the development and operation of Class 101 businesses.

If you are an individual, or a partnership comprised solely of individuals, you make the following additional representations and warranties: (1) each individual has executed this Agreement; (2) each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and (3) notwithstanding any transfer for convenience of ownership pursuant to Article 17 of this Agreement, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement.

B. Governing Documents.

If you are a corporation, copies of your Articles of Incorporation, bylaws, other governing documents, and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, and all shareholder agreements, including buy/sell agreements, must be furnished to Franchisor. If you are a limited liability company, copies of your Articles of Organization, operating agreement, other governing documents and any amendments, including the resolution of the Managers authorizing entry into and performance of this Agreement, and all agreements, including buy/sell agreements, among the members must be furnished to Franchisor. If you are a general or limited partnership, copies of your written partnership agreement, other governing documents and any amendments, as well as all agreements, including buy/sell agreements, among the partners must be furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by your written partnership agreement or governing law. When any of these governing documents are modified or changed, you must promptly provide copies of the modifying documents to Franchisor. You must also provide a copy of the Business Entity's EIN and execute a new ACH Authorization Agreement (Attachment H), if the EIN changes.

C. Ownership Interests.

If you are a Business Entity, you represent that all of your equity interests are owned as set forth on Attachment C to this Agreement. In addition, if you are a corporation, you shall maintain a current list of all Owners, including owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If you are a limited liability company, you shall maintain a current list of all members (and the percentage membership interest of each member). If you are

a partnership, you shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership interest of each general and limited partner). You shall comply with Article 17 of this Agreement prior to any change in ownership interests and shall execute any necessary addenda to Attachment C as changes occur to ensure the information contained in Attachment C is true, accurate, and complete at all times. You must also provide a copy of the Business Entity's EIN and execute a new ACH Authorization Agreement (Attachment H), if the EIN changes.

D. Restrictive Legend.

If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any voting securities, and each stock certificate of the corporation shall have conspicuously endorsed upon its face the following statement: "Any assignment or transfer of this stock is subject to the restrictions imposed on assignment by the Class 101® Franchise Agreement(s) to which the corporation is a party." If you are a limited liability company, your operating agreement must include the following statement with respect to restrictions on transfers: "Any assignment or transfer of an interest in this limited liability company is subject to the restrictions imposed on assignment by the Class 101® Franchise Agreement(s) to which the limited liability company is a party." If you are a partnership, your written partnership agreement shall provide that ownership of an interest in the partnership is held subject to, and that further assignment or transfer is subject to, all restrictions imposed on assignment by this Agreement.

E. Guarantees.

If you are a Business Entity, each Owner (and if you are a limited partnership, each of your general partner's Owners) who owns greater than 10% ownership interest in you shall execute the Undertaking and Guaranty attached hereto as Attachment D and all Owners shall execute the Confidentiality and Non-Competition Agreement attached hereto as Attachment E.

13. PROPRIETARY MARKS AND INTELLECTUAL PROPERTY

A. Acknowledgments.

You expressly understand and acknowledge that: (1) as between you and Franchisor, Franchisor is the exclusive owner of all right, title, and interest in and to the Proprietary Marks (and all goodwill symbolized by them) and the Intellectual Property; (2) the Proprietary Marks are valid and serve to identify the System and those who are licensed to operate a Franchised Business in accordance with the System; (3) your use of the Proprietary Marks and Intellectual Property pursuant to this Agreement does not give you any ownership interest or other interest in or to them, except the nonexclusive license to use them in accordance with this Agreement and the Standards; (4) any and all goodwill arising from your use of the Proprietary Marks, Intellectual Property and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the System, Intellectual Property or the Proprietary Marks; (5) the license and rights to use the Proprietary Marks and Intellectual Property granted hereunder to you are nonexclusive; (6) Franchisor may itself use, and grant franchises and licenses to others to use, the Proprietary Marks, Intellectual Property, and the System; (7) Franchisor may establish, develop and franchise other systems, different from the System licensed to you herein, without offering or providing you any rights in, to, or under such other systems; and (8) Franchisor may add to, eliminate, modify, supplement, or otherwise change, in whole or in part, any aspect of the Proprietary Marks or Intellectual Property.

B. Modification of the Proprietary Marks and Intellectual Property.

Franchisor reserves the right to add to, eliminate, modify, supplement, or otherwise change any of the Proprietary Marks and Intellectual Property, in whole or in part. You must promptly take all actions necessary to adopt all new and modified Proprietary Marks or Intellectual Property and discontinue using

obsolete Proprietary Marks or Intellectual Property which may include, among other things, acquiring and installing, at your expense, new interior and exterior signage and graphics.

C. Use of the Proprietary Marks and Intellectual Property.

You shall use only the Proprietary Marks and Intellectual Property designated by Franchisor and shall use them only in connection with the operation and promotion of the Franchised Business and in the manner required or authorized and permitted by Franchisor. Your right to use the Proprietary Marks and Intellectual Property is limited to the uses authorized under this Agreement and in the Manual, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights and grounds for termination of this Agreement.

You shall not use all or any recognizable portion of the Proprietary Marks or the trademarks of any of Franchisor's Affiliates as part of your Business Entity or other legal name, and may not use them to incur any obligation or indebtedness on Franchisor's behalf. You shall comply with all requirements of Franchisor's and applicable state and local laws concerning use and registration of fictitious and assumed names and shall execute any documents deemed necessary by Franchisor or its counsel to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability. You shall not use any confusingly similar trademarks in connection with the Franchise Business or any other business in which you or any Affiliate has an interest.

Franchisor reserves the right to approve all signs, memos, stationery, business cards, advertising material forms and all other objects and supplies using the Proprietary Marks. All advertising, publicity, point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the Proprietary Marks shall be in accordance with this Agreement and the Manuals, and Franchisee shall obtain Franchisor's approval prior to such use.

Upon the expiration, termination, or non-renewal of this Agreement, Franchisee shall immediately cease using the Proprietary Marks and Intellectual Property, color combinations, designs, symbols or slogans; and Franchisor may cause Franchisee to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination, or non-renewal, Franchisee shall not represent or imply that it is associated with Franchisor or the Class 101 franchise. To this end, Franchisee irrevocably appoints Franchisor or its nominee to be Franchisee's attorney-in-fact to execute, on Franchisee's behalf, any document or perform any legal act necessary to protect the Proprietary Marks from unauthorized use. Franchisee acknowledges and agrees that the unauthorized use of the Proprietary Marks and Intellectual Property will result in irreparable harm to Franchisor for which Franchisor may obtain injunctive relief, monetary damages, attorneys' fees and costs.

D. Internet and Social Media Usage.

You may not cause or allow all or any recognizable portion of the Proprietary Marks to be used or displayed as all or part of an e-mail address, Internet domain name, uniform resource locator ("URL"), or meta-tag, or in connection with any Internet home page, web site, mobile channels, or any other Internet-related activity without Franchisor's express written consent, and then only in a manner and in accordance with the Standard and the Manual. This prohibition includes use of the Proprietary Marks or any derivative of the Proprietary Marks as part of in the registration of any user name on any gaming website, personal blogs or social networking website including, but not limited to, Facebook, LinkedIn, Yelp, Pinterest, Instagram, Tik Tok or X (formerly known as Twitter), or any virtual worlds, file sharing, audio sharing and video-sharing sites. You will at all times during the Term comply with our social media and networking policies will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

E. Customer Data.

All customer information collected by Franchisee in connection with the operation of the Franchised Business ("Customer Data"), and all revenues Franchisor derives from such Customer Data, will constitute our sole property and be considered Confidential Information. Franchisor may use such Customer Data for any reason without compensation to Franchisee. You will assign all rights in Customer Data to us as further described in Section 13.F. You will provide copies of all Customer Data to us upon request. At your sole risk and responsibility, you may use Customer Data that you acquire solely in connection with operating the Franchised Business to the extent your use is permitted by governing law. Upon expiration, termination or transfer of your Franchise Agreement, you must immediately cease using all Customer Data and all copies of Customer Data must be returned to us and removed from your POS, computer hardware and software and any other form of electronic media or hard copy in your possession or to which you have access.

In connection with collecting, storing and using Customer Data, you will: (1) comply with all applicable privacy laws ("Privacy Laws"); (2) comply with all Standards that relate to Privacy Laws and the privacy and security of Customer Data; (3) comply with any posted privacy policy and other representations made to the individual identified by Customer Data you process and communicate any limitations required thereby to any authorized receiving party in compliance with all Privacy Laws; (4) refrain from any action or omission that could cause Franchisor to breach any Privacy Laws; (5) maintain reasonable physical, technical and administrative safeguards for Customer Data and other Confidential Information that is in your possession or control in order to protect the same from unauthorized processing, destruction, modification or use that would violate the Franchise Agreement or any Privacy Law; (6) do and sign, or arrange to be done and signed, each act and document we deem necessary in our business judgment for us to maintain compliance with Privacy Laws; and (7) immediately report to us any theft or loss of Customer Data (other than the Customer Data of your own officers, directors, shareholders, employees or service providers).

You will, upon our request, provide us or representatives with: (1) information, reports and the results of any audits performed on your Franchised Business regarding your data security policies, security procedures or security technical controls related to Customer Data; and (2) access to your technology systems and related records, policies and practices that involve processing Customer Data in order to mitigate a security incident or so that an audit may be conducted.

In addition to the indemnity obligations set forth in Section 20.B and in accordance with the indemnification procedures set forth in Section 20, you will indemnify, defend and hold us harmless from losses arising out of or relating to any theft, loss or misuse of Customer Data for your breach of any of the terms, conditions or obligations relating to data security, privacy or Customer Data set forth in this Agreement.

You will immediately notify us upon discovering or otherwise learning of any theft, loss or misuse of Customer Data. You will, at your sole cost and expense, undertake remediation efforts and reasonably cooperate in any remediation efforts undertaken by us and further will implement corrective actions to prevent the recurrence of a similar incident. You will comply with the crisis management policies set forth in the Manual in connection with any data security incident involving your Franchised Business or Class 101 system and will refrain from making any public comment with respect to such incident, including without limitation communications with customers regarding such incident, except as directed by us or in accordance with governing law. You will provide all documentation and information to us related to any incident involving the unauthorized access or use of Customer Data. Where you are required by governing law to notify customers directly about the incident, you must notify us in writing promptly after concluding that you have such a legal obligation and you will limit such notice to the customers to whom you are legally required to provide notice. You will reasonably cooperate with us in connection with any notice to customers and will assist in sending notices to such customers at our request.

F. Assignment of Rights.

In addition to your obligations set forth in Section 10 with respect to development of new concepts, modifications or improvements to the System, to the extent that you or any Owner or personnel creates any derivative work based on the Proprietary Marks or Intellectual Property ("Derivative Works"), you and each such Owner and personnel hereby permanently and irrevocably assigns to Franchisor all rights, interests, and ownership (including intellectual property rights and interests) in and to the Derivative Works, and agree to execute such further assignments as Franchisor may request. The term "Derivative Works" shall be interpreted to include, without limitation: any and all of the following which is developed by you, or on your behalf, if developed in whole or in part in connection with your Franchised Business: all products or services; all variations, modifications and/or improvements on products or services; your means, manner and style of offering and selling products and services; management techniques or protocols you may develop (or have developed on your behalf); all sales, marketing, advertising, and promotional programs, campaigns, or materials developed by you or on your behalf; and, all other intellectual property developed by you or on behalf of your Franchised Business.

Franchisor may authorize itself, its Affiliates, and other Franchised Businesses to use and exploit any such rights assigned by this Section 13.F. The sole consideration for your assignment to Franchisor of the foregoing rights shall be Franchisor's grant of the Franchised Business conferred to you under this Agreement. You and each Owner shall take all actions and sign all documents necessary to give effect to the purpose and intent of this Section 13.F. You and each Owner and personnel irrevocably appoint Franchisor as true and lawful attorney-in-fact for you and each Owner and authorize Franchisor to take such actions and to execute, acknowledge, and deliver all such documents as may from time-to-time be necessary to convey to Franchisor all rights granted herein.

G. Infringement; Notice of Claims.

If you become aware of any infringement of the Proprietary Marks or Intellectual Property or if your use of the Proprietary Marks or Intellectual Property is challenged by a third party, then you must immediately notify Franchisor. Franchisor shall have the exclusive right to take whatever action it deems appropriate. If Franchisor or its Affiliate undertakes the defense or prosecution of any litigation pertaining to any of the Proprietary Marks or other intellectual property, you must sign all documents and perform such acts and things as, in the opinion of Franchisor's counsel, may be necessary to carry out such defense or prosecution. If it becomes advisable at any time in the sole discretion of Franchisor to modify or discontinue the use of any Proprietary Mark or Intellectual Property, or to substitute a new mark or graphic for any Proprietary Mark or Intellectual Property, as applicable, you must promptly comply, at your expense (which may include the cost of replacement signage and/or trade dress), with such modifications, discontinuances, or substitutions within 60 days following your receipt of written notice of the change.

H. Remedies and Enforcement.

You acknowledge that violation of this Article 13 is a material breach of this Agreement for which Franchisor may terminate this Agreement pursuant to Section 18.B. You acknowledge that in addition to any remedies available to Franchisor under this Agreement, you agree to pay all court costs and attorneys' fees incurred by Franchisor in obtaining specific performance of, a temporary restraining order and/or an injunction against violation of the provisions of this Article 13.

14. CONFIDENTIALITY OBLIGATIONS AND RESTRICTIVE COVENANTS

A. Confidential Information.

You and each Owner acknowledge that all Confidential Information belongs exclusively to Franchisor. You and each Owner agree to use and permit the use of the Confidential Information only in connection with the operation of your Franchised Business, to maintain the confidentiality of all Confidential Information, to not duplicate any materials containing Confidential Information. You and each

Owner further agree that you will not at any time, during the term of this Agreement and after expiration or earlier termination of this Agreement: (1) divulge any Confidential Information to anyone, except to your employees and professional advisors having a need to know who are subject to a confidentiality agreement with you (the form of which shall contain at least the same level of confidentiality and degree of care related to nondisclosure required under this Agreement); (2) divulge or use any Confidential Information for the benefit of yourself, your Owners, or any third party (including any person, business entity, or enterprise of any type or nature), except in the operation of your Franchised Business, and then only in strict compliance with the Manual and System; or (3) directly or indirectly imitate, duplicate, or "reverse engineer" any of our Confidential Information, or aid any third party in such actions; or (4) enter any Confidential Information into any third-party artificial intelligence platform, data processor, or any other type of computational processor or algorithm connected to the internet, including but not limited to ChatGPT, Gemini, DeepSeek and other processors utilizing algorithms that share and extract information from the internet.

Upon the expiration or earlier termination of this Agreement, you will return to Franchisor all Confidential Information which is then in your possession, including, without limitation, customer lists and records, all training materials and other instructional content, all financial and non-financial books and records, the Manual and any supplements to the Manual, and all computer databases, software, and manual. Franchisor reserves the right, upon its specific written request, to require you to destroy all or certain such Confidential Information and to certify such destruction to Franchisor. You specifically acknowledge that all customer lists or information adduced by your Franchised Business is not your property, but is Franchisor's property, and you further agree to never contend otherwise.

You shall cause your Designated Manager and any employee, professional advisors or other third party with authorized access to Confidential Information as described in this Section 14.A, including information contained in the Manual, to sign a confidentiality agreement in a form prescribed by Franchisor, which identifies Franchisor as a third-party beneficiary of such agreement and gives Franchisor independent rights of enforcement.

The provisions of this Section 14.A will survive expiration or termination of this Agreement.

B. Covenants of the Franchisee.

You acknowledge that you and your Owners will receive valuable specialized training and Confidential Information, including, without limitation, information regarding development and operation methods, strategies and procedures; sales, promotional, and marketing methods; techniques and other trade secrets of Franchisor and the System.

You covenant and agree that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any Class 101 business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than Class 101 businesses operated by you or your Affiliates pursuant to a then-currently effective franchise agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

You further covenant and agree that for a two (2)-year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon expiration or termination of this Agreement, regardless of the reason for termination, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any Class 101 business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than Class 101 businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) at the location of any former Class 101 business; (ii) within a 25-mile radius of your former Franchised Business location; or (iii) within the Protected Area of any other Class 101 business in existence or under development at the time of such termination or transfer, or within 25-miles of the border of any such Protected Area; or (b) delivers services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location.

Franchisee and its Owners shall not communicate or publish, directly or indirectly, any disparaging comments or information about Franchisor or the System during the term of this Agreement or thereafter. This provision shall include, but not be limited to, communication or distribution of information through the Internet via any Electronic Media.

C. Covenants of the Franchisee's Owners.

During the term of this Agreement, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any Class 101 business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than Class 101 businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor, at any location within the United States, its territories or commonwealths, or any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks; provided that such restriction shall not apply to less than a 5% beneficial interest in any publicly traded corporation.

For a two (2) year continuous and uninterrupted period (which shall be tolled during any period of noncompliance) commencing upon the earlier of (i) expiration or termination of this Agreement, regardless of the cause for termination, (ii) dissolution of the franchisee entity, or (iii) the transfer or redemption of an Owner's interest in the franchisee entity, your Owners will not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person, or legal entity:

(1) Divert or attempt to divert any present or prospective customer of any Class 101 business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

(2) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business (other than Class 101 businesses operated by you or your Affiliates pursuant to a then-currently effective Franchise Agreement with Franchisor), that either: (a) is, or is intended to be, located (i) at the location of any former Class 101 business; (ii) within a 25-mile radius of your former Franchised Business location; or (iii) within 25 miles of the border of the Protected Area of any other Class 101 business operating under the System and Proprietary Marks in existence or under development at the time of such termination or transfer; or (b) delivers services through the internet or mobile channels to customers within a 25-mile radius of your former Franchised Business location.

At Franchisor's request, each Owner shall execute a separate agreement containing the terms contained in this Section 14.C.

D. Reformation and Reduction of Scope of Covenants.

If any part of these restrictions contained in this Article 14 is found to be unreasonable in time or distance, each month of time or mile of distance may be deemed a separate unit so that the time or distance may be reduced by appropriate order of the court or arbiter to that deemed reasonable. If, at any time during the two-year period following the expiration, termination, or approved transfer of this Agreement or the date any Owner ceases to be an Owner under this Agreement, Franchisee or any of its Owners fails to comply with its obligations under this Article 14, that period of non-compliance will not be credited toward satisfaction of the two-year period.

Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Article 14, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Article 23 hereof.

E. Acknowledgments.

The parties and each Owner acknowledge and agree that any claims that you or such Owner may have or allege to have against Franchisor shall not constitute a defense to the enforcement of any covenant contained in this Article 14 or any Confidentiality and Non-Competition Agreement (or equivalent) signed by such Owner.

F. No Undue Hardship.

You and each Owner acknowledge and agree that the covenants set forth in this Article 14 are fair and reasonable. You acknowledge and agree that such covenants will not impose any undue hardship on you and that you have other considerable skills, experience, and education affording you the opportunity to derive income from other endeavors. Each Owner acknowledges and agrees that such covenants will not impose any undue hardship on him or her, and that each has other considerable skills, experience, and education affording him or her the opportunity to derive income from other endeavors. Nothing in this Article 14 or this Agreement shall be interpreted to prevent you and your Owners from (i) communicating with or providing information to any federal or state agency or (ii) otherwise complying with any federal, state, or local law.

G. Injunctive Relief.

You and each Owner acknowledge that the violation of any covenant contained in this Article 14 would result in immediate and irreparable injury to Franchisor for which there is no adequate remedy at law. The parties acknowledge and agree that, in the event of a violation of any covenant contained in this Article 14, Franchisor shall be entitled to seek injunctive relief to restrain such violation in accordance with the usual equity principles. The party in violation of any foregoing covenant shall reimburse Franchisor for

any costs that it incurs (including attorneys' fees) in connection with enforcement of the provisions contained in this Article 14.

15. BRAND DEVELOPMENT; MARKETING

A. General Requirements.

In addition to contributions to the NAF, you must make the Local Marketing Expenditure and the Advertising Cooperative contribution under Section 15.C., as designated by Franchisor, provided that the combined amount for the NAF Contribution, Local Marketing Expenditure and Advertising Cooperative shall not exceed 6% of Gross Sales in the aggregate during any 12-month period. Franchisor may allocate up to 5% of Gross Sales to the NAF Contribution. The Local Marketing Expenditure is set forth in the Summary Page and you must begin spending the Local Marketing Expenditure after your Grand Opening Advertising is complete. At Franchisor's request, Franchisee will furnish Franchisor with copies of invoices and other documentation reasonably satisfactory to Franchisor evidencing compliance with this Section 15.A. If Franchisor determines that Franchisee's Local Marketing Expenditure, combined with the NAF Contribution and Advertising Cooperative contribution, total less than the then-current percentage of Gross Sales required by Franchisor during the then-most recently completed three consecutive months, Franchisor may notify Franchisee of any additional amounts that Franchisee must spend (up to the then-current percentage of Gross Sales required by Franchisor) on local marketing, and if Franchisee has not spent such additional amounts (in addition to any ongoing marketing requirements) by the end of the three-month period following the month in which Franchisee receives such notice, then Franchisor may collect those unspent amounts directly from Franchisee's account pursuant to Section 6.G. and contribute them to the NAF, without any liability or obligation to use such funds for Franchisee's local advertising. Alternatively, at Franchisor's discretion, Franchisor may collect these monies from you and place the advertising on your behalf. Franchisor will provide Franchisee with not less than 30 days' notice of any determination which changes the amount of the Local Marketing Expenditure Franchisee must spend.

You shall focus your marketing and all advertising activities only within your Protected Area. You may engage in direct marketing activities in the Protected Area. For purposes of this agreement, "direct marketing activities" include, without limitation, personal solicitations, direct mailings, sporting event sponsorships and advertising, and school event sponsorships and advertising. "Direct marketing activities" does not include web site advertising or targeted emails or text messages to existing customers. Franchisor may develop policies and procedures that apply to all types of advertising and marketing efforts, including social media advertising, and Franchisee shall comply with such policies and procedures. You may not conduct marketing activities outside of your Protected Area, unless Franchisor provides you with written consent specifically identifying the additional areas and time frame in which you may market outside of your Protected Area.

All of your promotional and marketing materials shall comply with governing law and conform to Franchisor's standards and specifications related to advertising, marketing, and trademark use. You shall submit to Franchisor samples of proposed promotional and marketing materials, and notify Franchisor of the intended media, before first publication or use. Franchisor will use good faith efforts to approve or disapprove proposed promotional and marketing materials within ten business days after receipt. You may not use the promotional or marketing materials until Franchisor expressly approves the materials and the proposed media. Once approved, you may use the materials only in connection with the media for which they were approved. Franchisor may disapprove your promotional or marketing materials, or the media for which they were approved, at any time, and you must discontinue using any disapproved materials or media upon your receipt of written notice of disapproval.

Franchisor reserves the right to identify a Designated Supplier, who may be Franchisor's Affiliate, of local and regional marketing services and/or establish a Systemwide Supply Contract for local and regional marketing services. In such case, Franchisor may collect all or a portion of the Local Marketing Expenditure in accordance with Section 6.G. and apply it to fees payable to the Designated Supplier for

such local and regional marketing services. Franchisor also reserves the right to appoint its Affiliate to provide local and regional marketing services to Franchisee, and if established, Franchisee is required to submit a portion or all of the Local Marketing Expenditure to such Affiliate to satisfy the requirements under this Section 15.A. If the full amount of the Local Marketing Expenditure is applied to fees due under such a Systemwide Supply Contract, then Franchisee may, but is not required to, conduct additional or supplemental local marketing activities in accordance with this Section 15.A. If Franchisor collects less than the full amount of the Local Marketing Expenditure, then Franchisee must spend the remaining Local Marketing Expenditure in its marketing activities in its Protected Area in accordance with this Section 15.A.

Franchisee acknowledges and agrees that any and all copyrights in and to advertising and promotional materials developed by or on behalf of Franchisee shall be the sole property of Franchisor, and Franchisee agrees to execute such documents (and, if necessary, require its independent contractors to execute such documents) as may be deemed reasonably necessary by Franchisor to give effect to this provision. Any advertising, marketing, promotional, public relations, or sales concepts, plans, programs, activities, or materials proposed or developed by Franchisee for the Franchised Business or the System and approved by Franchisor may be used by Franchisor and other operators under the System of Franchisor without any compensation to Franchisee.

B. Grand Opening Advertising.

You agree to spend at least the Grand Opening Advertising Amount set forth in the Summary Page in accordance with the Standards to promote the opening of your Franchised Business. Franchisor reserves the right to require a Designated Supplier, which may be its Affiliate, to conduct your Grand Opening Advertising. Franchisor reserves the right to require the Grand Opening Advertising Amount to be paid directly to a Designated Supplier, or itself or its Affiliate, which will then spend it on Franchisee's behalf. Franchisee shall pay the Grand Opening Advertising Amount to the appropriate party at least six weeks before the Franchisor-approved grand opening date of the Franchised Business. All grand opening advertising and promotional materials shall be submitted to Franchisor for approval pursuant to Section 15.A., above. The Grand Opening Advertising Amount shall not be credited towards the Local Marketing Expenditure requirements.

C. Advertising Cooperatives.

Franchisor may, from time-to-time, form local or regional advertising cooperatives (each an "Advertising Cooperative") to pay for the development, placement, and distribution of advertising for the benefit of Franchised Businesses located in the geographic region served by the Advertising Cooperative. Any Advertising Cooperative established by Franchisor will be operated solely as a conduit for the collection and expenditure of Advertising Cooperative fees for the foregoing purposes.

If Franchisor forms an Advertising Cooperative for the region in which the Franchised Business is located, you agree to participate in the Advertising Cooperative pursuant to the terms of this Section 15.C.

Franchisor shall have the exclusive right to create, dissolve, and merge each Advertising Cooperative created, in its discretion, and to create and amend the organizational and governing documents related thereto, provided that such documents shall: (1) operate by majority vote, with each Class 101 business (including those owned or managed by Franchisor or its Affiliates) entitled to one vote; (2) entitle Franchisor to cast one vote (in addition to any votes it may be entitled to on account of its ownership or operation of Class 101 businesses in the area served by the Advertising Cooperative); (3) permit the members of the Advertising Cooperative, by majority vote, to determine the amount of required contributions; and (4) provide that any funds left in the Cooperative at the time of dissolution shall be returned to the members in proportion to their contributions during the 12-month period immediately preceding termination. If the majority of the voting power of an Advertising Cooperative consists of Class 101 businesses owned by Franchisor or its Affiliates, contributions will not exceed $10,000 per year without the consent of a majority of the remaining members.

You agree to be bound by all organizational and governing documents created by Franchisor and, at Franchisor's request, shall execute all documents necessary to evidence or affirm your agreement. The Advertising Cooperative shall begin operating on a date determined in advance by Franchisor.

No advertising or promotional plans or materials may be used by the Advertising Cooperative or furnished to its members without Franchisor's prior approval. All advertising plans and materials must conform to the Standards and must be submitted to Franchisor for approval according to the procedures set forth in Section 15.A of this Agreement.

D. Restriction Against Internet Advertising.

You may not establish or maintain a web site or other presence on the World Wide Web portion of the Internet, including gaming websites or social networking websites such as, but not limited to, FACEBOOK, LINKEDIN, TIKTOK, YELP, or X (formerly known as Twitter), which reflects any of the Proprietary Marks or any of Franchisor's copyrighted works, that includes the term "Class 101" as part of its URL or domain name, that otherwise states or suggests your affiliation with Class 101 brand or franchise system, or that uses or displays any collateral merchandise offered at the Franchised Business, without Franchisor's express written consent, and then only in a manner and in accordance with the procedures, standards and specifications that Franchisor establishes. Our social media and networking policies will be provided to you in the Manual, and may be modified, amended, or terminated by us at any time.

E. NAF.

Franchisor may implement and administer the NAF for the creation and development of marketing, advertising, and related programs, campaigns and materials for the implementation of Franchisor's Brand positioning. Franchisee will contribute the NAF Contribution to the NAF as set forth in Section 6.D. of this Agreement unless Franchisor suspends, at its option, collection of the NAF Contribution. Franchisor may, at its sole option, increase the NAF Contribution upon 60 days' prior notice to Franchisee, subject to the limitations in Section 15.A.

Franchisor will direct all initiatives related to the positioning of the Brand using the NAF, including without limitation advertising and marketing programs (e.g. research methods, branding, creative concepts and materials, sponsorships, and endorsements used in connection therewith); selection of geographic and media markets; and media placement and the allocation thereof. Franchisor may use the NAF to pay the costs of research (including without limitation product and services research and development, curriculum and program development), market research (e.g. customer engagement with the Brand, including design and décor, concept development, uniform design, customer service techniques, customer research and focus groups) creation and production of video, audio, electronic, and written advertising and marketing programs; administration of regional, multi-regional, and national advertising and marketing programs, customer research and surveys, and testing and related development activities; promotional events; purchasing and participating in online, social media, radio, television, and billboard advertising and programming; employing marketing, advertising and promotional agencies to assist therewith; conducting community relations activities; supporting public relations, maintenance of the System websites, and online presence; reasonable administrative expenses (including, but not limited to wages), public relations activities, Crisis Management Event management, employing a director and agencies to assist therein, defraying such salaries, administrative costs and overhead as Franchisor may incur in connection with such activities and other purposes deemed beneficial by Franchisor; and such other advertising, marketing, and promotional activities as Franchisor determines are appropriate for Class 101 businesses and the Proprietary Marks and System under which they operate. The NAF may furnish Franchisee with samples of advertising, marketing formats, promotional formats, and other materials at no additional cost when Franchisor deems appropriate. Multiple copies of such materials will be furnished to Franchisee at Franchisee's sole cost. For the avoidance of doubt, Franchisee will ultimately be responsible for the costs associated with the placement of any such marketing and media for the Franchised Business in accordance with Section 15.A.

(1) Accounting. The NAF will be accounted for separately from Franchisor's other funds and will not be used to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs, travel expenses, and overhead as Franchisor may incur in activities related to the administration of the NAF and its programs, including as described in this Section 15.E and with respect to collecting and accounting for contributions to the NAF. The NAF will be operated solely as a conduit for collecting and expending the NAF Contribution. Franchisor does not act as trustee with respect to the NAF and has no fiduciary duty to Franchisee or its Affiliates, Owners or any other franchisees with regard to the operation or administration of the NAF. Franchisor may spend, on behalf of the NAF, in any fiscal year, an amount that is greater or less than the aggregate contribution of Class 101 businesses to the NAF in that year, and the NAF may borrow from Franchisor or others to cover deficits or may invest any surplus for future use. All interest earned on monies contributed to the NAF will be used to pay advertising costs before other assets of the NAF are expended. Franchisor will, upon Franchisee's written request (but no more than once annually), provide a copy of its unaudited annual statement of monies collected and costs incurred by the NAF. Franchisor will have the right to cause the NAF to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

(2) Proportionality. Franchisee acknowledges that the NAF is intended to maximize recognition of the Proprietary Marks and patronage of Class 101 businesses generally. Although Franchisor will endeavor to utilize the NAF to develop advertising and marketing materials and programs and to place advertising that will benefit the System, Franchisor has no obligation to ensure that expenditures by the NAF in or affecting any geographic area are proportionate or equivalent to the contributions to the NAF by Class 101 businesses operated in that geographic area. Nor is Franchisor under any obligation to ensure that any Class 101 business will benefit directly or in proportion to its NAF Contribution from the development of advertising and marketing materials or the placement of advertising, or that all Class 101 businesses operated by Franchisor or any of its Affiliates will pay the same NAF Contribution. Except as expressly provided in this Section 15.E, Franchisor assumes no direct or indirect liability or obligation to Franchisee with respect to collecting amounts due to, or maintaining, directing or administering the NAF. Franchisor reserves the right to suspend or terminate (and, if suspended or terminated, to reinstate) the NAF. If the NAF is terminated, all unspent monies on the date of termination accrued will be distributed to franchisees operating Class 101 businesses in proportion to their respective contributions to the NAF accrued during the preceding three-month period, and such amounts will be spent on local marketing in accordance with Section 15.A.

(3) Unleashed Fund. Franchisor or its Affiliate reserves the right to establish an advertising fund separate from the NAF (the "Unleashed Fund") for advertising activities related to Franchisor's affiliates. Franchisee will not contribute directly to the Unleashed Fund. When the Unleashed Fund is established, the NAF shall contribute up to 15% of its monthly balance to the Unleashed Fund. The Unleashed Fund is not audited, and Franchisor is not required to provide any financial reports or other reports of Unleashed Fund. Franchisor or its affiliate will have the right to cause the Unleashed Fund to be incorporated or operated through a separate entity our affiliates own and manage if we deem it appropriate, and the successor entity will have all of the same rights and duties.

F. Loyalty Programs, Prize Promotions, and Promotional Literature.

You shall participate in and offer to your customers all customer loyalty and reward programs, and all contests, sweepstakes, and other promotions that Franchisor may develop from time-to-time. Franchisor will communicate to you in writing the details of each such program and promotion, and you shall promptly display all point-of-sale advertising and promotion-related information at such places within the Franchised Business premises as Franchisor may designate. You shall purchase and distribute all coupons, clothing, toys, and other collateral merchandise (and only the coupons, clothing, toys, and collateral merchandise) designated by Franchisor for use in connection with each such program and promotion.

To the extent that Franchisor or its Affiliate develops or authorizes the sale of gift certificates and/or stored value cards, including programs or gift certificates not specific to Class 101, you shall acquire and use all computer software and hardware necessary to process their sale and to process purchases made using such gift certificate or stored value cards. All proceeds from the sale of all gift certificates and stored value cards belong exclusively to Franchisor or its Affiliate, and you shall remit the proceeds of such sales to Franchisor according to the procedures that Franchisor prescribes periodically. Franchisor of its Affiliate shall reimburse or credit to you (at Franchisor's option) the redeemed value of gift cards and stored value cards accepted as payment for products and services sold by the Franchised Business.

At your expense, you must fully participate in gift card programs, loyalty programs, credit card programs, customer tracking programs, incentive programs, reward programs, and other types of programs ("Customer Card Programs") that Franchisor develops or designates to support and promote the System. You must comply with all of Franchisor's procedures and policies for Customer Card Programs in the Manuals. You will, at your sole expense, promptly install at the Franchised Business any acceptance system for Customer Card Programs and/or hardware and software necessary for Customer Card Programs to operate with the Computer System. You must also obtain any services and supplies Franchisor requires from Designated Suppliers in connection with Customer Card Programs. Customer Card Programs may use aspects of the Computer System. Such Customer Card Programs may not be specific to Water Wings Swim School. Franchisor or its affiliate reserves the right to charge administrative fees for administration of the Customer Card Programs, which may be up to 7% of the redeemed amount.

You also shall display at the Franchised Business premises all promotional literature and information as Franchisor may reasonably require from time-to-time. This may include, among other things, establishing a bulletin board for posting local school and community events and displaying signage or other literature containing information about Class 101 franchise offering.

You also agree to honor such credit cards, courtesy cards, and other credit devices, programs, and plans as may be issued or approved by us from time-to-time. Any customary service charges or discounts from reimbursements charged on such cards or authorizations will be at your sole expense.

G. Social Media Accounts License.

At Franchisee's request and upon Franchisee's execution of a terms of use agreement in a form provided by Franchisor, Franchisor may, technology permitting, create all Social Media accounts related to the Franchised Business, and license the account to Franchisee for use in promoting the Franchised Business while this Agreement is in effect. Franchisee shall follow Franchisor's mandatory specifications, standards, operating procedures, and rules for using Social Media in connection with Franchisee's operation of the Franchised Business and Franchisee agrees to comply with any Social Media policy Franchisor implements. Franchisor shall own all Social Media accounts used in operation of the Franchised Business and shall allow Franchisee's access and use only in strict compliance with this Agreement. Franchisor reserves its right to remove Franchisee's access to Social Media accounts at any time at its sole discretion. Upon termination of this Agreement for any reason, Franchisee's access to all Social Media accounts will terminate. The term "Social Media" includes, without limitation: blogs; common social networks such as FACEBOOK, SNAPCHAT, INSTAGRAM, LINKEDIN, TIKTOK, X (formerly known as Twitter), or YOUTUBE; internet listing sites such as WIKIPEDIA, GOOGLE, and YELP; applications supported by mobile platforms such as iOS and Android; virtual worlds and metaverses; file, audio, and video-sharing sites; and other similar internet, social networking, or media sites, mobile platforms, or tools.

Franchisee shall use all Social Media accounts and all content associated with the Social Media accounts only in connection with the operation and promotion of the Franchised Business. Franchisee has no right to sublicense use of the Social Media accounts. Franchisee acknowledges that Franchisor owns the Social Media accounts, all goodwill, all customer information, all analytical data, and all content associated with the Social Media accounts. Franchisee's use of the Social Media accounts will inure to the sole benefit of Franchisor. Franchisor shall possess exclusive rights to "likes," "favorites," "retweets,"

"followers," and other similar benefits ("Benefit") that come as a result of Franchisee's use of the Social Media accounts. Nothing herein shall grant Franchisee any right, title or interest in or to the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the Social Media accounts, other than the right to use it per this Agreement. Franchisee shall take no action inconsistent with Franchisor's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or Benefit associated with the use of the Social Media accounts, or assist any third party in attempting to claim adversely to Franchisor, with regard to such ownership. Without limiting the generality of the foregoing, Franchisee specifically agrees that it will not challenge Franchisor's ownership of the Social Media accounts, goodwill, customer information, analytical data, content or any Benefit associated with the Social Media accounts.

Franchisee undertakes that its use of the Social Media accounts under this Agreement: (a) will comply in all material respects with the applicable platform's terms and conditions in force from time to time; (b) will not breach any governing law, statute, regulation or legally binding code; (c) will not infringe the legal rights of any person in any jurisdiction; (d) will be used only to publish content about the Franchised Business; and (e) will not breach any provision of the Franchise Agreement and will comply at all times with Franchisor's policies, standards, and specifications, as they exist from time to time.

16. INSURANCE

A. Obligation to Maintain Insurance.

You shall be responsible for all loss or damage arising from or related to your development and operation of the Franchised Business, and for all demands or claims with respect to any loss, liability, personal injury, death, property damage, or expense whatsoever occurring upon the premises of, or in connection with the development or operation of, the Franchised Business. You shall procure at your expense and maintain in full force and effect throughout the term of this Agreement that insurance which you determine is necessary or appropriate for liabilities caused by or occurring in connection with the development or operation of the Franchised Business, including the minimum coverages described in Section 16.B. below and as otherwise set forth in the Manual, as updated from time-to-time. Franchisor may, from time-to-time, designate one or more Designated Suppliers for the required insurance coverages described in Section 16.B., and Franchisee shall comply with the requirements to use such Designated Suppliers, to the extent permitted by governing law. If you fail to carry the required insurance prior at any time during the Term, you shall not be permitted to operate your Franchised Business, and Franchisor shall maintain the right to place coverage at your expense or prohibit the opening or continued operation of your Franchised Business.

B. Minimum Insurance Coverage.

All insurance policies described below shall be written by an insurance company or companies satisfactory to us, in compliance with the Standards set forth in the Manual or other written directives. Such policy(ies) shall include, at a minimum, the following coverages:

Line of Coverage:	Limits:
General Liability Insurance	• $1,000,000 per occurrence • $2,000,000 Annual General Aggregate, Other than Products • $2,000,000 Annual Aggregate, Products and Completed Operations • (a) premises and operations; (b) products and completed operations; (c) personal injury; (d) advertising liability; (e) abuse and molestation; (f) contractual liability; (g) employees as insureds; (h) extended bodily injury coverage; (i) damage to premises rented to you ($100,000); (j) owned, non-owned and hired automobile

Line of Coverage:	Limits:
	insurance ($1,000,000 combined single limit); and (k) student sport accident • Medical Expense – each claim – to be excluded
Commercial Property Insurance	Covering business personal property and business income for one year of lost profit and continued business expenses, for full replacement cost of the Franchised Business's contents.
Worker's Compensation	$1,000,000 limit
Hired and Non-Owned Auto Liability	$1,000,000 per occurrence
Employment Practices Liability Insurance	• $1,000,000 per claim • Wage & Hour sublimit no less than $100,000 per occurrence • Coverage for 1st and 3rd party sexual harassment
Professional Liability (recommended but not required)	$1,000,000 per occurrence
Other coverage as we may require from time to time	

You may only purchase the required Worker's Compensation insurance from our Designated Supplier(s), who may be our Affiliate. With respect to all other required insurance, in lieu of purchasing the insurance through our Designated Supplier as we may designate from time-to-time, you may purchase the insurance from insurance brokers and carriers that you select, subject to those brokers and carriers satisfying our Standards and minimum requirements. You must submit to us the information and documentation that we request in connection with your request for our consent to purchase insurance from any unapproved insurance broker or insurance carrier.

We must be included as additional insured on all of the above policies except Worker's Compensation and Professional Liability. All insurance policies (except worker's compensation) must include a waiver of subrogation in favor of us and our affiliates, and each company's officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants, and employees, and must include a 30-day notice of cancellation directed to both you and to us or the person we designate.

Franchisor shall have the right to establish and modify the minimum required coverages and to require different or additional kinds of insurance to reflect changes in the System or products and services offered to customers of Class 101 businesses, inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. All modifications to the insurance requirements will be communicated to you via the Manual. You shall receive written notice of any modifications to the insurance requirements and shall take prompt action to secure the additional coverage or higher policy limits. Nothing in this Agreement prevents or restricts you from acquiring and maintaining insurance with higher policy limits or lower deductibles than Franchisor requires. If you fail to maintain the required insurance, you may not open your Franchised Business or we may force you to close your Franchised Business until the required insurance is put in place.

C. Insurance Policy Requirements.

The following general requirements apply to each insurance policy you are required to maintain under this Agreement:

(1) Each insurance policy must be specifically endorsed to provide that the coverage must be primary, and that any insurance carried by any additional insured will be excess and non-contributory.

(2) Each insurance policy must name Franchisor and its Affiliates, and their respective partners, officers, subsidiaries, shareholders, directors, regional directors, and employees as additional named insureds on a primary non-contributory basis on an Additional Insured Grantor of Franchise Endorsement per form CG2029 (or an endorsement form with comparable wording acceptable to Franchisor) and include a waiver of subrogation in favor of each such additional named insured.

(3) No insurance policy may contain a provision that in any way limits or reduces coverage for you in the event of a claim by Franchisor or its Affiliates.

(4) Each insurance policy must extend to, and provide indemnity for, all of your obligations and liabilities to third parties and all other items for which you are required to indemnify Franchisor under this Agreement.

(5) Except for insurance provided through a Designated Supplier, all insurance policies must be written by a carrier who is licensed in the state in which the Franchised Business operates and with an A.M. Best rating of not less than A-VII (with the exception of general liability and excess insurance carriers, which must have a minimum rating of A XV).

(6) Except as otherwise provided herein, no insurance policy may provide for a deductible amount that exceeds $10,000, unless otherwise approved in writing by Franchisor, and your co-insurance under any insurance policy must be 80% or greater.

(7) Each policy must include an endorsement that it may not be modified or terminated without providing at least 30 days prior written notice to Franchisor.

D. Delivery of Certificate.

You must provide us with a certificate of insurance complying with the stated requirements no less than seven days before the Franchised Business is open to the public. Also, you must provide us with a certificate of insurance on each policy renewal date. Upon request, you also shall provide to Franchisor copies of all or any policies, and policy amendments, endorsements and riders.

E. Minimum Insurance Requirements Not a Representation of Adequacy.

You acknowledge that no requirement for insurance contained in the Agreement constitutes advice or a representation by Franchisor that only such policies, in such amounts, are necessary or adequate to protect you from losses regarding your business under this Agreement. You may choose to obtain additional policies or increase the limits from the minimum requirements in Section 16.B. Maintenance of this insurance, and the performance of your obligations under this Article 16, shall not relieve you of liability under the indemnification provisions of this Agreement.

17. TRANSFER

A. Transfer by Franchisor.

Franchisor shall have the unrestricted right, in its sole discretion and without your consent, to assign this Agreement and/or all of its rights and/or obligations hereunder in a related or third-party transaction, may sell any or all of its assets (including its rights in and to the Proprietary Marks and the System); may issue new shares through an initial public offering and/or private placement; may merge with and/or acquire other companies, or may merge into or be acquired by another company; and may pledge its assets to secure payment of its financial obligations.

B. Franchisee Transfer of Agreement; Transfer of the Franchised Business; Transfer of Controlling Interest.

You understand and acknowledge that Franchisor has entered into this Agreement in reliance on your business skill, financial capacity, personal character, experience, and demonstrated or purported ability in customer service operations. Accordingly, you may not sell or transfer your interest in this Agreement, your Controlling Interest, or the assets of the Franchised Business (except in the ordinary course of your business) without Franchisor's prior written consent. In addition, if you are a Business Entity, no Owner may transfer or assign all or any portion of his or her equity interest in the Business Entity without Franchisor's prior written consent. For purposes of this Section 17.B the term "transfer" means and includes an actual assignment, sale, or transfer of a Controlling Interest, or a collateral assignment or pledge of the Controlling Interest as security for performance of an obligation.

You must notify Franchisor in writing at least 60 days prior to the date of any such intended transfer. Any purported transfer, by operation of law or otherwise, not having the written consent of Franchisor shall be null and void and shall constitute a material breach of this Agreement. Franchisor shall not unreasonably withhold its consent to any transfer, but may, in its sole discretion, require any or all of the following as conditions of its consent:

(1) All of your accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates and your suppliers shall be up to date, fully paid, and satisfied;

(2) You must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates, and your suppliers;

(3) You and each Owner shall have executed a then-current form of general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, shareholders, agents, and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances; provided, however, that any release will not be inconsistent with any state statute regulating franchising;

(4) The transferee shall demonstrate to Franchisor's satisfaction that the transferee meets Franchisor's then-current Standards applicable to new Class 101 franchisees, including but not limited to educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business; does not engage (and its affiliates do not engage) in a Competitive Business; and has sufficient equity capital to operate the Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of the Franchised Business);

(5) The transferee shall sign Franchisor's then-current form of franchise agreement, for a term equal to the remaining term of this Agreement, and you shall pay to Franchisor the Transfer Fee in the amount set forth in Attachment A. The then-current form of franchise agreement may contain different fees, terms and obligations than this Agreement. If the transferee is a Business Entity, then the transferee's Owners shall jointly and severally guarantee your obligations under this Agreement in writing in a form satisfactory to Franchisor. The transferee shall have the option, however, to purchase a longer term (not to exceed a total of five years) by paying an extended term fee ("Extended Term Fee"). The Extended Term Fee will be calculated as Franchisor's then-current initial franchise fee divided by the number of days included in the initial term of the then-current franchise agreement, multiplied by the number of days of additional term being purchased by the transferee;

(6) If deemed necessary by Franchisor, the transferee shall agree to update, remodel, refurbish, renovate, modify, or redesign the Franchised Business, at transferee's sole expense, to conform to Franchisor's then-current Standards and specifications for Class 101 businesses; Upon Franchisee informing Franchisor of a transfer under this Section 17.B., Franchisor reserves the right to require

Franchisee to undergo inspections pursuant to Section 11.H. above and Franchisee shall bear the cost of such inspections, even if such transfer does not close;

(7) You agree to remain liable for all direct and indirect obligations to Franchisor in connection with the Franchised Business prior to the effective date of the transfer, and you and your Owners shall continue to remain responsible for your respective obligations of nondisclosure, noncompetition, and indemnification as provided elsewhere in this Agreement, and all other obligations that survive termination, expiration, or transfer and shall execute any and all instruments reasonably requested by Franchisor to further evidence such obligation;

(8) The transferee shall comply with Franchisor's initial training requirements and pay any applicable training fee;

(9) The transferee has the right to occupy the premises of the Approved Location for the remainder of the term equal to the remaining term of this Agreement;

(10) The transferee has satisfied all licensing and other requirements under applicable local, state, and federal law;

(11) If the transferee or its Owners finance any part of the purchase price, you and the transferee agree before the transfer's proposed effective date that the transferee's obligations under promissory notes, agreements, or security interests reserved in the assets, the Franchised Business (including its physical structure), or ownership interests in the Franchisee are subordinate to the transferee's (and its Owners') obligation to pay Royalty Fees, Technology Fees, NAF Contributions, and other amounts due to the Franchisor and its Affiliates and otherwise to comply with the Agreement.

(12) You or the transferor must provide Franchisor with a copy of the agreements of purchase and sale between the transferor and the transferee. The economic terms of the transfer may not materially and adversely affect, in Franchisor's sole judgment, the post-transfer viability of the Franchised Business; and

(13) If you elect to participate in Franchisor's resale program in connection with the transfer of the Franchised Business pursuant to this Section 17.B., you must comply with Franchisor's then-current resale program requirements, which may include the execution of Franchisor's then-current resale program agreement and payment of the then-current resale program fee and

(14) Franchisor reserves the right to require transferee to conduct grand opening marketing upon closing of the transfer, which Franchisee and Owners shall communicate to transferee during initial communications of the proposed transfer. Such grand opening marketing shall be the same as Franchisor's requirements in the then-current Class 101 franchise disclosure document disclosed to transferee. If transferee does not agree to conduct grand opening upon closing of the transfer, Franchisor reserves the right to charge Franchisee and Owners the required grand opening amount, payable upon closing of the transfer. This is a material condition of Franchisor's approval of the proposed transfer.

If you utilize any marketing material or any other materials prepared to market your Franchised Business for a transfer subject to this Section 17.B., you must submit a copy of such materials to Franchisor for review and approval prior to your utilization or disbursement to transferee candidates, even if such materials are prepared by your brokers and legal and financial advisors.

Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees. Therefore, Franchisor's contact with potential transferees to protect its business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to review the proposed purchase terms, and to withhold its consent, -, even if the conditions in clauses (1) through (12) above are satisfied. Franchisee waives any claim that Franchisor's decision to withhold approval of a proposed transfer in order to protect its business interests—

despite satisfaction of the conditions in clauses (1) through (12) above—constitutes tortious interference with contractual or business relationships or otherwise violates any law. Franchisor has the right, but not the obligation, to review all information regarding the Franchised Business that Franchisee gives the proposed transferee, correct any information Franchisor believes is inaccurate, and give the proposed transferee copies of any reports Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business.

C. Franchisee Transfer Among Owners; Transfer of Non-Controlling Interest.

If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more approved third parties, if:

(1) you have provided to Franchisor advance notice of the transfer and have obtained Franchisor's approval of any new owners,

(2) Attachment C has been amended to reflect the new ownership, and each Owner has signed the Confidentiality and Non-Competition Agreement in the form of Attachment E;

(3) each new Owner who holds greater than 10% ownership interest in you has signed an Undertaking and Guaranty in the form of Attachment D;

(4) each previous and/or new owners have signed a general release in favor of Franchisor and in the form Franchisor requires; and

(5) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

Transfers under this Section 17.C. are limited to once per rolling 12-month period. Otherwise, any transfers under this subsection shall be subject to a Transfer Fee of 25% of the then-current initial franchise fee. For purposes of this Section 17.C. only and the Transfer Fee, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units or assets in the Franchised Business; provided, however, if multiple transfers of Non-Controlling Interest results in a transfer of Controlling Interest, then such transfers of Non-Controlling Interest shall be subject to Section 17.B. above.

D. Franchisee Transfer to Business Entity for Convenience.

You may transfer your interest in this Agreement to a Business Entity for convenience of operation by signing Franchisor's standard form of assignment and assumption agreement if:

(1) the Business Entity is formed solely for purposes of operating the Franchised Business;

(2) you provide to Franchisor a copy of the Business Entity's formation and governing documents (company/operating agreement, by laws, etc.), and a certificate of good standing from the jurisdiction under which the Business Entity was formed;

(3) you sign a general release in favor of Franchisor and in the form that Franchisor requires; and

(4) you pay to Franchisor a Transfer Fee in the amount set forth in Attachment A.

E. Security Interest.

Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in the franchise without Franchisor's consent.

F. Public and Private Offerings.

If you are a Business Entity and you intend to issue equity interests pursuant to a public or private offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance, or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all conditions set forth in Section 17.B and on execution of an indemnity agreement, in a form prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall reimburse Franchisor and its Affiliates for the actual costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

G. Right of First Refusal.

If you receive a bona fide offer to purchase your interest in this Agreement or all or substantially all of the assets of the Franchised Business, or if any Owner receives a bona fide offer to purchase his or her Controlling Interest in you, and you or such Owner wishes to accept such offer, you or the Owner must deliver to Franchisor written notification of the offer and, except as otherwise provided herein, Franchisor shall have the right and option, exercisable within 30 days after receipt of such written notification, to purchase the seller's interest on the same terms and conditions offered by the third party. If the bona fide offer provides for the exchange of assets other than cash or cash equivalents, the bona fide offer shall include the fair market value of the assets (as defined herein) and you shall submit with the notice an appraisal prepared by a qualified independent third party evidencing the fair market value of such assets as of the date of the offer. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by Franchisor as in the case of an initial offer. If Franchisor elects to purchase the seller's interest, closing on such purchase must occur by the later of: (1) the closing date specified in the third-party offer; or (2) within 60 days from the date of notice to the seller of Franchisor's election to purchase. Franchisor failure to exercise the option described in this Section 17.G shall not constitute a waiver of any of the transfer conditions set forth in this Article 17.

Notwithstanding anything herein to the contrary, in the event of an approved transfer subject to Section 17.C or an approved in-term familial transfer of ownership (limited to immediate families only), then Franchisor's right of first refusal in this Section 17.G. shall be inapplicable, and Franchisee shall not be obligated to pay a Transfer Fee as a result of such transfer.

H. Transfer Upon Death or Incapacitation.

If any Owner dies or becomes incapacitated (mental or physical), Franchisor shall consent to the transfer of the former Owner's interest in this Agreement or equity interest in the franchisee (as applicable) to his or her spouse or heirs, whether such transfer is made by will or by operation of law, if, in Franchisor's sole discretion and judgment, the transferee meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the Franchised Business herein; has at least the same managerial and financial criteria required by new franchisees; and has sufficient equity capital to operate the Franchised Business. If said transfer is not approved by Franchisor, the executor, administrator, or personal representative of such person shall transfer the former Owner's interest to a third-party approved by Franchisor within six months after such death, mental incapacity, or disability. Such transfer shall be subject to Franchisor's right of first refusal and to the same conditions as any *inter vivos* transfer.

I. Non-Waiver of Claims.

Franchisor's consent to a Transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor and the transferee are parties, by the transferee.

J. No Transfers in Violation of Law.

Notwithstanding anything to the contrary in this Agreement, no transfer shall be made if the transferee, any of its affiliates, or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

18. DEFAULT AND TERMINATION

A. Automatic Termination.

This Agreement will terminate automatically, without notice and without an opportunity to cure, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof, is filed against you; if any court of competent jurisdiction appoints a receiver or other custodian (permanent or temporary) for you or your business assets, or any part thereof; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment is entered against you and remains unsatisfied or of record for 30 days or longer, unless a *supersedeas* bond is filed; if you are dissolved, voluntarily or involuntarily; if execution is levied against any assets of you or the Franchised Business; if any proceedings to foreclose any lien or mortgage against you, the Franchised Business, or the assets, equipment, or premises of any of the same, is instituted and not dismissed within 30 days; or if the real or personal property of you, the Franchised Business is sold after levy thereupon by any sheriff, marshal, constable, or other authorized law enforcement personnel.

B. Termination without Opportunity to Cure.

Franchisor may terminate this Agreement, by delivering to you written notice of termination, upon the occurrence of any of the following events of default:

(1) Your abandonment of the Franchised Business (for purposes of this provision "abandonment" will be deemed to occur if you fail to operate the Franchised Business on three or more consecutive days or if you otherwise convey an intention to close the Franchised Business);

(2) Your lease for the Approved Location expires or terminates for any reason or you otherwise lose the right to occupy the premises of the Approved Location and you do not have an alternative Approved Location to relocate your Franchised Business pursuant to Section 3.E.;

(3) The making of any false or materially misleading representations in your franchise application or during the franchise application process;

(4) You or any of your Owners or Affiliates is or has been held liable for or convicted by a court of law, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any conduct which Franchisor believes will materially and adversely affect the reputation of the Brand, the Class 101 franchise system, any other Class 101 business, or the goodwill associated with the Proprietary Marks;

(5) You knowingly maintain false books or records or submit any false reports or statements to Franchisor;

(6) Violation of any applicable law or revocation or suspension of any necessary license or certification, in whole or in part;

(7) Violation of any confidentiality or non-compete obligations, as described in Article 14, by you or any Owner;

(8) The Franchised Business fails two consecutive quality assurance inspections during any rolling 12-month period or fails three quality assurance inspections during any rolling 24-month period;

(9) Termination for cause of any agreement between Franchisor and you or your Affiliate, including but not limited to any franchise agreement or area development agreement;

(10) Delivery of three or more notices of default during any rolling 24-month period, whether or not the event(s) of default described in such notices ultimately are cured;

(11) Transfer or attempted transfer in violation of Article 17 of this Agreement;

(12) If an imminent threat or danger to public health or safety results from the operation of the Franchised Business;

(13) Failure to follow Franchisor's instructions or protocol upon a Crisis Management Event;

(14) Utilizing unapproved non-cash payment systems in the Franchised Business;

(15) Accepting or processing non-U.S. currency for products and services offered by the Franchised Business, including but not limited to cryptocurrency; or

(16) If Franchisee breaches any material provision of this Agreement which breach is not susceptible to cure.

C. Termination with Opportunity to Cure.

Franchisor may terminate this Agreement, by delivery of written notice of default, upon the occurrence of any of the following events of default and your failure to take appropriate corrective action during the applicable cure period:

(1) You fail to identify a premises for the Approved Location for the Franchised Business in accordance with Section 3.A or fail to sign a lease for your Approved Location in accordance with Section 3.C, and you fail to cure within seven (7) days after delivery of written notice of default;

(2) You passed on an Acceptable Opportunity and fail to sign a lease for your Approved Location by the Lease Deadline in accordance with Section 3.C., and you fail to cure within seven (7) days after delivery of written notice of default;

(3) You fail to commence operation of your Franchised Business by the Opening Date in accordance with Section 5.A. and fail to cure within 15 days after delivery of written notice of default;

(4) You do not obtain or maintain all insurance coverage required under Section 16.B, and you fail to cure within five (5) days after delivery of written notice of default;

(5) The Designated Manager or Owners of the Franchised Business do not successfully complete initial training, in our sole judgment, and you fail to cure within ten (10) days after delivery of written notice of default;

(6) You fail to commence operation of your Franchised Business by the Opening Date in accordance with Section 4.C. and fail to cure within 30 days after delivery of written notice of default;

(7) You or your Affiliate fails to pay any monies owed to Franchisor, its Affiliates or your trade creditors when due and fail to cure within ten days after delivery of written notice of default;

(8) You misuse the Proprietary Marks or the Intellectual Property, including without limitation by offering and selling unauthorized products or services under or in conjunction with the Proprietary Marks or Intellectual Property, and fail to correct the misuse within five days after delivery of written notice of default;

(9) You infringe on the rights of third-parties, including unauthorized use of third-party trademarks, service marks, patents, copyrights, and all other intellectual property, and fail to cure immediately after Franchisor's written or verbal notice, depending on the severity of such infringement;

(10) The Franchised Business is cited for violation of health, sanitation, or safety laws or regulations, and fails to cure the violation within five days after the date the citation is issued;

(11) You purchase or use items for which Franchisor has identified Designated Suppliers from an unapproved source and fail to cure within the cure period specified in writing by Franchisor;

(12) You purchase, use, or sell items not approved by the Franchisor and fail to cure within the cure period specified in writing by Franchisor;

(13) You refuse to permit Franchisor to inspect the Franchised Business premises, or the books, records, or accounts of Franchisee and fail to cure upon Franchisor's demand;

(14) You fail to operate the Franchised Business during such days and hours specified in the Manuals and fail to cure upon Franchisor's demand;

(15) You are not in compliance with federal, state, or local laws, including but not limited to employment, environmental, occupancy, or other laws that affect the day-to-day operations of your Franchised Business and fail to cure upon Franchisor's demand;

(16) You fail to produce within 10 calendar days books, records, federal, state, and local tax returns, sales tax returns, and such other forms, reports, information, and data that Franchisor requests for an audit pursuant to Section 7.D. and do not cure such default within five (5) calendar days; or

(17) You fail to maintain a minimum of 20 active and paying customers in any calendar as of December 31 of every full calendar year of the term in which the Franchised Business is open and operating, and you fail to cure within 30 days' notice from Franchisor; or

(18) You fail to comply with any provision of this Agreement (except as otherwise provided in Section 18.A and Section 18.B and this Section 18.C) and fail to take appropriate corrective action within 30 days after delivery of Franchisor's written notice of a default.

During any period of default, Franchisor reserves the right to 1) prohibit you from attending any meetings, seminars, conferences, or other events sponsored by Franchisor, 2) prohibit you from serving on the board of any Franchisor organization, or otherwise participate in leadership of such organizations, 3) suspend your access to the Call Center, the franchisee portal/dashboard, and any technology systems we provide to you; 4) suspend services provided to you by us or our Affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies; 5) remove the listing of the Franchised Business from all advertising published or approved by Franchisor; 6) cease listing the Franchised Business on Websites and social media, and to discontinue any links to any site or page for the Franchised Business; and 7) contact Franchisee's landlords, lenders, suppliers, customers, and others with whom it has entered into agreements about the status of Franchisee's operations and provide copies of any default or other notices to Franchisee's landlords, lenders, suppliers, and others with whom it has entered into agreements.

D. Other Remedies.

In addition to its termination rights, Franchisor shall have the right to require the Franchised Business, or a portion thereof, close during any period in which (1) it is in violation of applicable health, sanitation, or safety laws or regulations, (2) Franchisor determines, in its sole discretion, that continued operation of the Franchised Business poses a risk to public health or safety; or (3) you fail to maintain the required insurance policies to operate your Franchised Business. We will have the right to take the actions set out below and continue them until you have cured the default to our satisfaction. The taking of any of the actions permitted in this Section 18.D. will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement. We may:

(1) Remove the listing of the Franchised Business from all advertising published or approved by us, including but not limited to online directories, forums, social media, and indexing websites;

(2) Prohibit you from attending any meetings or seminars held or sponsored by us or taking place on our premises;

(3) Suspend access to the call center, the franchisee portal, and any technology systems we provide to you; and/or

(4) Suspend services provided to you by us or our affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies.

If Franchisor has the right to terminate the Agreement pursuant to Sections 18.B. or 18.C., in lieu of exercising its termination rights, Franchisor may forbear termination of this Agreement while Franchisee attempts to transfer the Franchised Business pursuant to Section 17.B., which may include requiring you to list your Franchised Business for sale with a third-party service provider of your choice or enter Franchisor's resale program by signing our then-current resale participation agreement. If you choose to enter Franchisor's resale program, you may be required to pay Franchisor or its designated Affiliate the then-current resale program fee to assist you in identifying buyers for transfer of your Franchised Business, which is in addition to the Transfer Fee.

E. Step-In Rights.

To prevent any interruption of business of the Franchised Business and any injury to the goodwill and reputation thereof which may be caused thereby, you hereby authorize Franchisor, and Franchisor shall have the right, but not the obligation, to operate the Franchised Business for as long as Franchisor deems necessary and practical, and without waiver of any other rights or remedies Franchisor, may have under this Agreement, if you are in default of your obligations under this Agreement. Franchisor will not be liable to you for any debts, losses or obligations that the Franchised Business incurs, or to any creditors for any supplies or other products or services purchased for the Franchised Business, in connection with such management. Franchisor or its designee may assume the Franchised Business' management under the following circumstances: (a) if you abandon or fail to actively operate the Franchised Business for any period; or (b) we provide you with a noticeof your violation of this Agreement, within the applicable cure period (if any pursuant to the applicable provision in Sections 18.B and 18.C. Our exercise of our rights under this Section will not affect our right to terminate this Agreement. **YOU SHALL INDEMNIFY AND HOLD FRANCHISOR HARMLESS FROM ANY AND ALL CLAIMS ARISING FROM THE ALLEGED ACTS AND OMISSIONS OF FRANCHISOR AND ITS REPRESENTATIVES IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.**

F. Liquidated Damages.

If this Agreement is terminated due to Franchisee's default or is otherwise prematurely terminated by Franchisee acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Initial Term expires. Some of those damages include lost Royalty

Fees, NAF Contributions, and other fees, lost market penetration and goodwill, loss of Class 101 representation in the Franchisee's Protected Area, confusion of individual customers, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another franchisee to develop another Class 101 franchise in the Protected Area (collectively, "Brand Damages"). Franchisor and Franchisee acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor.

Therefore, upon termination of this Agreement for any reason (subject to this Article 18), Franchisee shall pay Franchisor the Liquidated Damages within fifteen (15) days after Franchisor's service of written notice terminating this Agreement. As used herein, "Liquidated Damages" shall mean the product of (i) the Royalty Fee, multiplied by Franchisee's Gross Sales during the entire previous twelve (12) full calendar months, and (ii) the lesser of (1) three years or 9b) the number of years remaining in the Initial Term.

Franchisee agrees that the liquidated damages calculated under this Section 18.F. represent the best estimate of Franchisor's Brand Damages arising from any termination of this Agreement before the Initial Term expires. Franchisee's payment of the liquidated damages to Franchisor will not be considered a penalty but, rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Initial Term's full length.

Franchisee acknowledges that Franchisee's payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, Franchisee's obligations to pay other amounts due to Franchisor under this Agreement as of the date of termination and to comply strictly with the de-identification procedures of Article 19 and Franchisee's other post-termination obligations.

If any valid law or regulation governing this Agreement limits Franchisee's obligation to pay, and/or Franchisor's right to receive, the liquidated damages for which Franchisee is obligated under this Section 18.F, then Franchisee shall be liable to Franchisor for any and all Brand Damages Franchisor incurs, now or in the future, as a result of Franchisee's breach of this Agreement.

G. Right of Set Off.

If an event of default occurs hereunder or under any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, then Franchisor is hereby authorized at any time and from time to time without notice and to the fullest extent permitted by law, to set off and apply any and all sums at any time held or received by Franchisor, including, but not limited to, disbursements of Membership Program revenues, against any of and all obligations of Franchisee now or hereafter existing under this Agreement or any other agreement between Franchisor and you or your affiliates, subsidiaries, or Owners, irrespective of whether or not Franchisor shall have made any demand under this Agreement or such other agreements.

H. Cross-Default.

Any uncured default, following written notice and applicable opportunity to cure, if any, i) under the Franchise Agreement due to safety, sanitation, or health violations, non-compliance with the law, fraud, gross negligence, violation(s) of the no compete covenants, violation(s) of the confidentiality obligations, or failure to satisfy financial obligations owed to the Franchisor or ii) under any development agreement shall be considered a default under this Agreement and shall provide an independent basis for immediate termination of this Agreement, without further opportunity to cure, with or without notice and at Franchisor's sole discretion.

Any Cross-Default under any agreement between you (or any Owner) and Franchisor or its Affiliates (including but not limited to any development agreement, or any other franchise agreement, including with Affiliates), and failure to cure within any applicable cure period, shall be considered a default under this

Agreement and shall provide an independent basis for immediate termination of this Agreement, without an opportunity to cure, with or without notice, upon Franchisor's sole discretion. "Cross-Default" shall be defined as default due to i) violations of safety, sanitation, or health codes or Franchisor's safety Standards, or non-compliance with the law, ii) fraud, iii) gross negligence, iv) violation(s) of the non-compete and other applicable restrictive covenants, or violation(s) of confidentiality obligations, and v) failure to satisfy financial obligations owed to the Franchisor.

19. OBLIGATIONS UPON EXPIRATION OR TERMINATION

A. Expiration or Termination of Franchise.

Upon termination or expiration of this Agreement, you shall have no further right to use the Proprietary Marks, Intellectual Property or other intellectual property owned and licensed to you by Franchisor. You may no longer hold yourself out as a Class 101 franchisee, and you shall refrain from representing any present or former affiliation with Franchisor or the network of Class 101s.

You shall immediately:

(1) Cease to operate the Franchised Business, unless otherwise specified by Franchisor;
(2) Pay all sums due and owing to Franchisor and its Affiliates;
(3) Take all actions necessary to cancel any assumed or fictitious name containing the Proprietary Marks (including but not limited to "Class 101" or "C101") and shall do all things necessary to transfer to Franchisor or its designee the Franchised Business' telephone number(s). You hereby grant to Franchisor and its representatives, power of attorney for the specific purpose of executing all documents and doing all things necessary to effect such cancellations and transfers;
(4) Surrender to Franchisor all copies of all materials in your possession including the Manual, all Confidential Information and all other documentation relating to the operation of the Franchised Business in your possession, and all copies thereof, and shall retain no copy or record of any of the foregoing, excepting only your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law;
(5) At the option of Franchisor, assign to Franchisor (or its designee) any interest which Franchisee has in any lease, sublease or other agreement for the Franchised Business premises and surrender the Franchised Business premises to the Franchisor pursuant to Section 19.B. below. In the event Franchisor does not elect to exercise its option to acquire Franchisee's interest in the lease, sublease or other agreement for the premises, Franchisee shall make such modifications or alterations to the premises immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of Class 101 under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 19.A.(5), Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand; and
(6) Comply with all post-termination covenants in Article 14.

If, following expiration or termination of this Agreement, the premises for your Franchised Business will not continue to operate as a Class 101, either by us or our designee, then in addition to any procedures required by applicable laws and any instructions that we may provide, upon our request, you will cooperate with us in notifying all members of your Franchised Business immediately that your Franchised Business will cease to operate under the Proprietary Marks. We may offer to such members the option to terminate their membership and receive a pro rata refund of all membership fees and other charges which were prepaid by such members related to any period after the effective date of termination or expiration of this Agreement. You are solely responsible for paying such refunds to your members, and we will deduct all such refunds from the amounts to be disbursed to you for the Membership Program revenues

of your Franchised Business. You further will cooperate with us to preserve member goodwill. Further, you will immediately comply with our then-current de-branding checklist, as further supplemented in the Manual, which shall require you to, among other things:

(1) Remove and destroy all interior and exterior signage, point-of-sale materials, business forms, and stationary, and any other materials containing the Proprietary marks and brand colors;

(2) Delete from all computer hard drives all materials, information, communications, manuals, and marketing and promotion materials received from us;

(3) Remove all decals containing Class 101 name, the Proprietary Marks, any slogans, or identifiable color scheme;

(4) Repaint or remove all identifiable color schemes from all equipment, padding, walls, doors, floors, and other surfaces;

(5) Promptly instruct all third-party internet sites and telephone directories to remove all listings identifying the location as a Class 101 business;

(6) Return all uniforms, sales materials, operations manuals, and other items that contain any Confidential Information;

(7) Change your corporate and legal business name, if necessary, so that it does not contain any of the Proprietary Marks; and

(8) Return to us all signs, sign-faces, sign-cabinets, marketing materials, forms, packaging, and other materials that contain any of the Proprietary Marks.

B. Franchisor's Option to Assume Lease and Purchase Assets Following Expiration or Termination.

(1) Upon termination or expiration of this Agreement, Franchisor shall have the option, but not the obligation, to assume your lease for the Franchised Business premises by delivering to you written notice of its election within 30 days after termination or expiration of this Agreement in accordance with the terms of the Lease Rider. If Franchisor elects not to assume your lease for the Franchised Business premises, Franchisor shall have the option to purchase (in accordance with the terms and conditions set forth below), or may require you to destroy, any graphics, signage, or other materials bearing the Proprietary Marks. You shall immediately remove from the Franchised Business premises all items bearing the Proprietary Marks and Intellectual Property and modify the trade dress as necessary to distinguish the premises from those of a Class 101 business in accordance with the de-branding requirements set forth in the Manual. If you fail or refuse to comply with the requirements of this Section 19.B, Franchisor and its representatives shall have the right to enter on the Franchised Business premises, without liability for trespass or other civil tort, for purposes of making such changes, at your expense, which you shall pay upon demand.

(2) Upon (a) expiration of this Agreement without extension or renewal or (b) termination of this Agreement by us in accordance with its terms or by you in any manner other than in accordance with its terms, then we have the right, exercisable by giving notice thereof ("**Appraisal Notice**") to require that a determination be made of the Agreed Value (as defined below) of all of your personal property, improvements, fixtures, furniture and equipment used and located at the Franchised Business, but excluding any items not meeting our specifications or standards as provided in this Agreement (the "**Appraised Assets**"). In the event of a termination, such Appraisal Notice shall be given no later than 30 days after the date of such termination; in the event of expiration, such Appraisal Notice shall be given no more than six months and no less than three months prior to the expiration of this Agreement.

(3) Upon such Appraisal Notice, you may not sell or remove any of the Appraised Assets from the Franchised Business. The "**Agreed Value**" shall be determined by good faith consultation

between you and us. You agree to give us, our designated agents and, if applicable, the Appraiser (as defined in subsection (4) below) full access to your Franchised Business's books and records relating to the Appraised Assets (including copies of all leases, concession licenses or other arrangements relating to your occupancy of the premises), at any time upon three days' prior written notice during customary business hours in order to inspect the Appraised Assets and determine the purchase price for the Appraised Assets.

(4) If you and we are unable to agree on the Agreed Value of the Appraised Assets within 15 days after the Appraisal Notice, then the Agreed Value will be the Fair Market Value (as defined below), unless the option to purchase occurs as a result of a termination in connection with one or more defaults by Franchisee, in which case the Agreed Value will be the lesser of the Appraised Asset Value (as defined below) or the Net Book Value (as defined below). "**Fair Market Value**" will be the amount which an arm's length purchaser would be willing to pay for the Appraised Asset as a going concern operating under our then-current form of franchise agreement with a terminal value based on the remaining term of the lease (not in excess of 5 years) and, for the avoidance of doubt, Fair Market Value may not include goodwill associated with the Proprietary Marks. The "**Appraised Asset Value**" will be the amount which an arm's length purchaser would be willing to pay for the Appraised Assets, considering their age and condition. The "**Net Book Value**" shall be the net book value of the Purchased Assets (including the unamortized portion of any capitalized so-called "key money" for leases), as reflected on Franchisee's books and records, determined in accordance with generally accepted accounting principles. The Fair Market Value, Appraised Asset Value and Net Book Value, as applicable, will be determined by a member of a nationally recognized accounting firm (other than a firm which conducts audits of either Party's financial statements) agreed to by the Parties who has experience in the valuation of retail businesses ("**Appraiser**"). If the Parties cannot agree to an Appraiser, then each Party will select an Appraiser in accordance with the foregoing standards and the appraisal will be conducted by an Appraiser selected by the two party-appointed Appraisers that meets the foregoing standards.

The Appraiser will make his or her determination and submit a written report ("**Appraisal Report**") to Franchisee and Franchisor as soon as practicable, which report shall contain the Fair Market Value, Appraised Asset Value and Net Book Value, as applicable. The Appraiser shall endeavor to complete the Appraisal Report within 60 days after his or her appointment, and both Parties shall fully cooperate with the Appraiser in order to meet the deadline. The Appraiser may extend the Appraisal Report deadline, as may be reasonably necessary. Franchisee agrees to promptly provide the Appraiser with such books and records as he or she may require, which Franchisee represents and warrants to be complete and accurate. In absence of such books and records or if the Appraiser is not satisfied with their completeness or accuracy, the Appraiser may make his or her determination in the Appraisal Report on the basis of other sources and information he or she deems reasonably appropriate. The Appraiser's determination shall be final and binding on the Parties hereto, and the Parties agree to share the cost of the appraisal equally.

Franchisor has the option, exercisable by delivering notice thereof within ten days after submission of the Appraisal Report (or the date that an agreement is reached, if the Parties agree to the Agreed Value), to agree to purchase the Appraised Assets of the Franchised Business at its Agreed Value ("**Purchased Assets**").

If Franchisor exercises its option to purchase, the purchase price for the Purchased Assets will be paid in full by wire transfer at the closing, which will occur at the place, time and date mutually agreed by the Parties, and if the Parties cannot agree, then as reasonably determined by Franchisor (subject to compliance with applicable law and any reasonable extensions required by Franchisor). At the closing, Franchisor will be entitled to all customary representations and warranties, covenants and closing documents and post-closing indemnifications, including: (i) instruments transferring good and merchantable title to the Purchased Assets, free and clear of all security interests, liens, encumbrances, and liabilities, to Franchisor or its designee, with all sales and other transfer taxes paid by Franchisee; and, (ii) an assignment of all leases (subject to landlord rights) and concession licenses of personal property and real estate used in the operation of the Franchised Business, including building and/or equipment (or if an

assignment is prohibited, a sublease or sublicense to Franchisor or its designee for the full remaining term, subject to landlord rights, and on the same terms and conditions as Franchisee's lease or concession license, including renewal and/or purchase options).

Franchisor shall have the right to offset against the purchase price for the Purchased Assets any of the following: (1) any and all amounts owed by Franchisee or any of its Affiliates to Franchisor or any of its Affiliates; (2) lease transfer fees (if any), other costs owed to your landlord, and the costs of renovating the Franchised Business premises so that it meets Franchisor's then-current standards and specifications (if Franchisor elects to assume the lease for the Franchised Business premises); and (3) the costs of de-identifying the Franchised Business premises in accordance with Section 19.B, if you fail to do so (if Franchisor does not elect to assume the lease for the Franchised Business premises premises).

If Franchisee cannot deliver clear title to all of the assets, or if there are other unresolved issues, the closing of the sale may at Franchisor's option, be accomplished through an escrow on reasonably appropriate terms, including the making of payments, to be deducted from the purchase price, directly to third parties in order to obtain clear title to the Purchased Assets. Franchisee and Franchisor shall comply with any applicable bulk sales or similar laws and all applicable tax notification and/or escrow procedures.

Franchisee shall exert reasonable commercial efforts to obtain all necessary consents to consummate the sale (including consents to assignments of leases and concession licenses) and to ensure all managers shall be available, to the extent requested by Franchisor, for continued employment with the company purchasing the Purchased Assets. Franchisor shall have the right to receive specific performance or injunctive relief to enforce the provisions set forth in this Section 19.

Upon delivery of the Appraisal Notice and pending determination of Agreed Value and the closing of the purchase, Franchisor shall authorize continued temporary operations of the Franchised Business pursuant to the terms of this Agreement, subject to the supervision and control of one or more of Franchisor's appointed managers.

FRANCHISEE WILL DEFEND, INDEMNIFY AND HOLD HARMLESS FRANCHISOR FROM AND AGAINST ALL OBLIGATIONS, LIABILITIES, CLAIMS AND CAUSES OF ACTION ACCRUING PRIOR TO CLOSING AND THAT IN ANY WAY RELATE TO OR ARISE OUT OF THE OPERATION OF THE FRANCHISED BUSINESS IN ACCORDANCE WITH THE INDEMNIFICATION PROCEDURES SET FORTH IN SECTION 20.B.

C. Compliance with Post Term Obligations.

You and each Owner shall comply with all covenants and obligations which, by their nature, survive termination of this Agreement including, without limitation, the confidentiality obligations and restrictive covenants set forth and described in Article 14 of this Agreement and the indemnification obligations set forth and described in Section 20.B of this Agreement.

20. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

A. Independent Contractor.

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you will operate the Franchised Business as an independent contractor, we and you do not intend to be partners, associates, joint venturer, employee, employer, agents, or joint employers in any way, we shall not be construed to be jointly liable for any of your acts or omissions under any circumstances, and that nothing in this Agreement shall be construed to create a partnership, joint venture, agency, employment, fiduciary relationship, master-servant relationship, or legal relationship of any kind. Franchisor shall have no relationship with your employees and you have no relationship with Franchisor's employees.

None of your employees will be considered employees of Franchisor or its Affiliates. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly

or by implication, be construed to be an employee of Franchisor or its Affiliates for any purpose, including with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Neither Franchisor nor its Affiliates will have the power to hire or fire your employees. We have no right or duty to supervise, manage, control or direct your employees in the course of their employment for you. You expressly agree, and will never contend otherwise, that Franchisor's authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Franchised Business does not directly or indirectly vest in Franchisor or its Affiliates the power to hire, fire, or control any such employee. You further acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities, and elements of your Franchised Business and that under no circumstance shall Franchisor or its Affiliates do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications, and procedures of System which you are required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer, or imply that Franchisor or its Affiliates controls any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but constitute only standards to which you must adhere when exercising your control of the day-to-day operations of your Franchised Business. You are solely responsible for all terms and conditions of employment of your employees.

Except as otherwise expressly authorized by this Agreement, neither party hereto will make any express or implied agreements, warranties, guarantees, or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between Franchisor and you are other than that of franchisor and franchisee. Franchisor does not assume any liability, and will not be deemed liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement, nor will Franchisor be obligated for any damages to any person or property which directly or indirectly arise from or relate to the operation of the Franchised Business.

During the term of this Agreement, you shall identify yourself as the owner of the Franchised Business operating under a franchise granted by Franchisor, and shall apply for all permits, certificates of occupancy, and business licenses in your own name. Additionally, your individual name (if you are an individual) or your corporate name (if you are a Business Entity) must appear prominently on all invoices, order forms, receipts, business stationery, and contracts. You shall not use the Proprietary Marks to incur or secure any obligation or indebtedness on behalf of Franchisor. You shall display at the Franchised Business, in a conspicuous location, a form of notice approved by Franchisor, stating that you are an independent franchised operator of the business.

B. INDEMNIFICATION.

YOU SHALL DEFEND AT YOUR OWN COST AND INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISOR AND ITS AFFILIATES, AND THEIR RESPECTIVE SUBSIDIARIES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, DESIGNEES, AND REPRESENTATIVES (COLLECTIVELY, THE "FRANCHISOR INDEMNITEES") FROM ALL LOSSES AND EXPENSES INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, CLAIM, CAUSE OF ACTION, DEMAND, INVESTIGATION, OR FORMAL OR INFORMAL INQUIRY (REGARDLESS OF WHETHER ANY OF THE FOREGOING IS REDUCED TO JUDGMENT), OR ANY SETTLEMENT OF THE FOREGOING, WHICH ACTUALLY OR ALLEGEDLY, DIRECTLY OR INDIRECTLY, ARISES OUT OF, IS BASED UPON, IS A RESULT OF, OR IS IN ANY WAY RELATED TO ANY OF THE FOLLOWING: (1) ANY ACTUAL OR ALLEGED INFRINGEMENT OR ANY OTHER ACTUAL OR ALLEGED VIOLATION OF ANY PATENT, TRADEMARK, COPYRIGHT, OR OTHER PROPRIETARY RIGHT OWNED OR CONTROLLED BY THIRD PARTIES BY YOU OR THE FRANCHISED BUSINESS OR ANY OF YOUR OR ITS RESPECTIVE OWNERS, OFFICERS, DIRECTORS,

MANAGEMENT PERSONNEL, EMPLOYEES, AGENTS, SERVANTS, CONTRACTORS, SUBCONTRACTORS, PARTNERS, PROPRIETORS, AFFILIATES OR REPRESENTATIVES, OR ANY THIRD PARTY ACTING ON BEHALF OF OR AT THE DIRECTION OF SUCH PERSONS OR ENTITIES, WHETHER IN CONNECTION WITH THE FRANCHISED BUSINESS OR OTHERWISE (COLLECTIVELY, THE "FRANCHISEE INDEMNITORS"); (2) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY CONTRACT, FEDERAL, STATE, OR LOCAL LAW, REGULATION, RULING, STANDARD, OR DIRECTIVE OF ANY INDUSTRY STANDARD BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (3) ANY ACTUAL OR ALLEGED LIBEL, SLANDER, OR ANY OTHER FORM OF DEFAMATION BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (4) ANY ACTUAL OR ALLEGED VIOLATION OR BREACH OF ANY WARRANTY, REPRESENTATION, AGREEMENT, OR OBLIGATION IN THIS AGREEMENT BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (5) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO THE DESIGN, CONSTRUCTION, CONVERSION, BUILD OUT, OUTFITTING, REMODELING, RENOVATION, UPGRADING, OR OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, INCLUDING, BUT NOT LIMITED TO, ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY ANY CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS; (6) ANY PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE SUFFERED OR CAUSED BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS; (7) ALL LIABILITIES ARISING FROM OR RELATED TO YOUR MARKETING, ADVERTISING, PROMOTION, OFFER, SALE, OR DELIVERY OF PRODUCTS OR SERVICES AS CONTEMPLATED BY THIS AGREEMENT; (8) ANY AND ALL LATENT OR OTHER DEFECTS IN THE FRANCHISED BUSINESS, WHETHER OR NOT DISCOVERABLE BY FRANCHISOR OR YOU; (9) THE INACCURACY OR LACK OF AUTHENTICITY OF ANY INFORMATION DISCLOSED TO ANY CUSTOMER OF THE FRANCHISED BUSINESS; (10) CRIMES COMMITTED ON OR NEAR ANY OF THE PREMISES OR FACILITIES OR VEHICLES USED BY YOUR FRANCHISED BUSINESS; (11) ANY SERVICES OR PRODUCTS PROVIDED BY ANY AFFILIATED OR NONAFFILIATED ENTITY FOR THE FRANCHISED BUSINESS; (12) ANY ACTION BY ANY CUSTOMER, VISITOR, OPERATOR, EMPLOYEE, OR GUEST OF THE FRANCHISED BUSINESS OR ANY OTHER FACILITY OF YOUR FRANCHISED BUSINESS; (13) ANY AND ALL ACTS, ERRORS, OR OMISSIONS ENGAGED IN BY YOU OR ANY OF THE OTHER FRANCHISEE INDEMNITORS, ARISING OUT OF OR RELATED TO ANY DISCRIMINATION, HARASSMENT, DISABILITY, HOUR AND WAGE CLAIMS, OR OTHER EMPLOYMENT PRACTICES IN ANY WAY RELATED TO THE OPERATION OF THE FRANCHISED BUSINESS, WHETHER ANY OF THE FOREGOING WAS APPROVED BY FRANCHISOR, (14) ANY AND ALL CLAIMS RELATED TO YOUR NONCOMPLIANCE OR ALLEGED NONCOMPLIANCE WITH ANY LAW, ORDINANCE, RULE OR REGULATION, INCLUDING ANY ALLEGATION THAT WE ARE A JOINT EMPLOYER OR OTHERWISE RESPONSIBLE FOR YOUR ACTS OR OMISSIONS RELATING TO YOUR EMPLOYEES, (15) ANY DAMAGE TO THE PROPERTY OF YOU OR FRANCHISOR, YOUR AND OUR RESPECTIVE AGENTS, OR EMPLOYEES, OR ANY THIRD PERSON, FIRM, OR CORPORATION, WHETHER OR NOT SUCH LOSSES, CLAIMS, COSTS, EXPENSES, DAMAGES, OR LIABILITIES WERE ACTUALLY OR ALLEGEDLY CAUSED WHOLLY OR IN PART THROUGH THE ACTIVE OR PASSIVE NEGLIGENCE OF FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES, OR RESULTED FROM ANY STRICT LIABILITY IMPOSED ON FRANCHISOR OR ANY OF ITS AGENTS OR EMPLOYEES.

THE INDEMNIFICATION REQUIRED UNDER THIS SECTION 20.B SHALL APPLY TO ALL CLAIMS, INCLUDING THOSE THAT ARISE, OR ARE ALLEGED TO ARISE, AS A RESULT OF FRANCHISOR'S OWN NEGLIGENCE OR GROSS NEGLIGENCE, IF ANY, REGARDLESS OF WHETHER FRANCHISOR'S NEGLIGENCE OR GROSS NEGLIGENCE IS ALLEGED TO BE THE SOLE, CONTRIBUTING, OR CONCURRING CAUSE OF SUCH ALLEGED DAMAGES THAT MIGHT BE ASSERTED.

For purposes of this Agreement, the term "Losses and Expenses" means, without limitation, all claims, losses, liabilities, costs, and expenses including compensatory, exemplary, incidental, consequential, statutory, or punitive damages or liabilities; fines, penalties, charges, expenses, lost profits, attorneys' fees, expert fees, costs of investigation, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, and financing; travel, food, lodging, and other expenses necessitated by Franchisor's need or desire to appear before, or witness the proceedings of, courts or tribunals (including arbitration tribunals), or governmental or quasi-governmental entities, including those incurred by Franchisor's attorneys or experts to attend any of the same; costs of advertising material and media/time/space, and costs of changing, substituting, or replacing the same; and any and all expenses of recall, refunds, compensation, public notices, and all other amounts incurred by Franchisor in connection with the matters described above. All such Losses and Expenses incurred by Franchisor will be chargeable to and payable by you pursuant to this Section 20.B, regardless of any actions, activities, or defenses undertaken by Franchisor or the subsequent success or failure of such actions, activities, or defenses.

You shall give Franchisor written notice of any event of which you are aware for which indemnification is required within three days of your actual or constructive knowledge of such event. At your expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense or settlement thereof, provided that Franchisor will seek your advice and counsel. Any assumption by Franchisor shall not modify your indemnification obligation. Franchisor may, in its sole and absolute discretion, take such actions as it deems necessary and appropriate to investigate, defend, or settle any event, or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the Franchisor Indemnities or the System. Under no circumstances will Franchisor or the Franchisor Indemnities be required to seek recovery from third parties or to otherwise mitigate their losses to maintain a claim against you; in no event will a failure to pursue recovery from third parties or to mitigate loss reduce the amounts recoverable by Franchisor or the Franchisor Indemnities from you. The indemnification obligations provided by this Section 20.B will survive the expiration or termination of this Agreement.

21. NOTICES

All notices, requests, and reports required or permitted under this Agreement must be in writing and must be (i) personally delivered, (ii) sent by expedited delivery service or certified or registered mail, return receipt requested, first-class postage prepaid, (iii) by facsimile (provided that the sender confirms the facsimile by sending an original confirmation copy by certified mail or expedited delivery service within five calendar days after transmission) to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party, or (iv) by email or other electronic means to the respective parties at the addresses reflected in the Summary Page, unless and until a different address has been designated by written notice to the other party. Franchisor and its Affiliates expressly reserve the right to send to the Franchisee all notices of default and notices of termination of the Franchise Agreement to email address(es) on file, and at its sole discretion, submit a copy through any other means under this Article 21. Franchisee shall not opt out of electronic communications from Franchisor and its Affiliates, including email. Any notice will be deemed to have been given at the time of personal delivery or receipt (electronic or otherwise); provided, however, that if delivery is rejected, delivery will be deemed to have been given at the time of such rejection.

22. SEVERABILITY AND CONSTRUCTION

A. Entire Agreement.

This Agreement, all attachments to this Agreement, and all ancillary agreements executed contemporaneously with this Agreement constitute the final and fully integrated agreement between the parties regarding the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements. Nothing in this agreement or any related agreement is intended to disclaim the representation made in the disclosure document provided to you by Franchisor.

B. Modification.

This Agreement may be modified only by a written document, signed by both parties.

C. Written Consent.

Whenever this Agreement requires the prior approval or consent of Franchisor, you shall make a timely written request to Franchisor therefore and such approval or consent shall be obtained in writing.

D. No Waiver.

No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by you with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Franchisor's waiver of any particular default by you shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature, nor shall any delay, forbearance, or omission of Franchisor to exercise any power or right arising out of any breach or default by you of any of the terms, provisions, or covenants hereof affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by you of any terms, covenants, or conditions of this Agreement.

E. Severability.

Except as expressly provided to the contrary herein, each section, part, term, and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term, and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties hereto, and said invalid sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement; provided, however, that if Franchisor determines that such finding of invalidity or illegality adversely affects the basic consideration of this Agreement, Franchisor, at its option, may terminate this Agreement.

F. Captions and Headings; References to Gender; Counterparts.

All captions in this Agreement are intended solely for the convenience of the parties, and none of the captions shall be deemed to affect the meaning or construction of any provision hereof. All references herein to the masculine, neuter, or singular shall be construed to include the masculine, feminine, neuter, or plural. This Agreement may be executed in one or more originals, each of which shall be deemed an original.

G. Persons Bound.

All acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all of the parties executing this Agreement as franchisee hereunder. As used in this Agreement, the term "you" shall include all persons who succeed to the interest of the original franchisee by transfer or operation of law.

H. Franchisor's Judgment.

Whenever this Agreement or any related agreement grants, confers, or reserves to Franchisor the right to take action, refrain from taking action, grant or withhold consent, or grant or withhold approval, Franchisor will, unless the provision specifically states otherwise, have the right to engage in such activity at its option taking into consideration its assessment of the long-term interests of the System overall. You acknowledge and recognize, and any court or judge is affirmatively advised, that if those activities and/or decisions are supported by Franchisor's business judgment, neither said court, said judge, nor any other person reviewing those activities or decisions will substitute his, her, or its judgment for Franchisor's judgment. When the terms of this Agreement specifically require that Franchisor not unreasonably withhold approval or consent, any withholding of our approval or consent will be considered reasonable if you are in default or breach under this Agreement.

I. Third Party Beneficiaries.

This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, shall give or be construed to give any person, other than the parties and such assigns, any legal or equitable rights under this Agreement.

23. GOVERNING LAW AND FORUM SELECTION

A. Governing Law.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act), the Federal Arbitration Act, the Copyright Act, or the Patent Act, this Agreement (and all matters arising out of or relating to this Agreement) are governed by, and shall be construed in accordance with, the laws of the State of Texas, without giving effect to the conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of Texas. By agreeing to the application of Texas law, the parties do not intend to make this Agreement or their relationship subject to any franchise, distributorship, business opportunity, or similar statute, rule, or regulation of the State of Texas to which this Agreement or the parties' relationship otherwise would not be subject. As of the Effective Date, Franchisor has a place of business in the State of Texas, and Texas otherwise bears a reasonable relationship to this Agreement, the parties' relationship established by this Agreement, and the parties. Franchisee and Franchisor acknowledge and agree that the choice of governing state law set forth in this Section provides each of the parties with the mutual benefit of uniform interpretation of this Agreement and the parties' relationship created by this Agreement. Franchisee and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit, and that each Party's agreement regarding governing state law has been negotiated in good faith and is part of the benefit of the bargain reflected in this Agreement.

B. Remedy.

Unless otherwise specified in this Agreement, no right or remedy conferred upon or reserved by Franchisor or you by this Agreement is intended and it shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, by law or at equity, but each right or remedy shall be cumulative of every other right or remedy.

You may not under any circumstances make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval under this Agreement, and you hereby waive any such claim for damages, whether by way of affirmative claim, setoff,

counterclaim, or defense. Your sole remedy for any such claim will be an action or proceeding for specific performance of the applicable provision(s) of this Agreement.

C. WAIVER OF JURY TRIAL.

TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE, OWNER, AND THE FRANCHISOR INDEMNITIES KNOWINGLY, WILLINGLY, AND VOLUNTARILY, WITH FULL AWARENESS OF THE LEGAL CONSEQUENCES, AFTER CONSULTING WITH COUNSEL (OR AFTER HAVING WAIVED THE OPPORTUNITY TO CONSULT WITH COUNSEL) AGREE TO WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY DISPUTE BETWEEN THEM. THE RIGHT TO A TRIAL BY JURY IS A RIGHT SUCH PARTIES WOULD OR MIGHT OTHERWISE HAVE HAD UNDER THE CONSTITUTIONS OF THE UNITED STATES OF AMERICA AND THE STATE IN WHICH THE FRANCHISED BUSINESS IS LOCATED.

D. Contractual Limitations Period.

Any and all claims and actions arising out of or relating to this Agreement, with the exception of Franchisor's indemnification claims and actions for monies owed to Franchisor or its Affiliates, the parties' relationship, or the operation of the Franchised Business (including any claims of set-off or recoupment), must be brought or asserted before the expiration of the earlier of: (1) the time period for bringing an action under any governing state or federal statute of limitations; or (2) two years and a day after the date such claim arose, whichever occurs first; or it is expressly acknowledged and agreed by all parties that such claims or actions shall be irrevocably barred.

E. WAIVER OF PUNITIVE DAMAGES.

THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, OR MULTIPLE DAMAGES AGAINST THE OTHER.

F. Attorneys' Fees.

If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

G. Dispute Resolution by Binding Arbitration.

(1) Any dispute or claim between (A) you and/or any Owner and (B) Franchisor or any Franchisor Indemnitee, including but not limited to any dispute or claim arising out of or relating in any way to

(a) this Agreement or any other agreement between you and/or any Owner and Franchisor or any Franchisor Indemnitee,

(b) the offer and sale of the franchise opportunity,

(c) any representations made prior to the execution of this Agreement,

(d) the validity, enforceability, or scope of this Agreement and this arbitration agreement, and

(e) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's or Franchisor Indemnitees' rights in and

to Intellectual Property (including, but not limited to, the Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

(2) Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees agree that arbitration will be conducted on an individual, not a class-wide or representative, basis, that only Franchisee, the Owners, Franchisor, and the Franchisor Indemnitees may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Franchisee, the Owners, Franchisor, the Franchisor Indemnitees or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 23.H.

(3) We and you will be bound by any limitation under this Agreement or governing law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting 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 not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers either you or we made.

(4) Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

(5) Except as may be required by law, neither Franchisee, its Owners, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

(6) The arbitrator must follow, and may not disregard, the governing law.

(7) The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 23.F.), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) we and you waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 23.G.(9). below.

(8) The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

(9) Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

(10) To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. You hereby irrevocably submit to the jurisdiction of the federal and state courts serving the

judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced, and waive any objection you may have to the jurisdiction of or venue in such courts.

H. Consent to Jurisdiction.

Subject to the arbitration obligations in Section 23.G., any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county, where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee resides or the Franchised Business is located.

I. Material Inducement for Franchisor.

FRANCHISEE ACKNOWLEDGES AND AGREES THAT THIS SECTION 23 IS ENTERED INTO VOLUNTARILY AND IS NOT THE PRODUCT OF COERCION ON THE PART OF FRANCHISOR. THE BINDING ARBITRATION, CHOICE OF LAW AND FORUM, WAIVER OF PUNITIVE DAMAGES, LIMITATION ON ACTIONS, WAIVER OF CLASS ACTION, AND OTHER PROVISIONS OF THIS SECTION 23 ARE A MATERIAL INDUCEMENT FOR FRANCHISOR TO ENTER INTO THIS AGREEMENT. IF ANY PROVISION OF THIS SECTION 23 IS DEEMED UNENFORCEABLE FOR ANY REASON, THERE WILL HAVE BEEN A FAILURE OF CONSIDERATION DELIVERED BY FRANCHISEE TO FRANCHISOR FOR THIS AGREEMENT, AND THIS AGREEMENT WILL HAVE FAILED OF ITS ESSENTIAL PURPOSE, THEREBY ENTITLING FRANCHISOR TO VOID THIS AGREEMENT AT ITS OPTION.

J. No Waiver or Disclaimer of Reliance in Certain States.

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

24. ACKNOWLEDGMENTS

A. Reasonable Restrictions.

You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement, including, without limitation, the covenants not to compete, the restrictions on assignment, and the rights, obligations, and remedies conferred upon you under this Agreement. You acknowledge that such restrictions, rights, obligations, and remedies: (1) are reasonable, including, but not limited to, their term and geographic scope; (2) are designed to preclude competition which would be unfair to Franchisor; (3) are fully required to protect Franchisor's legitimate business interests; and, (4) do not confer benefits upon Franchisor that are disproportionate to your detriment.

[Please initial to acknowledge that you have read and understand this Section 24.A.] _____

B. Patriot Act.

You represent and warrant that to your actual knowledge: (i) neither Franchisee, nor its officers, directors, managers, members, partners or other individual who manages the affairs of Franchisee, nor any Franchisee affiliate or related party, or any funding source for the Franchised Business, is identified on the

lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "Blocked Person(s)"); (ii) neither Franchisee nor any Franchisee affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Franchisee nor any Franchisee affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Franchisee nor any Franchisee affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "Lists"); (v) neither Franchisee nor any Franchisee affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Franchisee nor any Franchisee affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. You agree to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[Please initial to acknowledge that you have read and understand this Section 24.B.] ____

The acknowledgments in clauses C through H below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

C. Receipt of Disclosure Document.

You hereby acknowledge that you received from Franchisor its current franchise disclosure document, together with a copy of all proposed agreements related to the sale of the Franchise, at least 14 calendar days prior to the execution of this Agreement or at least 14 days before you paid us any consideration in connection with the sale or proposed sale of the Franchise granted by this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.C.] _____

D. Receipt of Agreement.

You hereby acknowledge that you received from Franchisor this Agreement with all blanks filled in at least seven calendar days prior to the execution of this Agreement. You represent that you have read this Agreement in its entirety and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with an attorney or other professional advisor. You further represent that you understand the terms, conditions, and obligations of this Agreement and agree to be bound thereby.

[Please initial to acknowledge that you have read and understand this Section 24.D.] _____

E. Independent Investigation.

You acknowledge and represent that you are entering into this Agreement, all attachments hereto, and all ancillary agreements executed contemporaneously with this Agreement, as a result of your own independent investigation of all aspects relating to the Franchised Business, and not as a result of any representations about Franchisor or your reliance on any such representations (if made) by its stakeholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees which are contrary to the terms set forth in this Agreement or any franchise disclosure document required or permitted to be given to you pursuant to applicable law. You have been advised and given the opportunity to independently investigate, analyze, and construe the business opportunity being offered under this

Agreement, the terms and provisions of this Agreement, and the prospects for the Franchised Business, using the services of legal counsel, accountants, or other advisers of your own choosing; you have either consulted with these advisors or have deliberately declined to do so. You further recognize that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon your skills and ability as an independent business person. This offering is not a security as that term is defined under applicable federal and state securities laws.

[Please initial to acknowledge that you have read and understand this Section 24.E.] _____

F. No Representations; No Reliance.

You acknowledge and represent that, except for representations made in Franchisor's current franchise disclosure document, neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representations, warranties, or guarantees, express or implied, as to the potential revenues, profits, expenses, sales volume, earnings, income, or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations (if made) in making your decision to purchase an Class 101 franchise. You further acknowledge and represent that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.

[Please initial to acknowledge that you have read and understand this Section 24.F.] _____

G. No Financial Performance Representations; No Reliance.

You specifically acknowledge that the only financial performance information furnished by Franchisor is set forth in Item 19 of its current franchise disclosure document; that no officer, director, employee, agent, representative or independent contractor of Franchisor is authorized to furnish you with any other financial performance information; that, if they nevertheless do, you will not rely on any such financial performance information given to you by any such individual; and, that if any such individual attempts to or actually does give you any such financial performance information in contravention of this provision, you will immediately communicate such activity to us. For the purpose of this Section 24.G., "financial performance information" means information given, whether orally, in writing, or visually which states, suggests or infers a specific level or range of historic or prospective sales, expenses and/or profits of franchised or Franchisor-owned facilities.

[Please initial to acknowledge that you have read and understand this Section 24.G.] _____

H. No Licensure Representations; No Reliance.

You acknowledge that neither Franchisor nor its Affiliates, nor any of their respective stakeholders, officers, directors, employees, agents, representatives, independent contractors, has made any representation or statement on which you have relied regarding your ability to procure any required license, permit, certificate or other governmental authorization that may be necessary or required for you to carry out the activities contemplated by this Agreement

[Please initial to acknowledge that you have read and understand this Section 24.H.] _____

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Franchise Agreement to be effective on the day and year first written above.

[Signature page follows]

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

STATE SPECIFIC ADDENDA / RIDERS TO FRANCHISE AGREEMENT

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

CALIFORNIA RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This rider ("**Rider**") is entered into by and between Class 101 Franchise, LLC ("**Franchisor**"), and _____ ("**Franchisee**," "**you**," or "**your**") and shall amend the Class 101 franchise agreement dated _____ ("**Agreement**").

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORPORATIONS CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of the Agreement. The Federal Bankruptcy Code also provides rights to you concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

2. You are required in the Agreement to execute a general release of claims, such general release shall exclude claims arising under the California Franchise Investment Law and the California Franchise Relations Act.

3. The Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

4. The Agreement contains covenants not to compete which extends beyond the termination of the Agreement. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

5. Each provision of this Rider shall be effective only to the extent that the jurisdictional requirements of the California law applicable to the provision are met independent of this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met.

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

7. Both the governing law and choice of law for franchisees operating outlets located in California will be the California Franchise Investment law and the California Franchise Relations Act regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the franchise agreement or amendment to or any agreement to the contrary is superseded by this condition.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

ILLINOIS RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("**we**," "**us**," or "**our**"), and _____ ("**Franchisee**," "**you**," or "**your**").

This Rider relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. The parties agree to modify the Franchise Agreement as follows:

1. Governing Law. Section 23.A of the Franchise Agreement is deleted. The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern franchise agreements entered into in Illinois.

2. Jurisdiction. The following language is added to the end of Section 23.G(9) of the Franchise Agreement:

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

3. Termination. The following language is added at the beginning of Section 18 of the Franchise Agreement:

> If anything in this Section concerning termination is inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply.

4. Waiver of Jury Trial. The following language is added to the end of Section 23.C. of the Franchise Agreement:

> However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. Section 41 of the Illinois Franchise Disclosure Act of 1987 states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Section 41 will control over any inconsistent provisions in the Franchise Agreement.

6. This Rider will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

INDIANA RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("**we**," "**us**," or "**our**"), and _____ ("**Franchisee**," "**you**," or "**your**").

This Rider relates to franchises sold in Indiana and is intended to comply with the Indiana statutes and regulations. The parties agree to supplement the Franchise Agreement as follows:

1. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

2. If the Franchise Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Franchise Agreement.

3. This Rider will have effect only if the Franchise Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Rider. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

MARYLAND RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the Franchise Agreement as follows:

1. Releases. Section 2.B(5) and Section 17.B(3) are each amended to add the following:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Entire Agreement. Section 22.A is amended by adding the following:

Notwithstanding anything to the contrary in this Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to our prior representations.

4. Time Limit on Filing. Section 23.D is amended by adding the following:

The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. This Rider will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Rider. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

6. Acknowledgements. Articles 24.C through 24.H of the Franchise Agreement are hereby deleted.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC,	[_____],
a Delaware limited liability company	a [_____]
By: _____	By: _____
Jamie Clark, its President	[_____], its [_____]

MINNESOTA RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("**we**," "**us**," or "**our**"), and _____ ("**Franchisee**," "**you**," or "**your**").

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Franchise Agreement as follows:

1. Releases. The following sentence is added to Section 2.B.(5) and Section 17.B.(3)

   Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

2. Term and Successor Franchise Agreement; Default and Termination. Sections 2 and 18 are each amended by adding the following:

   Notwithstanding anything to the contrary in Sections 2 and 18, Franchisor will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Liquidated Damages. The following language is added to the end of Section 18.F:

   Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to consent to liquidated damages. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

4. Licensed Marks and Copyrights. Section 13 is amended by adding the following:

   Franchisor will indemnify you against liability to a third party resulting from claims that your use of the Proprietary Marks infringes trademark rights of the third party, provided that your use is in accordance with the requirements of the Franchise Agreement and the System.

5. Time Limit on Filing. Section 23.D is amended to add the following:

   Notwithstanding anything to the contrary in this Section, any claim or action arising out of or relating to the Minnesota Franchises Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

6. Jurisdiction and Venue. Section 23 is amended to add the following:

   Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota.

7. Entire Agreement. Section 22.A is amended by adding the following:

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80

The Minnesota Franchise Act prohibits a franchisor from imposing upon a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable. This addendum does not act as a release or waiver by the franchisee of an otherwise application provision of the Minnesota Franchise Act that is omitted, misstated, or whose legal effect is misconstrued.

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

This Rider will have effect only if the Franchise Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

NEW YORK RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("**we**," "**us**," or "**our**"), and _____ ("**Franchisee**," "**you**," or "**your**").

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties agree to modify the Franchise Agreement as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.

2. Releases. Sections 2.B.(5) and 17 are each amended to add the following:

   The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

3. Assignment by Franchisor. Section 17 is amended by adding the following:

   Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.

4. Termination by Franchisee. Section 18 is amended by adding the following:

   You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. Governing Law. Section 23.A is amended by adding the following:

   Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.

6. This Rider will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Rider. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

NORTH DAKOTA RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("**we**," "**us**," or "**our**"), and _____ ("**Franchisee**," "**you**," or "**your**").

In recognition of the requirements of the North Dakota Franchise Investment Law, the parties agree to modify the Franchise Agreement as follows:

1. In Sections 2.B(5) and Article 17 of the Franchise Agreement, any reference to a requirement to sign a general release is hereby deleted.

2. Article 14 of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears there:

> "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Section 18.F. of the Franchise Agreement requiring liquidated damages is hereby deleted.

4. Section 23.G. of the Franchise Agreement is amended with the following:

> "The site of the arbitration or mediation must be agreeable to all parties and not be remote from the franchisee's place of business."

5. In Section 23 of the Franchise Agreement, any references to the consent to jurisdiction of courts in Texas are hereby deleted.

6. In Section 23.A. of the Franchise Agreement, the word "Texas" is replaced with the words "North Dakota."

7. Section 23.C. of the Franchise Agreement is hereby deleted.

8. Section 23.D. of the Franchise Agreement is hereby amended by the addition of the following language to the original language that appears there:

> "The statute of limitations under North Dakota Law will apply."

9. Section 23.E. of the Franchise Agreement is hereby deleted.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

RHODE ISLAND RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the Franchise Agreement as follows:

1. Governing Law. Section 23.A is amended by adding the following:

   Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Jurisdiction and Venue. Section 23.G is amended by adding the following:

   Notwithstanding the foregoing, you have the right to file any arbitration action under the Rhode Island Franchise Investment Act in Rhode Island.

3. This Rider will have effect only if the Franchise Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Rider. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

WASHINGTON RIDER
TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("Franchisor," "we," "us," or "our"), and _____ ("Franchisee," "you," or "your"). The provisions of this Rider an integral part of, are incorporated into, and modify the Class 101 franchise agreement executed between the Franchisor and Franchisee, and all related agreements regardless of anything to the contrary contained therein. This Rider applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or

sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Section 8.1 of the Franchise Agreement is amended to delete the following language:

> With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands, or damages arising from or relating to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), Copyrighted Works, and System and/or the loss of association with or identification of CLASS 101 FRANCHISE, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing.

20. Section 14.F of the Franchise Agreement is hereby deleted in its entirety.

21. Section 19.C of the Franchise Agreement is amended to read as follows:

> Without limiting any right or remedy of Franchisor set forth in Sections 18 and 19, upon the occurrence of a "Triggering Event" (meaning termination or expiration of the franchise), Franchisee, on behalf of itself and its Affiliates and Owners, hereby grants to Franchisor or Franchisor's designee the right to purchase the Assets from Franchisee, its Owners and its Affiliates for Fair Market Value, free and clear of all liens, restrictions and encumbrances, determined as set forth in Section 19.B, and with all rights of offset described therein.

22. The following language is added to the end of Section 20.B of the Franchise Agreement:

> Franchisee has no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

23. Section 23.H of the Franchise Agreement is hereby deleted in its entirety.

24. Sections 24.C through 24.H of the Franchise Agreement are hereby deleted in their entirety.

25. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Franchise Agreement.

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

27. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified in full force and effect.

28. This Rider may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery

of an executed counterpart of a signature page of this Rider by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Rider.

IN WITNESS WHEREOF, the parties have executed this Rider to the Franchise Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

RENEWAL RIDER TO THE CLASS 101 FRANCHISE AGREEMENT

This Renewal Rider to Class 101 Franchise Agreement (the "Rider") is entered into by and between Class 101 Franchise, LLC ("Franchisor"), _____ ("Franchisee"), and the undersigned owners and guarantors (collectively, "Owners") regarding a franchise agreement ("Renewal Franchise Agreement") to govern Franchisee's continued operation of it's Class 101 franchised business at ("Franchised Business") and is effective as of the Effective Date indicated on the Summary Page of the Renewal Franchise Agreement. All initial-capitalized terms used but not defined in this Rider will have the meanings given to those terms in the Renewal Franchise Agreement.

1. Expiring Franchise Agreement. Franchisor and Franchisee acknowledge that the Renewal Franchise Agreement is the successor to Class 101 franchise agreement between Franchisor and Franchisee dated as of _____, as amended (the "Expiring Franchise Agreement"), under which Franchisee operated the Franchised Business during the Expiring Franchise Agreement's term and until the Effective Date. Franchisor and Franchisee are signing this Rider because the Expiring Franchise Agreement is scheduled to expire, and Franchisor and Franchisee have agreed to renew the Franchised Business's franchise agreement by signing the Renewal Franchise Agreement. This Rider modifies certain provisions of the Renewal Franchise Agreement that (a) do not apply to Franchisee's operation of the Franchised Business during the renewal franchise term or (b) otherwise must account for the fact that the Franchised Business already is open and operating as of the Effective Date.

2. Term. The Expiring Franchise Agreement's term is deemed to expire on the day before the Effective Date. Franchisee has no further rights under the Expiring Franchise Agreement on or following the Effective Date.

3. Grant of Franchise. Section 1.B. of the Renewal Franchise Agreement is amended as follows:

> "Franchisor hereby grants to Franchisee and Franchisee hereby accepts a non-exclusive license to operate a Class 101 Franchised Business at the Approved Location indicated in Attachment B in compliance with the System. The franchise granted herein is specifically limited to the Approved Location and does not confer rights of any kind to any other location, area, market or territory."

1. Remaining Successor Terms. This Renewal Franchise Agreement satisfies the ____ term of the Franchisee's initial franchise agreement dated _____. Therefore, for purposes of clarity, Franchisee has ___ Successor Terms remaining, notwithstanding anything to the contrary in Section 2.B. of the Renewal Franchise Agreement, and all such Successor Terms are subject to renewal requirements in Section 2.B. of the Renewal Franchise Agreement, including payment of the Renewal Fee as defined in the Renewal Franchise Agreement.

2. Opening Date. If the Franchised Business is open at the Approved Location at the time of execution of the Renewal Franchise Agreement, the Opening Date shall be the same date as the Effective Date. If the Franchised Business is expected to relocate to another premises, then Franchisee shall be subject to all development procedures in Articles 3 and 4, and opening requirements in Article 5 of the Renewal Franchise Agreement.

3. Initial Franchise Fee. Provided that this Renewal Franchise Agreement is renewal of the Expiring Franchise Agreement, the requirement to pay the Initial Franchise Fee in Section 6.A. of the Renewal Franchise Agreement is waived and instead, Franchisee shall pay the renewal fee stated in the Expiring Franchise Agreement.

4. Grand Opening Advertising Requirements. Section 15.B. of the Renewal Franchise Agreement is amended with the following:

"Provided that this is a renewal of the Expiring Franchise Agreement, Franchisee is not required to spend the Grand Opening Amount; however, Franchisee may choose to voluntarily spend any amount it deems appropriate to market the renewal its franchise rights under this Agreement.

5. Acknowledgements. Article 24 of the Renewal Franchise Agreement is amended with the following:

"I. **Lease**. Franchisee has fee simple or leasehold title to the premises of the Franchised Business without any restrictions which would interfere with Franchisee's performance under this Agreement."

6. Release. As partial consideration for, and as a condition of, Franchisor's granting Franchisee the rights under the Renewal Franchise Agreement, Franchisee, Owners, and its affiliates, on behalf of themselves and their respective successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, and employees (all such parties referred to collectively as the "Releasing Parties" and, individually, as a "Releasing Party"), hereby forever release and discharge Franchisor and its current and former affiliated entities (including parent, subsidiary, and other related companies), and all of their respective officers, directors, owners, principals, partners, employees, agents, successors, executors, administrators, personal representatives, predecessors, and assigns (all such parties referred to collectively as the "Released Parties" and, individually, as a "Released Party"), from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, expenses, and agreements of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters referred to collectively for purposes of this Section 9 as "Claims" and, individually, as a "Claim"), that any Releasing Party now has, ever had, or, but for this Section 9, hereafter would or could have against any Released Party directly or indirectly arising from or related in any way to (a) the Released Parties' performance of or failure to perform their obligations under the Expiring Franchise Agreement, or (b) Franchisee's and the other Releasing Parties' relationship, from the beginning of time to the Effective Date, with any Released Party, excepting only any Claims arising exclusively from or related exclusively to the grant of the renewal franchise under the Renewal Franchise Agreement. The released Claims include, but are not limited to, any Claim alleging violation of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules, or regulations. Franchisee acknowledges that the Releasing Parties might after the Effective Date discover facts different from, or in addition to, those facts currently known to them, or which they now believe to be true, with respect to the Claims released by this section. The Releasing Parties nevertheless agree that the release set forth in this section has been negotiated and agreed on despite such acknowledgement and despite any federal or state statute or common-law principle which provides that a general release does not extend to claims which are not known to exist at the time of execution. Franchisee and the other Releasing Parties further covenant not to sue any Released Party on any Claim released by this paragraph and represent that they have not assigned any such Claim to any individual or entity that is not bound by this paragraph.

[If Releasor is domiciled or has his or her principal place of business in the State of California]

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

_____ ("Releasor") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE

MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

Releasor hereby waives and relinquishes every right or benefit which I have under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that they may lawfully waive such right or benefit. In connection with this waiver and relinquishment, Releasor acknowledges he or she may hereafter discover facts in addition to or different from those which he or she now knows or believes to be true with respect to the claims herein released, but that it is the parties' intention, subject to the terms and conditions of this general release, to fully, finally and forever settle and release all such claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist. In furtherance of such intention, the releases given in this general release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

Releasor warrants and represents the release set forth above is a complete defense to any claim encompassed by its terms, and covenants not to initiate, prosecute, or otherwise participate in any action or proceeding in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under this general release with respect to any claim or cause of action released under this general release.

[If Releasor is domiciled or has his or her principal place of business in the State of Washington or if the franchised business is located in the State of Washington]

Notwithstanding anything to the contrary, this general release does not apply to any claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

7. Rider to Control. Except as provided in this Rider, the Renewal Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Renewal Franchise Agreement and this Rider, this Rider's terms will control.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Renewal Rider to Class 101 Franchise Agreement to be effective on the day and year first written above.

FRANCHISOR:
CLASS 101 FRANCHISE, LLC,
a Delaware limited liability company

By: _____
Jamie Clark, President

FRANCHISEE:
[_____],
a [_____]

By: _____
[_____], its [_____]

OWNERS:

_____
[_____], individually

_____
[_____], individually

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

Capitalized terms will have the following meanings, unless otherwise defined in this Agreement.

"**Advertising Cooperative**" means a group of Class 101 businesses formed to facilitate marketing and advertising placement in a particular geographic area.

"**Affiliate**" means, with respect to Franchisee or any Owner, any (i) direct or indirect parent, subsidiary, or affiliate, (ii) any Person, the management of which is, directly or indirectly, controlled by, or of which an aggregate of more than 10% of the voting Stock is, at the time, owned or controlled directly or indirectly by, such Peron or one or more Affiliates of such Person, (iii) Person, including another franchisee of Franchisor, that shares common or partial, direct or indirect ownership, and (iv) any Person that has an ownership interest in another entity, or that controls, is controlled by, or is under common control, directly or indirectly.

"Affiliated Brand" means an Affiliate of the Franchisor that offers franchises pursuant to a separate franchise agreement.

"**Approved Location**" means the Franchisor-approved site for the Franchised Business in the Protected Area that meets Franchisor's site selection criteria, as specified in Attachment B.

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

"**Competitive Business**" means any business or enterprise that is the same as or similar to Class 101 businesses, including without limitation any business or enterprise, franchised and non-franchised, that operates or grants franchises or licenses for the operation of a business that provides advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college.

"**Confidential Information**" means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor's standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all of Franchisor's and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor's specifications, and your final plans, for the construction, buildout, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your Franchised Business premises; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor's and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; information obtained through the Dashboard Access Agreement, attached

hereto as Attachment J; all customer lists, Member Information, and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you are required to submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information, knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as "Confidential Information."

"**Controlling Interest**" means: (a) if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively (i) directly or indirectly own more than 20% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and (ii) are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or (b) if you are a partnership, that the Owners (i) own more than 20% interest in the operating profits and operating losses of the partnership as well as at least 20% ownership interest in the partnership (and more than 20% interest in the shares of each class of capital stock of any corporate general partner); and (ii) are entitled under its partnership agreement or applicable law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

"**Crisis Management Event**" means any event that occurs at or about the Franchised Business premises or in connection with the operation of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, personal injuries, shootings or other acts of violence, or any other circumstance which may materially and adversely affect the System or the goodwill symbolized by the marks.

"**Grand Opening Advertising Amount**" means the amount set forth in the Summary Page that Franchisee will spend in connection with the opening of the Franchised Business.

"Gross Sales" means the dollar aggregate of: (1) the sales price of all products, services, membership fees, merchandise and other items sold, and the charges for all services you perform, whether made for cash, on credit or otherwise, without reserve or deduction for inability or failure to collect, including sales and services (A) originating at the Franchised Business premises even if delivery or performance is made offsite from the Franchised Business premises, (B) placed by mail, facsimile, telephone, the internet and similar means if received or filled at or from the Franchised Business premises, and (C) that you in the normal and customary course of your operations would credit or attribute to the operation of the Franchised Business; and (2) all monies, trade value or other things of value that you receive from Franchised Business operations at, in, or from the Franchised Business premises that are not expressly excluded from Gross Sales, including but not limited to the redemption of approved gift cards/certificates, stored value cards, and loyalty program benefits (the initial sales or reloading of gift cards shall not be included in the calculation of Gross Sales) pursuant to the Customer Card Programs. Gross Sales does not include: (1) the exchange of merchandise between Franchised Businesses (if you operate multiple franchises) if the exchanges are made solely for the convenient operation of your business and not for the purpose of depriving us of the benefit of a sale that otherwise would have been made at, in, on or from the Franchised Business premises; (2) returns to

shippers, vendors, or manufacturers; (3) sales of fixtures or furniture after being used in the conduct of the Franchised Business; (4) the sale of gift certificates and stored value cards (the redemption value will be included in Gross Sales at the time of redemption); (5) insurance proceeds; (6) sales to employees at a discount (provided such discounts will not exceed 1.5% of Gross Sales during any reporting period); (7) cash or credit refunds for transactions included within Gross Sales (limited, however, to the selling price of merchandise returned by the purchaser and accepted by you); (8) the amount of any city, county, state or federal sales, luxury or excise tax on such sales that is both (A) added to the selling price or absorbed therein and (B) paid to the taxing authority; (9) tips and gratuities; (10) Gross Sales earned through an Affiliated Brand franchise operated at the Franchised Business premises, so long as such Gross Sales constitute gross sales (or equivalent) subject to a royalty fee and other fees under such Affiliated Brand's franchise agreement; and (11) rent or other consideration paid by an Affiliated Brand franchise for occupying the Franchised Business' premises. A purchase returned to the Franchised Business may not be deducted from Gross Sales unless the purchase was previously included in Gross Sales.

"**Ideas and Concepts**" means processes, innovations, improvements, ideas, concepts, methods, techniques, materials or customer information relating to the System, Confidential Information and/or Class 101 businesses that you or any of your Owners, Affiliates, personnel or independent contractors discovers, invents, creates, develops or derives from time to time in connection with the development or operation of the Franchised Business.

"**Initial Franchise Fee**" means the initial fee Franchisee must pay to Franchisor upon Franchisee's execution of this Agreement as set forth in Section 6.A. and in the amount set forth in the Summary Page.

"**Intellectual Property**" means all intellectual property or other proprietary rights throughout the world, whether existing under contract, statutes, convention, civil law, common law or any law whatsoever, now or hereafter in force or recognized, including (1) patents and rights to inventions; (2) trademarks, service marks, logos, trade dress and design rights; (3) works of authorship, including, without limitation, copyrights, source codes, moral rights, and neighboring rights; (4) trade secrets; (5) Ideas and Concepts; (6) publicity and privacy rights; (7) any rights analogous to those set forth herein and any other intellectual property and proprietary rights; (8) any application or right to apply for any of the rights referred to in subsections (1) through (7) above; and (9) any and all renewals, divisions, continuations, continuations-in-part, re-issuances, re-examinations, extensions and restorations of any of the foregoing (as applicable).

"**Local Marketing Expenditure**" means the amount Franchisee must spend monthly on local advertising for the Franchised Business in the Protected Area each month as set forth in Section 15.A and in the amount set forth in the Summary Page, as may be amended.

"**Manual**" or "**Operations Manual**" means the series of documents, publications, bulletins, materials, drawings, memoranda, CDs, DVDs, MP3s, and other media Franchisor may loan you from time-to-time, which sets forth the System's operating systems, procedures, policies, methods, standards, specifications, and requirements for operating your Franchised Business, and which contains information and knowledge necessary and material to the System, and designated by Franchisor as the mandatory guide for the development and operation of Class 101 businesses, including, without limitation, the confidential and proprietary Operations Manual and High School Manual, each as Franchisor may, in its sole discretion, revise, amend, modify, or update from time-to-time upon notice of such revisions, amendment, modification, or update to you or your Affiliates.

"**Opening Date**" means the date by which the Franchised Business must open for business to the public, which is the earlier of 120 days from the Effective Date or within 60 days following completion of the initial training program.

"**Owner(s)**" means any Person holding more than ten percent of the Stock in you and its officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Person, then the term "Owner" also includes the Owners of that Business Entity.

"**Person**" means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated association or organization, or any other entity.

"**Proprietary Marks**" means the trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may designate in writing for use in connection with the System, including, but not limited to, the collection of trademarks listed in the chart below for the country in which your Franchised Business is located.

"**Protected Area**" means the geographic area identified in Attachment B to this Agreement.

"**Relocation Fee**" means 25% of the then-current initial franchise fee.

"**Renewal Fee**" means 25% of the then-current initial franchise fee plus reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the renewal.

"Relocation Fee" means 25% of the then-current initial franchise fee.

"**Royalty Fee**" means the continuing royalty fee Franchisee must pay to Franchisor as set forth in Section 6.B.

"**Site Application**" means the documents and information that Franchisee must submit to Franchisor prior to Franchisor's evaluation of a proposed site, including without limitation a description of the proposed site, demographic characteristics, traffic patterns, parking, character of the neighborhood, competition from other businesses in the area, the proximity to other businesses, the nature of other businesses in proximity to the site, and other commercial characteristics (including the purchase price, rental obligations and other lease terms for the proposed site) and the size, appearance, other physical characteristics and a site plan of the premises.

"**Standards**" means the standards, specifications, policies, procedures, and techniques that Franchisor has developed relating to the location, establishment, operation, and promotion of Franchisor's Franchised Businesses, all of which may be changed by Franchisor in its sole discretion. The Standards include, among other things: required and recommended business practices; product preparation techniques; presentation standards; standards and specifications for Franchised Business design and appearance; customer service standards; sales techniques and procedures; and other management, operational, and accounting procedures.

"Stock" means (a) all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting, and all rights (including management rights) as and to become a member of any limited liability company; and (b) all securities convertible into or exchangeable for any other Stock and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any other Stock, whether or not presently convertible, exchangeable or exercisable.

"**Transfer Fee**" means:

1) 50% of the then-current initial franchise fee if Controlling Interest is transferred to a new approved franchisee,

2) 25% of the then-current initial franchise fee if Controlling Interest is transferred to an approved existing franchisee who has already undergone Franchisor's initial training and any other required training and has at least one open and operating Class 101 franchised business; plus, reimbursement of legal and professional fees and other costs incurred by Franchisor in connection with the transfer, not to exceed $3,500, or

3) $3,500 if the Non-Controlling Interest is being transferred to an approved Owner *and* ii) limited to one time per rolling twelve-month period (otherwise, 25% of the then-current initial franchise fee).

REGISTERED US MARKS:

Mark	Registration Number	Registration Date
CLASS 101(standard character mark)	3517347	October 14, 2008
CLASS 101 (Design Mark)	7113594	July 18, 2023

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT B

APPROVED LOCATION AND PROTECTED AREA

Section 1.A. The Approved Location is at: .

Section 1.B. The Protected Area partially includes the following zip codes and the map, where boundaries of the map control if there is a conflict: .

Section 3.C.(4) The home office address is at: ____.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Attachment B to be effective as of the Effective Date.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	_____ a
By: _____ Jamie Clark, its President	By: _____ _____, its _____

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT C

FRANCHISEE'S OWNERS AND KEY PERSONNEL

A. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in the Franchisee, and a description of the nature of their interest, each of whom shall execute the Undertaking and Guaranty substantially in the form set forth in Attachment D to the Franchise Agreement:

NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL	OWNERSHIP INTEREST IN FRANCHISEE	NATURE OF INTEREST

B. The following is a list of all of Franchisee's Owners and key personnel, each of whom shall execute the Confidentiality Agreement and Non-Competition Agreement substantially in the form set forth in Attachment E to the Franchise Agreement:

NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL	POSITION

C. Franchisee's Designated Manager is: _____.
Telephone Number: _____.
Email Address: _____.

D. Franchisee represents to Franchisor that the persons identified in this Attachment C, Sections A and B reflect a true and correct listing of the shareholders, partners, members, or other persons/companies owning a direct or indirect interest in the Franchisee and a true and correct description of the nature of their interest.

FRANCHISEE:
, a

By: _____
, its

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT D

UNDERTAKING AND GUARANTY

By virtue of executing a Class 101® Franchise Agreement dated ("Franchise Agreement") , ("Franchisee") has acquired the right and franchise from Class 101 Franchise, LLC ("Franchisor") to establish and operate a Class 101® business ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

Pursuant to the terms and conditions of the Franchise Agreement, each of the undersigned Owners hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Franchise Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Franchise Agreement are in partial consideration for, and a condition to, the granting of the rights under the Franchise Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Franchise Agreement.

2. I own a beneficial interest in the Franchisee, and I am included within the term "Owner" as defined in the Franchise Agreement.

3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Franchise Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Franchise Agreement in Article 11, the use of confidential information in Article 14, the covenants in Article 14, the transfer provisions in Article 17, the choice of law and venue provisions in Article 23, and the indemnification obligations in Article 20.

4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Franchisee under the Franchise Agreement will be punctually paid and performed. Upon default by the Franchisee or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Franchisee under the Franchise Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Franchisee or settle, adjust, or compromise any claims that Franchisor may have against the Franchisee. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Franchisee, any default by the Franchisee or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Franchisee. Franchisor may pursue its rights against me without first exhausting its remedies against the Franchisee and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor's receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations

under the Franchise Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.

5. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Franchisee has pledged other security or if one or more other persons have personally guaranteed performance of the Franchisee's obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under governing law;

8. I agree to be bound individually to all of the provisions of the Franchise Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Guaranty and Personal Undertaking shall have the same meaning prescribed to that word in the Franchise Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

12. **DISPUTE RESOLUTION BY BINDING ARBITRATION**.

12.1 Any dispute or claim between the Franchisee and Owners, and the Franchisor, including but not limited to any dispute or claim arising out of or relating in any way to

(i) this undertaking and guaranty or any other agreement Franchisee and Owners, and the Franchisor,
(ii) the offer and sale of the franchise opportunity,
(iii) any representations made prior to the execution of this undertaking and guaranty,
(iv) the validity, enforceability, or scope of this undertaking and guaranty and this arbitration agreement, and
(v) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at http://www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's rights in and to intellectual property (including, but not limited to, the Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

12.2 Franchisee and Owners, and the Franchisor agree that arbitration will be conducted on an individual, not a class-wide or representative basis, that only Franchisee and Owners, and the Franchisor may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Franchisee and Owners, and the Franchisor or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then the parties agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 12.11.

12.3 Franchisee and Owners, and the Franchisor are bound by any limitation under this Agreement or governing law, whichever expires first, on the timeframe in which claims must be brought. Franchisee and Owners, and the Franchisor Parties further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting 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 not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers made by Franchisee and Owners, and the Franchisor.

12.4 Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

12.5 Except as may be required by law, neither Franchisee and Owners, and the Franchisor, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

12.6 The arbitrator must follow, and may not disregard, the governing law.

12.7 The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 12.12.), provided that Franchisee and Owners, and the Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 12.10. below.

12.8 The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

12.9 Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

12.10 To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. Owners hereby irrevocably submit to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced and waive any objection you may have to the jurisdiction of or venue in such courts.

12.11 Subject to the arbitration obligations in this Section 12, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee and Owners reside or the Franchised Business is located.

12.12 If any party commences a legal action against the other party arising out of or in connection with this undertaking and guarantee, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

OWNER

[_____]	[_____]
[_____]	[_____]
[_____]	[_____]

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT E

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

In consideration of my being an Owner of [_____] ("Franchisee") and by virtue of executing a Class 101 Franchise Agreement dated [_____] ("Franchise Agreement") and this Confidentiality and Non-Competition Agreement (herein, "Agreement"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree as follows:

1. Through the Franchise Agreement, Franchisee has acquired the right and franchise from Class 101 Franchise, LLC ("Franchisor") to establish and operate a Class 101® franchise facility ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

2. Franchisor possesses certain proprietary and confidential information, knowledge, elements, and know-how which is utilized in the operation of the System, including, without limitation, the Manual, Proprietary Products, Intellectual Property Confidential Information and other techniques and know-how which concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software, as further described in the Franchise Agreement.

3. In addition to the Confidential Information identified in the Franchise Agreement, any and all manuals, trade secrets, copyrighted materials, methods, information, knowledge, know-how, and techniques which Franchisor specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. I acknowledge that, in my position with the Franchisee, Franchisor and Franchisee have or will furnish me with valuable specialized training and will disclose Confidential Information to me in furnishing to me the training program and subsequent ongoing training and other general assistance during the term of this Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and I acknowledge that the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of Franchisor, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by Franchisor as confidential. Unless Franchisor otherwise agrees in writing, I will not disclose and/or use the Confidential Information except in connection with the operation of the Franchised Business as an Owner of the Franchisee, and then only in strict compliance with the Manual and System and only to such employees having a need to know; I will not directly or indirectly imitate, duplicate, or "reverse engineer" any Confidential Information or any other information designated by Franchisor as confidential or aid any third party in such actions; and I will continue not to disclose and/or use any Confidential Information or any other information designated by Franchisor as confidential even after I cease to be in that position unless I can demonstrate that such information has become

generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by Franchisor, I will not (either directly or indirectly, for myself or through, on behalf of, or in conjunction with any person, or legal entity) at any time while I am employed by or associated with the Franchisee, or at any time during the uninterrupted two (2)-year period (which will be tolled during any period of noncompliance) after I cease to be employed by or associated with the Franchisee (or the two (2)-year period after the expiration or earlier termination of the Franchise Agreement, whichever occurs first):

   (a) Divert or attempt to divert any present or prospective customer of any Class 101 business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act that is harmful, injurious, or prejudicial to the goodwill associated with the Proprietary Marks and the System defined and described in the Franchise Agreement; or

   (b) Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any direct or indirect interest in (as owner or otherwise) or relationship or association with, any Competitive Business other than Class 101 businesses pursuant to a then-currently effective Franchise Agreement with Franchisor. While I am employed by or associated with the Franchisee, this restriction shall apply to any location within the United States, its territories or commonwealths, and any other country, province, state, or geographic area in which Franchisor or its Affiliates have used, sought registration of, or registered the Proprietary Marks or similar marks, or have operated or licensed others to operate a business under the System or the Proprietary Marks or similar marks. After I cease to be employed by or associated with the Franchisee (or after the expiration or earlier termination of the Franchise Agreement, whichever occurs first), this restriction shall apply to any Competitive Business that either: (i) is or is intended to be located at the location of any current or former Class 101 business or within a 25-mile radius of any other Class 101 business in existence or under development at the time of such termination or transfer; or (ii) delivers services through the internet or mobile channels to customers within a 25-mile radius of the Approved Location of the Franchised Business.

   I acknowledge that for purposes of this Agreement, "Competitive Business" means any business or enterprise that is the same or similar to Class 101 businesses, including without limitation any business or enterprise, franchised or non-franchised, that operates or grants franchises or licenses for the operation of a business that provides advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an un-appealed final decision to which Franchisor is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof, and I agree to comply forthwith with any covenant as so modified.

10. Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or Franchisor may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and Franchisor all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and Franchisor, any claim I have against the Franchisee or Franchisor is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by both the Franchisee and me. Any capitalized terms contained in but not defined by this Confidentiality and Non-Competition Agreement shall have the same meaning prescribed to that word in the Franchise Agreement.

12. **DISPUTE RESOLUTION BY BINDING ARBITRATION.**

12.1 Any dispute or claim between the Franchisee and Owners, and the Franchisor, including but not limited to any dispute or claim arising out of or relating in any way to

(i) this Agreement or any other agreement Franchisee and Owners, and the Franchisor,
(ii) the offer and sale of the franchise opportunity,
(iii) any representations made prior to the execution of this Agreement,
(iv) the validity, enforceability, or scope of this Agreement and this arbitration agreement, and
(v) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at http://www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's rights in and to intellectual property (including, but not limited to, the Proprietary Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

12.2 Franchisee and Owners, and the Franchisor agree that arbitration will be conducted on an individual, not a class-wide or representative basis, that only Franchisee and Owners, and the Franchisor may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Franchisee and Owners, and the Franchisor or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then the parties agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 12.11.

12.3 Franchisee and Owners, and the Franchisor are bound by any limitation under this Agreement or governing law, whichever expires first, on the timeframe in which claims must be brought. Franchisee and Owners, and the Franchisor Parties further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting 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 not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or

offers made by Franchisee and Owners, and the Franchisor.

12.4 Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

12.5 Except as may be required by law, neither Franchisee and Owners, and the Franchisor, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

12.6 The arbitrator must follow, and may not disregard, the governing law.

12.7 The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 12.12.), provided that Franchisee and Owners, and the Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 12.10. below.

12.8 The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

12.9 Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

12.10 To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. Owners hereby irrevocably submit to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced and waive any objection you may have to the jurisdiction of or venue in such courts.

12.11 Subject to the arbitration obligations in this Section 12, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county where the Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Franchisee and Owners reside or the Franchised Business is located.

12.12 If any party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

13. With respect to all claims, controversies and disputes, I irrevocably consent to personal jurisdiction and submit myself to the jurisdiction of the federal and state courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts. Further, I acknowledge that this Agreement has been entered into in the state of Texas, and that I am to receive valuable information emanating from Franchisor's headquarters in Bedford, Texas. In recognition of the

information and its origin, I hereby irrevocably consent to the personal jurisdiction of the state and federal courts of Texas. Notwithstanding the foregoing, I acknowledge and agree that Franchisor may bring and maintain an action against me in any court of competent jurisdiction for injunctive or other extraordinary relief against threatened conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions.

14. **I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE FRANCHISE AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE FRANCHISE AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE**.

15. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Confidentiality and Non-Competition Agreement to be effective on the day and year first written above.

_____	_____
[_____]	[_____]
_____	_____
[_____]	[_____]
_____	_____
[_____]	[_____]

ACKNOWLEDGED BY FRANCHISEE:
[_____],
a [_____]

By: _____
[_____], its [_____]

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT F

TELEPHONE NUMBERS ASSIGNMENT AGREEMENT

This Telephone Numbers Assignment Agreement is made on [_____], by and between [_____] ("Assignor") and Class 101 Franchise, LLC or its designee ("Assignee").

BACKGROUND

A. The Assignee has developed and owns the proprietary system ("System") for the operation of a facility under the trademark and logo Class 101® ("Franchised Business");

B. The Assignor has been granted a license to operate a Franchised Business pursuant to a Franchise Agreement dated [_____], in accordance with the System;

C. To operate its Franchised Business, the Assignor shall be acquiring one or more telephone numbers, telephone listings and telephone directory advertisements; and

D. As a condition to the execution of the Franchise Agreement, the Assignee has required that the Assignor assign all of its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements to the Assignee in the event of a termination of the Franchise Agreement.

AGREEMENT

In consideration of the foregoing, the mutual premises herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Assignment. In the event of termination of the Franchise Agreement, and in order to secure continuity and stability of the operation of the System, the Assignor hereby sells, assigns, transfers and conveys to the Assignee all of its rights, title and interest in and to certain telephone numbers, telephone listings and telephone directory advertisements pursuant to which Assignor shall operate its Franchised Business in accordance with the terms of the Franchise Agreement; provided, however, such Assignment shall not be effective unless and until the Franchise Agreement is terminated in accordance with the provisions thereof.

2. Representation and Warranties of the Assignor. The Assignor hereby represents, warrants and covenants to the Assignee that:

   (a) As of the effective date of the Assignment, all of the Assignor's obligations and indebtedness for telephone, telephone listing services and telephone directory advertisement services shall be paid and current;

   (b) As of the date hereof, the Assignor has full power and legal right to enter into, execute, deliver and perform this Agreement;

(c) This Agreement is a legal and binding obligation of the Assignor, enforceable in accordance with the terms hereof;

(d) The execution, delivery and performance of this Assignment does not conflict with, violate, breach or constitute a default under any contract, agreement or instrument to which the Assignor is a party or by which the Assignor is bound, and no consent of nor approval by any third party is required in connection herewith; and

(e) The Assignor has the specific power to assign and transfer its right, title and interest in its telephone numbers, telephone listings and telephone directory advertisements, and the Assignor has obtained all necessary consents to this Assignment.

3. Miscellaneous. The validity, construction and performance of this Assignment shall be governed by the laws of the State of Texas. All agreements, covenants, representations, and warranties made herein shall survive the execution hereof. All rights of the Assignee shall inure to its benefit and to the benefit of its successors and assigns.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Telephone Numbers Assignment Agreement to be effective on the day and year first written above.

ASSIGNEE:	**ASSIGNOR:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT G

LEASE RIDER

THIS AGREEMENT is made and entered into on _____, 20___, by and among Class 101 Franchise, LLC, having its principal offices at 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022 ("Franchisor"), , having its principal offices at ("Landlord"), and [_____], having its principal offices at [_____], [_____] ("Tenant").

BACKGROUND

A. Landlord and Tenant have executed a lease agreement dated _____ ("Lease") for the premises located at _____ ("Leased Premises") for use by Tenant as a business to be opened pursuant to Franchisor's proprietary marks and system in connection with a Franchise Agreement dated _____ by and between Franchisor and Tenant ("Franchise Agreement");

B. A condition to the approval of Tenant's specific location by Franchisor is that the Lease for the Leased Premises specify that the Leased Premises may be used only for the operation of a Class 101 franchise facility ("Franchised Business") and contain the agreements set forth herein; and

C. Landlord acknowledges that Franchisor requires the modifications to the Lease set forth herein as a condition to its approving the Leased Premises as a site for the Franchised Business, and that Landlord agrees to modify and amend the Lease in accordance with the terms and conditions contained herein

D.

AGREEMENT

In consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. Use**.** The Leased Premises shall be used as set forth in the Lease with any exclusive uses incorporated therein.

2. Termination of the Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated for any reason during the term of the Lease or any extension thereof, Tenant, upon the written request of Franchisor, shall assign to Franchisor a subsidiary of affiliate of Franchisor, or any other franchisee of Franchisor subject to any assignment conditions set forth in the Lease (with respect to any franchisee, it shall be conditioned on franchisee's satisfaction of permitted transferee language as set forth in the lease, if any) (collectively hereinafter referred to as "Franchisor Assignee") all of its rights, title and interest in and to the Lease, and Franchisor Assignee may agree to assume from the date of assignment all of Tenant's obligations remaining under the Lease, and may assume Tenant's occupancy rights, and the right to sublease the premises, for the remainder of the term of the Lease. If Franchisor Assignee elects to accept the assignment of the Lease from Tenant, it shall give Tenant and Landlord written notice of its election to acquire the leasehold interest. Landlord hereby consents to the assignment of the Lease from Tenant to Franchisor Assignee and shall not charge any fee or accelerate rent under the Lease. Alternatively, in the event of a termination of the underlying Lease, Franchisor Assignee may elect to enter into a new lease with Landlord containing terms and conditions no less favorable than the Lease.

Landlord and Tenant shall deliver possession of the Leased Premises to Franchisor Assignee, free and clear of all rights of Tenant or third parties, subject to Franchisor Assignee executing an acceptance of the assignment of Lease or new lease, as the case may be.

3. Tenant's Agreement to Vacate Leased Premises. Tenant agrees to peaceably and promptly vacate the Leased Premises and, subject to Franchisor's right to acquire any such property pursuant to its Franchise Agreement with Tenant, to remove its personal property therefrom upon the termination of the Franchise Agreement. Any property not removed or otherwise disposed of by Tenant within 10 days of Franchisors assignee's election to accept assignment of the Lease shall be deemed abandoned.

4. Entry. Upon notice to Landlord as set forth in the Lease, Franchisor may enter the Leased Premises to make any modification necessary to protect Franchisor's proprietary system or marks or to cure any default under the Franchise Agreement or under the Lease, without being guilty of trespass or any other crime or tort.

5. Amendment of Lease. Tenant agrees not to amend the Lease in any material respect, except with the prior written consent of Franchisor.

6. Franchisor Not a Guarantor. Landlord acknowledges and agrees that notwithstanding any terms or conditions contained in this Agreement or any other agreement, Franchisor shall in no way be construed as a guarantor or surety of Tenant's obligations under the Lease except as may be set forth in any Guaranty attached to the Lease as applicable. Notwithstanding the foregoing, in the event Franchisor Assignee becomes the tenant by assignment of the Lease in accordance with the terms hereof or enters into a new lease with Landlord, then Franchisor Assignee shall be liable for all obligations of Tenant on its part to be performed or observed under the Lease or a new lease.

7. Document to Govern. The terms and conditions contained herein modify and supplement the Lease. Whenever any inconsistency or conflict exists between this Agreement and the Lease, the terms of this Agreement shall prevail.

8. Waiver. Failure of Franchisor to enforce or exercise any of its rights hereunder shall not constitute a waiver of the rights hereunder or a waiver of any subsequent enforcement or exercise of its rights hereunder.

9. Amendment of Agreement. This Agreement may be amended only in writing signed by all parties hereto.

10. Notices. Landlord shall deliver to Franchisor any default notices it issues to Tenant related to the Lease or the Leased Premises concurrently with giving such letters and notices to Tenant. If Tenant fails to cure any default within the period provided in the Lease, if any, Landlord shall issue to Franchisor written notice of such failure to cure within a reasonable amount of time but not to exceed 10 days. All notices shall be delivered by certified mail at the addresses designated in the heading of this Agreement or to such other addresses as the parties hereto may, by written notice, designate.

11. Binding Effect. This Agreement shall be binding upon the parties hereto, their heirs, executors, successors, assigns and legal representatives.

12. Severability. If any provision of this Agreement or any part thereof is declared invalid by any court of competent jurisdiction, such act shall not affect the validity of this Agreement and the remainder

of this Agreement shall remain in full force and effect according to the terms of the remaining provisions or part of provisions hereof.

13. Remedies. The rights and remedies created herein shall be deemed cumulative and no one such right or remedy shall be exclusive at law or in equity of the rights and remedies which Franchisor may have under this or any other agreement to which Franchisor and Tenant are parties.

14. Attorneys' Fees. If any of the parties to this Agreement commences a legal action against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit; the term "prevailing party" means a party that is awarded actual relief in the form of damages, declaratory relief, or injunctive relief, as well as a party that successfully defends a legal action commenced against it.

15. Governing law. This Agreement shall be governed by and construed in accordance with the laws of the State in which the leased premises are located.

[SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, have executed this Lease Rider to be effective on the day and year first written above.

FRANCHISOR:

CLASS 101 FRANCHISE, LLC,
a Delaware limited liability company

By: _____
Jamie Clark, its President

LANDLORD:

a _____, _____

By: _____
_____ (name)
_____ (title)

TENANT:
[_____],
a [_____]

By: _____
[_____], its [_____]

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT H

ACH AUTHORIZATION AGREEMENT

(VER. 08052021)

By executing below, the undersigned Franchisee authorizes CLASS 101 FRANCHISE, LLC ("Franchisor") to credit or debit the account identified below to pay all fees, charges, and any other amounts Franchisee owes Franchisor or its parents, affiliates, or subsidiaries pursuant to the applicable Franchise Agreement, as amended, and any other agreements entered into between Franchisor and Franchisee, including, but not limited to, reimbursable or pass through expenses, the cost of any products or services Franchisee purchases from Franchisor, and, if necessary, to initiate adjustments for any transactions debited or credited in error. These debits and credits are related to the operation of the franchised business and the amount of each debit or credit will vary from month-to-month. This authorization will remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor a reasonable opportunity to act on it. Termination of this authorization may result in your Franchise Agreement being terminated unless an alternate means of payment acceptable to Franchisor is provided.

Terms of Billing:

Starting immediately and continuing thereafter until your Franchise Agreement has expired or been terminated or alternate means of payment are approved by Franchisor, Franchisee authorizes Franchisor to initiate either an electronic debit or credit or to create and process a demand draft against my bank account listed below on or about the 15th day of each month for those sums authorized herein.

Franchisee's Bank Name: _____

Bank ABA Number (Routing Number): _____

Bank Account Number: _____

Bank Account Type (Checking/Savings): _____

Franchisee Federal Tax ID Number: _____

Territory Name: _____

Franchisee (Insert legal name): _____
By: _____
Printed Name: _____
Title: _____
Date: _____

CLASS 101®
FRANCHISE AGREEMENT

ATTACHMENT I

DASHBOARD ACCESS AGREEMENT

This Dashboard Access Agreement ("Agreement") is entered into by Franchisor and Franchisee effective as of the Effective Date and amends the terms of the franchise agreement entered into by the parties ("Franchise Agreement"). Capitalized terms not defined herein have the meaning ascribed in the Franchise Agreement.

WHEREAS, Franchisor created an online dashboard through Microsoft's Power BI to provide Class 101 franchisees access to certain data, including, but not limited to, sales, operating expenses, membership sales and data, net promoter score, labor costs, and such other information as identified by Franchisor ("Data"); and

WHEREAS, Franchisee desires to acquire an optional, license for Power BI through Franchisor, view the Data provided by Franchisee and others, and share its Data on Power BI such that it is visible to other Class 101 franchisees.

In light of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. LICENSE. Franchisee acknowledges its desire to purchase _____ (insert number of licenses to be purchased) twelve-month Power BI license(s) and agrees to reimburse Franchisor the License Fee (as defined below) charged by Microsoft for each Power BI license purchased. The first license is covered by the Technology Fee (as defined in the Franchise Agreement). Any additional license shall incur a "License Fee," which shall equal $10.00 per month per license plus applicable taxes, as such fee may be increased by Microsoft from time-to-time. There is no fee for the first license, but the License Fee shall apply to each license over one requested by Franchisee. Franchisor acknowledges the License Fee does not include any markup or rebate. Franchisee agrees Franchisor may bill the License Fee through the monthly royalty invoice and collect the License Fee pursuant to Franchisee's ACH Authorization on file. If there is no ACH Authorization on file, then Franchisee shall remit payment to Franchisor by the deadline by which royalties are due Franchisor under the Franchise Agreement. Time is of the essence in the performance of the payment obligations hereunder, and violations of this Agreement constitute a violation under the Franchise Agreement. Access to Power BI is subject to all restrictions set forth in the Operations Manual and Microsoft's terms, conditions, and license agreement available at https://powerbi.microsoft.com/en-us/windows-license-terms, which is incorporated herein. If Microsoft audits Franchisor's account and determines additional fees are due because of your violation of the terms, conditions, and license agreement, then Franchisee agrees to pay such sum to Franchisor upon request.

2. SHARING OF AND ACCESS TO DATA. Franchisee acknowledges (a) Franchisor may share Franchisee's Data with other Class 101 franchisees through the Power BI platform and such other platforms as identified by Franchisor and (b) the Data may be anonymous with respect to those Class 101 franchisees who do not execute this Agreement.. Franchisor makes no warranty or representation the Data will be representative of all Class 101 franchisees. Further, Franchisee acknowledges and agrees it will access and use the Data solely with its efforts to improve the operation of its franchised business pursuant to the Franchise Agreement, and such Data is not provided in connection with the offer or sale of a franchise.

3. CONFIDENTIALITY. Franchisee agrees all Data Franchisor makes available to Franchisee through Power BI is Confidential Information as defined in the Franchise Agreement, and subject to confidentiality obligations and restrictive covenants set forth therein.

4. MISCELLANEOUS TERMS. This Agreement reflects the entire understanding of the parties regarding the subject matter hereof, may only be modified in writing, and supersedes any inconsistent or conflicting provisions of the Franchise Agreement. The remaining terms of the Franchise Agreement are unaffected by this Agreement and remain binding on the parties. The parties sign and deliver this Agreement to each other as shown below.

FRANCHISOR:
CLASS 101 FRANCHISE, LLC,
a Delaware limited liability company

By: _____
Jamie Clark, its President

FRANCHISEE:

_____,

By: _____

Name: _____

Its: _____

EXHIBIT E

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

FRANCHISE DISCLOSURE QUESTIONNAIRE

(THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE WILL NOT BE USED IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN)

DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

FRANCHISE DISCLOSURE QUESTIONNAIRE

As you know, Class 101 Franchise, LLC ("we" or "us") and you are preparing to enter into a Franchise Agreement for the operation of a Class 101 franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading, to be certain that you have been properly represented in this transaction, and to 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 disclosure document, but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** 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 by emailing Franchising@UnleashedBrands.com.

Yes ____ No ____ 1. Have you received and personally reviewed the Class 101 Franchise Agreement and each exhibit or schedule attached to it?

Yes ____ No ____ 2. Have you received and personally reviewed the Class 101 disclosure document we provided?

Yes ____ No ____ 3. Did you sign a receipt for the Class 101 disclosure document indicating the date you received it?

Yes ____ No ____ 4. Do you understand all the information contained in the Class 101 disclosure document and Franchise Agreement?

Yes ____ No ____ 5. A) Have you had ample time and the opportunity to review the Class 101 disclosure document and Class 101 Franchise Agreement with a lawyer, accountant or other professional advisor?

Yes ____ No ____ B) Have you had the opportunity to discuss the benefits and risks of operating a Class 101 franchise with your professional advisor?

Yes ____ No ____ C) Did you discuss the benefits and risks of operating a Class 101 franchise with an existing Class 101 franchisee?

Yes ____ No ____ 6. Do you understand the risks of operating a Class 101 franchise?

Yes ____ No ____ 7. Do you understand the success or failure of your Class 101 franchise will depend in large part upon your skills, abilities and efforts and those of the person you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

Yes ____ No ____ 8. Do you understand we are not obligated to provide assistance to you in finding and securing a location for your Class 101 Franchised Business?

Yes ____ No ____ 9. A) Do you understand all disputes or claims you may have arising out of or relating to the Class 101 Franchise Agreement must be brought in the judicial district in which our principal place of business is located, if not resolved informally?

Yes ____ No ____ B) Do you understand the Class 101 Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Class 101 Franchise Agreement, and not any punitive, exemplary or multiple damages)?

Yes ____ No ____ 10. Do you understand that your Designated Manager must successfully complete our initial training program?

DO NOT SIGN THIS FRANCHISEE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

Yes ____ No ____ 11. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

Yes ____ No ____ 12. Is it true that, except as provided in Item 19 of our FDD, we and our affiliates have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of Class 101 franchise or any other business?

Yes ____ No ____ 13. Do you understand that actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular Class 101 business?

Yes ____ No ____ 14. Do you acknowledge that you are an independent contractor and responsible for running your own Class 101 business and that we do not have any authority to control, hire, or fire your employees?

Yes ____ No ____ 15. Is it true that neither we or our affiliates, or any of our or our affiliates' employees, have provided you with services or advice that is legal, accounting, or other professional services or advice?

Yes ____ No ____ 16. A) Do you understand that the U.S. Government has enacted anti-terrorist legislation that prevents us from carrying on business with any suspected terrorist or anyone associated directly or indirectly with terrorist activities?

Yes ____ No ____ B) Is it true that you have never been a suspected terrorist or associated directly or indirectly with terrorist activities?

Yes ____ No ____ C) Do you understand that we will not approve your purchase of a Class 101 franchise if you are a suspected terrorist or associated directly or indirectly with terrorist activity?

Yes ____ No ____ D) Is it true that you are not purchasing a Class 101 franchise with the intent or purpose of violating any anti-terrorism law, or for obtaining money to be contributed to a terrorist organization?

For Maryland Residents Only: Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

For Washington Residents Only: Such representations are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Investment Protection Act, RCW 19.100, and any rules adopted thereunder.

_____
Print Name

_____ _____
Signature Date

If signing on behalf of a corporation or other entity, please complete the following:

_____ _____
Name of Entity Title

EXHIBIT F

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE FORM OF THE GENERAL RELEASE

GENERAL RELEASE

This General Release (the "General Release") is made and entered into on _____,____ by and between Class 101 Franchise, LLC ("Franchisor"), ____ ("Franchisee"), ____ and _____(together with the Franchisee, the "Franchisee Parties"). For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties agree as follows.

1. In exchange for all good and valuable consideration, the receipt and sufficiency of which is acknowledged, to the maximum extent permitted by applicable law, the Franchisee Parties on behalf of themselves and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (together with the Franchisee Parties, the "Releasing Parties") do remise, release, waive, and forever discharge Class 101 Franchise, LLC, Class 101, Inc., Class 101 Franchise IP, LLC, Unleashed Brands, LLC, Unleashed Services, LLC and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, and representatives (collectively, the "Franchisor Parties") from any and all claims, demands, obligations, liabilities, actions, proceedings, agreements, debts, demands, damages, accounts, charges, invoices, discounts, incentives, allowances, controversies, expenses, attorneys' fees, suits, arbitrations, and causes of action whatsoever, in law or equity, whether known or unknown, past, present, or future, which the Releasing Parties have, have had, claim to have, or may have against the Franchisor Parties including, but not limited to, any and all claims and damages in any way arising out of or related to (1) that franchise agreement between Class 101 Franchise, LLC and Franchisee dated regarding the operation of a Class 101 franchise located at _____, as amended; (2) any other franchise agreement or any other contract between any Releasing Party and any Franchisor Party; (3) the offer and sale of any Class 101 franchise opportunity, (4) the disclosure requirements under the FTC Franchise Rule (16 CFR et seq); (5) any other state franchise law, (6) any alleged misrepresentations made by the Franchisor Parties in the sale of a franchise to the Releasing Parties or otherwise; (7) any and all claims arising under local, state, and federal laws, rules, and ordinances, whether statutory or under common law; (8) the Class 101 franchise located at _____; and (9) any relationship between the Releasing Parties and the Franchisor Parties.

2. The Releasing Parties acknowledge this General Release extends to all claims the Releasing Parties do not know or suspect to exist in their favor at the time of executing this General Release, which if were known to exist may have materially affected the decision to enter into this General Release. The Releasing Parties understand the facts in respect of which this General Release is given may hereafter turn out to be other than or different from the facts known or believed to be true and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. By executing this General Release, the Releasing Parties expressly assume the risk of the facts turning out to be different and agree this General Release shall be in all respects effective and not subject to termination or rescission by any such difference in facts. The Releasing Parties acknowledge and agree that they have had the opportunity to seek the advice of and are represented by independent legal counsel and have read and understood all the terms and provisions of this General Release. The Releasing Parties, jointly and individually, covenant and agree that none of them will commence, maintain, participate in, or prosecute any claim, demand, suit, action, or cause of action against the Franchisor Parties concerning the claims released in this General Release.

3. This General Release represents the entire agreement of the parties regarding the subject matter hereof and may only be modified in writing.

****

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

[If Releasor is domiciled or has his or her principal place of business in the State of California]

WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE.

_____ ("Releasor") for myself and on behalf of all persons acting by or through me, acknowledge that I am familiar with Section 1542 of the California Civil Code, which reads as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASING PARTY.

Releasor hereby waives and relinquishes every right or benefit which I have under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that they may lawfully waive such right or benefit. In connection with this waiver and relinquishment, Releasor acknowledges he or she may hereafter discover facts in addition to or different from those which he or she now knows or believes to be true with respect to the claims herein released, but that it is the parties' intention, subject to the terms and conditions of this General Release, to fully, finally and forever settle and release all such claims, known or unknown, suspected or unsuspected, which now exist, may exist or did exist. In furtherance of such intention, the releases given in this General Release shall be and remain in effect as full and complete releases, notwithstanding the discovery or existence of any such additional or different facts.

Releasor warrants and represents the release set forth above is a complete defense to any claim encompassed by its terms, and covenants not to initiate, prosecute, or otherwise participate in any action or proceeding in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under this General Release with respect to any claim or cause of action released under this General Release.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the dates set forth below.

FRANCHISEE PARTIES:

_____ ,
a _____

By:_____
_____, its _____

_____
_____, individually

[This General Release will be modified as necessary for consistency with any state law regulating franchising.]

EXHIBIT G

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT, ATTACHMENTS, AND STATE-SPECIFIC AMENDMENTS

CLASS 101®
DEVELOPMENT AGREEMENT

SUMMARY PAGE

EFFECTIVE DATE:	_____
DEVELOPER:	_____
ADDRESS FOR NOTICES:	_____
	_____
TELEPHONE NUMBER:	
E-MAIL ADDRESS:	
FRANCHISOR:	Class 101 Franchise, LLC, a Delaware limited liability company
ADDRESS FOR NOTICE:	2350 Airport Freeway, Suite 505, Bedford, Texas, 76022
DEVELOPMENT AREA NAME:	_____
NUMBER OF UNITS TO BE DEVELOPED:	_____
DEVELOPMENT FEE:	_____

CLASS 101®
DEVELOPMENT AGREEMENT

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STATE SPECIFIC ADDENDA

ATTACHMENTS

Attachment A	Glossary of Additional Terms
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CLASS 101®
DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("Agreement") is made and entered into as of the Effective Date reflected in the Summary Pages ("Effective Date"), by and between Class 101 Franchise, LLC, a Delaware limited liability company ("Franchisor"), and the Developer identified on the Summary Page ("you" or "Developer").

A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed a distinctive business system relating to the development, establishment, and operation of businesses that provide advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college under the name CLASS 101® (the "Brand"), which are based on and include the Proprietary Products, Proprietary Marks, Indicia, and Standards ("System").

B. The distinguishing characteristics of the System include, without limitation, our program curricula, services, products, and merchandise, which incorporate Franchisor's Proprietary Marks, trade secrets, and proprietary information ("Proprietary Products"); distinctive exterior and interior design, decor, color scheme, graphics, fixtures, and furnishings ("Indicia"); standards and specifications for products and supplies; service standards; uniform standards, specifications, and procedures for operations; procedures for inventory and management control; training and assistance; and advertising and promotional programs ("Standards"); all of which may be changed, improved, and further developed by Franchisor from time-to-time.

C. The System is identified and recognized by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the word mark "Class 101" and the list of marks set forth in Attachment A to this Agreement, and such other trade names, service marks, trademarks, logos, emblems, and indicia of origin as Franchisor may hereafter designate in writing for use regarding the System ("Proprietary Marks").

D. Franchisor and its Affiliates continue to develop, establish, use, and control the use of the Proprietary Products, Proprietary Marks, Indicia, Standards, and System to identify for the public the source of services and products marketed under this Agreement and under the System, and to represent the System's high standards of quality, appearance, and service.

E. You desire the right to develop multiple units under the System and Proprietary Marks ("**Units**" or "**Franchised Locations**") and Franchisor desires to grant you such rights, all pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual premises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. GRANT

1.1 Grant of Unit Development Rights

1.1.1 Franchisor hereby grants to you certain development rights, and you hereby accept the right and obligation to develop no less than the specified number of Units in the Development Area identified in Attachment B within the timeframe set forth in the Development Schedule identified in Attachment B. Each Unit to be developed shall be developed and operated pursuant to a separate franchise agreement in accordance with Section 4.1.

1.1.2 This Agreement grants you no right or license to use any of the Proprietary Marks; your right to operate a Unit and license to use the Proprietary Marks derives solely from the Franchise Agreements that you will enter into under this Agreement.

1.1.3 The development rights granted under this Agreement belong solely to you: you may not share them, divide them, subfranchise, or sublicense them, or transfer them, except in accordance with the transfer provisions of this Agreement.

1.2 Development Area Protection. During the term of this Agreement, Franchisor shall not own or operate, or grant anyone else the right to operate, a Class 101 business within the Development Area.

1.3 Franchisor's Reserved Rights. Notwithstanding anything to the contrary, Franchisor retains the following rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

(a) To own, acquire, establish, and/or operate and license others to establish and operate, Class 101 businesses under the System at any location outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units;

(b) To own, acquire, establish and/or operate, and license others to establish and operate, businesses under proprietary marks other than the Proprietary Marks, whether such businesses are similar or different from Class 101 businesses, at any location within or outside the Development Area, notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of the Developer's Units. Nothing in this Agreement prohibits or restricts Franchisor from owning, acquiring, establishing, operating, or granting franchise rights for one or more other businesses under a different trademark or service mark (i.e., a mark other than the Proprietary Marks), whether or not the business is the same as or competitive with Class 101 businesses;

(c) To sell and to distribute, directly or indirectly, or to license others to sell and to distribute, directly or indirectly, any products through wholesalers, distributors, catalogs, mail order, toll free numbers for delivery, or electronic means (e.g., the Internet), including products bearing the Proprietary Marks; and

(d) To (i) acquire one or more retail businesses that are the same as, or similar to, Class 101 businesses then operating under the System (each an "**Acquired Business**"), which may be at any location within or outside the Development Area notwithstanding their proximity to the Development Area or their actual or threatened impact on sales or development of any of Developer's Units, and to (ii) operate and/or license others to operate any Acquired Business under its existing name or as a Class 101 business under the System, subject to the following conditions that apply to each Acquired Business located within the Development Area:

(i) Provided that Developer is in compliance with this Agreement and any other agreement with Franchisor, Franchisor may, in its sole discretion, offer to Developer the option to purchase and operate, as a Class 101 business, an Acquired Business that is purchased by Franchisor for operation by Franchisor or its affiliates. If Franchisor in its sole discretion offers to Developer such an option, Franchisor shall provide Developer with written notice of Franchisor's purchase of the Acquired Business(es), the terms and conditions applicable to the Developer's option to purchase such Acquired Business(es), and such other information that Franchisor deems necessary to include in the notice. The terms and conditions offered to Developer shall include, without limitation, the following: (a) the purchase price which shall be determined by Franchisor in its sole discretion; and (b) the requirement that Developer enter into Franchisor's then-current form of franchise agreement for the Acquired Business, provided that Developer shall not be required to pay an initial franchise fee for an Acquired Business.

(ii) If Developer does not elect to purchase, or fails to complete the purchase of, an Acquired Business, Franchisor shall retain its right to operate itself, or through its affiliates or third-party licensees or franchisees, the Acquired Business under any trade name or trademarks

including the Proprietary Marks. If an Acquired Business is part of a system of retail businesses that Franchisor acquires (an "**Acquired System**"), franchised or otherwise, Franchisor may also license or franchise to third parties under the Acquired System additional units of the Acquired System so that such third parties have the right to develop and operate within the Development Area.

1.4 No Rights to Use the System. This Agreement is not a franchise agreement and does not grant to Developer any right to use the Proprietary Marks or the System or to sell or distribute any products or services. Developer's rights to use the Proprietary Marks and System will be granted solely under the terms of the Franchise Agreement.

2. TERM OF DEVELOPMENT AGREEMENT

2.1 Term. Unless sooner terminated, the term ("**Term**") of this Agreement begins on the Effective Date and, unless otherwise negotiated, terminated, or extended as provided in this Agreement, expires on the date on which you have completed your development obligations under this Agreement pursuant to Attachment B.

2.2 Effect of Termination or Expiration. Upon termination or expiration of this Agreement, all territorial protection afforded under this Agreement ends (particularly under Section 1.2. above), and you have no further right to develop any Units for which a Franchise Agreement has not been signed. Termination or expiration of this Agreement does not affect any rights or obligations under any then-existing Franchise Agreements. For purposes of clarity, upon expiration or termination, Developer shall no longer have any rights to the Development Area other than the Protected Areas defined in each Unit's then-existing Franchise Agreement. This Agreement cannot be renewed upon termination or expiration.

3. FEES

3.1 Development Fee. Upon execution of this Agreement, you shall pay to Franchisor a Development Fee in the amount set forth on the Summary Page ("**Development Fee**") pursuant to the Development Fee Schedule below. The Development Fee is fully earned by Franchisor when paid and is not refundable, in whole or in part, under any circumstances.

Number of Units	Development Fee For Each	Total Development Fee
1	$39,900	$39,900
2	$34,500	$74,400
3	$28,000	$102,400

On a very limited basis and only if Developer meets Franchisor's then-current requirements for Developers who may develop more than three units pursuant to this Agreement, any additional Unit shall be developed for an additional fee of $28,000.

3.2 Credit Towards Franchise Fee. If the Developer has paid the respective Development Fee, Developer will not pay any additional initial franchise fees ("Franchise Fee") for any of the Units to be developed under this Agreement.

4. DEVELOPMENT SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

4.1 Separate Franchise Agreements. The Franchise Agreement for the first Unit to be developed under this Agreement is the form attached to the current franchise disclosure document, and shall be executed at the same time as this Agreement. The Franchise Agreement for the second and each additional Unit to be developed is the form of Franchisor's then-current Franchise Agreement, the terms of which may be materially different from the terms of the first franchise agreement. At the time you are ready to develop

your second and each subsequent Unit, you will be disclosed with the then-current Class 101 franchise disclosure document with the then-current form of franchise agreement. Each Unit developed hereunder shall be at a specific location, which shall be designated in the respective franchise agreement that is within the Development Area.

4.2 Time is of the Essence. Recognizing that time is of the essence, Developer shall comply strictly with the Development Schedule. Developer acknowledges and agrees that the Development Schedule requires that Developer have executed and delivered to Franchisor Franchise Agreements for a cumulative number of Franchised Locations by the end of the time periods specified in Exhibit A.

4.3 Manner for Exercising Development Rights.

4.3.1 Before exercising any development right granted hereunder, you shall apply to Franchisor for a franchise to operate a Unit. If Franchisor, in its sole discretion, determines that you have met each of the following operational, financial, and legal conditions, then Franchisor will grant you a franchise for each respective Unit:

(a) Operational Conditions: You are in compliance with the Development Schedule and this Agreement, and you or your Affiliates are in compliance with any other agreement between them and Franchisor or its Affiliates, including any other franchise agreement executed with Franchisor. You are conducting the operation of your existing Units, if any, and are capable of conducting the operation of the proposed Unit in accordance with the terms and conditions of this Agreement, the respective Franchise Agreements, and the standards, specifications, and procedures set forth and described in the Manuals (defined in the Franchise Agreement).

(b) Financial Conditions: You and your Owners satisfy Franchisor's then-current financial criteria for developers and Owners of Class 101 businesses. You and your Owners have been and are faithfully performing all terms and conditions under each of the existing Franchise Agreements with Franchisor. You are not in default, and have not been in default during the 12-month period immediately preceding your request for financial approval, of any monetary obligations owed to Franchisor or its Affiliates under any Franchise Agreement or any other agreement between you or your Affiliates and Franchisor or its Affiliates. You acknowledge and agree that it is vital to Franchisor's interest that each of its franchisees must be financially sound to avoid failure of a restaurant and that such failure would adversely affect the reputation and good name of Class 101 businesses and the System.

(c) Legal Conditions: You have submitted to Franchisor, in a timely manner, all information and documents requested by Franchisor as a basis for the issuance of individual franchises or pursuant to any right granted to you by this Agreement or by any Franchise Agreement. This includes, but is not limited to, certificates of formation or articles of incorporation (or its equivalent), EIN information, company or operation agreement (or its equivalent), contact information for all Owners, and any other information Franchisor may reasonably require from time to time.

4.3.2 Identifying and Securing Sites. Developer shall be solely responsible for identifying, submitting for Franchisor's approval, and securing specific sites for each Unit. The following terms and conditions shall apply to each Unit to be developed hereunder:

(a) Developer shall submit to Franchisor, in a form specified by Franchisor, a completed Site Application, as the term is defined in the corresponding franchise agreement. The parties shall comply with the site selection process in the corresponding franchise agreement or Franchisor's operations manual. No site shall be deemed approved unless it has been expressly approved in writing by Franchisor.

(b) Following Franchisor's approval of a proposed site, Developer shall use its best efforts to secure access to and use of such site. Developer shall secure a minimum of the remaining term of the respective franchise agreement executed for the Unit to be located at such site. Developer shall immediately notify Franchisor of the execution of a lease or other agreement granting it access to and use of the site (which was pre-approved by Franchisor as required by Section 3.3). The site approved and secured pursuant to this Agreement shall be specified as the "Approved Location" (or equivalent) under the franchise agreement executed pursuant Section 4.3.3. below.

(c) Developer hereby acknowledges and agrees that approval by Franchisor of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Unit or for any other purpose. Approval by Franchisor of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Developer and Franchisor acknowledge that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to approval by Franchisor of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria used by Franchisor could change, thereby altering the potential of a site. Such factors are unpredictable and are beyond the control of Franchisor. Franchisor shall not be responsible for the failure of a site approved by Franchisor to meet Developer's expectations as to revenue or operational criteria.

4.3.3 Lease or Agreement Terms. For each Unit to be developed hereunder, Developer will sign a lease or other agreement granting it access to and use of a space(s) in which to operate the Unit. Developer shall comply with the respective provisions within the Unit's franchise agreement.

4.4 Development Schedule. Acknowledging that time is of the essence, you agree to exercise your development rights according to Section 4.3. and the Development Schedule reflected Attachment B. You may, subject to the terms and conditions of this Agreement and with Franchisor's prior written consent, which may be withheld in its sole discretion, develop Units early, *i.e.*, more than the total minimum number of Units which you are required to develop during any applicable Development Period. Any Unit developed in excess of the minimum number of Units required to be developed during the applicable Development Period shall be applied to satisfy your development obligation during the next succeeding Development Period, if any. You shall not open or operate more than the cumulative total number of Units you are obligated to develop under the Development Schedule.

4.4.1 If during the term of this Agreement, you cease to operate any Unit developed under this Agreement for any reason, you must develop a replacement Unit. The replacement Unit shall be developed within a reasonable time (not to exceed 120 days) after you cease to operate the original Unit. If you desire to open the replacement Unit in an area outside of the original Protected Area of original Unit, you must obtain Franchisor's written consent before relocating. If, during the term of this Agreement, you transfer your interest in a Unit in accordance with the terms of the applicable Franchise Agreement for the Unit, the transferred Unit will continue to be counted in determining whether you have complied with the Development Schedule so long as it continues to be operated as a Class 101 business. If the transferred Unit ceases to be operated as a Class 101 business during the term of this Agreement, you shall develop a replacement Unit within a reasonable time (not to exceed 120 days) thereafter.

4.4.2 Your failure to adhere to the Development Schedule (including any extensions thereof, approved by Franchisor in writing) or to any time period for the development of replacement Units is a material default of this Agreement for which Franchisor may terminate this Development Agreement, in its sole discretion, in addition to any other remedies available to it under law. Franchisor, in its discretion, may elect, in lieu of terminating this Agreement, to use other remedial measures for Developer's breach of this Agreement, which include, but are not limited to: **(a)** loss of the limited exclusivity, or reduction in the

scope of protections, granted to Developer under Article 1 herein for the Development Area; **(b)** reduction in the scope of the Development Area; or **(c)** reduction in the number of Units to be developed under the Development Schedule. If Franchisor exercises said right, Franchisor shall not have waived its right to, in the case of future defaults, exercise all other rights and invoke all other provisions that are provided in law and/or set out under this Agreement, including immediate termination of this Agreement.

4.4.3 You acknowledge and agree that you have conducted an independent investigation of the business contemplated under this Agreement, that you fully understand your obligations under this Agreement, and that you recognize and assume all associated risks. In addition, you acknowledge that Franchisor makes no representation: **(a)** that your Development Area contains a sufficient number of acceptable locations to meet the number of Units to be developed under the Development Schedule; or **(b)** that your Development Area is sufficient to economically support the number of Units to be developed under the Development Schedule. You acknowledge that you have performed all related and necessary due diligence before your execution of this Agreement and that, accordingly, you assume the risk of identifying a sufficient number of acceptable locations within the Development Area and the economic risk of developing the number of Units set forth in Exhibit B.

4.5 Projected Opening Dates. You must open each Unit by the projected opening date in Attachment B (the "Projected Opening Date"). You acknowledge that the Projected Opening Date for each Unit to be developed hereunder is reasonable. Subject to your compliance with Section 4.3., hereof, you shall execute a Franchise Agreement for each Unit at or prior to the applicable lease execution date set forth in Attachment B, which shall be a date no later than six months prior to the Projected Opening Date for the applicable Unit.

4.5.1 No sooner than 30 days prior to the respective the "Franchise Agreement Execution Date" identified in Attachment B, you shall request a Franchise Agreement for each Unit to be developed during the Development Period.

4.5.2 Upon receiving your request, Franchisor shall deliver to you its then-current form of its Class 101 franchise disclosure document and execution copies of its then-current form of Franchise Agreement.

4.5.3 No later than the Franchise Agreement Execution Date identified in the Development Schedule (but no sooner than as permitted by law), you shall sign and return a signed copy of the Franchise Agreement due thereunder.

4.5.4 Franchisor shall approve and countersign the Franchise Agreement if:

(a) You are in compliance with this Agreement and all other agreements between you or your Affiliates and Franchisor including, without limitation, all Franchise Agreements signed under this Agreement. If this condition is not met, Franchisor may require you to cure any deficiencies before it approves and countersigns the Franchise Agreement.

(b) You have demonstrated to Franchisor, in Franchisor's sole discretion, your financial and other capacity to perform the obligations set forth in the proposed new Franchise Agreement.

(c) You, your Owners, each of your Affiliates, and their Owners who have a then-currently effective Franchise Agreement or Development Agreement with Franchisor has signed a general release, in a form prescribed by Franchisor, of any and all claims that the party has, had, or claims to have against Franchisor and/or its Affiliates and their respective officers, directors, agents and employees, whether the claims are known or unknown, arising out of or relating to this Agreement, any Franchise Agreement, the relationship created by this Agreement or any Franchise Agreement, and the offer and sale of the Class 101 franchise opportunity.

5. DUTIES OF THE PARTIES

5.1 Franchisor's Assistance. Franchisor shall furnish to Developer the following:

5.1.1 Site selection guidelines, including Franchisor's minimum standards for Class 101 sites and sources regarding demographic information, and such site selection counseling and assistance as Franchisor may deem advisable.

5.1.2 Such on site evaluation as Franchisor deems advisable in its sole discretion in response to Developer's request for site approval for each proposed site; provided, however, that Franchisor shall not provide on site evaluation for any proposed site prior to the receipt of a site application for such site prepared by Developer.

5.2 Designated Principal. If Developer is other than an individual, Developer shall designate, subject to Franchisor's approval, one Owner, as identified in Attachment C, who is both an individual person and owns at least a ten percent (10%) of Developer, and who shall be responsible for general oversight and management of the development of the Franchised Locations under this Agreement pursuant to the Development Schedule (the "**Designated Principal").** Once open, the Developer or Designated Principal may appoint a Designated Manager, pursuant to the respective Franchise Agreement, to operate the Unit. Developer acknowledges and agrees that Franchisor shall have the right to rely upon the Designated Principal to have been given, by Developer, the responsibility and decision-making authority regarding the Developer's business and operation. In the event the person designated as the Designated Principal becomes incapacitated, leaves the employ of Developer, transfers his/her interest in Developer, or otherwise ceases to supervise the development of the Franchised Locations, Developer shall promptly designate a new Designated Principal, subject to Franchisor's approval.

5.3 Records and Reports to Franchisor. Developer shall, at its expense, comply with the following requirements to prepare and submit to Franchisor upon request the following reports, financial statements and other data, which shall be prepared in the form and using the standard statements and chart of accounts as Franchisor may prescribe from time to time:

5.3.1 No later than the twentieth (20th) day of each calendar month, Developer shall have prepared a profit and loss statement reflecting all of Developer's operations during the last preceding calendar month, for each Franchised Location. Developer shall prepare profit and loss statements on an accrual basis and in accordance with generally accepted accounting principles. Developer shall submit such statements to Franchisor at such times as Franchisor may designate or as Franchisor may otherwise request;

5.3.2 On April 15th of the year following the end of Developer's fiscal year, a complete annual financial statement (prepared according to generally accepted accounting principles), on a compilation basis, and if required by Franchisor, such statements shall be prepared by an independent certified public accountant; and

5.3.3 Such other forms, reports, records, information, and data as Franchisor may reasonably designate.

5.4 Maintaining Records. Developer shall maintain during the term of this Agreement, and shall preserve for at least seven (7) years from the dates of their preparation, and shall make available to Franchisor at Franchisor's request and at Developer's expense, full, complete, and accurate books, records, and accounts in accordance with generally accepted accounting principles.

5.5 Compliance with Laws. Developer shall fully comply with all federal, state, and local laws, rules, and regulations when exercising its rights and fulfilling your obligations under this Agreement and any franchise agreement.

6. COVENANTS

6.1 Confidential Information. Developer shall at all times preserve in confidence any and all materials and information furnished or disclosed to Developer by Franchisor, and shall disclose such information or materials only to such of Developer's employees or agents who must have access to it in connection with their employment. Developer shall not at any time, during the term of this Agreement or thereafter, without Franchisor's prior written consent, copy, duplicate, record, or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

6.2 During the Term. Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive valuable specialized training and confidential information, which may include, without limitation, information regarding the operational, sales, advertising and promotional methods and techniques of Franchisor and the System. Developer covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

(a) Divert or attempt to divert any business or guest of any Class 101 business or of any unit under the system 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 proprietary marks or the system.

(b) Own, maintain, operate, engage in, be employed by, provide any assistance to, or have any more than a one percent (1%) interest in (as owner or otherwise) any Competitive Business (as defined in Attachment A). Developer acknowledges and agrees that Developer shall be considered in default under this Agreement and that this agreement will be subject to immediate termination in sole discretion of Franchisor, in the event that a person in the immediate family (including spouse, domestic partner, parent or child) of Developer (or, if Developer is other than an individual, each Owner that is subject to these covenants) engages in a Competitive Business that would violate this section 6.2 if such person was subject to the covenants of this section 6.2.

6.3 Post-Termination. Developer covenants that, except as otherwise approved in writing by Franchisor, for a continuous uninterrupted period of two (2) years from the date of (a) a transfer permitted under Section 8 below; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a duly authorized arbitrator, panel of arbitrators, or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 8.3; or (e) any or all of the foregoing, Developer shall not either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, partnership, corporation, or other entity, own, maintain, operate, engage in, be employed by, or have any interest in any Competitive Business, which is, or is intended to be, located (i) within the Development Area (other than those Units provided for in the Development Schedule), or (ii) within a radius of twenty-five (25) miles of any other Class 101 business in operation or under construction on the effective date of termination or expiration located anywhere. Provided, however, that this provision shall not apply to the operation by Developer of any business under the System under a franchise agreement with Franchisor.

6.4 Exception for Ownership in Public Entities. Sections 6.2 and 6.3 hereof shall not apply to ownership by Developer of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation. As used in this Agreement, the term "publicly held corporation" refers to a corporation which has outstanding securities that have been registered under the federal Securities Exchange Act of 1934.

6.5 Personal Covenants. At the request of Franchisor, Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 6 (including covenants applicable upon the termination of a person's relationship with Developer) from all managers and other personnel employed by Developer who have received or will receive training and/or other confidential information,

or who are or may be involved in the operation or development of the Franchised Locations. Every covenant required by this Article 6 shall be in a form approved by Franchisor, including specific identification of Franchisor as a third-party beneficiary of such covenants with the independent right to enforce them.

6.6 Covenants as Independent Clauses. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Article 6 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Article 6.

6.7 Covenants Survive Claims. Developer expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 6. Developer agrees to pay all costs and expenses (including attorneys' fees) incurred by Franchisor in connection with the enforcement of this Section 8.

6.8 Compliance with Laws. Developer represents and warrants to Franchisor that neither Developer (including, without limitation, any and all of its Principals, employees, directors, officers and other representatives) nor any of its affiliates or the funding sources for either is a person or entity designated with whom Franchisor, or any of its affiliates, are prohibited by law from transacting business.

6.9 Breach of Covenants Causes Irreparable Injury. You acknowledge that your violation of any covenant of this Article 6 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and you consent to the issuance of, and agree to pay all court costs and attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an *ex parte* or other order for injunctive or other legal or equitable relief with respect to such conduct or action.

7. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

7.1 Independent Contractor. The parties acknowledge and agree that you are operating the business contemplated under this Agreement as an independent contractor. Nothing contained in this Agreement shall create or be construed to create a partnership, joint venture, joint employer, or agency relationship between the parties. Neither party has any fiduciary obligations to the other or will be liable for the debts or obligations of the other. Neither party has the right to bind the other, transact business in the other party's name or in any manner make any promises or representations on behalf of the other party, unless otherwise agreed in writing by the parties or shall conspicuously identify yourself and the business contemplated under this Agreement in all dealings with your customers, contractors, suppliers, public officials, and others, as an independent franchisee of Franchisor, and shall place a conspicuous notice, in the form and at such place as Franchisor prescribes, notifying the public of such independent ownership. During the term of this Agreement, Developer shall hold itself out to the public as an independent contractor operating the business pursuant to a Development Agreement with Franchisor. Developer agrees to take such action as may be necessary to do so, including, without limitation, exhibiting a notice of the fact in a conspicuous place in Developer's offices, the content of which Franchisor reserves the right to specify.

7.2 **INDEMNIFICATION. YOU SHALL INDEMNIFY AND HOLD HARMLESS TO THE FULLEST EXTENT BY LAW, FRANCHISOR, ITS AFFILIATES AND THEIR RESPECTIVE DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, SHAREHOLDERS, AND AGENTS, (COLLECTIVELY, "INDEMNITEES") FROM ANY AND ALL "LOSSES AND EXPENSES" (AS HEREINAFTER DEFINED) INCURRED IN CONNECTION WITH ANY LITIGATION OR OTHER FORM OF ADJUDICATORY PROCEDURE, CLAIM, DEMAND, INVESTIGATION, OR FORMAL OR INFORMAL INQUIRY (REGARDLESS OF WHETHER SAME IS REDUCED TO JUDGMENT) OR ANY SETTLEMENT THEREOF ARISING OUT OF OR RELATED TO THE BUSINESS CONTEMPLATED UNDER THIS AGREEMENT ("EVENT"), AND**

REGARDLESS OF WHETHER SAME RESULTED FROM ANY STRICT OR VICARIOUS LIABILITY IMPOSED BY LAW ON THE INDEMNITEES; PROVIDED, HOWEVER, THAT THIS INDEMNITY SHALL NOT APPLY TO ANY LIABILITY ARISING FROM THE GROSS NEGLIGENCE OF INDEMNITEES (EXCEPT TO THE EXTENT THAT JOINT LIABILITY IS INVOLVED, IN WHICH EVENT THE INDEMNIFICATION PROVIDED IN THIS AGREEMENT SHALL EXTEND TO ANY FINDING OF COMPARATIVE NEGLIGENCE OR CONTRIBUTORY NEGLIGENCE ATTRIBUTABLE TO YOU). FOR THE PURPOSE OF THIS SECTION 7.3, THE TERM "LOSSES AND EXPENSES" INCLUDE COMPENSATORY, EXEMPLARY, OR PUNITIVE DAMAGES; FINES AND PENALTIES; ATTORNEYS' FEES; EXPERTS' FEES; COURT COSTS; COSTS ASSOCIATED WITH INVESTIGATING AND DEFENDING AGAINST CLAIMS; SETTLEMENT AMOUNTS; JUDGMENTS; COMPENSATION FOR DAMAGES TO FRANCHISOR'S REPUTATION AND GOODWILL; AND ALL OTHER COSTS ASSOCIATED WITH ANY OF THE FOREGOING LOSSES AND EXPENSES. YOU SHALL GIVE FRANCHISOR PROMPT NOTICE OF ANY EVENT OF WHICH YOU ARE AWARE, FOR WHICH INDEMNIFICATION IS REQUIRED, AND, AT YOUR EXPENSE AND RISK, FRANCHISOR MAY ELECT TO ASSUME (BUT UNDER NO CIRCUMSTANCE IS OBLIGATED TO UNDERTAKE) THE DEFENSE AND/OR SETTLEMENT THEREOF, PROVIDED THAT FRANCHISOR WILL SEEK YOUR ADVICE AND COUNSEL. ANY ASSUMPTION BY FRANCHISOR SHALL NOT MODIFY YOUR INDEMNIFICATION OBLIGATION. FRANCHISOR MAY, IN ITS SOLE AND ABSOLUTE DISCRETION, TAKE SUCH ACTIONS AS IT SEEMS NECESSARY AND APPROPRIATE TO INVESTIGATE, DEFEND, OR SETTLE ANY EVENT OR TAKE OTHER REMEDIAL OR CORRECTIVE ACTIONS WITH RESPECT THEREOF AS MAY BE, IN FRANCHISOR'S SOLE AND ABSOLUTE DISCRETION, NECESSARY FOR THE PROTECTION OF THE INDEMNITIES OR THE SYSTEM.

7.3 No Assumption of Liability. Nothing in this Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Franchisor's or any of its Affiliates' behalf, or to incur any debt or other obligation in Franchisor's or its Affiliates' name; and that Franchisor and Affiliates 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 act or omission of Developer in Developer's operations hereunder, or for any claim or judgment arising therefrom against Developer or Franchisor.

8. TRANSFER OF INTEREST

8.1 Transfer by Franchisor. Franchisor shall have the uninhibited right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity without Developer's consent or prior notice. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all of Franchisor's obligations under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, you expressly affirm and agree that Franchisor and/or its Affiliates may sell their assets, the Proprietary Marks, Copyrighted Works or the System; may sell securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands, or damages arising from or relating to the loss of Franchisor's name, the Proprietary Marks (or any variation thereof), Copyrighted Works, and System and/or the loss of association with or identification of CLASS 101 FRANCHISE, LLC as the franchisor under this Agreement. You specifically waive any and all other claims, demands, or damages arising from or related to the foregoing merger, acquisition, and other business combination activities including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract, or breach of the implied covenant of good faith and fair dealing. You agree that

Franchisor has the right, now or in the future, to purchase, merge, acquire, or affiliate with an existing competitive or non-competitive franchise network, chain, or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as Class 101 businesses operating under the Proprietary Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which you acknowledge may be proximate to any Class 101 business developed under this Agreement).

8.2 Transfer by Individual Developer to Business Entity for Convenience. If you are an individual, you may transfer your interest in this Agreement to a Business Entity for convenience of operation within the first 12 months of this Agreement by signing Franchisor's standard form of assignment and assumption agreement if: (a) the Business Entity is formed solely for purposes of continuing your development rights and obligations; (b) you provide to Franchisor a copy of the Business Entity's formation and governing documents (including disclosure of all owners of such entity) and a certificate of good standing from the jurisdiction under which the Business Entity was formed; (c) you sign a general release in favor of Franchisor and in the form Franchisor requires; (d) you pay to Franchisor a $3,500 administrative fee; and (e) you and all other Owners who owns greater than 10% ownership interest in the Developer sign an Undertaking and Guaranty in the form of Attachment D.

8.3 Transfer Among Owners; Transfer of Non-Controlling Interest. If you are a Business Entity, your Owners may transfer their ownership interests in the Business Entity among each other, and may transfer up to a Non-Controlling Interest in the Business Entity to one or more third parties, if: (a) you have provided to Franchisor advance notice of the transfer and have obtained our prior written consent, which shall not be unreasonably withheld; (b) Attachment C to this Agreement has been amended to reflect the new ownership; (c) each new Owner who owns greater than 10% ownership interest in the Developer has signed a Undertaking and Guaranty in the form of Attachment D; (d) each previous and/or new Owner has signed a general release in favor of Franchisor and in the form Franchisor requires, (e) you pay to Franchisor a $3,500 administrative fee; and (f) you must be in compliance with the Development Agreement. Transfers under this Section 8.3. are limited to once per rolling 12-month period; otherwise, transfers under this Section 8.3. shall be subject to an administrative fee of 25% of the then-current initial franchise fee. For purposes of this Section 8.3 only, "Non-Controlling Interest" shall mean 20% or less of the total outstanding units or assets in the Franchised Business.

8.4 Transfer of Agreement; Transfer of Controlling Interest. All other transfers (including any sale or transfer of your interest in this Agreement and the sale of a Controlling Interest in you if you are a Business Entity) require Franchisor's prior written consent. Franchisor will not unreasonably withhold its consent to a transfer, but may condition its consent on satisfaction of any or all of the following:

8.4.1 Your written request for consent and delivery of a copy of the proposed transfer agreements, including sale terms, at least 30 days prior to the proposed transfer, and Franchisor has determined, in its sole discretion, that the terms of the sale will not materially and adversely affect the post transfer viability of any Franchised Business in operation at the time of transfer;

8.4.2 The transferee has demonstrated to Franchisor's satisfaction that the transferee meets Franchisor's then-current educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate each Franchised Business; and has sufficient equity capital to operate each Franchised Business (which condition shall be presumed if the transferee's net worth is equal to or exceeds your net worth at the time of transfer, excluding the value of each Franchised Business);

8.4.3 All of your accrued monetary obligations and all other outstanding obligations to Franchisor, its Affiliates, and third party suppliers shall be up to date, fully paid and satisfied, and you must be in full compliance with this Agreement and any other agreements between you and Franchisor, its Affiliates and your suppliers;

8.4.4 You and each Owner has executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its Affiliates and their respective officers, directors, managers, shareholders, agents and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that any release will not be inconsistent with any state law regulating franchising;

8.4.5 Payment of the transfer fee equal to $25,000 plus $1,500 for each Unit yet to be developed;

8.4.6 You and the transferee have executed a consent to transfer of this Agreement in the form prescribed by Franchisor;

8.4.7 If the transferee is a Business Entity, then the transferee's Owners each shall sign Franchisor's standard form of Undertaking and Guaranty;

8.4.8 The transferee has have complied with Franchisor's then-current initial training requirements for the operation of each then-existing Unit;

8.4.9 The transferee signs our then-current form of the Development Agreement for the remaining term of your Development Agreement; and

8.4.10 If Franchisor introduced the buyer to you, you have paid all fees due Franchisor under its then-current franchise resale policy or program.

8.5 Reserved.

8.6 Transfers Void. Developer understands and acknowledges that Franchisor has granted the rights hereunder in reliance on the business skill, financial capacity, and personal character of Developer or the Owners of Developer if Developer is not an individual. Accordingly, neither Developer nor any Owner shall sell, assign, transfer, pledge or otherwise encumber any direct or indirect interest in the Developer (including any direct or indirect interest in a corporate or partnership Developer), the rights or obligations of Developer under this Agreement, or any material asset of the Developer's business, without the prior written consent of Franchisor, which shall be subject to this Article 8, and to all of the conditions and requirements for transfers set forth in the franchise agreements executed simultaneously with this Agreement that Franchisor deems applicable to a proposed transfer under this Agreement. In addition, Developer's first Unit under its first Franchise Agreement must be open and operating, and Developer must be in compliance with the Development Schedule (and all other terms of this Agreement and all Franchise Agreements and other agreements between Developer and its affiliates, and Franchisor). Any purported transfer under this Article 8, by operation of law or otherwise, made without Franchisor's prior written consent will be considered null and void and will be considered a material breach of this Agreement, which shall provide Franchisor the right to terminate the agreement without an opportunity to cure.

8.7 Security Interest. You may grant a security interest in this Agreement or the franchise represented by this Agreement only to the limited extent permitted by Section 9-408 of the Uniform Commercial Code. Any such security interest may only attach to an interest in the proceeds of the operation of the Franchised Business and may not entitle or permit the secured party to take possession of or operate the Franchised Business or to transfer your interest in this Agreement or the franchise without Franchisor's consent.

8.8 Private or Public Offerings. If you are a Business Entity and you intend to issue equity interests pursuant to a private or public offering, you shall first obtain Franchisor's written consent, which consent shall not be unreasonably withheld. You must provide to Franchisor for its review a copy of all offering materials (whether or not such materials are required by applicable securities laws) at least 60 days prior to such documents being filed with any government agency or distributed to investors. No offering shall imply (by use of the Proprietary Marks or otherwise) that Franchisor is participating in an underwriting, issuance or offering of your securities, and Franchisor's review of any offering shall be limited to ensuring compliance with the terms of this Agreement. Franchisor may condition its approval on satisfaction of any or all of the conditions set forth in Section 8.4 and on execution of an indemnity agreement, in a form

prescribed by Franchisor, by you and any other participants in the offering. For each proposed offering, you shall pay to Franchisor a retainer in an amount determined by Franchisor, which Franchisor shall use to reimburse itself for the actual costs and expenses it incurs (including, without limitation, attorneys' fees and accountants' fees) in connection with reviewing the proposed offering.

8.9 Transfer Upon Death or Incapacitation. Upon the death or permanent incapacity (mental or physical) of the Developer or any Owner, the executor, administrator, or personal representative of such person shall transfer such interest to a third party approved by Franchisor within six months after such death or mental incapacity. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as an inter vivos transfer, except that the transfer fee shall be waived. In the case of transfer by devise or inheritance, however, if the heirs or beneficiaries of any such person are unable to meet the conditions of this Section 8, the executor, administrator, or personal representative of the decedent shall transfer the decedent's interest to another party approved by Franchisor within six months, which disposition shall be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of within such period, Franchisor may, at its option, terminate this Agreement, pursuant to Section 9.3.

8.10 Non-Waiver of Claims. Franchisor's consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, and it will not be deemed a waiver of Franchisor's right to demand strict compliance with any of the terms of this Agreement, or any other agreement to which Franchisor's and the transferee are parties, by the transferee.

9. DEFAULT AND TERMINATION

9.1 Automatic Termination In the Event of Bankruptcy or Insolvency. You shall be deemed to be in default under this Agreement, and all rights granted to you in this Agreement shall automatically terminate without notice, if you become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against you and you do not oppose it; if you are adjudicated as bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver for you or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law is instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a supersedeas bond is filed); if you are dissolved; if execution is levied against your business or property; if judicial, non-judicial or administrative proceedings to foreclose any lien or mortgage against any Franchised Location premises or assets or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business is sold after levy thereupon by any sheriff, marshal, or constable.

9.2 Termination with Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of notice without opportunity to cure if: (a) you fail to meet the Development Schedule; (b) you or any Owner is convicted of, or pleads no contest to, a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the System; (c) there is any transfer or attempted transfer in violation of Article 8 of this Agreement; (d) you or any Owner fails to comply with the confidentiality or non-compete covenants in Article 6 and Article 10 of this Agreement; (e) you or any Owner has made any material misrepresentations in connection with your developer application; or (f) Franchisor delivers to you three or more written notices of default pursuant to this Article 9 within any rolling 12-month period, whether or not the defaults described in such notices ultimately are cured.

9.3 Termination with 10-Day Cure Period. Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure the following defaults within 10 days after delivery of written notice: (a) failure to obtain or maintain required insurance coverage at the Units; (b) failure to pay any amounts due to Franchisor; (c) failure to pay any

amounts due to your trade creditors (unless such amount is subject to a bona fide dispute); (d) failure to pay any amounts for which Franchisor has advanced funds for or on your behalf, or upon which Franchisor is acting as guarantor of your obligations; (e) misappropriate, misuse, or otherwise utilize the Proprietary Marks and Confidential Information in a way not authorized by Franchisor; and (f) if an approved transfer as required by Section 8.9 is not effected within the designated time frame following a death or permanent incapacity (mental or physical).

9.4 Termination with 30-Day Cure Period. Except as otherwise provided in this Article 9, Franchisor has the right to terminate this Agreement, which termination will become effective upon delivery of written notice of termination, if you fail to cure any curable default within 30 days after delivery of written notice.

9.5 Cross-Default. Any default under any agreement (including any franchise agreement) between you and Franchisor or its Affiliates, which your failure to cure within any applicable cure period, shall be considered a default under this Agreement and shall provide an independent basis for termination of this Agreement without an opportunity to cure.

9.6 Additional Remedies. If you are in Default of this Agreement, Franchisor may, in its sole discretion, elect to reduce the number of Units which you may establish pursuant to the Development Schedule. If Franchisor elects to exercise this remedy as set forth above, you agree to continue to develop Units in accordance with your rights and obligations under this Agreement, as modified. Franchisor's exercise of its remedy under this Section 9.6 shall not constitute a waiver by Franchisor to exercise Franchisor's option to terminate this Agreement at any time with respect to a subsequent event of default of a similar or different nature.

9.7 No Further Rights. Developer has no independent or unilateral right to terminate this Agreement. Upon termination or expiration of this Agreement, Developer shall have no right to establish or operate any Class 101 business for which a Franchise Agreement has not been executed by Franchisor at the time of termination or expiration. Franchisor's remedies for Developer's breach of this Agreement shall include, without limitation, Developer's loss of its right to develop additional Franchised Locations under this Agreement, and Franchisor's retention of all area development fees paid or owed by Developer. Upon termination or expiration, Franchisor shall be entitled to establish, and to franchise others to establish Class 101 businesses in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer or Developer's affiliates.

9.8 Damages Upon Termination. In addition to the above, upon termination or expiration of this Agreement, Developer shall promptly pay all sums owing to Franchisor and its affiliates.

Developer acknowledges and confirms that Franchisor will suffer substantial damages as a result of the termination of this Agreement before the Term expires. Some of those damages include lost Royalty Fees, and NAF Contributions, as those terms are defined in the first unit's franchise agreement, and other fees, lost market penetration and goodwill, lost opportunity costs, and expenses that Franchisor will incur in developing or finding another Developer to develop another Class 101 franchise in the Development Area (collectively, "Brand Damages"). Franchisor and Developer acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to Franchisor.

Therefore, upon termination of this Agreement before the Term expires for any reason (subject to this Article 9), Developer agrees to pay Franchisor, within fifteen (15) days after the date of such termination, the entire liquidated damages amount, which is the lesser of i) $100,000 and ii) the Minimum Royalty Fee (as the term is defined in the first unit's franchise agreement), multiplied by 36, multiplied by the number of units undeveloped under this Agreement.

Developer agrees that the liquidated damages calculated under this Section 9.8 represent the best estimate of Franchisor's Brand Damages arising from any termination of this Agreement before the Term expires. Developer's payment of the liquidated damages to Franchisor will not be considered a penalty but,

rather, a reasonable estimate of fair compensation to Franchisor for the Brand Damages Franchisor will incur because this Agreement did not continue for the Term's full length.

Developer acknowledges that Developer's payment of liquidated damages is full compensation to Franchisor only for the Brand Damages resulting from the early termination of this Agreement and is in addition to.

10. CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP

10.1 List of Principals. If Developer is a corporation, limited liability company, or partnership, each Owner of Developer and the interest of each person holding an ownership interest in Developer, shall be identified in Attachment C to the Agreement. Developer shall maintain a list of all owners and immediately furnish Franchisor with an update to the information contained in Attachment C upon any change, which shall be made only in compliance with Section 7 above. Developer shall also appoint a Designated Principal, pursuant to Section 5.2 above.

10.2 Guaranty and Undertaking. Each Owner who owns greater than 10% ownership interest in the Developer shall execute a guaranty and undertaking, and acknowledgment of Developer's covenants and obligations under this Agreement in the form attached hereto as Attachment D.

10.3 Corporations and Limited Liability Companies. If Developer is a corporation or limited liability company, Developer shall comply with the following requirements:

10.3.1 Developer shall be newly organized and its governing documents shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Locations.

10.3.2 Developer shall promptly furnish to Franchisor copies of Developer's articles of incorporation, bylaws, articles of organization, operating agreement and/or other governing documents, and any amendments thereto, including the resolution of the Board of Directors or members authorizing entry into this Agreement.

10.3.3 Developer shall maintain stop transfer instructions against the transfer on its records of any equity securities; and each stock certificate or issued securities of Developer shall conspicuously include upon its face a statement, in a form satisfactory to Franchisor, which references the transfer restrictions imposed by this Agreement; provided, however, that the requirements of this Section 10.3.3 shall not apply to a publicly held corporation.

10.4 Partnerships and Limited Liability Partnerships. If Developer or any successor to or assignee of Developer is a partnership or limited liability partnership, Developer shall comply with the following requirements:

10.4.1 Developer shall be newly organized and its company or operating agreement (or its equivalent) shall at all times provide that its activities are confined exclusively to developing and operating the Franchised Locations.

10.4.2 Developer shall furnish Franchisor with a copy of its company or operating agreement (or its equivalent) as well as such other documents as Franchisor may reasonably request, and any amendments thereto.

10.4.3 Developer shall promptly furnish to Franchisor copies of Developer's certificate of formation (or equivalent), and any other documents filed with the respective state secretary of state or other equivalent agency for formation of such limited liability company or partnership.

10.4.4 The partners of the partnership shall not, without the prior written consent of Franchisor, admit additional general partners, remove a general partner, or otherwise materially alter the powers of any general partner.

11. GOVERNING LAW; DISPUTE RESOLUTION

11.1 Choice of Law. This Agreement and all claims arising out of or related to this Agreement or the parties' relationship created hereby shall be construed under and governed by the laws of the State of Texas (without giving effect to any conflict of laws).

11.2 Mediation.

11.2.1 The parties acknowledge that during the term and any extensions of this Agreement certain disputes may arise that the parties are unable to resolve, but that may be resolvable through mediation. To facilitate such resolution, Franchisor, you, and each Owner agree to submit any claim, controversy, or dispute between Franchisor or its Affiliates (and Franchisor's and its Affiliate's respective owners, officers, directors, managers, agents, representatives, and/or employees) and you or your Affiliates (and your Owners, agents, representatives, and/or employees) arising out of or relating to: ***(a)*** this Agreement or any other agreement between Franchisor and you, ***(b)*** Franchisor's relationship with you, or ***(c)*** the validity of this Agreement or any other agreement between Franchisor and you, to mediation before bringing such claim, controversy, or dispute in a court or before any other tribunal.

11.2.2 The mediation shall be conducted by a mediator agreed upon by Franchisor and you and, failing such agreement within not more than 15 days after either party has notified the other of its desire to seek mediation, by the American Arbitration Association or any successor organization ("**AAA**") in accordance with its rules governing mediation. Mediation shall be held at the offices of the AAA in the city in which Franchisor maintains its principal place of business at the time mediation is initiated. The costs and expenses of mediation, including the compensation and expenses of the mediator (but excluding attorneys' fees incurred by either party), shall be borne by the parties equally.

11.2.3 If the parties are unable to resolve the claim, controversy, or dispute within 90 days after the mediator has been chosen, then, unless such time period is extended by written agreement of the parties, either party may bring a legal proceeding pursuant to Section 11.3. The parties agree that statements made during such mediation proceeding will not be admissible for any purpose in any subsequent legal proceeding.

11.2.4 Notwithstanding the foregoing provisions of this Section 11.2, the parties' agreement to mediate shall not apply to controversies, disputes, or claims related to or based on amounts owed to Franchisor pursuant to this Agreement, the Proprietary Marks, or Franchisor's Confidential Information. Moreover, regardless of this mediation agreement, Franchisor and you each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief in any court of competent jurisdiction.

11.3 Arbitration. Franchisor and Developer agree that, except for controversies, disputes, or claims related to or based on improper use of the Proprietary Marks or confidential information, all controversies, disputes, or claims between Franchisor and Developer's affiliates, and Franchisor's and their respective shareholders, members, officers, directors, agents, and/or employees, and Developer (and/or Developer's owners, guarantors, affiliates, and/or employees) arising out of or related to (a) this Agreement or any other agreement between Developer and Franchisor; (b) Franchisor's relationship with Developer; (c) the validity, arbitrability, or enforceability of this arbitration provision, Agreement, or any other agreement between Developer and Franchisor; or (d) any System standard must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (AAA). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then current commercial arbitration rules. All proceedings will be conducted at a suitable location chosen by the arbitrator which is within a five (5) mile radius of Franchisor's principal headquarters at the time arbitration is initiated. The arbitrator shall have no authority to select a different hearing locale. All matters relating to arbitration will be governed by the United States Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

11.3.1 The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (as allowable under this Agreement or governing law), provided that the arbitrator may not declare any Proprietary Mark generic or otherwise invalid and Developer and Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other.

11.3.2 Franchisor and Developer agree to be bound by the provisions of any limitation on the period of time in which claims must be brought under governing law or this Agreement, whichever expires earlier. Franchisor and Developer further agrees that, in any arbitration proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the United States Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any claim which is not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either Developer or Franchisor.

11.3.3 Franchisor and Developer agree that arbitration will be conducted on an individual, not a class-wide, basis and that an arbitration proceeding between Franchisor and Franchisor's affiliates their respective shareholders, officers, directors, agents, and employees, and Developer (including owners, guarantors, affiliates, and employees) may not be consolidated with any other arbitration proceeding between Franchisor and any other person.

11.3.4 Despite Franchisor's and Developer's agreement to arbitrate, Franchisor and Developer each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Developer must contemporaneously submit Franchisor's dispute for arbitration on the merits as provided in this Section.

11.3.5 The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination.

11.4 Venue. With respect to any controversies, disputes, or claims which are not finally resolved through mediation or arbitration, as provided in Sections 11.2 and 11.3., the parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought and maintained exclusively and within the state and federal judicial district court serving the district in which we maintain our principal headquarters at the time litigation is initiated or Tarrant County, Texas (if there is a dispute), and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision. Nothing contained in this Agreement bars Franchisor's right to seek injunctive relief from any court of competent jurisdiction; and you agree to pay all costs and attorneys' fees incurred by Franchisor in obtaining such relief.

11.5 Non-exclusivity of Remedy. No right or remedy conferred upon or reserved to Franchisor or you by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy in this Agreement or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

11.6 WAIVER OF JURY TRIAL. FRANCHISOR AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

11.7 WAIVER OF PUNITIVE DAMAGES. THE PARTIES HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN

THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

11.8 Limitation to Bring a Claim. Any and all claims and actions arising out of or relating to this Agreement and/or the relationship of Developer and Franchisor, brought by either party hereto against the other, whether in mediation, in arbitration or in court, shall be commenced within one (1) year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be forever barred.

11.9 Attorneys' Fees. If either party commences a legal action against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

11.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

12. NOTICES

12.1 Notices. All notices or demands shall be in writing and shall be served in person, by Express Mail, by certified mail; by private overnight delivery; by email, Docusign or other electronic signature system, or other electronic delivery system; or by or by facsimile or other electronic system. Service shall be deemed conclusively made: (a) at the time of service, if personally served; (b) 24 hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail; (c) upon the earlier of actual receipt or three calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail; (d) 24 hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; (e) at the time of transmission by facsimile, if such transmission occurs prior to 5:00 p.m. on a Business Day and a copy of such notice is mailed within 24 hours after the transmission; and (f) upon delivery of electronic notices, including email. Notices and demands shall be given to the respective parties at the addresses set forth on the Summary Pages, unless and until a different address has been designated by written notice to the other party. Either party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement by providing a written notice given in the manner aforesaid to the other party.

12.2 Notice of Actions. Developer shall notify Franchisor in writing within five (5) days of the receipt of any demand letter, commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of Developer and/or any Unit established under this Agreement.

13. CONSTRUCTION

13.1 Entire Agreement. This Agreement and its attachments represent the entire fully integrated agreement between the parties concerning the subject matter hereof, and supersedes all other negotiations, agreements, representations, and covenants, oral or written. Recognizing the costs on both Franchisor and Developer which are uncertain, Franchisor and Developer, each confirm that neither wishes to enter into a business relationship with the other in which any terms or obligations are the subject of alleged oral statements or in which oral statements or non-contract writings which have been or may in the future be, exchanged between them, serve as the basis for creating rights or obligations different than or supplementary to the rights and obligations set forth herein. Accordingly, Franchisor and Developer agree and promise each other that this Agreement supersedes and cancels any prior and/or contemporaneous discussions or writings (whether described as representations, inducements, promises, agreements or any other term), between Franchisor or anyone acting on its behalf and Developer or anyone acting on its behalf, which might be taken to constitute agreements, representations, inducements, promises or understandings (or any equivalent to such term) with respect to the rights and obligations of Franchisor and Developer or the relationship between them. Franchisor and Developer agree and promise each other that they have

placed, and will place, no reliance on any such discussions or writings. In accordance with the foregoing, it is understood and acknowledged that this Agreement, the attachments hereto, and the documents referred to herein constitute the entire Agreement between Franchisor and Developer concerning the subject matter hereof, and supersede any prior agreements, no other representations having induced Developer to execute 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 or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. Any representations, warranties, inducements, promises, understandings or agreements between the parties, that are not in the franchise disclosure document which you acknowledge receiving at least 14 days before signing this Agreement or paying any money, or in writing and signed by us and you, are void and not enforceable.

13.2 No Waiver. No waiver or modification of this Agreement or of any covenant, condition, or limitation herein contained shall be valid unless the same is made in writing and duly executed by the party to be charged therewith. No evidence of any waiver or modification shall be offered or received in evidence in any proceeding, arbitration, or litigation between the parties arising out of or affecting this Agreement, or the rights or obligations of any party hereunder, unless such waiver or modification is in writing, duly executed as aforesaid. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by the party sought to be charged and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Developer of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's rights nor shall such constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Agreement.

13.3 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

13.4 Survival of Terms. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.5 Definitions and Captions. Unless otherwise defined in this body of this Agreement, capitalized terms have the meaning ascribed to them in Attachment A ("**Glossary of Additional Terms**"). All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.6 Persons Bound. This Agreement shall be binding on the parties and their respective successors and assigns. As applicable, each Owner who owns greater than 10% ownership interest in the Developer shall execute the Undertaking and Guaranty attached as Attachment D. Failure or refusal to do so shall constitute a breach of this Agreement. You and each Owner shall be joint and severally liable for each person's obligations hereunder and under the applicable Undertaking and Guaranty.

13.7 Rules of Construction. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. Terms used in this Agreement shall be construed and interpreted according to their ordinary meaning. If any provision of this Agreement is susceptible to two or more meanings, one of which would

render the provision enforceable and the other(s) which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

13.8 Timing. Time is of the essence with respect to all provisions in this Agreement. Notwithstanding the foregoing, if performance of either party is delayed on account of a Force Majeure, the applicable deadline for performance shall be extended for a period commensurate with the Force Majeure, but not to exceed 12 months.

13.9 Full Scope of Terms. Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

13.10 Captions Only for Convenience. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

13.11. No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to developers and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

14. REPRESENTATIONS

14.1 Representations of Franchisor. Franchisor represents and warrants that ***(a)*** Franchisor is duly organized and validly existing under the law of the state of its formation; ***(b)*** Franchisor is duly qualified and authorized to do business in each jurisdiction in which its business activities or the nature of the properties it owns requires such qualification; and ***(c)*** the execution of this Agreement and the performance of the transactions contemplated by this Agreement are within Franchisor's corporate power and have been duly authorized.

14.2 Representations of Developer. (Initial each subsection)

[_____] 14.2.1. You represent and warrant that the information set forth in Attachment C, incorporated by reference hereto, is accurate and complete in all material respects. You shall notify Franchisor in writing within 10 days of any change in the information set forth in Attachment C. You further represent to Franchisor that (a) you are duly organized and validly existing under the law of the state of your formation; (b) you are duly qualified and authorized to do business in each jurisdiction in which your business activities or the nature of the properties you own require such qualification; (c) your corporate charter or written partnership or limited liability company agreement, as applicable, will at all times provide that your activities are confined exclusively to the development and operation of the Franchised Business. You warrant and represent that neither you nor any of your Affiliates or Owners own, operate, or have any financial or beneficial interest in any business that is the same as or similar to a Class 101 business; and (d) The execution of this Agreement and the performance of the transactions contemplated by this Agreement are within your corporate power, or if you are a partnership or a limited liability company, are permitted under its written partnership or limited liability company agreement and have been duly authorized.

[_____] 14.2.2. You represent and warrant that to your actual knowledge: (i) neither Developer nor its officers, directors, managers, members, partners, shareholders, or other individual who own or manage the affairs of Developer, nor any Developer affiliate or related party, or any funding source for any Unit, is identified on the lists of Blocked Persons, Specially Designated Nationals, Specially Designated Terrorists, Specially Designated Global Terrorists, Foreign Terrorists Organizations, and Specially Designated Narcotics Traffickers at the United States Department of Treasury's Office of Foreign Assets Control (OFAC), or the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, commonly known as the "USA Patriot Act," as such lists may be amended from time to time (collectively, "Blocked Person(s)"); (ii) neither Developer nor any Developer affiliate or related party is directly or indirectly owned or controlled by the government of any country that is subject to an embargo imposed by the United States government; (iii) neither Developer nor any Developer affiliate or related party is acting on behalf of the government of, or is involved in business arrangements or other transactions with, any country that is subject to such an embargo; (iv) neither Developer nor any Developer affiliate or related party are on the United States Department of Commerce Denied Persons, Entity and Unverified Lists, or the United States Departments of State's Debarred List, as such lists may be amended from time to time (collectively, the "Lists"); (v) neither Developer nor any Developer affiliate or related party, during the term of this Agreement, will be on any of the Lists or identified as a Blocked Person; and (vi) during the term of this Agreement, neither Developer nor any Developer affiliate or related party will sell products, goods or services to, or otherwise enter into a business arrangement with, any person or entity on any of the Lists or identified as a Blocked Person. Developer agrees to notify Franchisor in writing immediately upon the occurrence of any act or event that would render any of these representations incorrect.

[_____] 14.2.3. You represent and warrant to Franchisor that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict you from: (a) negotiating and entering into this Agreement; (b) exercising its rights under this Agreement; and/or (c) fulfilling its responsibilities under this Agreement.

[_____] 14.2.4. You represent to Franchisor, as an inducement to entry into this Agreement, that Developer has made no misrepresentations in obtaining the franchise.

The acknowledgments in Sections 14.2.5 through 14.2.8 below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

[_____] 14.2.5. You represent to Franchisor that neither Franchisor nor its agents or representatives have made any representations, and you have not relied on representations made by Franchisor or its agents or representatives, concerning actual or potential sales, expenses, or profit of a Class 101 Unit, except for information that may have been contained in Item 19 of the franchise disclosure document delivered to you in connection with your purchase of a Class 101 franchise.

[_____] 14.2.6. You acknowledge that you have received a complete copy of Franchisor's franchise disclosure document at least 14 calendar days before you signed this Agreement or paid any consideration to Franchisor for your franchise rights.

[_____] 14.2.7. You acknowledge that you have read and that you understand the terms of this Agreement and its attachments, and that you have had ample time and opportunity to consult with an attorney or business advisor of your choice about the potential risks and benefits of entering into this Agreement.

[_____] 14.2.8. INVESTIGATION OF THE BUSINESS POSSIBILITIES. DEVELOPER ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS OF DEVELOPING AND OPERATING A CLASS 101 UNIT, AND RECOGNIZES THAT

THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF DEVELOPER (OR, IF DEVELOPER IS A CORPORATION, PARTNERSHIP OR LIMITED LIABILITY COMPANY, THE ABILITY OF ITS PRINCIPALS) AS (AN) INDEPENDENT BUSINESSPERSON(S). FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND DEVELOPER ACKNOWLEDGES THAT IT HAS 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. DEVELOPER ACKNOWLEDGES THAT THIS AGREEMENT CONTAINS ALL ORAL AND WRITTEN AGREEMENTS, REPRESENTATIONS AND ARRANGEMENTS BETWEEN THE PARTIES, AND ANY RIGHTS WHICH THE RESPECTIVE PARTIES HERETO MAY HAVE HAD UNDER ANY OTHER PREVIOUS CONTRACT (WHETHER ORAL OR WRITTEN) ARE HEREBY CANCELLED AND TERMINATED, AND NO REPRESENTATIONS OR WARRANTIES ARE MADE OR IMPLIED, EXCEPT AS SPECIFICALLY SET FORTH HEREIN. DEVELOPER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED OR RELIED ON ANY REPRESENTATIONS ABOUT THE FRANCHISE BY THE FRANCHISOR, OR ITS OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, THAT ARE CONTRARY TO THE STATEMENTS MADE IN THE FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT OR TO THE TERMS AND CONDITIONS CONTAINED HEREIN

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective on the Effective Date set forth above.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	_____ a
By: _____ Jamie Clark, its President	By: _____ _____, its _____

STATE SPECIFIC ADDENDA / RIDERS TO

DEVELOPMENT AGREEMENT

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

CALIFORNIA RIDER

TO CLASS 101 FRANCHISE AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

This Rider relates to franchises sold in California and is intended to comply with California statutes and regulations. The parties agree to modify the Development Agreement as follows:

1. Sections 14.2.5 through 14.2.8 of the Development Agreement are deleted their its entirety.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

ILLINOIS RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

This Rider relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. The parties agree to modify the Development Agreement as follows:

1. Governing Law. Section 11.1 of the Development Agreement is deleted. The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern franchise agreements entered into in Illinois.

2. Termination. The following language is added at the beginning of Section 9 of the Development Agreement:

> If anything in this Section concerning termination is inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply.

3. Jurisdiction. The following language is added to the end of Section 11.4 of the Development Agreement:

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

4. Waiver of Jury Trial. The following language is added to the end of Section 11.6 of the Development Agreement:

> However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. Section 41 of the Illinois Franchise Disclosure Act of 1987 states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Section 41 will control over any inconsistent provisions in the Development Agreement.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**FRANCHISEE:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

INDIANA RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Franchisee," "you," or "your").

This Rider relates to franchises sold in Indiana and is intended to comply with the Indiana statutes and regulations. The parties agree to supplement the Development Agreement as follows:

1. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the Development Agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the Development Agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the Development Agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a Development Agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the Development Agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the Development Agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

2. If the Development Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Development Agreement.

3. This Rider will have effect only if the Development Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC,	[_____],
a Delaware limited liability company	a [_____]
By: _____	By: _____
Jamie Clark, its President	[_____], its [_____]

MARYLAND RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the Development Agreement as follows:

2. Releases. Section 4.5.4(c) and Section 8 are each amended to add the following:

   This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Entire Agreement. Section 13.1 is amended by adding the following:

   Notwithstanding anything to the contrary in this Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to our prior representations.

4. Time Limit on Filing. Section 11.8 is amended by adding the following:

   The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Representations. Section 14.2.5 through 14.2.8 of the Development Agreement are hereby deleted.

6. This Rider will have effect only if the Development Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC,	[_____],
a Delaware limited liability company	a [_____]
By: _____	By: _____
Jamie Clark, its President	[_____], its [_____]

MINNESOTA RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Development Agreement as follows:

1. Releases. The following sentence is added to Section 4.5.4(3) and Section 8:

   Notwithstanding the foregoing, Developer will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

2. Term and Successor Development Agreement; Default and Termination. Sections 2 and 9 are each amended by adding the following:

   Notwithstanding anything to the contrary in Sections 2 and 9, Franchisor will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Development Agreement.

3. Time Limit on Filing. Section 11.8 is amended to add the following:

   Notwithstanding anything to the contrary in this Section, any claim or action arising out of or relating to the Minnesota Franchises Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

4. Jurisdiction and Venue. Section 11 is amended to add the following:

   Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the Developer as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota.

5. Entire Agreement. Section 13.1 is amended by adding the following:

   Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.

6. This Rider will have effect only if the Development Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By:_____ Jamie Clark, its President	By:_____ [_____], its [_____]

NEW YORK RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties agree to modify the Development Agreement as follows:

Any provision in the Development Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.

1. Releases. Sections 4.5.4(C) and 8 are each amended to add the following:

   The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.

2. Assignment by Franchisor. Section 8 is amended by adding the following:

   Franchisor will not assign its rights under the Development Agreement except to an assignee who in Franchisor's good faith judgment is willing and able to assume Franchisor's obligations under the Development Agreement.

3. Termination by Developer. Section 9 is amended by adding the following:

   You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. Governing Law. Section 11.1 is amended by adding the following:

5. Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.

6. This Rider will have effect only if the Development Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

NORTH DAKOTA RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

In recognition of the requirements of the North Dakota Franchise Investment Law, the parties agree to modify the Development Agreement as follows:

1. In Sections 4.5.4(c) of the Development Agreement, any reference to a requirement to sign a general release is hereby deleted.

2. Article 6 of the Development Agreement is hereby amended by the addition of the following language to the original language that appears there:

> "Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

3. Section 9.8. of the Development Agreement referring to liquidated damages is hereby deleted.

4. In Section 11.1, the word "Texas" is replaced with the words "North Dakota."

5. Sections 11.2 and 11.3 of the Development Agreement are hereby amended with the following:

> "The site of the arbitration or mediation must be agreeable to all parties and not be remote from the franchisee's (or Developer's) place of business."

6. In Section 11.4 of the Development Agreement, in order to comply with Section 51-19-09 of the North Dakota Franchise Investment Law, any references to the consent to jurisdiction of courts in Texas are hereby deleted.

7. In Section 11.6 of the Development Agreement, all references to waiver of trial by jury in the Development Agreement are hereby deleted.

8. In Section 11.7 of the Development Agreement, all references to the consent to a waiver of exemplary and punitive damages are hereby deleted.

9. Section 11.8. of the Development Agreement is hereby amended by the addition of the following language to the original language that appears there:

> "The statute of limitations under North Dakota Law will apply."

(SIGNATURE PAGE FOLLOWS.)

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By:_ Jamie Clark, its President	By:_ [_____], its [_____]

RHODE ISLAND RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("we," "us," or "our"), and _____ ("Developer," "you," or "your").

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the Development Agreement as follows:

1. Governing Law. Section 11.1 is amended by adding the following:

Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Jurisdiction and Venue. Section 11.4 is amended by adding the following:

Notwithstanding the foregoing, you have the right to file any arbitration action under the Rhode Island Franchise Investment Act in Rhode Island.

3. This Rider will have effect only if the Development Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Rider. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

WASHINGTON RIDER

TO CLASS 101 DEVELOPMENT AGREEMENT

This Rider is entered into this ___ day of _____, 20__, by and between Class 101 Franchise, LLC ("Franchisor," "we," "us," or "our"), and _____ ("Developer," "Franchisee," "you," or "your"). The provisions of this Rider an integral part of, are incorporated into, and modify the Class 101 development agreement executed between the Franchisor and Developer, and all related agreements regardless of anything to the contrary contained therein. This Rider applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or

sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Section 4.4.3 of the Development Agreement is hereby deleted and replaced with the following:

> You are responsible for confirming (a) that your Development Area contains a sufficient number of acceptable locations to meet the number of Units to be developed under the Development Schedule; and (b) that your Development Area is sufficient to economically support the number of Units to be developed under the Development Schedule.

20. The following language is added to the end of Section 7 of the Development Agreement:

> Developer has no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

21. Section 9.8 of the Development Agreement is hereby amended to delete the following language:

> The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages, and not a penalty.

22. Section 13.1 of the Development Agreement is hereby amended to delete the following language:

> Franchisor and Developer agree and promise each other that they have placed, and will place, no reliance on any such discussions or writings.

23. Sections 14.2.5 through 14.2.8 of the Development Agreement are hereby deleted.

24. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Development Agreement.

25. Except as expressly modified by this Rider, the Development Agreement remains unmodified in full force and effect.

26. This Rider may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Rider by electronic transmission (including PDF) shall be as effective as delivery of a manually executed counterpart of this Rider.

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

IN WITNESS WHEREOF, the parties have executed this Rider to the Development Agreement on the date stated on the first page.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	[_____], a [_____]
By: _____ Jamie Clark, its President	By: _____ [_____], its [_____]

CLASS 101
DEVELOPMENT AGREEMENT

ATTACHMENT A

GLOSSARY OF ADDITIONAL TERMS

"**Affiliate**" means, with respect to Franchisee or any Owner, any (i) direct or indirect parent, subsidiary, or affiliate, (ii) any Person, the management of which is, directly or indirectly, controlled by, or of which an aggregate of more than 10% of the voting Stock is, at the time, owned or controlled directly or indirectly by, such Peron or one or more Affiliates of such Person, (iii) Person, including another franchisee of Franchisor, that shares common or partial, direct or indirect ownership, and (iv) any Person that has an ownership interest in another entity, or that controls, is controlled by, or is under common control, directly or indirectly

"**Business Entity**" means a corporation, limited liability company, limited partnership, or other entity created pursuant to statutory authority.

"**Competitive Business**" means any business or enterprise that is the same or similar to Class 101 businesses, including without limitation any business or enterprise, franchised and non-franchised, that operates or grants franchises or licenses for the operation of a business that provides advice, guidance and training to high school students and their parents in preparing for, selecting, applying to, and paying for college.

"**Confidential Information**" means all information, knowledge, elements, trade secrets, and know-how utilized or embraced by the System, or which otherwise concerns Franchisor's systems of operation, programs, services, products, customers, practices, materials, books, records, financial information, manuals, computer files, databases, or software; including, but not limited to: the Standards and all elements of the System and all products, services, equipment, technologies, policies, standards, requirements, criteria, and procedures which now or in the future are a part of the System; all information contained in the Manual, including supplements to the Manual; Franchisor's standards and specifications for product preparation, packaging, and service; all specifications, sources of supply, all procedures, systems, techniques and activities employed by Franchisor or by you in the offer and sale of products and/or services at or from the Franchised Business premises; all pricing paradigms established by Franchisor or by you; all of Franchisor's and/or your sources, or prospective sources, of supply and all information pertaining to same, including wholesale pricing structures, the contents of sourcing agreements, and the identity of vendors and suppliers; Franchisor's specifications, and your final plans, for the construction, buildout, design, renovation, décor, equipment, signage, furniture, fixtures and trade dress elements of your Franchised Business premises; the identify of, and all information relating to, the computer and POS hardware and software utilized by Franchisor and you; all information and data pertaining to Franchisor's and/or your advertising, marketing, promotion, and merchandising campaigns, activities, materials, specifications and procedures; all customer lists and records generated and/or otherwise maintained by your Franchised Business; all internet/web protocols, procedures, and content related to the System and your Franchised Business; Franchisor's training and other instructional programs and materials; all elements of Franchisor's recommended staffing, staff training, and staff certification policies and procedures; all communications between you and Franchisor, including the financial and other reports you are required to submit to Franchisor under this Agreement; additions to, deletions from, and modifications and variations of the components of the System and the other systems and methods of operations which Franchisor employs now or in the future; all other knowledge, trade secrets, or know-how concerning the methods of operation of your Franchised Business which may be communicated to you, or of which you may be apprised, by virtue of operation under the terms of the Franchise Agreement; and all other information,

knowledge, and know-how which either Franchisor or its Affiliates, now or in the future, designate as "Confidential Information."

"**Controlling Interest**" means: **(a)** if you are a corporation or a limited liability company, that the Owners, either individually or cumulatively **(i)** directly or indirectly own more than 20% of the shares of each class of the developer entity's issued and outstanding capital stock or membership units, as applicable; and **(ii)** are entitled, under its governing documents and under any agreements among the Owners, to cast a sufficient number of votes to require such entity to take or omit to take any action which such entity is required to take or omit to take under this Agreement; or **(b)** if you are a partnership, that the Owners **(i)** own more than 20% interest in the operating profits and operating losses of the partnership as well as more than 20% ownership interest in the partnership (and more than 20% interest in the shares of each class of capital stock of any corporate general partner); and **(ii)** are entitled under its partnership agreement or governing law to act on behalf of the partnership without the approval or consent of any other partner or be able to cast a sufficient number of votes to require the partnership to take or omit to take any action which the partnership is required to take or omit to take under this Agreement.

"**Copyrighted Works**" means works of authorship which are owned by Franchisor and fixed in a tangible medium of expression including, without limitation, the content of the Manual, the design elements of the Proprietary Marks, Franchisor's product packaging and advertising and promotional materials, and the content and design of Franchisor's Web site and advertising and promotional materials.

"**Development Area Name**," as defined on the Summary Page, shall mean the general identifying name for the Developer's Development Area, and does not endow any greater area than the Development Area map identified in Attachment B.

"**Development Period**" means each of the time periods indicated on Attachment B during which you shall have the right and obligation to construct, equip, open and thereafter continue to operate Class 101 businesses.

"**Force Majeure**" means acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war, terrorist acts, riot, or other civil disturbance; epidemics; or other similar forces which you could not by the exercise of reasonable diligence have avoided; provided however, that neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with you by any lender, landlord, or other person shall be an event of Force Majeure under this Agreement, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. Your financial inability to perform or your insolvency shall not be an event of Force Majeure under this Agreement.

"**Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to you the right to own and operate a single Class 101 business, including all attachments, exhibits, riders, guarantees or other related instruments, all as amended from time to time. A current form of Franchise Agreement is attached to the current franchise disclosure document, which shall be used for the first Unit. Franchisor reserves the right to modify this form and issue then-current form of franchise agreement under its then-current franchise disclosure document at the time you are ready to develop the second and any subsequent Units.

"**Owner(s)**" means you any Person holding more than ten percent of the Stock in you and its officers, directors, and shareholders of a corporation, all managers and members of a limited liability company, all general and limited partners of a limited partnership, and the grantor and the trustee of the trust. If any Owner is a Person, then the term "Owner" also includes the Owners of that Business Entity.

"**Person**" means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, trust, business trust, association, joint stock company, joint venture, sole proprietorship, unincorporated association or organization, or any other entity.

"**Stock**" means (a) all shares of capital stock (whether denominated as common stock or preferred stock), equity interests, beneficial, partnership or membership interests, joint venture interests, participations or other ownership or profit interests in or equivalents (regardless of how designated) of or in a Person (other than an individual), whether voting or non-voting, and all rights (including management rights) as and to become a member of any limited liability company; and (b) all securities convertible into or exchangeable for any other Stock and all warrants, options or other rights to purchase, subscribe for or otherwise acquire any other Stock, whether or not presently convertible, exchangeable or exercisable.

CLASS 101
DEVELOPMENT AGREEMENT

ATTACHMENT B

DEVELOPMENT SCHEDULE AND DEVELOPMENT AREA

Section 1.1.1.: The "Development Area" includes the following zip codes in the attached map: _____; if there is a conflict between the zip codes and the map below, the boundaries of the map control:

[MAP]

Section 1.1.1.: The "Development Schedule" is as follows:

Unit Number	Franchise Agreement Execution Date	Deadline to Execute Lease	Projected Opening Date	Cumulative Number of Units to be Open and Operating by Developer in the Development Area
1	Concurrently with this Development Agreement	Six (6) months from the Effective Date	12 months from the Effective Date	**1**
2	16 months from the Effective Date	Six (6) months from the Franchise Agreement Execution Date for Unit #2	12 months from the Franchise Agreement Execution Date for Unit #2	**2**
3	24 months from the Franchise Agreement Execution Date for Unit #2	Six (6) months from the Franchise Agreement Execution Date for Unit #3	12 months from the Franchise Agreement Execution Date for Unit #3	**3**

For the purposes of determining compliance with this Development Schedule, only the Units Developer actually opens and continuously operates in the Development Area for at least the first six (6) months after opening will be counted toward the number of Units required to be open and operated above.

(SIGNATURE PAGE FOLLOWS.)

IN WITNESS WHEREOF, the parties hereof have executed this Attachment B effective for all purposes as of the Effective Date.

FRANCHISOR:	**DEVELOPER:**
CLASS 101 FRANCHISE, LLC, a Delaware limited liability company	_____ a
By: _____ Jamie Clark, its President	By: _____ _____, its _____

CLASS 101
DEVELOPMENT AGREEMENT

ATTACHMENT C

DEVELOPER'S OWNERS AND KEY PERSONNEL

A. The following is a list of all shareholders, partners, members, or other investors owning a direct or indirect interest in the Developer, and a description of the nature of their interest, and each Owner of whom shall execute the Undertaking and Guaranty substantially in the form set forth in Attachment D to the Development Agreement:

NAME, ADDRESS, TELEPHONE NUMBER, AND EMAIL	OWNERSHIP INTEREST IN DEVELOPER	NATURE OF INTEREST

B. Developer's Designated Principal is:

Telephone Number:

Email Address:

C. Developer represents to Franchisor that the persons identified in this Attachment C reflect a true and correct listing of the shareholders, partners, members, or other persons/companies owning a direct or indirect interest in the Developer and a true and correct description of the nature of their interest.

FRANCHISOR:
CLASS 101 FRANCHISE, LLC,
a Delaware limited liability company

By: _____
Jamie Clark, its President

DEVELOPER:
_____
a

By: _____
_____, its _____

CLASS 101
DEVELOPMENT AGREEMENT

ATTACHMENT D

UNDERTAKING AND GUARANTY

By virtue of executing a Class 101® Development Agreement dated _____ ("Development Agreement"), _____ ("Developer") has acquired the right and franchise from CLASS 101 FRANCHISE, LLC ("Franchisor") to establish and operate a Class 101 Franchised Business ("Franchised Business") and the right to use in the operation of the Franchised Business the Proprietary Marks and the System, as they may be changed, improved, and further developed from time-to-time in Franchisor's sole discretion.

Pursuant to the terms and conditions of the Development Agreement, each of the undersigned hereby acknowledges and agrees as follows:

1. I have read the terms and conditions of the Development Agreement and acknowledge that the execution of this Undertaking and Guaranty and the undertakings of the Owners in the Development Agreement are in partial consideration for, and a condition to, the granting of the rights under the Development Agreement. I understand and acknowledge that Franchisor would not have granted such rights without the execution of this Undertaking and Guaranty and the other undertakings of the Owners in the Development Agreement.

2. I own a beneficial interest in the Developer, and I am included within the term "Owner" as defined in the Development Agreement.

3. I, individually and jointly and severally with the other Owners, hereby make all of the covenants, representations, warranties, and agreements of the Owners set forth in the Development Agreement, and agree that I am obligated to and will perform thereunder, including, without limitation, the provisions regarding compliance with the Development Agreement in Section 5.3., the use of confidential information in Section 6.1., the covenants in Article 6, the transfer provisions in Article 8, the choice of law and venue provisions in Article 11, and the indemnification obligations in Article 7.

4. I, individually and jointly and severally with the other Owners, unconditionally and irrevocably guarantee to Franchisor and its successors and assigns that all obligations of the Developer under the Development Agreement will be punctually paid and performed. Upon default by the Developer or upon notice from Franchisor, I will immediately make each payment and perform each obligation required of the Developer under the Development Agreement. Without affecting the obligations of any Owner under this or any other Undertaking and Guaranty, Franchisor may, without notice to any Owner, waive, renew, extend, modify, amend, or release any indebtedness or obligation of the Developer or settle, adjust, or compromise any claims that Franchisor may have against the Developer. I waive all demands and notices of every kind with respect to the enforcement of this Undertaking and Guaranty, including notices of presentment, demand for payment or performance by the Developer, any default by the Developer or any guarantor, and any release of any guarantor or other security for this Undertaking and Guaranty or the obligations of the Developer. Franchisor may pursue its rights against me without first exhausting its remedies against the Developer and without joining any other guarantor and no delay on the part of Franchisor in the exercise of any right or remedy will operate as a waiver of the right or remedy, and no single or partial exercise by Franchisor of any right or remedy will preclude the further exercise of that or any other right or remedy. Upon Franchisor's receipt of notice of the death of any Owner, the estate of the deceased will be bound by the foregoing Undertaking and Guaranty, but only for defaults and obligations under the Development Agreement existing at the time of death, and in that event, the obligations of the Owners who survive such death will continue in full force and effect.

5. No modification, change, impairment, or suspension of any of Franchisor's rights or remedies shall in any way affect any of my obligations under this Undertaking and Guaranty. If the Developer has pledged other security or if one or more other persons have personally guaranteed performance of the Developer's obligations, I agree that Franchisor's release of such security will not affect my liability under this Undertaking and Guaranty.

6. I agree that any notices required to be delivered to me will be deemed delivered at the time delivered by hand; one Business Day after delivery by Express Mail or other recognized, reputable overnight courier; or three Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the address identified on the signature line below. I may change this address only by delivering to Franchisor written notice of the change.

7. I understand that Franchisor's rights under this Undertaking and Guaranty shall be in addition to, and not in lieu of, any other rights or remedies available to Franchisor under applicable law.

8. I agree to be bound individually to the provisions of the Development Agreement including, without limitation, the litigation and dispute resolution provisions set forth in Article 23 and I irrevocably submit to the jurisdiction of the state and federal courts serving the judicial district in which Franchisor's principal headquarters are located at the time litigation is commenced. I hereby irrevocably submit to the exclusive jurisdiction of such courts and specifically waive any objection I may have to either the jurisdiction or exclusive venue of such courts.

9. I WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, INVOLVING FRANCHISOR, WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THE DEVELOPMENT AGREEMENT, THE PERFORMANCE OF ANY PARTY UNDER THE DEVELOPMENT AGREEMENT, AND/OR THE OFFER OR GRANT OF THE FRANCHISE.

10. This Agreement shall be construed under the laws of the State of Texas. The only way this Agreement can be changed is in writing signed by Franchisor. Any capitalized terms contained in but not defined by this Undertaking and Guaranty shall have the same meaning prescribed to that word in the Development Agreement.

11. Should this Agreement be signed or endorsed by more than one person or entity, all of the obligations herein contained shall be considered the joint and several obligations of each signatory.

12. DISPUTE RESOLUTION BY BINDING ARBITRATION.

12.1 Any dispute or claim between the Developer and Owners, and the Franchisor, including but not limited to any dispute or claim arising out of or relating in any way to

(i) this undertaking and guaranty or any other agreement Developer and Owners, and the Franchisor,
(ii) the offer and sale of the franchise opportunity,
(iii) any representations made prior to the execution of this undertaking and guaranty,
(iv) the validity, enforceability, or scope of this undertaking and guaranty and this arbitration agreement, and
(v) the relationship of the parties

must be submitted to binding arbitration before the American Arbitration Association ("AAA") pursuant to its Commercial Arbitration Rules in effect at the time the arbitration demand is filed. The AAA rules are available online at http://www.adr.org. The only disputes or claims that shall not be subject to arbitration shall be those that relate to the protection or enforcement of Franchisor's rights in and to intellectual property (including, but not limited to, the Proprietary

Marks). The number of arbitrators shall be one. This arbitration agreement and the arbitration shall be subject to and governed by the Federal Arbitration Act, and not any state arbitration law.

12.2 Developer and Owners, and the Franchisor agree that arbitration will be conducted on an individual, not a class-wide or representative basis, that only Developer and Owners, and the Franchisor may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving Developer and Owners, and the Franchisor or any other person or entity. The arbitrator shall have no power to preside over or consider any form representative, joint, consolidated, collective or class proceeding. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of this Section is unenforceable with respect to a dispute that otherwise would be subject to arbitration, then the parties agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with Section 12.11.

12.3 Developer and Owners, and the Franchisor are bound by any limitation under this Agreement or governing law, whichever expires first, on the timeframe in which claims must be brought. Developer and Owners, and the Franchisor Parties further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting 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 not submitted or filed in the proceeding will be barred. The arbitrator does not have the right to consider any settlement discussions or offers made by Developer and Owners, and the Franchisor.

12.4 Unless prohibited by law, the arbitration shall occur in Tarrant County, Texas. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence.

12.5 Except as may be required by law, neither Developer and Owners, and the Franchisor, nor an arbitrator may disclose the existence, content, or results of any arbitration under this Section without the prior written consent of all parties.

12.6 The arbitrator must follow, and may not disregard, the governing law.

12.7 The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with Section 12.12.), provided that Developer and Owners, and the Franchisor waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 12.10. below.

12.8 The decision of the arbitrator will be final and binding on all parties to the dispute. A judgment may be entered upon the arbitration award in any federal or state court having jurisdiction.

12.9 Despite the existence of the arbitration clause, the parties shall have the right to seek temporary restraining orders, preliminary injunctions, and similar equitable relief from a court pending arbitration of the merits of the claims. Any injunctive relief may be given without the necessity of Franchisor posting bond or other security and any such bond or other security is hereby waived.

12.10 To the fullest extent permitted by law, the parties agree that any actions permitted to be brought under this Agreement by either party in any court may only be brought in a federal or state court serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced. Owners hereby irrevocably submit to the jurisdiction of the federal and

state courts serving the judicial district in which Franchisor's principal headquarters is located at the time litigation is commenced and waive any objection you may have to the jurisdiction of or venue in such courts.

12.11 Subject to the arbitration obligations in this Section 12, any judicial action must be brought in a court of competent jurisdiction in the state, and in (or closest to) the county where Franchisor's principal place of business is then located. Each of the parties irrevocably submits to the jurisdiction of such courts and waives any objection to such jurisdiction or venue. Notwithstanding the foregoing, Franchisor may bring an action for a temporary restraining order or for temporary or preliminary injunctive relief, or to enforce an arbitration award or judicial decision, in any federal or state court in the county in which Developer and Owners reside or the Franchised Business is located.

12.12 If any party commences a legal action against the other party arising out of or in connection with this undertaking and guarantee, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

IN WITNESS WHEREOF, the undersigned, intending to be legally bound, has executed this Undertaking and Guaranty to be effective on the day and year first written above.

OWNER

[_____]	[_____]
[_____]	[_____]
[ ]	[ ]

EXHIBIT H

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

UA Holdings, LLC and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended December 31, 2024 and 2023, and Independent Auditor's Report

UA HOLDINGS, LLC AND SUBSIDIARIES

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Deloitte & Touche LLP
2200 Ross Ave.
Suite 1600
Dallas, TX 75201

www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of UA Holdings, LLC:

Opinion

We have audited the consolidated financial statements of UA Holdings, LLC and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Deloitte & Touche LLP

March 31, 2025

UA HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2024 AND 2023
(In thousands, except unit and par value data)

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 13,144	$ 16,048
Investments—at fair value	4,376	6,877
Accounts receivable—net	24,645	15,981
Inventory	598	1,366
Deferred attraction costs	20,258	15,535
Deferred initial franchise fee costs—current	946	1,069
Deferred income taxes	492	551
Prepaids and other current assets	5,173	7,471
Total current assets	69,632	64,898
DEFERRED INITIAL FRANCHISE FEE COSTS—Net of current maturities	12,329	19,418
OPERATING LEASE RIGHT-OF-USE ASSET—Net	25,256	38,191
PROPERTY AND EQUIPMENT—Net	11,690	8,184
GOODWILL—Net	331,381	307,074
INTANGIBLE ASSETS—Net	432,462	343,739
OTHER ASSETS	388	112
TOTAL ASSETS	$ 883,138	$781,616
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 5,722	$ 4,017
Accrued liabilities	17,441	18,244
Operating lease liability—current	4,699	5,190
Marketing funds	3,703	3,396
Deferred attractions revenues	14,900	14,677
Deferred franchise fee revenues—current	3,505	2,893
Unpaid insurance losses and loss adjustment expenses	6,080	10,034
Unearned insurance premium	0	149
Notes payable—current	4,093	2,750
Total current liabilities	60,143	61,350
OPERATING LEASE LIABILITY—Net of current portion	31,039	42,068
CONTRACT LIABILITIES—Net of current portion	51,751	53,087
NOTES PAYABLE—Net of current portion	389,199	262,540
Total liabilities	532,132	419,045
MEMBERS' EQUITY:		
Members' equity:		
Preferred units, $1,000 par value—312,968 and 260,258 authorized, issued, and outstanding	313,777	256,078
Common units, $1,000 par value—495,000 authorized; 234,742 issued, and outstanding, respectively	165,447	166,044
Accumulated deficit	(128,218)	(59,551)
Total members' equity	351,006	362,571
TOTAL LIABILITIES AND MEMBERS' EQUITY	$ 883,138	$781,616

See notes to consolidated financial statements.

UA HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In thousands)

	2024	2023
REVENUES:		
Royalty revenues	$ 85,301	$ 56,147
Attraction revenues	22,611	23,757
Merchandise revenues	8,596	7,617
Company-owned unit revenues	15,001	19,370
Franchise fee revenues	15,770	4,526
Marketing fund revenues	25,823	23,995
Net earned insurance premiums	(67)	3,154
Other revenues	21,675	12,921
Total revenues	194,710	151,487
OPERATING EXPENSES:		
Attraction costs	18,362	17,348
Company-owned unit costs	14,595	17,066
Marketing fund costs	25,823	23,995
Salaries and wages	38,076	25,809
Incurred insurance losses and loss adjustment expenses	(7)	7,060
Selling, general, and administrative	44,973	28,082
Amortization of goodwill and intangibles	64,469	53,620
Depreciation and amortization expense	2,039	1,868
Total operating expenses	208,330	174,848
LOSS FROM OPERATIONS	(13,620)	(23,361)
OTHER (EXPENSES) INCOME:		
Interest expense	(52,894)	(37,592)
Loss on disposal of property and equipment	(152)	(216)
Impairment of intangible assets	(2,273)	-
Other income—net	824	901
Total other expenses	(54,495)	(36,907)
LOSS BEFORE FEDERAL TAX BENEFIT AND STATE TAX EXPENSE	(68,115)	(60,268)
FEDERAL TAX (EXPENSE) BENEFIT	(290)	863
STATE TAX EXPENSE	(262)	(211)
NET LOSS	$ (68,667)	$ (59,616)

See notes to consolidated financial statements.

UA HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In thousands, except unit data)

	Preferred Units		Common Units		Accumulated Earnings (Deficit)	Total Members' Equity
	Units	Amount	Units	Amount		
BALANCE—January 1, 2023	260,258	$ 260,258	234,742	$ 169,814	$ 65	$ 430,137
Member tax distributions	-	(4,180)	-	(3,770)	-	(7,950)
Net loss	-	-	-	-	(59,616)	(59,616)
BALANCE—December 31, 2023	260,258	256,078	234,742	166,044	(59,551)	362,571
Member contributions	52,710	58,325	-	-	-	58,325
Member tax distributions	-	(626)	-	(597)	-	(1,223)
Net loss	-	-	-	-	(68,667)	(68,667)
BALANCE—December 31, 2024	312,968	$ 313,777	234,742	$ 165,447	$ (128,218)	$ 351,006

See notes to consolidated financial statements.

UA HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (68,667)	$(59,616)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Allowance for credit losses	1,440	660
Depreciation and amortization expense	2,039	1,868
Amortization of goodwill and intangibles	64,469	53,620
Amortization of debt issuance costs	2,474	1,740
Operating lease right-of-use asset amortization	4,391	7,255
Gain on transfer of operating lease right-of-use asset	(1,861)	(1,117)
Impairment of assets	7,576	159
Loss on disposal of property and equipment	55	216
Change in operating assets and liabilities—net:		
Accounts receivable	(4,713)	(1,890)
Inventory	(8)	(607)
Deferred attractions costs	(4,723)	3,106
Deferred initial franchise fee costs	7,932	(284)
Deferred income taxes	59	(268)
Prepaids and other current assets	2,095	1,635
Accounts payable	921	118
Accrued liabilities	(7,595)	4,958
Marketing funds	(620)	(2,605)
Deferred attractions revenues	(153)	635
Contract liabilities	(3,602)	9,773
Operating lease liability	(4,575)	(3,681)
Unpaid insurance losses and loss adjustments	(3,954)	3,663
Unearned insurance premium	(149)	(2,719)
Insurance premium refunds and losses payable	-	(20)
Net cash (used in) provided by operating activities	(7,169)	16,599
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash paid for acquisitions—net of cash acquired (Note 2)	(175,216)	-
Purchases of property and equipment	(5,374)	(1,925)
Proceeds from sale of investments	2,501	1,281
Payments made and proceeds from notes receivable	(276)	441
Net cash used in investing activities	(178,365)	(203)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments made on line of credit	-	(2,000)
Proceeds from issuance of notes payable	133,000	-
Debt issuance costs	(3,378)	-
Payments made on notes payable	(4,094)	(2,750)
Member contributions	58,325	-
Member distributions	(1,223)	(7,950)
Net cash provided by (used in) financing activities	182,630	(12,700)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,904)	3,696
CASH AND CASH EQUIVALENTS—Beginning of year	16,048	12,352
CASH AND CASH EQUIVALENTS—End of year	$ 13,144	$ 16,048
SUPPLEMENTAL DISCLOSURES—Cash paid for interest expense	$ 52,894	$ 37,296
NONCASH TRANSACTIONS:		
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ 506	$ 12,886
Acquired accrued liabilities	$ (6,793)	$ (11)

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS

UA Holdings, LLC (the "Company") commenced operations on January 30, 2018, as a Delaware limited liability company. The consolidated financial statements as of December 31, 2024 and 2023, include the accounts of the Company and its subsidiaries.

At December 31, 2024, the Company had a portfolio of seven brands consisting of "Urban Air Adventure Parks," a family entertainment franchisor; "Sylvan Learning," a franchisor providing supplemental and enrichment education for K-12 students which was acquired on February 16, 2024; "Snapology," a franchisor of STEM/STEAM curriculum for children; "The Little Gym," a franchisor of enrichment and physical development centers for children; "Premier Martial Arts," a franchisor of martial arts studios focused on children; "Class 101," a franchisor of college guidance services; and "XP League," a franchisor of youth eSports leagues. In addition to franchised owned locations, the Company owns and operates Company-owned locations of its brands and Adventis Insurance, Inc. ("Adventis") (Note 9) an insurance company previously providing general liability and workers compensation coverages to franchise owners of Urban Air Adventure Parks and operating in run-off as of December 31, 2024. The Company has a perpetual duration, unless dissolved earlier in accordance with the Company operating agreement. Company-owned locations totaled 12 and 26 at December 31, 2024, and 2023, respectively.

2. ACQUISITIONS

During the year ended December 31, 2024, the Company completed its acquisition of Sylvan Learning. On February 16, 2024, Unleashed Brands, LLC (Buyer) entered into a securities purchase agreement to purchase 100% of the operating assets and assume certain liabilities of Sylvan Learning. Sylvan Learning is the leading provider of personal learning for students in grades K-12. Sylvan Learning's mission to build academic confidence, ignite intellectual curiosity, and inspire a love for learning complemented the other brands in the Company's portfolio. Upon applying Financial Accounting Standards Board Accounting Standards Codification (ASC) 805, *Business Combinations*, $64,074 of goodwill was recognized. This goodwill primarily arises from the acquired workforce and the opportunity to extend existing customer relationships into new markets. As these components do not qualify as distinct intangible assets, they are included in goodwill. The goodwill is expected to be tax deductible.

The Sylvan Learning transaction was accounted for as a business combination. As a result, the consolidated statements of operations reflect Sylvan Learning's operating results from the acquisition date. Transaction costs related to the Sylvan Learning acquisition totaled $2,404 and are included in selling, general, and administrative expenses in the consolidated statements of operations for the year ended December 31, 2024. The base purchase consideration for the Sylvan Learning acquisition was $185,000, subject to certain customary postclosing adjustments, which resulted in $177,197 of cash paid and the acquisition of assets and assumption of liabilities.

The total purchase consideration has been allocated to the following assets and liabilities as of the February 16, 2024, acquisition date as follows:

Cash and cash equivalents	$ 1,981
Accounts receivable—net	5,391
Property and equipment—net	226
Franchise agreements	100,500
Trade name	12,300
Software	2,900
Goodwill	64,074
Other assets	2,089
Accounts payable	(784)
Accrued liabilities	(6,793)
Marketing funds	(927)
Other liabilities	(882)
Contract liabilities	(2,878)
Total purchase price	$177,197

In accordance with ASC 805, the total consideration transferred for the acquisition of Sylvan Learning was allocated to the identifiable assets acquired and liabilities assumed based on their respective acquisition-date fair values. The resulting allocation reflects the fair value of the net assets acquired. This allocation resulted in the recognition of the following intangible assets at the acquisition date: $100,500 to franchise agreements, $12,300 to the trade name, and $2,900 to internally developed software. Management determined the estimated fair values of intangible assets as of the Sylvan Learning acquisition date using the relief from royalty method for trademarks and income approach for franchise agreements. The relief from royalty method used to estimate the fair values of trademarks estimated projected future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cash flows and the time value of money. Franchise agreements were valued using the income approach method used to estimate the fair values of franchise agreements. A derivation of discounted cash flow analysis, specifically the Multi period Excess Earnings Method was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates—The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The most significant estimates relate to measurement of unpaid insurance losses and loss adjustment expenses and impairment testing of intangible assets and goodwill.

Cash and Cash Equivalents—The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2024 and 2023, the Company had $403 and $775 in such investments, respectively. The Company maintains deposits primarily in three financial institutions, which may at times exceed amounts covered by insurance provided by the US Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Investments in Debt and Equity Securities—Investments in equity securities, with readily determinable fair values, are measured at fair value at the time of purchase, with subsequent changes in fair value included in other income or expense in the consolidated statements of operations. All of the Company's debt securities as of December 31, 2024 and 2023, were classified as available for sale. Available-for-sale securities may be sold prior to maturity and are carried at fair value. The Company accounts for its investments in debt securities in accordance with ASC 320, *Investments—Debt Securities*. Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each balance sheet date.

The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Such amortization and accretion are included in other income in the consolidated statements of operations. Net unrealized (losses) and gains on available-for-sale debt securities were ($17) and $190 for the years ended December 31, 2024 and 2023, respectively.

Other-than-Temporary Impairments on Investments—The Company determines other-than-temporary impairments on debt securities in accordance with certain provisions of ASC 320. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment equal to the difference between the debt security's amortized cost and its fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment, which is equal to the difference between the security's amortized cost and its projected net present value of future cash flows from the security, is recognized in other income. For the years ended December 31, 2024 and 2023, no impairment related to debt securities was recorded. At December 31, 2024 and 2023, the Company held $4,005 and $4,626, respectively, in debt securities.

Accounts Receivable—Accounts receivable consist of franchise royalties and other costs billed to franchisees. Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to customers based upon evaluation of the customer's financial condition, and collateral is not required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2024 and 2023, the Company had an allowance for credit losses of $3,662 and $1,644, respectively.

Inventory—Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. The Company records a provision for obsolete and slow-moving inventory, when necessary, based on current inventory levels, as well as historical and expected future production levels. Based on

the Company's assessment, there was a provision for obsolete inventory of $791 and $0 for the years ended December 31, 2024 and 2023, respectively, and no lower of cost or net realizable value adjustments at December 31, 2024 and 2023.

Deferred Initial Franchise Fee Costs—The Company has capitalized costs in relation to commission costs incurred for the sale of franchise agreements. Capitalized costs directly related to these activities are $13,275 and $20,487 as of December 31, 2024 and 2023, respectively, and are reported as deferred initial franchise fee costs in the accompanying consolidated balance sheets.

Leases—The Company recognizes the assets and liabilities that arise from leases in the consolidated balance sheets. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use assets and lease liabilities measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for the Company's finance leases is composed of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. As of December 31, 2024 and 2023, the Company recorded operating lease right-of-use assets and lease liabilities at their fair value.

The Company has elected not to separate lease and nonlease components for all asset classes.

When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate, based on similar term US Treasury note or bond rates, for the initial and subsequent measurement of lease liabilities for all asset classes.

The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Contract Assets and Liabilities—The Company has contract liabilities, which represent deferred revenues from certain preopening activities and area development fees. The Company has determined that preopening activities and area development fees do not represent distinct goods or services transferred to the franchisee. Accordingly, these costs are deferred over the related franchise agreement, which is typically 10 years.

The Company's contract assets relating to attraction costs include the costs to acquire and transport the attraction equipment, labor for its installation, and other indirect costs related to contract performance. All costs incurred are recorded in the consolidated balance sheets as deferred attraction costs and are incurred on uncompleted attractions until the associated revenues are realizable, which is typically at the grand opening. As of December 31, 2024 and 2023, incurred costs related to unopened franchise locations totaled $20,258 and $15,535, respectively.

Fair Value of Financial Instruments—The Company's financial instruments include cash, investments, accounts receivable, and accounts payable. As of December 31, 2024 and 2023, the carrying value of these financial instruments approximate their fair values because of the short-term maturities or variable borrowing rate nature of these instruments.

Property and Equipment—Property and equipment are stated at cost, less accumulated depreciation. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Property and equipment are capitalized if they

have individual costs of at least $5 and useful lives of greater than one year. Leasehold improvements are amortized over the lesser of the lease term or useful life if applicable. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and the gains or losses are reflected in the consolidated statements of operations.

Depreciation and amortization are calculated using the straight-line method over the established useful lives of the individual assets as follows:

	Useful Lives
Transportation assets	3–5 years
Leasehold improvements	7–15 years
Computer and software	3 years
Furniture, fixtures, and equipment	5 years
Vehicles	5 years

Impairment of Long-Lived Assets—In accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may no longer be recoverable. The Company assesses recoverability of the carrying amount by estimating the undiscounted future net cash flows expected to result from the asset over its expected useful life, including eventual disposition. If the future undiscounted net cash flows are less than the carrying amount of the asset, an impairment loss is recorded equal to the difference between the assets carrying amount and its fair value. No impairment of long-lived assets was recognized for the years ended December 31, 2024 and 2023.

Goodwill and Intangible Assets—The Company amortizes goodwill over 10 years. Intangible assets acquired in a business combination are recorded at fair value. Intangible assets with finite lives are amortized based on the pattern in which the economic benefits of the assets are estimated to be consumed, or using the straight-line method if that pattern cannot be reliably determined, over the useful lives as disclosed in Note 6.

The Company tests goodwill and other definite-lived intangible assets for impairment if an event occurs or changes in circumstance indicate that the fair value of the entity may be below its carrying value. A goodwill impairment loss, if any, is measured as the amount by which the carrying value of the entity including goodwill exceeds its fair value.

Indefinite-lived assets are not amortized but are evaluated for impairment on an annual basis or more frequently if indicators of impairment are present. Impairment charges related to indefinite-lived assets are recognized when the fair value is less than the carrying value of the asset. Costs incurred to renew or extend the term of a recognizable asset are expensed as incurred. During the years ended December 31, 2024 and 2023, the Company recorded impairment of $2,273 and $0, respectively, as disclosed in Note 6.

Insurance Related Activities—The Company used Adventis, a wholly owned subsidiary of the Company and captive insurance company to issue policies for general liability coverage and workers' compensation coverage to franchise owners. The Company ceased issuing general liability policies effective May 2023 and workers' compensation coverages effective May 2024 and is currently operating in run-off.

Unpaid Insurance Losses and Loss Adjustment Expenses—Reserves for unpaid losses and loss adjustment expenses includes case basis estimates of reported losses, plus amounts for incurred but

not reported (IBNR) losses calculated based upon loss projections utilizing industry data. In establishing this reserve, the Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses and loss adjustment expenses at year-end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Insurance Premiums—Premiums are earned over the period that coverage is provided. Unearned premiums are calculated on a daily pro rata basis for the unexpired terms of individual policies in force.

Premium Deficiency—The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to the policy holder, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. There were no premium deficiencies for the years ended December 31, 2024 and 2023.

Revenue Recognition—The Company's revenues are substantially composed of service revenues. Revenue is recognized when the Company satisfies its performance obligation under each contract after it has provided the service to each customer. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. The nature of the Company's contracts do not give rise to any notable amounts of variable consideration with its customers. The Company's contracts do not give rise to any significant financing components (including contracts where the timing of the transfer of goods or services is at the discretion of the customer). The type or location of services performed do not significantly impact the nature, amount, timing, or uncertainty of revenues and cash flows.

The Company performs the following obligations within each franchise agreement contract—approval of real estate and facility layout for nonmobile units, training of the franchisee, and providing access to the respective brand's intellectual property, which are not distinct within the context of the contract. The Company has concluded that there is a single performance obligation related to each contract recognized at the time of the unit opening.

Substantially, all of the Company's revenues are from services provided to customers at a point in time, with the exception of franchise fee revenue and insurance premiums, which are deferred and recognized over the term of the related agreements.

The Company's costs which are not incremental to obtaining a contract are expensed as incurred.

Sales, value added, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The primary sources of revenue for the Company are recognized as follows:

Royalty Revenues—Royalty revenue is recognized in the period earned and ranges from 7–16% of gross revenue based on the franchise brand. Royalty revenues are allocated to the outcome from the performance obligation of having access to the license, i.e., franchise location's monthly sales. The Company records the royalty revenue as the franchisee's monthly sales occur.

Attraction Revenues—Attraction revenue is recognized as revenue when earned, which is at the grand opening of the associated franchised park.

Merchandise Revenues—Merchandise revenue relates to commissions received from third-party companies that purchase inventory and sell merchandise to franchisee locations. The third-party vendors provide this merchandise at a cost to the franchisees that is lower than they could otherwise purchase individual items in like quantities, quality, etc. The third parties, under license from the Company of its trademarks, procure licensed products from manufacturers and sell them to the Company's franchisees. The Company recognizes revenue as the underlying purchases are made by the franchisees, net of estimated returns, based on agreed-upon commission rates.

Franchise Fee Revenues—Franchise fee revenue is recognized as revenue when earned. The Company receives an initial franchise fee as franchise agreements are signed. Franchise fee revenue is deferred until opening of the location, and then recognized over the term of the franchise agreement, which is typically 10 years (over time revenue). At December 31, 2024 and 2023, deferred franchise fee revenues totaled $55,256 and $55,980, respectively, and are classified as contract liabilities in the consolidated balance sheets (Note 7). Due to closures and terminations in the Premier Martial Arts brand, the Company accelerated recognition of $10,758 and $650 of revenue for the years ended December 31, 2024 and 2023, respectively, and $8,729 and $514 of related costs for the years ended December 31, 2024 and 2023, respectively, which are presented in franchise fee revenues and salaries and wages within the consolidated statements of operations, respectively.

Other Revenues—Other revenues include various ancillary revenue streams all recognized when earned, which is generally as services are performed.

Marketing Fund Revenues—The Company administers various marketing funds for its brands, for which franchisees and Company-owned parks both contribute. The contributions range from 1–4.5% of gross sales based on the franchise brand. These contributions are used for various forms of brand advertising in accordance with its various brand franchise agreements. The Company has a contractual obligation to use marketing fund contributions for advertising, public relations, merchandising, and similar activities. Marketing fund liabilities are included in the consolidated balance sheets as marketing funds and totaled $3,703 and $3,396 as of December 31, 2024 and 2023, respectively. Marketing fund revenues and expenditures are recorded on a gross basis within the consolidated statements of operations as contributions are billed, increasing both the gross amount of reported revenues and expenses and generally has no impact on income (loss) from operations and net income (loss).

The Company disaggregates revenue from contracts with customers by project type, as the Company believes it best depicts how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. All the Company's revenues are recognized at a point-in-time with the exception of initial franchise fees and insurance premiums, which are recognized over the term of the related agreements. The following table presents the Company revenues disaggregated by timing:

	2024	2023
Over time revenue	$ 15,703	$ 7,680
Point in time revenue	179,007	143,807
	$ 194,710	$ 151,487

Advertising Costs—Advertising costs include discretionary local and national campaign marketing expenses associated with the Sylvan Brand, franchise recruitment marketing and other general corporate marketing expenditures and are included in selling, general, and administrative expenses in the consolidated statements of operations. Advertising costs are expensed as incurred and totaled $13,160 and $4,149 for the years ended December 31, 2024 and 2023, respectively. Franchisee contributions for the discretionary local marketing for Sylvan Learning are included in other revenues within the consolidated statements of operations.

Debt Financing Costs—Costs related to obtaining financing are capitalized and presented as a deduction against the corresponding debt. Debt financing costs are amortized over the respective debt agreement using the effective interest method with amortization expense included in interest expense in the consolidated statements of operations. In December 2022, the Company recorded $8,700 in gross debt financing costs related to its term loan that is being amortized over the term of the debt. In February 2024, the Company recorded an additional $3,378 in gross debt financing costs in relation to borrowings to complete the Sylvan Learning acquisition. Amortization expense totaled $2,474 and $1,740 for the years ended December 31, 2024 and 2023, respectively. Unamortized debt financing costs were $7,865 and $6,960 as of December 31, 2024 and 2023, respectively.

Income Taxes—The Company is organized as a Delaware limited liability company and, therefore, federal tax obligations are passed through to its members. The Company is subject to various state taxes.

The Company accounts for uncertain tax positions in accordance with the asset and liability method. The Company has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in federal or state income tax examination or that require disclosure. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying consolidated financial statements. The Company recognizes interest and penalties on income taxes as a component of income tax expense.

4. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1—Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equities and listed derivatives.

Level 2—Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3—Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require

significant management judgment or estimation. Instruments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt, and noninvestment grade residual interests in securitizations and collateralized debt obligations.

The Company classified its investments in exchange-traded funds as Level 1 in accordance with the criteria described above.

The following table presents the Level 1, Level 2, and Level 3 financial instruments measured, reported, and carried at fair value, as of December 31, 2024, in accordance with the valuation hierarchy:

	Level 1	Level 2	Level 3	Total
Debt securities:				
Corporate bonds	$ -	$ 7	$ -	$ 7
Other fixed income	-	2,301	-	2,301
Treasury securities	-	1,697	-	1,697
Subtotal	-	4,005	-	4,005
Equity:				
Common stocks	-	-	-	-
Preferred stocks	371	-	-	371
Subtotal	371	-	-	371
Total	$371	$4,005	$ -	$4,376

The following table presents the Level 1, Level 2, and Level 3 financial instruments measured, reported, and carried at fair value, as of December 31, 2023, in accordance with the valuation hierarchy:

	Level 1	Level 2	Level 3	Total
Debt securities:				
Corporate bonds	$ -	$ 7	$ -	$ 7
Other fixed income	-	2,591	-	2,591
Treasury securities	-	2,028	-	2,028
Subtotal	-	4,626	-	4,626
Equity:				
Common stocks	700	-	-	700
Preferred stocks	338	-	-	338
Exchange traded funds	352	-	-	352
Subtotal	1,390	-	-	1,390
Private equity funds	-	-	861	861
Total	$1,390	$4,626	$861	$6,877

Investments in equity securities were measured using Level 1 fair values based upon observable quoted market prices from national security exchanges.

Investments in debt securities were measured using Level 2 fair values based upon inputs, such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, offers, bids, and reference data.

Investments in alternative investments funds held by the Company as of December 31, 2024 and 2023, using significant unobservable inputs (Level 3) to measure fair value did not change from December 31, 2023, to December 31, 2024. Accordingly, no change to net unrealized and realized gains or losses were recorded in the consolidated statements of operations.

The Company may withdraw funds monthly or quarterly, depending on the fund. There are no unfunded capital commitments as of December 31, 2024 and 2023.

The Company's nonfinancial assets, which primarily consist of property and equipment, right-of-use assets, goodwill and other intangible assets, are not required to be carried at fair value on a recurring basis and are reported at carrying value.

5. PROPERTY AND EQUIPMENT—NET

Property and equipment at December 31, 2024 and 2023, consisted of the following:

	2024	2023
Company-owned units	$ 4,907	$ 5,000
Leasehold improvements	5,191	5,182
Computer and software	5,635	4,638
Furniture and fixtures	1,163	928
Vehicles	70	70
Construction in progress	5,173	816
Subtotal	22,139	16,634
Less accumulated depreciation and amortization	(10,449)	(8,450)
Property and equipment—net	$ 11,690	$ 8,184

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, was $2,039 and $1,868, respectively.

6. GOODWILL AND INTANGIBLE ASSETS—NET

Goodwill and intangible assets at December 31, 2024, consist of the following:

	Economic Life	Total Intangible Assets and Goodwill	Accumulated Amortization	Net Intangible Assets and Goodwill
Royalty agreements	13–20 years	$438,000	$ (42,252)	$395,748
Trade names	Indefinite	33,100	-	33,100
Customer relationships	5 years	2,600	(1,040)	1,560
Software	3 years	2,900	(846)	2,054
Goodwill	10 years	405,682	(74,301)	331,381
Total		$882,282	$(118,439)	$763,843

Goodwill and intangible assets at December 31, 2023, consist of the following:

	Economic Life	Total Intangible Assets and Goodwill	Accumulated Amortization	Net Intangible Assets and Goodwill
Royalty agreements	13–20 years	$337,700	$(18,941)	$318,759
Trade names	Indefinite	22,900	-	22,900
Customer relationships	5 years	2,600	(520)	2,080
Goodwill	10 years	341,607	(34,533)	307,074
Total		$704,807	$(53,994)	$650,813

Amortization expense for the years ended December 31, 2024 and 2023, was $64,469 and $53,620, respectively. During the year ended December 31, 2024, the Company determined that the carrying values of certain intangible assets were in excess of their fair values. Accordingly, the Company recorded an impairment loss of $2,100 related to trade names and an impairment loss of $173 related to royalty agreements. There was no impairment for goodwill or intangible assets recorded for the year ended December 31, 2023.

The amortization of royalty agreements, customer relationships, software, and goodwill for the years ending December 31 are as follows:

Royalty Agreements		Customer Relationships		Software		Goodwill	
2025	$ 23,953	2025	$ 520	2025	$ 967	2025	$ 40,567
2026	23,953	2026	520	2026	967	2026	40,567
2027	23,953	2027	520	2027	120	2027	40,567
2028	23,953	2028	-	2028	-	2028	40,567
2029	23,953	2029	-	2029	-	2029	40,567
Thereafter	275,983	Thereafter	-	Thereafter	-	Thereafter	128,546
Total	$ 395,748	Total	$ 1,560	Total	$ 2,054	Total	$331,381

7. CONTRACT LIABILITIES

Contract liabilities at December 31, 2024 and 2023, consisted of the following:

	2024	2023
Franchise fees—net	$ 55,256	$ 55,980
Attraction revenues	14,900	14,677
Subtotal	70,156	70,657
Less current portion	(18,405)	(17,570)
Contract liabilities—net of current portion	$ 51,751	$ 53,087

8. COMMITMENTS AND CONTINGENCIES

Operating Leases—Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842. During 2024, the Company terminated certain operating leases in conjunction with the targeted closure of Company-owned locations. This resulted in impairment of right-of use assets totaling $3,584 which is included in selling, general, and administrative expenses in the consolidated statements of operations.

The Company makes significant assumptions and judgments in assessing its right-of-use assets and lease liabilities:

- Evaluates whether a contract contains a lease, by considering factors, such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights.
- Determines whether contracts contain embedded leases.
- Evaluates leases with similar commencement dates, lengths of term, renewal options, or other contract terms, which, therefore, meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases.
- Determines for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

The Company does not have material leasing transactions with related parties.

The Company's lease agreements contain lease incentives related to tenant improvement allowances. During the years ended December 31, 2024 and 2023, tenant improvement allowances reimbursed by the landlords totaled $1,564 and $1,606, respectively. The Company recorded an impairment loss on two tenant improvement allowances of $1,052 for the year ended December 31, 2024, that are included in selling, general, and administrative expenses in the consolidated statements of operations. Included in the Company's prepaids and other current assets in the consolidated balance sheets are tenant improvement allowance receivables of $2,432 and $5,051 as of December 31, 2024 and 2023, respectively.

The following table summarizes the lease right-of-use assets and lease liabilities as of December 31, 2024 and 2023:

	2024	2023
Right-of-use assets—operating leases	$25,256	$38,191
Lease liabilities:		
Current operating lease liabilities	$ 4,699	$ 5,190
Long-term operating lease liabilities	31,039	42,068
Total lease liabilities	$35,738	$47,258

Below is a summary of expenses incurred pertaining to leases for the years ended December 31, 2024 and 2023:

	2024	2023
Operating lease expense	$6,135	$7,323
Sublease income	(163)	(68)
Total lease expense	$5,972	$7,255
Weighted-average remaining lease term (in years)—operating leases	7.64	8.55
Weighted-average discount rate—operating leases	2.83 %	2.80 %

Total rent expense, including variable lease costs, such as common area maintenance and property taxes, totaled $7,418 and $8,487 for the years ended December 31, 2024 and 2023, respectively. These costs are included in Company-owned unit costs and selling, general, and administrative expenses in the consolidated statements of operations.

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2024:

Years Ending December 31	
2025	$ 5,645
2026	5,841
2027	4,795
2028	4,618
2029	4,570
Thereafter	14,602
Total lease payments	40,071
Less present value discount	(4,333)
Total lease liabilities	35,738
Less current portion	(4,699)
Long-term lease liabilities	$31,039

Lease Guarantees—On occasion, the Company has acted as co-guarantor with certain of its franchisees in connection with leases necessary in establishing their businesses. As of December 31, 2024 and 2023, the Company had limited guarantees for leases on 10 and nine franchised locations, respectively, totaling a maximum of $9,878 and $12,129, respectively, in potential lease payments.

Litigation—The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made and accrues liabilities when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the Company's business, financial condition, or results of operations. However, it is possible that an unfavorable resolution of one or more such future proceedings could materially and adversely affect the Company's consolidated financial position, results of operations, or cash flows.

9. INSURANCE ACTIVITIES

General liability limits provided are $250 per occurrence with no aggregate limit. Worker's compensation limits provided are $500 per occurrence with an aggregate limit of 150% of the gross written premium. There were no policies issued during 2024, and all policies issued during 2023 expired on May 27, 2024, to concur with primary policy terms. Premiums written for the years ended December 31, 2024 and 2023, were $0 and $389, respectively. Net premiums assumed for the years ended December 31, 2024 and 2023, were a loss of $67 and earnings of $3,154, respectively.

Incurred and Paid Claims Development by Accident Year—IBNR reserve estimates are generally calculated by first projecting the ultimate cost of all claims that have occurred and then subtracting reported losses and loss expenses. Loss projections based upon industry data to develop loss development factors that multiplicatively accumulated to arrive at age-to-ultimate loss development factors.

Reported losses include cumulative paid losses and loss expenses, plus case reserve estimates. The IBNR reserve includes a provision for the claims that have occurred but have not yet been reported, some of which are not yet known to the Company, as well as a provision for the future development on reported claims. The following paragraph details the IBNR liabilities and claims frequency, which is measured by claim event, for each accident year presented for the general liability coverage. Claim counts for the general liability coverage are presented based upon the number of claim occurrences reported.

For the year ended December 31, 2024, the Company incurred cumulative claims and claim adjustment expenses of $14,881 and had cumulative paid claims and allocated claim adjustment expenses of $8,988, resulting in liabilities for claims and claim adjustment expenses of $5,893. For the year ended December 31, 2023, the Company incurred cumulative claims and claim adjustment expenses of $14,478 and had cumulative paid claims and allocated claim adjustment expenses of $4,786, resulting in liabilities for claims and claim adjustment expenses of $9,692. For the year ended December 31, 2024, expected development on reported claims and IBNR totaled $3,550, with cumulative reported claims of 949. For the year ended December 31, 2023, expected development on reported claims and IBNR totaled $7,538, with cumulative reported claims of 753.

The unpaid insurance losses and loss adjustment expenses presented as liabilities in the consolidated balance sheets at December 31, 2024, include the liabilities for claims and claim adjustment expenses of $5,893, and unallocated loss and loss adjustment expenses of $187.

The unpaid insurance losses and loss adjustment expenses presented as liabilities in the consolidated balance sheets at December 31, 2023, include the liabilities for claims and claim adjustment expenses of $9,692, and unallocated loss and loss adjustment expenses of $342.

10. NOTES PAYABLE

In December 2022, the Company entered into a $275,000 term loan facility with a corporate lender. In December 2022, the Company drew $275,000 on this facility. In February 2024, this facility was amended to add $133,000 of borrowing power to facilitate the Sylvan Learning acquisition. The term loan requires interest payments on either a monthly or quarterly basis in arrears for which the Company typically has made payments on a quarterly basis. The interest rate on the term loan is based on a 7.5% margin rate plus a variable base. At December 31, 2024 and 2023, the interest rate was 12.25% and 13%, respectively. The term loan requires quarterly principal payments in an amount equal to 0.25% of the original gross principal amount borrowed under the agreement. The term loan is secured by the tangible and intangible assets of the Company and its subsidiaries. The principal outstanding balance under the term loan was $401,157 and $272,250 at December 31, 2024 and 2023, respectively. The term loan matures in December 2027 when all principal and accrued interest is due.

In accordance with the terms of the term loan, the Company has a total net leverage ratio covenant with which it was in compliance as of December 31, 2024.

A summary of notes payable outstanding at December 31, 2024 and 2023, is as follows:

	2024	2023
Term Loan	$401,157	$272,250
Less unamortized debt costs	(7,865)	(6,960)
Less current maturities	(4,093)	(2,750)
Total notes payable—net	$389,199	$262,540

As of December 31, 2024, future principal payments due on the notes payable for the years ending December 31 are as follows:

2025	$ 4,093
2026	4,093
2027	392,971
Subtotal	401,157
Less unamortized debt costs	(7,865)
Less current maturities	(4,093)
Total notes payable—net	$389,199

11. REVOLVING CREDIT FACILITIES

The Company entered into a $15,000 revolving credit agreement with a corporate lender. In December 2022, the Company drew $2,000 on this facility and subsequently repaid in full the $2,000 in August 2023. As of December 31, 2024 and 2023, the Company had $15,000 in available credit under the revolving credit facility, respectively. Draws under the revolving credit facility bear interest and require interest payments monthly or quarterly in arrears. The interest rate on the revolving credit facility is variable based on a 7.5% margin rate plus a variable base. The revolving credit facility is secured by the tangible and intangible assets of the Company and its subsidiaries.

The revolving credit facility is subject to a quarterly fee on the unused portion of the maximum limit at a rate of 0.50% per annum. In accordance with the terms of the term loan, the Company has a total net leverage ratio covenant with which it was in compliance as of December 31, 2024.

12. MEMBERS' EQUITY

The Company's Limited Liability Agreement authorizes the issuance of 755,257.732 units of which 260,257.732 units are designated as preferred units and 495,000 units are designated as common units. 260,257.732 common units are reserved for issuance upon conversion of the preferred units. Upon the election of the holders of preferred units, the preferred units may convert into common units on a one-for-one basis. As of December 31, 2024, issued and outstanding units included 312,967.555 preferred units and 234,742.268 common units. As of December 31, 2023, issued and outstanding units included 260,257.732 preferred units and 234,742.268 common units.

The preferred units and the common units have no voting rights.

Distributions are paid in the following priority: (1) to holders of preferred units until unreturned capital is reduced to zero; (2) to holders of preferred units and common units proportionally based on total units issued and outstanding.

Net profits and losses of the Company are allocated among members in a manner such that the balance in each member's adjusted capital account for each fiscal year immediately after making all allocations required for the relevant fiscal year are, as nearly as possible, equal to the amount that would be distributed to such member if the Company were dissolved, its affairs wound up, and the net assets of the Company were distributed to the members in accordance with its operating agreement.

Dissolution or winding up of the Company requires the approval of the board of directors.

13. INCENTIVE UNITS

Common units are intended to represent profit interests in the Company and to incentivize individuals to achieve certain operating and financial objectives. The issuance of incentive units requires board of director approval and issued incentive units will be bound by the terms of the unit issuance agreement. Units granted typically vest only upon the sale of the Company, as defined in the unit issuance agreements. One agreement vested at issuance. All nonvested incentive units are subject to potential future forfeiture.

The below table details grants, forfeitures, and vesting of common incentive units for the years ended December 31, 2024 and 2023:

	Common Units	
	Issued Units	Vested Units
Totals at January 1, 2023	-	-
Units granted	19,868	5,440
Totals at December 31, 2023	19,868	5,440
Units forfeited	(3,610)	-
Units granted	1,138	-
Totals at December 31, 2024	17,396	5,440

Management estimated the grant-date fair values for the incentive units to be immaterial for financial reporting purposes.

14. FEDERAL INCOME TAXES

Federal income taxes are related to Adventis (Note 9); accordingly, the federal income tax expense and components of the provision are only included for the years ended December 31, 2024 and 2023. Income taxes were computed at the 21% statutory federal income tax rate and a reconciliation to the provision for income taxes for the years ended December 31, 2024 and 2023, is as follows:

	2024	2023
Federal income tax, statutory rate	$ 64	$(873)
Other	226	10
Total	$290	$(863)

The components of the provision for income taxes for the years ended December 31, 2024 and 2023, are as follows:

	2024	2023
Current	$231	$(600)
Deferred	59	(263)
	$290	$(863)

The tax effects of temporary differences that give rise to significant portions of deferred taxes at December 31, 2024 and 2023, consisted of the following:

	2024	2023
Deferred tax assets and liabilities:		
Insurance loss reserve discounting	$106	$193
Unearned insurance premiums	-	6
Adventis start-up costs	7	8
Unrealized loss on investments	10	2
Net operating loss carryforward	369	350
Deferred acquisition costs	-	(8)
	$492	$551

The Company is required to periodically assess whether it is more likely than not that it will generate sufficient taxable income to realize its deferred tax assets. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, its deferred tax liabilities, the overall business environment, and its outlook for future years. At December 31, 2024 and 2023, management determined a valuation allowance for its net deferred tax assets is not required as realization of the deferred tax assets is more likely than not.

15. RELATED-PARTY TRANSACTIONS

For the years ended December 31, 2024 and 2023, the Company had one franchisee partially owned by members of the Company that accounted for approximately $313 and $314 of revenues and approximately $64 and $34 of accounts receivable as of December 31, 2024 and 2023, respectively.

The Company has a management agreement with an entity for which an employee of the management company is also a board member of Adventis. The management company performed, under the direction of the Company, certain management and administrative services and accounting services. For the years ended December 31, 2024 and 2023, total management fees amounted to $102 and $92, respectively.

The Company incurred approximately $231 and $57 of out-of-pocket costs and other expenditures for the years ended December 31, 2024 and 2023, respectively, to a member of its parent company. All of these costs are included in selling, general, and administrative expenses in the consolidated statements of operations.

16. EMPLOYEE BENEFIT PLAN

The Company sponsors a defined 401(k) contribution plan (the "Plan") covering substantially all employees. Plan participants may make certain voluntary contributions in which they are 100% vested. The Company has agreed to make certain matching contributions to the Plan not to exceed the amount deductible for federal income tax purposes. The Company made matching contributions of $809 and $552 that are included in salaries and wages expenses in the consolidated statements of operations for the years ended December 31, 2024 and 2023, respectively.

17. SUBSEQUENT EVENTS

The Company evaluated all material events or transactions that occurred after December 31, 2024, the consolidated balance sheet date, through March 31, 2025, the date these consolidated financial statements were available to be issued. There were no other significant or material subsequent events which would impact the consolidated financial statements for the year ended December 31, 2024, other than those disclosed below:

Effective January 16, 2025, the Company completed the acquisition of 100% of the operating assets and liabilities of the Water Wings swim center business, thereby expanding its portfolio to eight brands.

* * * * * *

UA Holdings, LLC and Subsidiaries

Consolidated Financial Statements

December 31, 2022

V.2025.042125

UA Holdings, LLC and Subsidiaries

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Independent Auditors' Report

To the Members and Management of
UA Holdings, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of UA Holdings, LLC and Subsidiaries (the Company), which comprise the consolidated balance sheet as of December 31, 2022 (Successor) and the related consolidated statements of operations and comprehensive income, changes in members' equity and cash flows for the period from December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor), and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of, 2022 (Successor) and the results of its operations and its cash flows for the period from December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter, Change in Accounting Principle

As described in Note 3 to the consolidated financial statements, on January 1, 2022, the Company adopted Accounting Standards Codification Topic 842 as required by Accounting Standards Update No. 2016-02, *Leases (Topic 842)* and its related amendments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The unaudited consolidated statements of operations and comprehensive income with totals, which is the responsibility of management, is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Baker Tilly US, LLP

Plano, Texas
April 28, 2023

UA Holdings, LLC and Subsidiaries

Consolidated Balance Sheet
December 31, 2022 (Successor)

Assets	
Current Assets	
Cash and cash equivalents	$ 12,351,843
Investments, at fair value	8,157,880
Accounts receivable, net	14,609,758
Inventory	759,666
Notes receivable, current, net of allowances	61,142
Deferred attractions costs	18,640,890
Deferred initial franchise fee costs, current	849,517
Deferred income taxes	282,656
Prepaids and other current assets	12,219,020
Total current assets	67,932,372
Notes Receivable, Net of Current Maturities and Allowances	633,001
Deferred Initial Franchise Fee Costs, Net of Current Maturities	19,352,937
Property and Equipment, Net	8,342,657
Operating Lease Right-of-Use Asset, Net	49,194,301
Intangible Assets, Net	363,200,000
Goodwill, Net	341,222,291
Total assets	$ 849,877,559
Liabilities and Members' Equity	
Current Liabilities	
Accounts payable	$ 3,898,814
Accrued liabilities	13,274,825
Marketing funds	6,001,079
Deferred attractions revenues	14,042,166
Contract liabilities, current portion	2,409,313
Operating lease liability, current portion	4,339,574
Unpaid insurance losses and loss adjustment expenses	6,371,261
Unearned insurance premium	2,868,001
Insurance premium refunds and losses payable	19,514
Line of credit	2,000,000
Notes payable, current portion	2,750,000
Total current liabilities	57,974,547
Notes Payable, Net of Current Maturities and Debt Issuance Costs	263,550,000
Operating Lease Liability, Net of Current Portion	54,418,537
Contract Liabilities, Net of Current Portion	43,798,140
Total liabilities	419,741,224
Members' Equity	
Members' equity	
Preferred units, $1,000 par value, 260,257.732 authorized, issued and outstanding as of December 31, 2022 (Successor)	260,257,732
Common units, $1,000 par value, 495,000 authorized; 234,742.268 issued and outstanding as of December 31, 2022 (Successor)	169,814,000
Accumulated earnings	64,603
Total members' equity	430,136,335
Total liabilities and members' equity	$ 849,877,559

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income
Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

	Successor Period for Four Days of December 28, 2022 to December 31, 2022	Predecessor Period From January 1, 2022 to December 27, 2022
Revenues		
Royalty revenues	$ 568,523	$ 48,956,875
Attraction revenues	891,001	15,175,910
Merchandise revenues	64,375	7,317,829
Company owned unit revenues	307,532	15,434,936
Franchise fee revenues	50,000	4,008,469
Marketing fund revenues	1,831,429	19,218,819
Net earned insurance premiums	-	6,102,857
Other revenues	95,354	12,333,196
Total revenues	3,808,214	128,548,891
Operating Expenses		
Attraction costs	781,723	12,757,975
Merchandise costs	362	338,438
Company owned unit costs	124,915	13,336,113
Marketing fund costs	1,831,429	19,218,819
Salaries and wages	218,158	21,420,446
Incurred insurance losses and loss adjustment expenses	-	4,336,620
Selling, general and administrative	83,480	43,025,310
Amortization of goodwill	374,352	7,577,467
Depreciation and amortization expense	9,911	1,777,093
Total operating expenses	3,424,330	123,788,281
Income from operations	383,884	4,760,610
Other Income (Expenses)		
Interest expense	(319,281)	(6,220,757)
Forgiveness of Paycheck Protection Program loan	-	1,251,796
Other expense, net	-	(195,784)
Total other expenses	(319,281)	(5,164,745)
Income (loss) before federal and state tax expenses	64,603	(404,135)
Federal tax expense	-	190,499
State tax expense	-	107,960
Net income (loss)	$ 64,603	$ (702,594)
Comprehensive Income		
Unrealized holding losses on available for sale debt securities, net of tax	$ -	$ (208,672)
Comprehensive income (loss)	$ 64,603	$ (911,266)

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Changes in Members' Equity
Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

	Preferred Units		Common Units		Class B-1 Equity		Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total Members' Equity
	Units	Amount	Units	Amount	Units	Amount			
Balance, January 1, 2022 (Predecessor)	26,728	$ 26,728,000	25,831	$ 33,210,000	1,738	$ 6,286,000	$ 21,066,942	$ 1,006	$ 87,291,948
Member tax distributions	-	-	-	-	-	-	(12,934,226)	-	(12,934,226)
Net income (loss)	-	-	-	-	-	-	(702,594)	-	(702,594)
Accumulated other comprehensive (loss), net of tax	-	-	-	-	-	-	-	(208,672)	(208,672)
Balance, December 27, 2022 (Predecessor)	26,728	$ 26,728,000	25,831	$ 33,210,000	1,738	$ 6,286,000	$ 7,430,122	$ (207,666)	$ 73,446,456
Balance, December 28, 2022 (Inception)	-	$ -	-	$ -	-	$ -	$ -	$ -	$ -
Rollover equity from parent company	-	-	234,742	169,814,000	-	-	-	-	169,814,000
Contributed capital	260,258	260,257,732	-	-	-	-	-	-	260,257,732
Net income	-	-	-	-	-	-	64,603	-	64,603
Balance, December 31, 2022 (Successor)	260,258	$ 260,257,732	234,742	$ 169,814,000	-	$ -	$ 64,603	$ -	$ 430,136,335

See notes to consolidated financial statements

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Cash Flows
Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

	Successor Period for Four Days of December 28, 2022 to December 31, 2022	Predecessor Period From January 1, 2022 to December 27, 2022
Cash Flows From Operating Activities		
Net income (loss)	$ 64,603	$ (702,594)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Amortization of debt issuance costs	-	1,392,982
Provision for note receivable losses	-	(87,835)
Depreciation and amortization expense	9,911	1,777,093
Amortization of goodwill	374,352	7,577,469
Operating lease ROU asset amortization	-	3,744,390
Forgiveness on paycheck protection program loans	-	(1,251,796)
Change in operating assets and liabilities, net:		
Accounts receivable	(545,197)	(3,376,028)
Inventory	-	(360,680)
Deferred attractions costs	69,682	(14,109,724)
Deferred initial franchise fee costs	456,577	(1,960,118)
Deferred income taxes	-	(134,871)
Prepaids and other current assets	(4,783,686)	(3,124,769)
Accounts payable	1,001,261	1,020,855
Accrued liabilities	(1,674,322)	19,862,613
Marketing funds	(1,927,115)	3,030,019
Deferred attractions revenues	(583,300)	5,205,903
Contract liabilities	-	7,728,406
Operating lease liability	-	(3,227,739)
Unpaid insurance losses and loss adjustments	-	3,163,111
Unearned insurance premium	-	967,625
Insurance premium refunds and losses payable	-	14,244
Net cash (used in) provided by operating activities	(7,537,234)	27,148,556
Cash Flows From Investing Activities		
Cash paid for change of control transaction, net of cash acquired (Note 2)	(508,700,759)	(4,237,000)
Purchases of property and equipment	-	(4,593,828)
Purchases of investments (Note 3)	-	(2,728,299)
Issuance of notes receivable	-	(764,929)
Payments received on notes receivable	32,104	635,372
Net cash used in investing activities	(508,668,655)	(11,688,684)
Cash Flows From Financing Activities		
Payments made on notes payable	-	(22,550,000)
Proceeds from issuance of notes payable	275,000,000	-
Net proceeds made from line of credit	2,000,000	-
Debt issuance costs	(8,700,000)	-
Member distributions	-	(12,934,226)
Member contributions	260,257,732	-
Net cash provided by (used in) financing activities	528,557,732	(35,484,226)
Effect of Unrealized Losses on Available for Sale Debt Securities	-	(208,672)
Net change in cash and cash equivalents	12,351,843	(20,233,026)
Cash and Cash Equivalents, Beginning	-	30,385,913
Cash and Cash Equivalents, Ending	$ 12,351,843	$ 10,152,887
Supplemental Disclosures		
Cash paid for interest expense	$ 319,281	$ 4,827,783
Cash paid for federal taxes	$ 60,000	$ 540,000
Cash paid for state taxes	$ -	$ 110,883
Noncash Transactions		
Forgiveness on paycheck protection program loans	$ -	$ 1,251,796
Operating lease right-of-use asset obtained in exchange for operating lease liability	$ -	$ 61,900,493
Rollover equity related to change in control	$ 169,814,000	$ -

See notes to consolidated financial statements

1. Nature of Operations

UA Holdings, LLC (Holdings or the Company) was organized January 30, 2018 as a Delaware limited liability company. The consolidated financial statements at December 31, 2022 include the accounts of UA Holdings, LLC and its wholly owned subsidiaries, Unleashed Brands, LLC and its subsidiaries and Adventis Insurance, Inc.

As of December 31, 2022, the Company's portfolio of six franchised brands includes: "Urban Air Adventure Parks" a family entertainment facility developer and franchisor; "Snapology" a franchisor of STEM/STEAM curriculum for children which was acquired on July 14, 2021; "The Little Gym" a franchisor of enrichment and physical development centers for children which was acquired on November 19, 2021, "Premier Martial Arts" a franchisor of martial arts studios focused on children which was acquired on December 15, 2021, "Class 101" a franchisor of college guidance services which was acquired on April 11, 2022, and "XP League" a franchisor of youth eSports leagues which was acquired on April 21, 2022. In addition to franchised owned locations, the Company owns and operates 26 company-owned locations of its brands as of December 31, 2022. Adventis Insurance, Inc. (Note 11) commenced operations on April 1, 2020 and Unleashed Brands, LLC commenced operations on September 1, 2021. The liability of the members of the Company is generally limited to the amount of their capital contributions. The Company has a perpetual duration unless dissolved earlier in accordance with the Company operating agreement.

In connection with the change in control on December 27, 2022 (Note 2), the acquired assets, liabilities and related goodwill related to the acquisitions of Class 101 and XP League were re-measured as of the transaction date.

2. Change in Control Transaction

On December 27, 2022, the Company entered into a Unit Purchase Agreement with a private equity investor to acquire a controlling equity stake of the issued and outstanding equity of the Company for $694,983,666, resulting in a change of control. The transaction was funded through cash contributions, debt, issuance of rollover equity and a final purchase adjustment liability to the sellers.

The transaction has been accounted for using the purchase method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 805, *Business Combinations*. The transaction was recorded by allocating the total purchase consideration to the fair value of the net assets acquired, resulting in goodwill of $341,596,643. The factors that make up goodwill include the value of the acquired workforce, noncompete agreements, and opportunities to expand on the customer relationships with current customers and obtain synergies between the acquired brands, none of which qualify as separate intangible assets.

The purchase price was allocated to the fair value of the net assets as follows:

Cash and cash equivalents	$ 10,152,887
Accounts receivable	14,064,561
Investments, at fair value	8,157,880
Deferred attraction costs	19,199,099
Other current assets	14,598,035
Property and equipment	8,352,567
Notes receivable	787,389
Deferred initial franchise fee costs	20,170,503
ROU assets	49,194,301
Intangible assets	363,200,000
Goodwill	341,596,643
Accounts payable and accrued liabilities	(17,866,215)
Marketing funds	(7,928,194)
Deferred attractions revenues	(14,625,466)
Unpaid insurance losses and loss adjustments	(6,371,261)
Unearned insurance premiums	(2,868,001)
Operating lease liabilities	(58,758,109)
Contract liabilities (initial franchise fees)	(46,072,953)
Total	$ 694,983,666

The assets acquired and the liabilities assumed were recorded at their estimated fair values on the acquisition date as estimated by the Company's management, based on information available and current assumptions as to future operations. Fair values assigned to the tradename, franchise agreements and customer relationships were determined by independent valuation experts and are detailed as follows:

Customer relationships	$ 2,600,000
Franchise agreements	337,700,000
Trade names	22,900,000
Total	$ 363,200,000

Total purchase consideration included the following:

Cash contributions	$ 523,620,130
Roll over equity	169,814,000
Purchase adjustment due to sellers	1,549,536
Total	$ 694,983,666

The acquisition method of accounting requires extensive use of estimates and judgements to allocate the consideration transferred to the identifiable tangible and intangible assets acquired and liabilities assumed. Accordingly, the allocation of the consideration transferred was preliminary and was adjusted upon completion of the final valuation of the assets acquired and liabilities assumed. The amounts used in computing the purchase price differed from the amounts in the purchase agreements due to fair value measurement conventions prescribed by accounting standards.

As part of the purchase consideration, the Company issued 234,742 of common units in addition to the 260,258 preferred units acquired in the acquisition. The fair value of the roll over equity was determined using a Backsolve Option Pricing Model applying a liquidation preference to the preferred units acquired at an estimated time to liquidity of 5 years.

Management determined the estimated fair value of customer relationships as of the acquisition date using a With or Without Method (WoWO) within the Income Approach. Customer relationships are noncontractual in nature and are related to the corporate owned locations of the Company. Key assumptions under the WoWO method include reclaimed revenue (without scenario) where management provided the estimates of reclaimed revenue in percentage for each projection year, and expense adjustments (without scenario) where management provided estimates of fixed versus variable costs. Franchise agreements were valued using the income approach. A derivation of discounted cash flow analysis, specifically the Multiple-period Excess Earnings method (MPEEM), was performed on the future projected cash flow of the existing franchise agreements. The fair value was then determined by adding the present value of the franchisee cash flows with the present value of the income tax benefit resulting from the amortization of the asset. The relief from royalty method was used to estimate the fair values of the trade names and associated brand-related IP. This method estimates future cost savings achieved by avoiding the use of third-party trademarks or licensing third-party software. Projected cash flows or cash savings are discounted at a required rate of return that reflects the relative risk of achieving the cashflows and the time value of money.

Other items included in net asset acquired but not otherwise listed were valued at fair value as follows: property and equipment, at their net book value which approximates fair value do to their recent capitalization; deferred attraction costs and attraction revenues and notes receivable, at their book values due to their short durations and expected settlements within the next 12 months; and all remaining net assets not addressed above, at their book values based on their short durations and expected settlements not materially different than book value.

The Company’s transaction costs incurred as part of the Purchase Agreement were assumed by the sellers in the transaction and are not included as expenses in the Company’s consolidated financial statements for the period from December 28, 2022 through December 31, 2022 (successor). The seller paid transaction costs totaling $14,285,130, at or prior to closing which are included in selling, general and administrative expense on the consolidated statements of operations for the period from January 1, 2022 through December 27, 2022 (predecessor) that were attributed to the seller under the agreement.

3. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

Predecessor

The period from January 1, 2022 through December 27, 2022 reflect the historical cost basis of accounting of the Company that existed prior to the Change of Control (Note 2). This period is referred to as "Period from January 1, 2022 to December 27, 2022 (Predecessor)."

Successor

The period from December 28, 2022 to December 31, 2022 is referred to as the "Successor". The Successor period reflects the costs and activities as well as the recognition of assets and liabilities of the Company at their fair values pursuant to the election of pushdown accounting as of the consummation of the Change of Control (Note 2).

Due to the application of acquisition accounting by the Company, the election of pushdown accounting, and the conforming of significant accounting policies, the consolidated results of operations, cash flows, and other financial information for the Successor period are not comparable to the Predecessor period.

Use of Estimates

The preparation of consolidated 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 at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Accounting Pronouncements

During June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. During November 2018, April 2019, May 2019, November 2019 and March 2020, respectively, the FASB also issued ASU No. 2018-19*, Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; ASU No. 2019-04, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; ASU No. 2019-05 *Targeted Transition Relief*; ASU No. 2019-11, *Codification Improvements to Topic 326, Financial Instruments – Credit Losses*; and ASU No. 2020-03 *Codification Improvements to Financial Instruments*. ASU No. 2018-19 clarifies the effective date for nonpublic entities and that receivables arising from operating leases are not within the scope of Subtopic 326-20, ASU Nos. 2019-04 and 2019-05 amend the transition guidance provided in ASU No. 2016-13, and ASU Nos. 2019-11 and 2020-03 amend ASU No. 2016-13 to clarify, correct errors in, or improve the guidance. ASU No. 2016-13 was effective for annual periods and interim periods within those annual periods beginning after December 15, 2019. Early adoption was permitted for annual and interim periods beginning after December 15, 2018. ASU No. 2016-13 (as amended) is effective for annual periods and interim periods within those annual periods beginning after December 15, 2022. Early adoption is permitted for annual and interim periods beginning after December 15, 2018. The Company is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its results of operations, financial position and cash flows.

Recently Adopted Accounting Principles

Effective January 1, 2022, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments using the modified retrospective approach.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use assets and lease liabilities measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the noncancelable lease term. Lease expense for the Company's finance leases is comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method. At the date of adoption on January 1, 2022 (Predecessor), the Company recorded operating lease right-of-use assets and lease liabilities of $16,216,950 and $17,520,786. As of the change of control date (Note 2), the Company recorded operating lease right-of-use assets and lease liabilities at their fair value which was $49,194,301 and $58,758,109.

The new standard provides for several optional practical expedients. Upon transition to Topic 842, the Company elected:

- The package of practical expedients permitted under the transition guidance which does not require the Company to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs;

- The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Company's right-of-use assets.

The new standard also provides for several accounting policy elections, as follows:

- The Company has elected the policy not to separate lease and nonlease components for all asset classes.

- When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all asset classes.

- The Company elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Company is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 10.

Investments

Investments in equity securities, with readily determinable fair values, are measured at fair value at the time of purchase, with subsequent changes in fair value included in other income or expense on the consolidated statement of operations and comprehensive income.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset, or paid to transfer a liability, in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. The fair value standard also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of observable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

Level 1 - Quoted prices are available in active markets for identical instruments as of the reporting date. The type of instruments included in Level 1 include listed equities and listed derivatives.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Instruments which are generally included in this category include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives.

Level 3 - Pricing inputs are unobservable for the instrument and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Instruments that are included in this category generally include general and limited partnership interests in corporate private equity and real estate funds, mezzanine funds, funds of hedge funds, distressed debt and noninvestment grade residual interests in securitizations and collateralized debt obligations.

The Company classified its investments in mutual funds as Level 1 in accordance with the criteria described above.

The following table presents the Level 1, Level 2 and Level 3 financial instruments measured, reported and carried at fair value, as of December 31, 2022 (Successor), in accordance with the valuation hierarchy:

	Level 1	Level 2	Level 3	Total
Debt securities:				
Corporate bonds	$ -	$ 3,171,555	$ -	$ 3,171,555
Other fixed income	-	598,905	-	598,905
Treasury securities	-	1,931,373	-	1,931,373
Total	-	5,701,833	-	5,701,833
Equity:				
Common stocks	794,387	-	-	794,387
Preferred stocks	362,802	-	-	362,802
Exchange traded funds	465,923	-	-	465,923
Total	1,623,112	-	-	1,623,112
Private equity funds	-	-	832,935	832,935
Total	$ 1,623,112	$ 5,701,833	$ 832,935	$ 8,157,880

Investments in equity securities were measured using Level 1 fair values based upon observable quoted market prices from national security exchanges.

Investments in debt securities were measured using Level 2 fair values based upon inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, benchmark securities, offers, bids and reference data.

FASB ASC 820 permits as a practical expedient, an entity holding investments that calculate net asset value (NAV) per share or its equivalent for which fair value is not readily determinable, to measure fair value of such investments on the basis of NAV. The Company has applied this practical expedient to measure the fair value of the alternative investment funds.

Investments in alternative investments funds held by the Company as of December 31, 2022 (Successor) using significant unobservable inputs (Level 3) to measure fair value did not change from December 28, 2022 (Inception) to December 31, 2022 (Successor). Accordingly, no change to net unrealized and realized gains or losses were recorded in the consolidated statements of operations and comprehensive income.

In order to substantiate the Company's NAV, management obtained audited financial statements for each fund. Alternative investment funds are not traded on an exchange and do not provide the Company with the ability to redeem shares daily. Instead, NAV serves as the basis for investors periodic (i.e.: monthly or quarterly) subscription and redemption activity pursuant to the terms of each funds governing documents. The Company may withdraw investment interest with certain restrictions, dependent upon governing documents. The Company may withdraw funds monthly or quarterly, depending on the fund. There are no unfunded capital commitments as of December 31, 2022 (Successor).

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. At December 31, 2022 (Successor), the Company had $2,616,290, respectively in such investments. The Company maintains deposits primarily in three financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Investments in Debt and Equity Securities

All of the Company's debt securities as of December 31, 2022 (Successor) were classified as available for sale. Available for sale securities may be sold prior to maturity and are carried at fair value. The Company accounts for its investments in debt securities in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments - Debt Securities* (ASC 320). Management determines the appropriate classification of its investments at the time of purchase and reevaluates such determination at each balance sheet date.

The amortized cost of debt securities is adjusted using the effective interest rate method for amortization of premiums and accretion of discounts. Such amortization and accretion is included in net investment income on the consolidated statements of operations and comprehensive income. Net unrealized losses on available for sale debt securities were $207,666 for the period of January 1, 2022 to December 27, 2022 (Predecessor) and were de-recognized in the transaction (Note 2).

Unrealized holding gains and losses related to debt securities are reported as a separate component of total shareholders' equity as accumulated other comprehensive income, net of tax. The amortized cost of debt securities is adjusted using the interest method for amortization of premiums and accretion of discounts. Such amortization and accretion amounts are included in net investment income. Realized investment gains and losses on investments sold and/or matured are determined on a specific identification basis and are included in comprehensive income.

Other Than Temporary Impairments on Investments

The Company determines other than temporary impairments on debt securities in accordance with certain provisions of FASB ASC 320. This guidance requires the Company to evaluate whether it intends to sell an impaired debt security or whether it is more likely than not that it will be required to sell an impaired debt security before recovery of the amortized cost basis. If either of these criteria are met, an impairment equal to the difference between the debt security's amortized cost and its fair value is recognized in earnings. For impaired debt securities that do not meet these criteria, the Company determines if a credit loss exists with respect to the impaired security. If a credit loss exists, the credit loss component of the impairment, which is equal to the difference between the security's amortized cost and its projected net present value of future cash flows from the security, is recognized in earnings and the remaining portion of the impairment is recognized as a component of other comprehensive income. No impairments related to debt securities were recorded in Predecessor or Successor periods. At December 31, 2022 (Successor), the Company held $5,701,833 in debt securities.

Accounts Receivable

Accounts receivable consists of franchise royalties and other costs billed to franchisees. Accounts receivable are stated at amounts management expects to collect from outstanding balances. Credit is extended to customers based upon evaluation of the customer's financial condition, and collateral is not required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of December 31, 2022 (Successor) the Company had an allowance for doubtful accounts of $1,281,539.

Inventory

Inventory is stated at the lower of cost or net realizable value using the first-in, first-out method. The Company records a provision for obsolete and slow-moving inventory, when necessary, based on current inventory levels as well as historical and expected future production levels. Based on the Company's assessment, there was no provision for obsolete inventory at December 31, 2022 (Successor).

Notes Receivable

From time to time, as part of generating attraction revenues, the Company provided financing to franchisees during initial construction of their location. Notes are typically issued between $130,000 and $265,000 and call for monthly payments to begin upon opening the franchise locations with most notes maturing from 2 to 7 years thereafter. Notes receivable are secured by the property and equipment at the franchise location and are personally guaranteed by the individual franchisees'. The notes receivable have contractual interest rates ranging from 2.7% to 7%. The Company also charges an additional royalty fee until paid in full at 1% to 1.50% of the franchisees' gross monthly sales.

The Company continually monitors notes receivable for potential losses or impairment when it is probable the Company will be unable to collect all amounts all principal and interest due. Due to the relationship as the franchisor and ability to dictate the timing of payments if deemed necessary, the Company believes collectability is reasonably assured through franchise operations and does not place notes receivable on nonaccrual status unless specifically identifies for allowance provisions. The allowance for potential losses on notes receivable was $50,670 as of December 31, 2022 (Successor).

Deferred Initial Franchise Fee Costs

The Company has capitalized costs in relation to variable costs incurred for the sale of franchise agreements. Capitalized costs directly related to these activities were $20,202,454 as of December 31, 2022 (Successor) and were reported as deferred initial franchise fee costs on the accompanying consolidated balance sheet.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Expenditures which substantially improve or extend the useful life of property are capitalized. Routine maintenance and repair costs are expensed as incurred. Property and equipment are capitalized if they have individual costs of at least $5,000 and useful lives of greater than one year. Leasehold improvements are amortized over the lesser of the lease term or useful life if applicable. Upon retirement or disposition of property and equipment, the cost and related accumulated depreciation are removed from the accounts, and the gains or losses are reflected in the consolidated statement of operations.

Depreciation is calculated using the straight-line method over the established useful lives of the individual assets as follows:

	Useful Lives
Transportation assets	3-5 years
Leasehold improvements	7-15 years
Computer and software	3 years
Furniture, fixtures and equipment	5 years

Impairment of Long-Lived Assets

In accordance with ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may no longer be recoverable. The Company assesses recoverability of the carrying amount by estimating the undiscounted future net cash flows expected to result from the asset over its expected useful life, including eventual disposition. If the future undiscounted net cash flows are less than the carrying amount of the asset, an impairment loss is recorded equal to the difference between the assets carrying amount and its fair value. No impairment of long-lived assets was recognized for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor).

Goodwill and Intangible Assets

Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to assets acquired, including intangible assets and liabilities assumed. In accordance with FASB ASC 350-20, *Goodwill*, the Company has elected to amortize goodwill on a straight-line basis over an estimated useful life of 10 years. Management will monitor the useful life of goodwill to determine if events or changes in circumstances warrant a revision to the remaining amortization period. The Company is required to test goodwill for impairment annually or whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Under ASC 350-20, the Company has elected to apply the qualitative assessment method in determining whether it is more likely than not the fair value of the Company is less than its carrying amount. The Company determined that goodwill was not impaired for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor).

Intangible assets are comprised of identified royalty agreements, trade names and customer relationships. The carrying value of all long-term assets, including intangible assets, is reviewed for impairment whenever events or changes in circumstances indicate they may not be recoverable. The Company estimates the future undiscounted cash flows to judge the recoverability of carrying amounts. If the carrying amount is deemed to be higher than recoverability assessed through the undiscounted cash flow result, then the Company assesses the fair value of the underlying asset to determine impairment. The Company determined that indefinite-lived intangible assets were not impaired for the period December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor).

Debt Financing Costs

In connection with the change of control transaction (Note 2), the Company entered into a term loan with a corporate lender (Note 8) and incurred $8,700,000 in debt financing costs. These costs related to obtaining financing are capitalized and presented as a deduction against the corresponding debt. Debt financing costs are amortized over the respective debt agreement using the effective interest method with amortization expense included in interest expense in the consolidated statement of operations and comprehensive income. No amortization expense related to term note was recognized for the period December 28, 2022 to December 31, 2022. Prior to the transaction (Note 2), the Company had unamortized debt financing costs of $1,131,492 which was expensed at the time of the transaction and included in interest expense in the accompanying consolidated statement of operations and comprehensive income. Amortization expense related to the Predecessor term debt was $1,392,982 for the period January 1, 2022 to December 27, 2022 (Predecessor).

Insurance Related Activities

The Company uses Adventis Insurance, Inc. (Adventis), a wholly owned subsidiary of the Company and captive insurance company to issue policies for general liability coverage and workers' compensation coverage to franchise owners.

Unpaid Insurance Losses and Loss Adjustment Expenses - Reserves for unpaid losses and loss adjustment expenses includes case basis estimates of reported losses, plus amounts for incurred but not reported losses calculated based upon loss projections utilizing industry data. In establishing this reserve, the Company utilizes the findings of an independent consulting actuary. Management believes that its aggregate reserve for unpaid losses and loss adjustment expenses at year end represents its best estimate, based on the available data, of the amount necessary to cover the ultimate cost of losses. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Insurance Premiums - Premiums are earned over the period that coverage is provided. Unearned premiums are calculated on a daily pro-rata basis for the unexpired terms of individual policies in force.

Premium Deficiency - The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to the policy holder, unamortized deferred acquisition costs, and maintenance costs exceed unearned premiums and anticipated investment income. There was no premium deficiency for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor).

Comprehensive Income

The Company reports comprehensive income in accordance with FASB ASC 220, *Comprehensive Income*. Comprehensive income is a measurement of certain changes in stockholder's equity that result from transactions and other economic events other than transactions with the stockholder. For the Company, these consist of changes in unrealized gains and losses on available for sale debt securities, which are used to adjust net income to arrive at comprehensive income. The cumulative amount of these changes is reported in the consolidated balance sheet within accumulated other comprehensive income, net of tax.

Revenue Recognition

On January 1, 2019, the Company adopted the FASB Accounting Standards Update (ASU) No. 2014-09, *Revenue From Contracts With Customers* (*Topic 606*), and all related amendments using the modified retrospective transition method.

ASU 2014-09 created ASC 340-40, *Contracts With Customers*, which requires that costs to obtain a contract that would have been incurred regardless of whether the contract was obtained are to be expensed when incurred.

The Company's revenues are substantially comprised of service revenues. Revenue is recognized when the Company satisfies its performance obligation under each contract after it has provided the service to each customer. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer.

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring products or providing services. The nature of the Company's contracts do not give rise to any notable amounts of variable consideration with its customers. The Company's contracts do not give rise to any significant financing components (including contracts where the timing of the transfer of goods or services is at the discretion of the customer). Neither the type or location of services performed do not significantly impact the nature, amount, timing or uncertainty of revenues and cash flows.

A contract's transaction price is allocated to each distinct performance obligation within the contract. Substantially all of the Company's contracts have a single performance obligation. In instances where multiple performance obligations may exist, due to the short duration of the arrangements or the insignificance of certain performance obligations, in substantially all cases it is not necessary to allocate the transaction price to the distinct performance obligations as any potential allocations would result in a nominally different accounting outcome.

Substantially all of the Company's revenues are from services provided to customers at a point in time, with the exception of franchise fee revenue and insurance premiums, which are deferred and recognized over the term of the related agreements.

Sales, value added, and other taxes collected from customers and remitted to governmental authorities are accounted for on a net (excluded from revenues) basis.

The primary sources of revenue for the Company are recognized as follows:

Royalty Revenues - Royalty revenue is recognized in the period earned and is equal to approximately 7 to 8% of gross franchisee revenue. Royalty revenues are allocated to the outcome from the performance obligation of having access to the license i.e. franchise location's monthly sales. The Company records the royalty revenue as the franchisee's monthly sales occur.

Attraction Revenues - Attraction revenue is recognized as revenue when earned, which is at the grand opening of the associated franchised park.

Merchandise Revenues - Merchandise revenue relates to commissions received from third-party companies that purchase inventory and sell merchandise to franchisee locations. The third-party vendors provide this merchandise at a cost to the franchisees that is lower than they could otherwise purchase individual items in like quantities, quality, etc. The third parties, under license from the Company of its trademarks, procures licensed products from manufacturers and sells them to the Company's franchisees. The Company recognizes revenue as the underlying purchases are made by the franchisees, net of estimated returns, based on agreed upon commission rates.

Franchise Fee Revenues - Franchise fee revenue is recognized as revenue when earned. The Company receives an initial franchise fee as franchise agreements are signed. Franchise fee revenue is deferred until opening of the location, and then recognized over the term of the franchise agreement, which is typically 10 years (over time revenue). At December 31, 2022 (Successor), deferred franchise fee revenues totaled $46,207,453 and are classified as contract liabilities on the consolidated balance sheet (Note 7).

Other Revenues - Other revenues include various ancillary revenue streams all recognized when earned, which is generally as services are performed.

Marketing Fund Revenues - The Company administers various Marketing Funds for its brands, for which franchisees and Company-owned parks both contribute. The contributions range from 1 to 4% of gross sales based on the franchise brand. These contributions are used for various forms of brand advertising in accordance with its various brand franchise agreements. The Company has a contractual obligation to use Marketing Fund contributions for advertising, public relations, merchandising and similar activities. Marketing Fund liabilities are included in the consolidated balance sheet as marketing funds and totaled $6,001,079, as of December 31, 2022 (Successor). Marketing Fund revenues and expenditures are recorded on a gross basis within the consolidated statements of operations as contributions are billed, increasing both the gross amount of reported revenues and expenses and generally has no impact on income (loss) from operations and net income (loss).

The Company disaggregates revenue from contracts with customers by project type, as the Company believes it best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. All of the Company's revenues are recognized at a point in time with the exception of initial franchise fees and insurance premiums, which are recognized over the term of the related agreements. The following table presents the Company revenues disaggregated by timing:

	Successor Period From December 28 - December 31, 2022	Predecessor Period From January 1 - December 27, 2022
Over time revenue	$ 50,000	$ 10,111,326
Point in time revenue	3,758,214	118,437,565
Total revenues	$ 3,808,214	$ 128,548,891

Contract Assets and Liabilities

The Company has contract liabilities, which represent deferred revenues from certain pre-opening activities and area development fees. The Company has determined that pre-opening activities and area development fees do not represent distinct goods or services transferred to the franchisee. Accordingly, these costs are deferred over the related franchise agreement, which is typically 10 years.

The Company's contract assets relating to attraction costs include the costs to acquire and transport the attraction equipment, direct labor for its installation and other indirect costs related to contract performance. All costs incurred are recorded in the consolidated balance sheet as deferred attraction costs and are incurred on uncompleted attractions until the associated revenues are realizable, which is typically at the grand opening. As of December 31, 2022 (Successor), incurred costs related to unopened franchise parks totaling $18,640,890.

Advertising Costs

Advertising costs are expensed as incurred and totaled $22,414 and $3,901,895 for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), respectively. These costs are included in selling, general and administrative expenses on the consolidated statement of operations.

Income Taxes

The Company is organized as a Delaware limited liability company and therefore, federal taxes are paid at the member level. The Company is subject to various state taxes.

The Company's wholly owned subsidiary Adventis Insurance, Inc. (Adventis) is a tax paying entity subject to U.S. federal income taxes. Accordingly, the Company accounts for deferred taxes at Adventis. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. A valuation allowance is recorded against any deferred tax asset when, in the opinion of management, it is more likely than not that the asset will not be realized.

The Company accounts for uncertain tax positions in accordance with the asset and liability method. The Company has evaluated its tax positions and has not identified any material uncertain tax positions that would not be sustained in federal or state income tax examination or that require disclosure. Accordingly, no provision for uncertainties in income taxes has been made in the accompanying consolidated financial statements. The Company recognizes interest and penalties on income taxes as a component of income tax expense.

4. Property and Equipment, Net

Property and equipment consisted of the following at December 31, 2022 (Successor):

Company owned units	$	2,710,758
Leasehold improvements		4,132,327
Computer and software		753,097
Furniture and fixtures		521,791
Vehicles		47,410
Construction in progress		187,185
Total		8,352,568
Less accumulated depreciation		(9,911)
Property and equipment, net	$	8,342,657

Depreciation and amortization expense for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), was $9,911 and $1,777,093, respectively.

5. Notes Receivable, Net

As of December 31, 2022 (Successor), the principal balance outstanding on the notes receivable and the expected principal collections for the next five years, exclusive of any allowances, are as follows for the years ending December 31:

Years ending December 31:		
2023	$	382,791
2024		224,696
2025		64,011
2026		53,033
2027		20,282
Total		744,813
Less allowance for doubtful accounts		(50,670)
Notes receivable, net	$	694,143

6. Goodwill and Intangible Assets, Net

Goodwill and intangible assets consist of the following at December 31, 2022 (Successor):

	Economic Life	Total Intangible Assets and Goodwill	Accumulated Amortization	Net Intangible Assets and Goodwill
Royalty agreements	Indefinite	$ 337,700,000	$ -	$ 337,700,000
Trade names	Indefinite	22,900,000	-	22,900,000
Customer relationships	Indefinite	2,600,000	-	2,600,000
Goodwill	10 years	341,596,643	(374,352)	341,222,291
		$ 704,796,643	$ (374,352)	$ 704,422,291

Amortization expense for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) was $374,352 and $7,577,467, respectively.

The amortization of goodwill is as follows for the years ending December 31, 2022 (Successor):

2023	$ 34,159,664
2024	34,159,664
2025	34,159,664
2026	34,159,664
2027	34,159,664
Thereafter	170,423,971
Goodwill, net	$ 341,222,291

7. Contract Liabilities

Contract liabilities consisted of the following at December 31, 2022 (Successor):

Franchise fees, net	$ 46,207,453
Attractions revenues	14,042,166
	60,249,619
Less current portion	(16,451,479)
Contract liabilities, net of current portion	$ 43,798,140

8. Notes Payable

Term Loans

In November 2021, the Company entered into a $76,500,000 Term Loan facility (2021 Term Loan) with a corporate lender. During the year ended December 31, 2021, the Company drew $61,500,000 on this facility. The 2021 Term Loan required interest payments monthly in arrears. The interest rate on the Term Loan was variable based on a 5.5% margin rate plus a variable base. The Term Loan was secured by the tangible and intangible assets of the Company and its subsidiaries. In connection with the acquisition (Note 2), on December 27, 2022, the remaining balance on the 2021 Term Loan was paid in full.

On December 27, 2022, (Note 2), the Company entered into a $275,000,000 Term Loan facility (2022 Term Loan) with a corporate lender. On December 27, 2022, the Company drew $275,000,000 on this facility which remained outstanding as of December 31, 2022 (Successor). The 2022 Term Loan requires interest payments on either a monthly or quarterly basis in arrears. The interest rate on the 2022 Term Loan is based on a 7.5% margin rate plus a variable base. The 2022 Term Loan is secured by the tangible and intangible assets of the Company and its subsidiaries.

The Company is required to meet certain financial and nonfinancial covenants in accordance with the terms of the above Term Loan. The Company was in compliance with these covenants as of December 31, 2022 (Successor).

Paycheck Protection Program Loans

In February, 2021, the Company received a second draw PPP loan in the amount of $1,251,796. The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (of eight to twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Any unforgiven portion is payable over 5 years at an interest rate of 1% with payments deferred until the SBA remits the borrower's loan forgiveness amount to the lender, or, if the borrower does not apply for forgiveness, ten months after the end of the covered period. PPP loan terms provide for customary events of default, including payment defaults, breaches of representations and warranties, and insolvency events and may be accelerated upon the occurrence of one or more of these events of default. Additionally, PPP loan terms do not include prepayment penalties.

The Company met the PPP's loan forgiveness requirements, and therefore, applied for forgiveness during 2022. Legal release was received during December of 2022 (Predecessor) for the PPP loan of $1,251,796, therefore, the Company recorded forgiveness income of $1,251,796, within its consolidated statement of operations and comprehensive income for the period January 1, 2022 to December 27, 2022 (Predecessor).

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

A summary of notes payable outstanding is as follows at December 31, 2022 (Successor):

Term loan	$ 275,000,000
Less unamortized debt costs	(8,700,000)
Less current maturities	(2,750,000)
Total notes payable, net	$ 263,550,000

As of December 31, 2022 (Successor), future principal payments due on the notes payable was as follows for the years ending December 31:

Years ending December 31:	
2023	$ 2,750,000
2024	2,750,000
2025	2,750,000
2026	2,750,000
2027	264,000,000
	275,000,000
Less unamortized debt costs	(8,700,000)
Less current maturities	(2,750,000)
Note payable, net of current maturities	$ 263,550,000

9. Revolving Credit Facilities

In November of 2021, the Company entered into a $5,000,000 revolving credit agreement with a corporate lender (the 2021 Revolving Credit Facility). Draws under the 2021 Revolving Credit Facility bear interest and requires interest payments monthly in arrears. The interest rate on the 2021 Revolving Credit Facility was variable based on a 5.5% margin rate plus a variable base. The 2021 Revolving Credit Facility was secured by the tangible and intangible assets of the Company and its subsidiaries. The 2021 Revolving Credit Facility was terminated on December 27, 2022 in connection with the transaction (Note 2).

In December 2022, the Company entered into a $15,000,000 revolving credit agreement with a corporate lender (the 2022 Revolving Credit Facility) in relation to the transaction on December 27, 2022 (Note 2). On December 27, 2022, the Company drew $2,000,000 on this facility. As of December 31, 2022 (Successor), the Company had $13,000,000 in available credit under the 2022 Revolving Credit Facility. Draws under the 2022 Revolving Credit Facility bear interest and requires interest payments monthly or quarterly in arrears. The interest rate on the 2022 Revolving Credit Facility is variable based on a 7.5% margin rate plus a variable base. At December 31, 2022 (Successor), the interest rate was 12%. The 2022 Revolving Credit Facility is secured by the tangible and intangible assets of the Company and its subsidiaries.

The 2022 Revolving Credit Facility is subject to a quarterly fee on the unused portion of the maximum limit at a rate of 1.00% per annum. The Company is required to meet certain financial and nonfinancial covenants in accordance with the terms of the above facilities. The Company was in compliance with these covenants as of December 31, 2022 (Successor).

10. Commitments and Contingencies

Operating Leases

Leases, January 1, 2022 and After

Right-of-use assets represent the Company's right to use an underlying asset for the lease term, while lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Company's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Company's sole discretion. The Company regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Company includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Company uses the rate implicit in the lease, or if not readily available, the Company uses a risk-free rate based on U.S. Treasury note or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Company's long-lived asset policy. The Company reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Company made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Company:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Company obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Evaluated leases with similar commencement dates, lengths of term, renewal options or other contract terms, which therefore meet the definition of a portfolio of leases, whether to apply the portfolio approach to such leases;
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments;

The Company does not have material leasing transactions with related parties.

The Company’s lease agreements contain lease incentives related to tenant improvement allowances. For the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), the Company recorded tenant improvement allowances of $0 and $6,656,250, respectively. These amounts have not yet been reimbursed by the landlord, accordingly the Company has recorded a receivable in the amount of $6,656,250 as of December 31, 2022 (Successor) which is included in prepaids and other assets in the consolidated balance sheet.

The following table summarizes the lease right-of-use assets and lease liabilities as of December 31, 2022 (Successor):

Right-of-use assets:	
Operating leases	$ 49,194,301
Total right-of-use assets, net	$ 49,194,301
Lease liabilities:	
Current operating lease liabilities	$ 4,339,574
Long-term operating lease liabilities	54,418,537
Total lease liabilities	$ 58,758,111

Below is a summary of expenses incurred pertaining to leases for the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor):

Operating lease expense	$ 3,744,390
Total lease expense	$ 3,744,390

Weighted average remaining lease term (in years):	
Operating leases	9.39
Weighted average discount rate:	
Operating leases	2.88 %

The table below summarizes the Company's scheduled future minimum lease payments for years ending after December 31, 2022:

	Operating Leases
Years ending December 31:	
2023	$ 5,862,042
2024	7,624,843
2025	7,457,263
2026	7,455,955
2027	6,381,642
Thereafter	32,925,180
Total lease payments	67,706,925
Less present value discount	(8,948,814)
Total lease liabilities	58,758,111
Less current portion	(4,339,574)
Long-term lease liabilities	$ 54,418,537

Lease Guarantees

On occasion, the Company has acted as co-guarantor with certain of its franchisees in connection with leases necessary in establishing their businesses. As of December 31, 2022 (Successor), the Company had limited guarantees for leases on five franchised locations totaling a maximum of $6,708,276 in potential lease payments.

Litigation

The Company may be a party to routine claims brought against it in the ordinary course of business. The Company estimates whether such liabilities are probable to occur and whether reasonable estimates can be made and accrues liabilities when both conditions are met. Although the ultimate outcome of these matters, if and when they arise, cannot be accurately predicted due to the inherent uncertainty of litigation, in the opinion of management, based upon current information, no currently pending or overtly threatened claim is expected to have a material adverse effect on the Company's business, financial condition or results of operations. However, it is possible that an unfavorable resolution of one or more such future proceedings could materially and adversely affect the Company's financial position, results of operations or cash flows.

11. Insurance Activities

General liability limits provided are $250,000 per occurrence with no aggregate limit. Worker's compensation limits provided are $500,000 per occurrence with an aggregate limit of 150% of the Gross Net Written Premium. All policies issued during 2022 expire on May 27, 2023 to concur with primary policy terms. Premiums written for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) were $0 and $7,079,201, respectively. Premiums earned for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) were $0 and $6,102,857, respectively.

Incurred and Paid Claims Development by Accident Year - Incurred but not report (IBNR) reserve estimates are generally calculated by first projecting the ultimate cost of all claims that have occurred and then subtracting reported losses and loss expenses. Loss projections based upon industry data to develop loss development factors that multiplicatively accumulated to arrive at age-to-ultimate loss development factors.

Reported losses include cumulative paid losses and loss expenses plus case reserve estimates. The IBNR reserve includes a provision for the claims that have occurred but have not yet been reported, some of which are not yet known to the Company, as well as a provision for the future development on reported claims. The following paragraph details the IBNR liabilities and claims frequency, which is measured by claim event, for each accident year presented for the general liability coverage. Claim counts for the general liability coverage are presented based upon the number of claim occurrences reported.

For the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), the Company incurred cumulative claims and claim adjustment expenses of $7,797,762 and had cumulative paid claims and allocated claim adjustment expenses of $1,642,815 resulting in liabilities for claims and claim adjustment expenses of $6,154,947. For the period December 28, 2022 to December 31, 2022 (Successor) and for the period January 1, 2022 to December 27, 2022 (Predecessor), expected development on reported claims and IBNR totaled $4,049,933 with cumulative reported claims of 404.

The unpaid insurance losses and loss adjustment expenses presented as liabilities on the consolidated balance sheets at December 31, 2022 (Successor) include the liabilities for claims and claim adjustment expenses of $6,154,947 and unallocated loss and loss adjustment expenses of $216,314.

12. Members' Equity

Prior to the transaction on December 27, 2022 (Predecessor), the Company was authorized to issue an unlimited number of $1,000 par value units in Class A units, Class B units and Class B-1 Units. The Company was authorized to issue 5% of outstanding Class A, Class B and Class B-1 units for Class C units and Class D units. As of December 31, 2021, issued and outstanding units included 26,728 Class A units, 25,381 Class B units and 1,738 Class B-1 Units.

Class A and Class B units accrued a preference on their contributed capital at a rate of 8.0% per annum, compounded annually from their respective issuance dates. Class A and Class B units were entitled to one vote per unit with Class B-1, Class C and Class D units having no voting rights.

Distributions and profits and losses were paid in the following priority: (1) to holders of Class A units until unpaid preferred returns are reduced to zero; (2) to holders of Class A units until unreturned capital is reduced to zero; (3) to holders of Class B units until unpaid preferred returns and unreturned capital are reduced to zero; (4) to holders of Class A units, Class B units, Class B-1 units, vested Class C units and vested Class D units proportionally based on total units issued, vested and outstanding, taking into account threshold values for Class C and Class D units ranging from $0 to $6,000 per Class A and B units outstanding.

In connection with the acquisition (Note 2), the Company amended and restated its Limited Liability Company Agreement (LLC Agreement) to authorize to issue 755,257.732 units of which 260,257.732 units are designated as Preferred Units and 495,000 units are designated as Common Units. 260,257.732 Common Units are reserved for issuance upon conversion of the Preferred Units. Upon the election of the holders of Preferred Units, the Preferred Units may be converted into Common Units on a 1-for-1 basis. As of December 31, 2022 (Successor), issued and outstanding units included 260,257.732 Preferred Units and 234,742.268 Common Units.

The Preferred Units and the Common Units have no voting rights.

Distributions are paid in the following priority: (1) to holders of Preferred Units until unreturned capital is reduced to zero; (2) to holders of Preferred Units and Common Units proportionally based on total units issued and outstanding.

Allocation of net profits and losses of the Company will be allocated among members in a manner such that the balance in each Member’s adjusted capital account for each fiscal year will be allocated among the Members in a manner such that the balance in each such Member’s adjusted capital account, immediately after making all allocations required for the relevant fiscal year is, as nearly as possible, equal to the amount that would be distributed to such Member if the Company were dissolved, its affairs wound up and its assets sold for cash equal to their respective Gross Asset Values, all liabilities were satisfied (limited with respect to each nonrecourse liability to the Fair Market Value of the asset securing such liability), and the net assets of the Company were distributed to the Members in accordance with the LLC Agreement.

Dissolution or winding up of the Company requires the vote, consent or approval of the Board.

13. Incentive Units

Prior to the transaction on December 27, 2022, the Company held an incentive unit plan which issued units to certain employees and others of the Company which represented an interest in the Company. The issuance of incentive units required board of director approval and issued incentive units will be bound by the terms of the incentive unit agreement. Class C and Class D units were intended to represent profit interests in the Company to incentivize individuals to achieve certain operating and financial objectives. The Company has granted Class C units that conditional vest over the requisite period which is typical four to five years (Time Vested Units) and Class D units that conditional vest upon a change in control transaction entered into by the Company (Performance Vesting Units), as defined in the Company agreements. Time Vested units are recognized as unit-based compensation as the services are provided. Performance Vesting Units are expensed upon a change in control.

Management determined the grant date fair value for Time Vested Units granted are considered insignificant and therefore no compensation expense has been recorded in prior years.

In connection with the December 27, 2022 change in control transaction, all remaining unvested Class C and Class D units became vested as a result of the transaction (Note 2). Total unit-based compensation related to the vesting of the performance units was $10,998,965. Since the accelerated vesting of performance units and subsequent payment was contingent on the closing of the transaction (Note 2) are not payable until consummation of the transaction.

Accordingly, no compensation expense was recorded in either the Predecessor or Successor period. Total unit-based compensation related to the performance-based units was $10,998,965 and was paid out to unit holders at the closing of the transaction.

The below table details grants, forfeitures and vesting of Class C and Class D incentive units for the period from January 1, 2022 to December 27, 2022 (Predecessor):

	Class C Units		Class D Units	
	Issued Units	**Vested Units**	**Issued Units**	**Vested Units**
Balance, January 1, 2022	2,576.69	1,182.38	2,664.61	-
Units vested	-	1,397.31	-	2,664.61
Units sold December 27, 2022	(1,289.85)	(1,289.85)	(1,332.31)	(1,332.31)
Units exchanged for Successor Units	(1,289.85)	(1,289.85)	(1,332.31)	(1,332.31)
Balance, December 27, 2022 (Predecessor)	-	-	-	-

During the period of January 1, 2022 to December 27, 2022 (Predecessor), 447.49 Class C units and 0 Class D units vested. On the date of the transaction, 949.82 Class C Units and 2,664.61 Class D units vested according to the terms of the individual grant agreements.

The Company has not created a new incentive unit plan as of December 31, 2022 (Successor).

14. Federal Income Taxes

Federal income taxes are related to Adventis (Note 3); accordingly, the federal income tax expense and components of the provision are only included for the period January 1, 2022 to December 27, 2022 (Predecessor). Income taxes were computed at the 21% statutory federal income tax rate for the period January 1, 2022 to December 27, 2022 (Predecessor) and a reconciliation to the provision for income taxes is as follows for the year ended December 31, 2022:

Federal income tax, statutory rate	$	181,505
Other		8,994
Total	$	190,499

The components of the provision for income taxes for the period January 1, 2022 to December 27, 2022 (Predecessor) are as follows:

Current	$	325,370
Deferred		(134,871)
Total	$	190,499

The tax effects of temporary differences that give rise to significant portions of the deferred taxes consisted of the following at December 31, 2022 (Successor):

Deferred tax assets and liabilities:		
Insurance loss reserve discounting	$	126,377
Unearned insurance premiums		120,456
Adventis start-up costs		8,259
Unrealized loss on investments		54,334
Deferred acquisition costs		(26,770)
Total deferred tax assets	$	282,656

The Company is required to periodically assess whether it is more likely than not that it will generate sufficient taxable income to realize its deferred tax assets. In making this determination, the Company considers all available positive and negative evidence and makes certain assumptions. The Company considers, among other things, its deferred tax liabilities, the overall business environment and its outlook for future years. At December 31, 2022 (Successor), management determined a valuation allowance for its net deferred tax assets is not required as realization of the deferred tax assets is more-likely-than-not.

15. Related-Party Transactions

As of December 31, 2022 (Successor), the Company had one franchisee partially owned by members of the Company that accounted for approximately $3,000 and $319,000 of revenues for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), and accounts receivable of approximately $49,000 as of December 31, 2022, (Successor).

On March 1, 2018, the Company entered into a monitoring and oversight agreement (the Monitoring Agreement) with certain members of Predecessor. Under the terms of the Monitoring Agreement, the Company was obligated to pay a $125,000 quarterly monitoring and oversight fee to these members. The Monitoring Agreement terminated on December 27, 2022. Quarterly fees incurred under the Monitoring Agreement are included in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor) were $0 and $500,000, respectively.

The Company has a management agreement with an entity for which an employee of the management company is also a board member of Adventis. The management company performed, under the direction of the Company, certain management and administrative services and accounting services. The annual management fee is $77,688. For the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), total management fees amounted to $0 and $77,688, respectively. These costs are included in selling, general and administrative expenses on the consolidated statements of operations and comprehensive income.

16. Employee Benefit Plan

The Company sponsors a defined 401(k) contribution plan (the Plan) covering substantially all employees. Plan participants may make certain voluntary contributions in which they are 100% vested. The Company has agreed to make certain matching contributions to the Plan not to exceed the amount deductible for federal income tax purposes. The Company made matching contributions of $9,893, and $405,773 for the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), respectively.

17. Franchise Activities

During the period December 28, 2022 to December 31, 2022 (Successor) and the period January 1, 2022 to December 27, 2022 (Predecessor), the Company sold 2 and 207 franchise licenses, respectively. As of December 31, 2022 (Successor), the Company had 750 franchised locations in operations, respectively.

18. Subsequent Events

The Company evaluated all material events or transactions that occurred after December 31, 2022, the consolidated balance sheet date, through April 28, 2023, the date these consolidated financial statements were available to be issued, and did not identify any events or transactions for disclosure as subsequent events.

UA Holdings, LLC and Subsidiaries

Consolidated Statements of Operations and Comprehensive Income with Totals (Unaudited)
Periods From December 28, 2022 to December 31, 2022 (Successor) and January 1, 2022 to December 27, 2022 (Predecessor)

	Successor Period for Four Days of December 28, 2022 to December 31, 2022	Predecessor Period From January 1, 2022 to December 27, 2022	Total
Revenues			
Royalty revenues	$ 568,523	$ 48,956,875	$ 49,525,398
Attraction revenues	891,001	15,175,910	16,066,911
Merchandise revenues	64,375	7,317,829	7,382,204
Company owned unit revenues	307,532	15,434,936	15,742,468
Franchise fee revenues	50,000	4,008,469	4,058,469
Marketing fund revenues	1,831,429	19,218,819	21,050,248
Net earned insurance premiums	-	6,102,857	6,102,857
Other revenues	95,354	12,333,196	12,428,550
Total revenues	3,808,214	128,548,891	132,357,105
Operating Expenses			
Attraction costs	781,723	12,757,975	13,539,698
Merchandise costs	362	338,438	338,800
Company owned unit costs	124,915	13,336,113	13,461,028
Marketing fund costs	1,831,429	19,218,819	21,050,248
Salaries and wages	218,158	21,420,446	21,638,604
Incurred insurance losses and loss adjustment expenses	-	4,336,620	4,336,620
Selling, general and administrative	83,480	43,025,310	43,108,790
Amortization of goodwill	374,352	7,577,467	7,951,819
Depreciation expense	9,911	1,777,093	1,787,004
Total operating expenses	3,424,330	123,788,281	127,212,611
Net income (loss) from operations	383,884	4,760,610	5,144,494
Other Income (Expenses)			
Interest expense	(319,281)	(6,220,757)	(6,540,038)
Forgiveness of Paycheck Protection Program loan	-	1,251,796	1,251,796
Other income, net	-	(195,784)	(195,784)
Total other income (expenses)	(319,281)	(5,164,745)	(5,484,026)
Income (loss) before federal and state tax expenses	64,603	(404,135)	(339,532)
Federal tax expense	-	190,499	190,499
State tax expense	-	107,960	107,960
Net income (loss)	64,603	(702,594)	(637,991)
Comprehensive Income			
Unrealized holding gains on available for sale debt securities, net of tax	-	(208,672)	(208,672)
Comprehensive income (loss)	$ 64,603	$ (911,266)	$ (846,663)

Form E - Guarantee of Performance

GUARANTEE OF PERFORMANCE

For value received, UA Holdings, LLC, a Delaware limited liability company (the "Guarantor"), located at 2350 Airport Freeway, Suite 505, Bedford, TX 76022, absolutely and unconditionally guarantees to assume the duties and obligations of Class 101 Franchise, LLC, located at 2350 Airport Freeway, Suite 505, Bedford, TX 76022 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Bedford, Texas on the 31st day of March, 2025.

Guarantor:

UA Holdings, LLC

By: _____
Stephen Polozola, Special Counsel

EXHIBIT I

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

LIST OF CURRENT FRANCHISEES AND DEVELOPERS, FORMER FRANCHISEES AND DEVELOPERS, AND AFFILIATE OWNED LOCATIONS

FRANCHISEES AND DEVELOPERS OPEN AS OF DECEMBER 31, 2024

Address	Email Address	Franchisee	Phone Number
1555 South University Boulevard, Mobile, AL 36609	Tchilds@class101.com	The Mianni Group	251-450-8141
2929 N. Power Road Suite 101-C5, Mesa, AZ 85215	scoats@class101.com	Coats College Planning, LLC	480-428-0101
840 Apollo St, El Segundo, CA 90245	levi@pursuitla.com	CollegeCouselors4U LLC	213.521.9850
31416 Agoura Rd #105c, Westlake Village, CA 91361	tmitmesser@class101.com	Todd Mitmesser	805-380-3302
7501 Village Square Dr, Ste. 101, Castle Pines, CO 80108	LWeitenhagen@class101.com	Little Rock Ventures, LLC	720-767-3101
1045 Garden of the Gods Rd. Suite O, Colorado Springs, CO 80907	cpeak@class101.com	Charity Peak	719-501-4300
13655 W Jewell Ave, Lakewood, Colorado 80228 (Denver West)	kopperman@class101.com	GO Class, LLC	(720) 900-5539
805 E. Bloomingdale Ave., #787, Brandon, FL 33511	rstegemoller@class101.com	Randy Stegemoller and Kim Stegemoller	812-320-3850
292 W Oakdale Ave, Crestview, FL 32536	nbarnes@class101.com	Blackwater Florida College Planning, LLC	850-634-0103
850 NW Federal Highway South, Stuart, FL 34994	mikeoleary@class101.com	TC College Planning, LLC	772-247-2716
658 W Indiantown Rd, Ste 202 Jupiter, FL 33458	familiesfirstrcb@hotmail.com	College Advising of the Palm Beaches, LLC	561-315-6634
13720 6 Mile Cypress Parkway, #2, Fort Myers, FL 33912	terryhiduke@sylvanswfl.com	Hiduke Learning Centers, Inc.	239-691-911
7702 Waters Avenue, Savannah, GA 31406	pcooper@class101.com	High2U, LLC	912-303-7600
3330 Cumberland Blvd SE, Ste 500, Atlanta, GA 30339	atlantanorthwest@class101.com	SOAR For Education, LLC	404-474-7761
3509 Duluth Hwy, Suite 129, Duluth, GA 30096	Kimberlypoole08@gmail.com	Elevation Consulting Services LLC	404-482-3359
8523 West 99th Terrace, Building 25, Palos Hills, IL 60465	mrobinson@class101.com	Running Errands For God LLC	312- 517-0904
309 East Winslow Road, Bloomington, IN 47401	kstegemoller@class101.com	Stegemoller Enterprises Corp.	812-320-3702
20 Executive Drive Suite I, Carmel, IN 46032	astegemoller@class101.com	Stegemoller Enterprises Corp.	317-975-1012
6550 Sprint Parkway, Suite 200, Overland Park, KS 66211	lmungia@class101.com	CollegeReadiness, LLC	913-214-1113
1106 South Main Street, Suite C, London, KY 40741	dbowling@class101.com	College Planning Solutions, LLC	606-658-4580
301 E Center St, Madisonville, KY 42431	saralutz@class101.com	Class 101 West Kentucky, LLC	270-452-2522

2039 Regency Road, Suite 8, Lexington, KY 40503	tpabin@class101.com	College Finance & Planning, Inc.	859- 277-2371
15 Tyngsboro Rd., Unit 6A, North Chelmsford, MA 01863	curbine@gmail.com	CU Educational Services, LLC	978-602-5691
Bethesda, MD[1]	jpfaff@class101.com	Admiral & GP LLC	240-472-0889
725 S. Adams Road Ste 150, Birmingham, MI 48009	roza@class101.com	RDMA LLC	248-602-7021
398 East Main Street, Ste 222 Tupelo, MS 38804	wgordon@class101.com	McHenry Educational Services LLC – Amber McHenry	662-213-1361
15457 Clayton Road, Ballwin, MO 63011	gjones@class101.com	L & G Educational Services, LLC - Gary & Linda Jones	636-299-1944
3300 South National Avenue, Springfield, MO 65807	lgoslee@class101.com	MO Learning, LLC	417-708-5650
1731 Union Ave. Suite B, Hazlet, NJ 07730	lciccone@class101.com	N.J. College Advisors LLC	732-835-5110
31 Sheridan Ave, Ho-Ho-Kus, NJ 07423	skastin@class101.com	SDK Prep LLC	201-781-5673
8300 Wyoming Blvd NE #1022, Albuquerque, NM 87113	kevinlowrie@gmail.com	Class 101 ABQ NE LLC	719-440-5745
600 Fishers Station Dr., Victor, NY 14564	tshanahan@class101.com	Trinity Student Planning, LLC	585-632-0101
942 Weymouth Court Victor, NY 14564	tshanahan@class101.com	Trinity Student Planning, LLC	585-632-0101
140 Towerview Ct, Suite 101, Cary, NC 27513	wakecounty@class101.com	Banyan Services, LLC	919-867-7101
890 South Kerr Avenue, Wilmington, NC 28403	wangl@class101.com	Wilmington Educational Services LLC	910-200-4719
10611 E. Washington St, Chagrin Falls, OH 44023	azahuranec@class101.com	Prism Consulting Group, LLC	216-404-7777
Dublin, OH[1]	jkasu@class101.com	Kasu Higher Education Services Ohio LLC	609-902-2037
36 South Richards Run, Springboro, OH 45066	kderosa@class101.com	DeRosa Consulting, Inc.	937-705-5113
7967 Cincinnati Dayton Road,Suite k-1, West Chester, OH 45069	necincy@class101.com	Admission Strategies LLC	513-296-7770
5901 Chandler Court, Westerville, OH 43082	dcrumrine@class101.com	Thomas D. Crumrine Sr.	614-942-0247
2405 Wilcox Drive, Norman, OK 73069	rcook@class101.com	Triumph College Planning, LLC	405-217-4911
Westt Linn, OR[1]	westlinnor@class101.com	AE 101 LLC	971-202-0882
510 B Main Street, Irwin, PA 15642	jizzo@class101.com	Class 101 Pittsburgh LLC	724-991-3643

951 Market St #201, Fort Mill, SC 29708*	jenndonohue@class101.com	Fellow Educators, LLC*	803- 889-2488
2158 Northgate Park Lane, Suite 416, Chattanooga, TN 37415	kerwin@class101.com	Chattanooga College Planning Services LLC	423-822-2191
504 Autumn Springs Ct, Ste. A-2, Franklin, TN 37067	KFeamster@class101.com	KFCPS, LLC	615-349-4525
1621 Gingerwood Dr., Murfreesboro, TN 37129	emurry@class101.com	Life Prep 4 Success, LLC	615-549-0781
4117 Hillsborough Pike Street, Suite 103-204, Nashville, TN 37215	KFeamster@class101.com	KFCPS, LLC	615-349-4525
Brazos County (College Station), TX[1]	Clys@myclass101.com	Karma College Management, LLC	(254) 723-3499
16718 House & Hahl Rd. Ste S, Cypress, TX 77433	kjones@class101.com	JamKat Holdings, LLC	281-758-8533
1420 Robinson Road #220, Corinth, TX 76210	tmckay@class101.com	McKay Educational Enterprises, LLC	940-231-2302
2750 Churchill Drive, Ste 130, Flower Mound, TX 75022	markovercash@class101.com	Empowering Creative Solutions, LLC	(817) 663-2262
9800 Hillwood Parkway, Fort Worth, Texas 76177 (Alliance)	markovercash@class101.com	Empowering Creative Solutions LLC	817-663-2262
Fulshear, TX[1]	schhabra@class101.com	Daksh Academy LLC	(208) 713-4165
3200 S. Carrier Pkwy, Suite 102, Grand Prairie, TX 75052	tlewis@class101.com	Conatonigia Lewis	972-675-7899
1825 W. Walnut Hill Lane STE 120, Irving, TX 75038	rswanigan@class101.com	Ronda Swanigan	972-738-8505
1526 Katy Gap Road, Suite #903, Katy, TX 77494	tmamtora@class101.com	SkyScreen LLC	281-406-3004
1030 Andrews Hwy Suite 219, Midland, TX 79701	elittleton@class101.com	College Planning Pros, LLC	432-203-0890
387 W Mill St, New Braunfels, TX 78130	newbraunfels@class101.com	The Educational Consultants LLC	(972) 999-3703
9292 Huntington Square, Suite 200, North Richland Hills, Texas 76182 (MidCities)	markovercash@class101.com	Empowering Creative Solutions, LLC*	817-663-2262
Prosper-Frisco, TX[1]	scook@myclass101.com	Triumph Planning North Texas, LLC	(469) 514-9599
3114 Carnousty Street, Round Rock, TX 78664	nrogers@class101.com	Brown Educational Services & Training, LLC	512-900-6610
609 Dulles Ave, Stafford, TX 77477	ananji@class101.com	Dreams & Success LLC	(281) 766-3040
350 Nursery Rd Ste 1101, The Woodlands, TX 77380	nrogers@class101.com	Brown Educational Services & Training, LLC	512-900-6610

Williamson County, TX[1]	ecarlton@class101.com	Prepared Pathways S&S, LLC	(270) 836-6017
125 Topeka Dr. Suite B, Woodway, TX 76712	mwilliams@class101.com	Williams Educational Services, LLC	254-294-3327
44679 Endicott Drive, Ste 339, Ashburn, VA 20147	mporche@class101.com	Academic Allies and Advocates, INC	(570) 240-2640
1021 Eden Way N, Suite #116, Chesapeake, VA 23220	qmoody@class101.com	3 Steps Consulting, LLC	757-251-0417
1720 Merrill Avenue, Wausau, WI 54401	pknezic@class101.com	Pamela Knezic	715-539-6488

Note 1: These franchisees are operating at a temporarily location and do not yet have a permanent retail location

* Denotes Developer

LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS BUT WERE NOT YET OPEN AS OF DECEMBER 31, 2024

FRANCHISEE NAME	PHONE	CITY	STATE
LUD Inc - Joe Liu	949.552.3025	Irvine	California
Dream Island Learning LLC - Zhuo Chen	310.773.7555	Sherman Oaks	California
Thomas Jung*	646.244.7194	West Hollywood	California
Daksh Academy LLC - Sudhaker Chhabra	208.413.4165.	S.Boise	Idaho
J&N Education Services LLC - Judy Cornell	618.530.7249	O'Fallon	Illinois
Michael J Borcherding	720.382.8426	NW Omaha	Nebraska
Kasu Higher Education Services Ohio LLC - Prabhakar Kasu*	609.902.2037	Dublin	Ohio
Fellow Educators LLC - Jennifer Donohue	203.217.2034	Indian Land	South Carolina
K. Faulk Development, LLC – Kelley S. Faulk	936.615.9094	Nacogdoches	Texas
Learning Force LLC - Shehryar Mohiuddi	770.990.4494	Leesburg	Virginia
Empower Academy LLC - Aashish Palla	703.557.7326	South Riding	Virginia

* Denotes Developer

LIST OF CORPORATE OR AFFILIATE-OWNED OUTLETS AS OF DECEMBER 31, 2024

State	Address	Email Address	Franchisee	Phone Number
None.				

FRANCHISES WHOSE AGREEMENTS WERE TERMINATED, CANCELLED, TRANSFERRED, NOT RENEWED, OR WHO CEASED DOING BUSINESS AS OF DECEMBER 31, 2024 OR WHO HAS NOT COMMUNICATED WITH THE FRANCHISOR WITHIN 10 WEEKS OF THE DISCLOSURE DOCUMENT ISSUANCE DATE

FRANCHISEE	CITY	STATE	CONTACT
Educational Consulting of Southeastern Connecticut Inc. – Steven Criag	Norwich	Connecticut	860.908.5476
BICO, LLC – Maria Vidas	Doral	Florida	954.599.3116

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

EXHIBIT J

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

SAMPLE FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND ____ AMENDMENT TO FRANCHISE AGREEMENT

[__]

This Assignment and Assumption of Franchise Agreement and ____ Amendment to Franchise Agreement ("Agreement") is entered into on _____ (the "Effective Date") between Class 101 Franchise, LLC, a Delaware limited liability company ("Franchisor"), _____, a _____ each an adult individual ("Assignor"), and _____, a _____ _____ ("Assignee"). Franchisor, Assignor, and Assignee may be referred to herein as a Party or collectively as the "Parties."

WHEREAS, Franchisor and Assignor entered into that certain franchise agreement dated _____ where Assignor obtained the right and undertook the obligation to develop a CLASS 101 business in _____ ("Franchise Agreement");

WHEREAS, Assignor desires to assign to Assignee all of its interest, rights, duties, and obligations in the Franchise Agreement (the "Assignment"); and

WHEREAS, pursuant to the Franchise Agreement, the parties acknowledge that the Assignment requires Franchisor's consent, and Franchisor desires to provide its consent pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. ASSIGNMENT AND ASSUMPTION. Assignor assigns and transfers to Assignee all of its interest, rights, and duties under the Franchise Agreement. Assignee hereby accepts such rights, assumes all of Assignor's obligations, and agrees to be bound by and observe and faithfully perform all duties as if the Franchise Agreement were originally written with Assignee as the "Franchisee."
2. AMENDMENT TO FRANCHISE AGREEMENT. Attachments _____ of the Franchise Agreement are superseded and replaced with attachments included herewith in Exhibit A.
3. WAIVER OF RIGHT OF FIRST REFUSAL AND FORMAL NOTICE REQUIREMENTS. Pursuant to the Franchise Agreement, Franchisor consents to the Assignment conditioned on the Parties' satisfaction of all conditions set forth herein and the full and complete execution of this Agreement. The Parties acknowledge and agree that Franchisor's consent applies only to the Assignment contemplated by this Agreement. Any and all future assignments or transfers are subject to the terms of the Franchise Agreement and remain subject to Franchisor's further consent. Franchisor waives any obligations of the Assignor to comply with any formal notice requirements under the Franchise Agreement with respect to the Assignment contemplated by this Agreement.
4. INDEMNITY. Except for granting its consent to the assignment, the Assignor and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, representatives, heirs, administrators, executors, and ancestors ("Assignor Parties") and Assignee and each of their past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members, managers, agents, attorneys, employees, representatives, heirs, administrators, executors, and ancestors ("Assignee Parties") acknowledge and agree the Class 101 Franchise, LLC, UA Holdings, LLC, Unleashed Brands, LLC, Unleashed Services, LLC, and each of their respective past and present parents, subsidiaries, affiliates, predecessors, successors, assigns, officers, directors, shareholders, partners, owners, members,

managers, agents, attorneys, employees, and representatives ("Franchisor Parties") have exercised no influence over and have taken no part in the Assignment. Accordingly and to the fullest extent permitted by applicable law, the Assignor Parties and the Assignee Parties shall unconditionally indemnify, defend, and hold harmless the Franchisor Parties from all claims and losses and expenses incurred in connection with any third-party action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof entered into with the written approval of Assignor, which approval will not be unreasonably withheld, conditioned or delayed (whether or not a formal proceeding or action has been instituted), arising out of or related to the Assignment other than any claims or losses and expenses arising from any action, suit, proceeding, claim, demand, investigation, or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted), by a governmental authority arising from Franchisor's actual or alleged non-compliance with applicable franchise laws.

5. GENERAL RELEASE. Assignor Parties shall execute the general release in the form attached hereto as Exhibit B.
6. Miscellaneous Provisions.

A. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the Parties concerning the subject matter hereof, supersede any prior agreement or representations made between the parties, either written or oral, and may only be modified in writing. The parties shall execute such further documents and do any and all further things necessary to implement and carry out the intent of this Agreement.

B. COUNTERPARTS. To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature or acknowledgment of, or on behalf of, each party, or that the signature of all persons required to bind any party, or the acknowledgment of such party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, and the respective acknowledgments of, each of the parties hereto. Any signature or acknowledgment page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures or acknowledgments thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature or acknowledgment pages.

C. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, administrators, successors, and assigns.

D. GOVERNING LAW, VENUE, & ATTORNEYS' FEES. This Agreement and the performance of all the obligations set forth in this Agreement shall be governed, construed, and enforced by the laws of the State of Texas and this Agreement shall be performable and venue shall lie exclusively in the county in which the Franchisor is headquartered. If either party employs an attorney to enforce the terms of or defend a claim brought under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees, court costs and expenses incurred. Prevailing party shall mean the party who substantially prevails on the claims or defenses asserted without regard to whether such party recovered any relief, direct benefit, or monetary damages.

E. ENFORCEABILITY. If any one or more of the provisions contained in this Agreement are, for any reason, held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision thereof, and this Agreement will be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

F. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL

PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

INTENDING TO BE LEGALLY BOUND, the parties have executed this Agreement to be effective on the Effective Date.

ASSIGNOR:

___,
a ____ each an adult individual

ASSIGNEE:

___,
a ____

By: _____
, its

FRANCHISOR:
CLASS 101 FRANCHISE, LLC
a Delaware limited liability company

By: _____
Jamie Clark, its President

FRANCHISEES AND DEVELOPERS OPEN AS OF DECEMBER 31, 2024

EXHIBIT A

TO ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND

_____ AMENDMENT TO FRANCHISE AGREEMENT

REPLACEMENT ATTACHMENTS

(Please see Attachments C to I attached to Class 101 franchise agreement in Exhibit D to this disclosure document)

EXHIBIT B

TO ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT AND

_____ AMENDMENT TO FRANCHISE AGREEMENT

GENERAL RELEASE

(Please see the sample general release attached as Exhibit F to this disclosure document)

EXHIBIT K

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This disclosure document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	April 21, 2025
Indiana	April 21, 2025
Maryland	Pending
Michigan	April 14, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	April 21, 2025
Virginia	April 21, 2025
Washington	Pending
Wisconsin	April 21, 2025

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

EXHIBIT L

TO THE CLASS 101®
FRANCHISE DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Class 101 Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan 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.

If Class 101 Franchise, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state regulatory agency listed in Exhibit B. Franchisor authorizes the respective state agencies identified on Exhibit C to receive service of process for it in a particular state.

The name, principal business address, and telephone number of the franchise seller offering the franchise is:

Name	Principal Business Address	Telephone Number
Josh Barker	2350 Airport Freeway, Suite 505, Bedford, TX 76022	866.501.2331

Issuance Date: April 14, 2025.

I received a disclosure document dated April 14, 2025 (or the date reflected on the State Effective Dates Page), that included the following Exhibits:

State-Specific Appendix; Exhibit A - Operations Manual Table of Contents; Exhibit B - List of State Administrators; Exhibit C - List of Agents for Service of Process; Exhibit D - Franchise Agreement, Attachments and State-Specific Amendments; Exhibit E - Franchise Disclosure Questionnaire; Exhibit F--Sample Form of General Release; Exhibit G - Development Agreement, Attachments, and State Specific Amendments; Exhibit H - Financial Statements; Exhibit I - List of Current Franchisees and Former Franchisees; Exhibit J - Sample Form Of Assignment And Assumption Agreement; Exhibit K – State Effective Dates; and Exhibit L – Receipts.

_____ _____

Print Name Signature

_____

Date

If signing on behalf of a company in addition to individually, please complete the following:

_____ _____

Print Name Signature

Keep this copy for your records.

RECEIPT

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Class 101 Franchise, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement or make a payment with franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable law.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan 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.

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_____ _____

Print Name Signature

_____

Date

If signing on behalf of a company in addition to individually, please complete the following:

_____ _____

Print Name Signature

Please sign this copy of the receipt, date your signature, and return it by mail to
Josh Barker, 2350 Airport Freeway, Suite 505, Bedford, Texas, 76022.