

FRANCHISE DISCLOSURE DOCUMENT

KLDiscovery®

KLDISCOVERY FRANCHISING, LLC
a Delaware limited liability company
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The franchise offered is for a business that sells electronic discovery, governance, data management, data recovery, and technology solutions to clients that include corporations, law firms, and insurance companies, operating under the KLDiscovery® trademarks.

The total investment necessary to begin operation of a KLDiscovery franchise ranges from \$118,315 to \$162,765. This includes \$53,000 to \$54,000 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Franchise Department at 9023 Columbine Road, Eden Prairie, Minnesota 55347, or by phone at +1 (888) 811-3789.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C., 20580. You can also visit the FTC's home page at www.ftc.gov 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 19, 2024

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 Exhibit H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Exhibit H summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only KLDISCOVERY 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 an KLDISCOVERY franchisee?	Item 20 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 C.

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Delaware. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in Delaware than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** This franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
4. **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 franchised business.
5. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
6. **Pre-Approval of Clients Required.** The franchisor requires franchisees to receive its written approval prior to (i) contacting any potential clients, and (ii) responding to any inquiries from potential clients. Franchisees are permitted to contact or respond to potential clients only after the franchisor provides its written approval of each client. This pre-approval requirement may limit the clients to who franchisees can sell the franchise services and may limit a franchisee's ability to provide reasonable customer service to customer inquiries, both of which may reduce a franchisee's ability to make a profit in the franchise business.

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

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EXHIBITS

- Exhibit A – Franchise Agreement
- Exhibit B – Technology User Agreement
- Exhibit C – State Administrators / Agents for Service of Process
- Exhibit D – Financial Statements
- Exhibit E – Table of Contents of Operations Manual
- Exhibit F – Form of General Release
- Exhibit G – State-Specific Addenda and Agreement Riders
- Exhibit H – Franchisee Lists
- Exhibit I – Receipts

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

Introduction

To simplify the language in this franchise disclosure document (this “Disclosure Document”), “KLDDiscovery,” “we,” and “us” mean KLDDiscovery Franchising, LLC, the franchisor. “You” means the person who buys a franchise from us. You may sign a franchise agreement as an individual, or operate your franchise as a corporation, limited liability company, or general or limited partnership. If you operate your franchise as an entity, your owners will have to guarantee your obligations and be bound by the provisions of your Franchise Agreement and other agreements as described in this Disclosure Document. Each owner’s spouse will also be required to sign the guaranty to consent to such owner’s execution of the guaranty.

The Franchisor and Our Agents for Service of Process

We are a limited liability company that was formed in Delaware on December 13, 2022. We began offering franchises as of May 2, 2023. We conduct business under our corporate name and the name “KLDDiscovery.” Our principal business address is 9023 Columbine Road, Eden Prairie, Minnesota, 55347. We do not operate businesses of the type being offered in this Disclosure Document, we do not have any other business activities, and we have not offered any franchises in any other lines of business.

Our agents for service of process are disclosed in Exhibit C.

Our Parent, Predecessors and Affiliates

We do not have any predecessors.

Our affiliate, KLDDiscovery Ontrack, LLC, a Delaware limited liability company (“KLD Ontrack”), owns the Marks (defined below) and has licensed us to use and sublicense the use of the Marks and software programs we require for franchisees. KLD Ontrack is also the sole and exclusive provider of electronic discovery (“eDiscovery”), governance, data management, data recovery, and other related technology services that we authorize or mandate for franchisees (collectively, “Services”).

Our and KLD Ontrack’s parent is KLDDiscovery Holdings, Inc., a Delaware corporation (“Holdings”). Holding’s parent is LD Topco, Inc., a Delaware corporation (“Topco”). Topco’s parent is KLDDiscovery Inc., a Delaware corporation (“KLD”). Holdings, Topco, and KLD share our principal business address.

Except as provided above, we have no parents or affiliates that sell, or have sold, franchises in any line of business, and we have no other affiliates that provide products or services to our franchisees.

Overview of Franchisor’s Business and Franchise Offered:

We offer the opportunity to develop a business that sells eDiscovery, governance, data management, data recovery, and technology solutions provided by KLD Ontrack or other designated suppliers to clients that include corporations, law firms, and insurance companies (each, a “Franchised Business”). We will refer to the Franchised Business that you will operate as “your Business.” As a franchisee, you will operate a Franchised Business by creating and maintaining client relationships and entering into contracts directly with clients that we approve.

Your Business will operate under the “KLDDiscovery” service mark and other trademarks, service marks, logos, and commercial symbols we periodically authorize (the “Marks”) at a location approved by

us (the “Office”). Franchised Businesses will offer the products and services we authorize, and use our distinctive business formats, business system, methods, procedures, signs, designs, layouts, standards, specifications, and the Marks, all of which we may periodically improve, further develop, or otherwise modify (collectively, the “System”).

To acquire a franchise for a Franchised Business, you must enter into a Franchise Agreement (the “Franchise Agreement”), which is attached as Exhibit A to this Disclosure Document.

The Franchise Agreement, along with our franchisee policy manual(s) (the “Operations Manual”), which we may modify as we see fit, govern the development and operation of your Business. The KLDDiscovery franchise model contemplates that our affiliate, KLD Ontrack, will provide the Services to clients of your Business and we will invoice all fees from clients to be remitted to your Business Account (as defined in Item 6 below). We will deduct from your Business Account all fees owed to us or our affiliates monthly, including Royalties and Administrative Services Fees (as defined in Item 6 below).

Overview of Industry and Competition

The market for eDiscovery businesses is new and rapidly evolving. You will compete with a wide range of businesses offering various types of services within the field of technology, from small independently owned enterprises to large national and international companies. You will offer services to a broad range of clients; however, most clients consist of law firms, insurance companies, and other corporations who have a need for data management and related services. The demand for the services offered by your Business is not seasonal, though some seasons may be busier than others, depending on the nature of each client’s business.

Overview of Industry-Specific Regulations

The technology industry is heavily regulated. You may also encounter regulations specific to the industries of the clients your Business serves. You must comply with all federal, state, and local laws that apply to the establishment and operation of Franchised Businesses. These laws and regulations may include, but are not limited to, the General Data Protection Regulation (GDPR), Health Insurance Portability and Accountability Act (HIPAA), the Sarbanes-Oxley Act, Payment Card Industry Data Security Standard (PCI-DSS), the Federal Information Security Management Act of 2002 (FISMA), the Gramm-Leach-Bliley Act (GLBA), and insurance, equal-employment opportunity, OSHA regulations, non-discrimination, employment, sexual harassment laws, the Fair Labor Standards Act (and similar state or local statutes), and laws governing the payment of wages (including, overtime wages, minimum wages, and paid sick leave).

Many of the laws, rules and regulations vary from jurisdiction to jurisdiction. You must learn and comply with the laws, rules, and regulations for the type of business you will have and the area where it will be located.

Failure to comply with the laws, rules, regulations, and licensing requirements could adversely affect your Business and operations and could subject you to tax, civil, and criminal penalties. The laws, rules, regulations, and licensing requirements that will govern your Business may change over time and these changes could adversely affect your Business and operations. You should consider these laws, rules, regulations, and licensing requirements when evaluating your purchase of a franchise.

ITEM 2.
BUSINESS EXPERIENCE

Chris Weiler: Chief Executive Officer & President

Mr. Weiler has been our Chief Executive Officer and President since our inception, and he has been the Chief Executive Officer for KLD Ontrack (and its predecessor) since January 2005. Mr. Weiler primarily performs his job responsibilities from Washington D.C.

Dawn Wilson: Chief Financial Officer

Ms. Wilson has served as our Chief Financial Officer since our inception, and the Chief Financial Officer for KLD Ontrack (and its predecessor) since September 2017. Ms. Wilson primarily performs her job responsibilities from Washington D.C.

Danny Zambito: Chief Operating Officer

Mr. Zambito has been our Chief Operating Officer since our inception, and the Chief Operating Officer for KLD Ontrack since July 2021. Since August 2008, Mr. Zambito has served in various roles for KLD Ontrack (and its predecessor), including Senior Vice President of Global Legal Technologies from January 2017 to July 2021. Mr. Zambito primarily performs his job responsibilities from Washington D.C.

Krystina Jones: Chief Revenue Officer

Ms. Jones has been our Chief Revenue Officer since our inception, and the Chief Revenue Officer for KLD Ontrack since January 2023. Since October 2006, Ms. Jones has served in various roles for KLD Ontrack (and its predecessor), including Executive Vice President of Global Sales & Marketing from May 2021 to January 2023, and Executive Vice President of Global LT Sales & Marketing from February 2019 to May 2021. Ms. Jones primarily performs her job responsibilities from Miami, Florida.

Oscar Vega: Executive Vice President, Global Sales & Marketing

Mr. Vega has been our Executive Vice President, Global Sales & Marketing since our inception, and the Executive Vice President, Global Sales & Marketing since January 2023. From August 2019 to December 2022, he was Senior Vice President of Global Sales & Marketing, and from September 2018 to July 2019, he was Vice President of Global LT Sales. Mr. Vega primarily performs his job responsibilities from Chicago, Illinois.

Andrew Southam: General Counsel

Mr. Southam has been our General Counsel since our inception, and General Counsel for KLDDiscovery Limited since September 2017. He primarily performs his job responsibilities from London, England.

Robert Hunter: Executive Vice President of Global IT and eDiscovery Operations

Mr. Hunter has been our Executive Vice President of Global Information Technology and eDiscovery Operations since our inception, and the Executive Vice President of Global Information Technology and eDiscovery Operations for KLD Ontrack since December 2019. Since March 2008, Mr. Hunter has served in various roles for KLD Ontrack (and its predecessor), including Senior Vice President,

Global IT and eDiscovery Operations from September 2017 to October 2019. Mr. Hunter primarily performs his job responsibilities from Minneapolis, Minnesota.

Gideon Kaplan: Associate General Counsel

Mr. Kaplan has been our Associate General Counsel since our inception, and the Associate General Counsel for KLD Ontrack since February 2021. Mr. Kaplan previously served as Commercial Counsel for KLD Ontrack (and its predecessor) from July 2018 to February 2021. Mr. Kaplan primarily performs his job responsibilities from Baltimore, Maryland.

Leon Major: Director, Training & Advisory Services

Mr. Major has been our Director of Training & Advisory Services since our inception, and the Director of Training & Advisory Services for KLDDiscovery Limited since February 2022. From March 2019 to February 2022, Mr. Major served as KLDDiscovery Limited’s Solutions Architect, and from January 2018 to March 2019, Mr. Major served as KLDDiscovery Limited’s Senior eDiscovery Technologist. Mr. Major primarily performs his job responsibilities from London, England.

**ITEM 3.
LITIGATION**

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**

Initial Franchise Fee

You will pay us a non-recurring initial franchise fee of \$50,000 (the “Initial Franchise Fee”). The Initial Franchise Fee is due and fully earned by us when you sign the Franchise Agreement, is payable in a lump sum, and is not refundable under any circumstances.

Technology System Components

You must acquire the Technology System (defined in Item 7 below) before you commence your Business. We (or our affiliate) will provide certain computer hardware components of the Technology System to you, including a laptop, smartphone, monitor, docking station, computer mouse, and keyboard. The laptop will come pre-loaded with certain required software to operate your Business. You must pay us (or our designated affiliate) between \$3,000 and \$4,000 for this portion of the Technology System, depending on the specific components. This amount is due before you open your Business, is payable in a lump sum, and is not refundable under any circumstances.

ITEM 6.
OTHER FEES

Type of Fee¹	Amount	Due Date	Remarks
Royalty	8% of Gross Revenue	Monthly, the 25 th of each month, based on Gross Revenue on the previous month	See Note 2.
Administrative Services Fee	5% of Gross Revenue	Monthly	Collected in the same manner as Royalty payments. This fee will offset the expenses incurred by us for billing and collection services. See Note 3.
Interest	Lesser of 1.5% per month or the highest commercial contract interest rate allowed by law	As required	Applies to late payments you owe to us. Payment of late fee by you does not waive any of our rights under the Franchise Agreement or law. See Note 4.
Costs and Attorney's Fees	Will vary	As incurred	Payable if you fail to comply with the Franchise Agreement or if we incur legal fees or costs related to a customer of your Business.
Additional or Ongoing Training	\$1,250 per day	As arranged	If additional training is required after the Initial Training Program (as defined in Item 11) we may charge you a then-current fee for additional training. This charge is subject to increase based on our incurred costs. See Note 5.
PM Training (After Opening)	\$3,500 per trainee, plus our costs and expenses	As incurred	If a PM (as defined in Item 15) is hired during the operation of your Business, the PM will be required to complete the PM training to our satisfaction before the PM may provide services for your Business. This charge is subject to increase based on our incurred costs.
Non-Compliance Fee	\$500 per occurrence	As incurred	If you are in default of the Franchise Agreement, we may charge you our then-current non-compliance fee, per month such default remains uncured. The non-compliance fee is payable to us in the same manner as Royalty payment and is not a waiver of any of our other rights and remedies under the Franchise Agreement.

Type of Fee ¹	Amount	Due Date	Remarks
Insufficient Funds	\$25 per occurrence	As required	We may charge you this fee for each time you maintain insufficient funds in your Business Account when we attempt to debit such account. We may attempt to debit your account until funds are available (but no more than once every 5 days) and you will be charged this fee for each instance in which the funds are not available.
Alternative Supplier Evaluation Fee	Not to exceed \$10,000 per request, plus our costs and expenses	When you request an alternative supplier	If you would like to purchase or use any products, services, supplies or materials from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier before purchasing any such products, services, supplies or materials. This amount does not include our reasonable out-of-pocket costs. See Item 8.
Transfer Fee	75% of then-current Initial Franchise Fee	At time of transfer	Applies to a transfer of your Business' ownership, possession, or control, or substantially all of its assets. This fee covers our assessment of transferee's qualifications, training, and early support. See Item 17. If shares are being transferred between existing owners, or if a new shareholder is being added that does not change the majority ownership of you, the transfer fee is \$5,000 plus reimbursement for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees.
Successor Franchise Fee	\$5,000	At time of election of Successor Franchise	This fee covers the administrative costs of granting you a Successor Franchise. See Item 17.
Indemnification	Will vary	As incurred	You must indemnify and hold us harmless for all loss, damage, claims or demands arising from your Business and/or its operations.
Termination Fee	\$100,000	Effective date of termination	At any time after the second anniversary of the effective date of the Franchise Agreement, you may terminate the Franchise Agreement with 90 days' prior written notice to us, at your option, if you are then in compliance with your Franchise Agreement and you pay amounts owed to us, including this Termination Fee. We do not charge this Termination Fee if we terminate the Franchise Agreement, though you may be required to pay Lost Revenue Damages.

Type of Fee ¹	Amount	Due Date	Remarks
Lost Revenue Damages	The applicable amount of Lost Revenue Damages, as further defined in the Remarks	Within 15 days after Franchise Agreement is terminated	If you terminate the Franchise Agreement without cause or we terminate the Franchise Agreement for your breach, you must pay us an amount equal to the net present value of: (1) the lesser of two years or the scheduled expiration of the term of your Franchise Agreement (the "Measurement Period"), multiplied by (2) the number of calendar months in the Measurement Period, multiplied by (3) the sum of the Royalty percentage and the Administrative Services Fee, multiplied by (4) the average monthly Gross Revenue of your Business during the 12 full calendar months immediately before the termination date. However, if (i) as of the termination date, your Business had not operated a full 12 calendar months, monthly average Gross Revenue will equal the average monthly Gross Revenue for all Franchised Businesses during the previous fiscal year. See Note 6.
Insurance	Cost of premium paid by us, plus a 10% service charge	As incurred	Paid only if you do not maintain insurance as required by us, and we choose to pay the policy premium(s) to keep the insurance in full force for your Business. We are not obligated to make such payment(s).
Taxes	Amount of taxes due, plus a 10% administrative fee	As incurred	Payable if you fail to timely pay any tax due required by law and we make such payment(s) on your behalf.
System Modification	Actual costs and expenses	As incurred, upon invoice by us	If we make changes to the System, you will be responsible for all costs and expenses incurred in adapting your Business to conform to the changes and our specifications. We may designate payment of some or all of these fees to a third party.
Audit	Actual costs, plus out-of-pocket expenses	Within 15 days of invoice	You pay all costs related to our audit of your books and records if we conduct the audit because you fail to timely furnish required reports or if the audit reveals that you have understated or underpaid the amounts you owe by more than 2%. See Note 7.
KLD Ontrack Service Fees	Varies	As incurred, upon invoice by KLD Ontrack	You must engage KLD Ontrack to provide the Services to your clients. Fees will vary depending on services. The then-current service fee amounts will be provided to you prior to any of your engagement with clients. KLD Ontrack may designate us to collect these service fees from you directly on their behalf. See Note 8.

Accompanying Footnotes:

1. All fees are imposed by and payable to us, except as otherwise noted in the table, are non-refundable and fully earned by us upon receipt. Unless otherwise noted, we uniformly impose the fees described in the table. You must make all payments due us or our affiliates in the manner we designate, and you must authorize us and/or any third party we designate to debit your Business Account (as defined below) automatically for any or all amounts due to us or our affiliates by signing an Electronic Funds Transfer Authorization (the “EFT Authorization”), which is attached as Attachment C to the Franchise Agreement. Such EFT Authorization shall remain in full force and effect during the term of the Franchise Agreement. You must ensure that funds are readily available in your Business Account to cover our withdrawals.

You must set up a business checking account with our approved vendor that can receive payments from your clients (your “Business Account”). We may designate certain banks and financial institutions at which such Business Account must be held (currently, Bank of America). Each month, on a date we determine (currently the 1st day of each calendar month), you will remit to us via electronic debit an amount equal to all payments due from you to us or our affiliates, including but not limited to Royalty payments and Administrative Services Fees for the prior month (the “Balance Payment”). Upon our written request, you must promptly provide us with copies of the Business Account’s daily bank statements showing the collections received by you during the requested period of time.

On or before the 25th day of each calendar month for the previous month, we will provide you with one or more statements (the “Statements”) setting forth all amounts due during the applicable period in the format that we determine. You must promptly provide us with read-only access of your Business Account such that we can perform the collection administrative services on your behalf.

2. *Royalty.* You must pay us a monthly royalty fee (the “Royalty”) equal to 8% of Gross Revenue derived during the preceding month, excluding Gross Revenue from Managed Review Services (as defined below). Royalty fees will be based on invoices generated by us or our affiliates for all services and products provided to your clients. “Gross Revenue” means all invoiced amounts generated, directly or indirectly, from the operation of your Business, regardless of the amount collected on such invoiced amounts. Gross Revenue includes the fair market value of any barter transactions and the proceeds of any business interruption insurance or similar insurance. Gross Revenue does not include any federal, state, or municipal use or service taxes invoiced to clients. You will be required to pay all federal, state, or municipal use or service taxes collected from clients to the appropriate taxing authority. “Managed Review Services” are document review services provided by attorneys.

3. *Administrative Services Fee.* In consideration for the billing and collection services we provide, you will pay us an administrative services fee equal to 5% of Gross Revenue derived during the preceding month, excluding Gross Revenue generated from Managed Review Services (the “Administrative Services Fee”).

4. *Interest.* All past-due amounts that you owe us for any reason will bear interest accruing as of their original due date at the lesser of 1.5% per month or the highest commercial contract interest rate allowed by law. We may debit your bank account automatically for service charges and interest. Our application of interest is not our agreement to accept any payments after they are due or our commitment to extend credit to you or finance the operation of your Business.

5. *Additional or Ongoing Training.* If we determine that you, your Operating Principal (as defined in Item 15), or any of your PMs (as defined in Item 15) are not properly trained to provide the services offered by your Business, we may require such person to cease providing services for your Business and/or to be trained by us at our then-current training fee. In addition, if we determine that you or any PM(s) require refresher training during the Term, we may require such individuals to retake all or a portion of the Initial Training Program (as defined in Item 11) or the PM Training (as defined in Item 11), respectively. Additional training will be provided at the times and location(s) of our choice, whether requested by you or us. You will be charged the then-current rate for additional training, plus the cost of transportation, lodging, and other associated expenses. If you or any PM(s) are unable to complete the additional required training to our satisfaction, we may terminate the Franchise Agreement.

6. *Lost Revenue Damages.* Lost Revenue Damages will not limit us from proving and recovering any other damages caused by your breach of the Franchise Agreement.

7. *Audit.* We may, at any time during your business hours, and without prior notice to you, examine your Business' bookkeeping and accounting records, sales and income tax records and returns, and other records. You must cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Business' Gross Revenue, you must pay us the Royalty and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within 15 days after receiving the examination report. Furthermore, if an examination is necessary due to (i) your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis; (ii) if our examination reveals an understatement of Gross Revenue exceeding 2% of the amount that you actually reported to us for the period examined, or (iii) if we or our representatives must re-examine your Business' records or were for any reason prevented from examining your Business' records in full, including because we or our representatives were not granted access to such information; you must reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. We may also charge interest on the overdue amounts at the greater rate of 1.5% per month or the highest amount allowable by law. These remedies are in addition to our other remedies and rights under the Franchise Agreement and applicable law.

8. *KLD Ontrack Fees.* Currently, you must engage KLD Ontrack to provide certain services to your clients on your behalf. KLD Ontrack will charge its then-current service fees, which it will provide to you before you engage your approved clients. This will allow you to evaluate the appropriate price to charge your clients prior to your agreement to perform under any client contract.

ITEM 7.
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment Is To be Made
Initial Franchise Fee ²	\$50,000	Lump sum	Upon signing of Franchise Agreement	Us
Lease/Rent and Deposit ³	\$0 - \$4,000	As arranged	Before opening	Landlord

Type of Expenditure ¹	Amount	Method of Payment	When Due	To Whom Payment Is To be Made
Office furniture ⁴	\$0 - \$1,000	As arranged	Before opening	Designated suppliers
Office equipment & supplies ⁴	\$100 - \$150	As arranged	Before opening	Third parties
Technology System Hardware and Pre-Installed Software ⁵	\$3,000 - \$4,000	As arranged	Before opening	Us or our affiliates
Technology System Additional Software ⁵	\$315	As arranged	Before opening	Designated suppliers
Business Licenses and Permits	\$250 - \$1,500	As arranged	Before opening	Third parties
Insurance ⁶	\$9,500 - \$35,000	As arranged	Before opening	Designated suppliers
Initial Marketing Expenses ⁷	\$10,000 - \$15,000	As arranged	Before opening	Third parties
Costs and Expenses for Initial Training Program ⁸	\$0 - \$3,000	As arranged	Before opening	Third parties (e.g., airlines, restaurants, hotels)
Internet Connection ⁹	\$150 - \$300	As arranged	Before opening	Third-party utility company of your choosing
Membership and Association Dues ¹⁰	\$0 - \$1,000	As arranged	As incurred	Professional Organizations, Associations
Professional Fees ¹¹	\$5,000 - \$7,500	As arranged	As incurred	Attorneys, accountants, consultants
Additional Funds – 3 Months ¹²	\$40,000	As arranged	As incurred	Employees, landlord, suppliers, utilities, etc.
TOTAL	\$118,315 to \$162,765			

Accompanying Footnotes:

1. *General.* Amounts payable to us are non-refundable, unless otherwise indicated. Amounts payable to others (landlord, contractors, vendors, local agents, airlines, hotels, restaurants, suppliers, attorneys, accountants, and consultants etc.) may be refundable based on their policies and your agreements with them.

2. *Initial Franchise Fee.* The Initial Franchise Fee is due and fully earned by us when you sign the Franchise Agreement and is not refundable under any circumstances.

3. *Lease/Rent and Deposit.* While it is anticipated that you will operate your Business from a home office (evidenced by the low end of the range), if you operate your Business from a leased commercial space, you must obtain our acceptance of the location of such premises. Lease agreements vary, but usually require the lessee to pay for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of the Franchised Business. This item includes an estimate of monies that would typically be required to be paid to the landlord on execution of the lease. If you are required to make a rent deposit, it may be refundable under the terms of the lease. You are fully responsible for any lease agreements and rent owed thereunder during the term of your franchise.

4. *Office Furniture; Office Equipment and Supplies.* These amounts will vary depending on the location and size of your Office, the type of equipment you purchase, and the overall set-up of your Business. The low end of the range assumes that you have all required furniture to operate your Office and you need to obtain basic office supplies. The high end of the range assumes that you may need to purchase furniture and other office items that are needed to operate your Office. If the Office is located within your (or your owner's) private home, you must conduct all business related to your Business on separate hardware systems, such as desktop computers, hard drives, and laptops, which will be used solely for your Business. Such hardware systems are a component of the Technology System (as defined below).

5. *Technology System.* You must acquire certain computer hardware, software, and technology services that we periodically specify to be used in connection with your Business (the "Technology System"). As provided in Item 5, we (or our designated affiliate) will provide certain computer hardware (and pre-installed software) components of the Technology System to you. However, you must also acquire certain additional software from third-party vendors, such as Microsoft Office and QuickBooks Essentials, which we estimate to be \$315 over the three-month period after you commence your Business.

6. *Insurance.* You must, at your expense, comply with the requirements regarding insurance coverages that we periodically describe in our Operations Manual. If you fail or refuse to procure and maintain the required insurance, we may (but need not) obtain such insurance on your behalf, in which event you must cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance. We are not limited in pursuing other remedies under the Franchise Agreement should your insurance policies not be maintained. No insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations to us or affiliates. This estimate is based on our current requirements. We make no representation that the coverage will be sufficient for your Business or your purposes. Your lease agreement (if applicable) may require higher insurance limits than those required by us. You may also have to prepay a portion of the first year's premiums for insurance. See Item 8.

7. *Initial Marketing Expenses.* It is anticipated that the majority of expenses you will incur in securing client contracts will be spent on networking and entertainment associated with developing relationships with potential and existing clients. You will be required to rely on previous relationships to secure contracts and create opportunities to develop new relationships for the benefit of your Business. We anticipate that entertainment expenses with potential clients, used for events such as "lunch and learn" sessions or informational open houses, will account for the majority of your initial marketing expenses (estimated to be \$10,000 to \$15,000). See Item 11.

8. *Costs and Expenses for Initial Training Program.* We will provide the Initial Training Program (defined in Item 11) to you (or your Operating Principal, defined in Item 11) at no charge, as such training is covered by your Initial Franchise Fee. The low estimate provided in the chart above assumes

that the Initial Training Program is conducted remotely, and as such, no additional costs and expenses are necessary. However, if we provide any portion of the Initial Training Program on-site at our headquarters or at any other location determined by us, you are responsible for all expenses associated with attending the Initial Training Program, including wages, travel, lodging, and other accommodations. Should any portion of the Initial Training Program take place at the Office, we may charge you any travel and living expenses for the trainer(s) we send to the Office. You are responsible for all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you, your Operating Principal, or your employee(s) (if any) incurs during any and all meetings and/or training courses and programs.

If you decide to hire a PM during the Term, we will provide a training program to your PMs. If you hire any PMs prior to the Commencement Date of your Business, your PMs are required to complete the PM Training to our satisfaction prior to the start of your Business' operations. Such PM training prior to the start of your Business' operations will be provided at no cost to you. If a PM is hired during the operation of your Business, the PM will be required to complete the PM Training to our satisfaction before the PM may provide services for your Business, and we may charge you our then-current fee for such PM Training (currently \$3,500 per trainee, plus our costs and expenses). You are also responsible for any additional expenses incurred during the PM Training, regardless of when such PM Training takes place, including any costs associated with your PM(s) attending the PM Training at our designated training site. This fee may increase without notice to you.

9. *Internet Connection.* Maintaining high-speed internet connection is a crucial and required aspect of your Business. The provided estimates assume 3 months of payments to a third-party utility company of your choice.

10. *Membership and Association Dues.* Membership in a specific professional organization is not required. The low estimate assumes that no professional organizations are joined, while the high estimate assumes membership in a local paralegal association, ACEDS, or similar professional association.

11. *Professional Fees.* This amount accounts for fees paid to attorneys, accountants, and other professionals you may employ during the establishment of your Business. You are required to use a bookkeeping service or certified public accountant to generate monthly financial statements for your Business.

12. *Additional Funds – 3 Months.* The stated estimate covers the additional funds needed for the first 3 months of operation of your Business, including additional marketing expenditures and estimated owner compensation of at least \$10,000 per month for three months. Your actual expenditures in the first 3 months of operation of your Business may vary based on your Business' needs. The estimated initial investment figures shown above for developing and opening a Franchised Business are based primarily on information provided to us by KLD Ontrack and illustrate its experience operating its business under the Marks. We do not directly or indirectly finance any portion of your initial investment.

ITEM 8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

To ensure that our standards and specifications of quality, service, and system development are maintained, we have developed, and may further develop, standards and specifications for the development and operation of Franchised Businesses (the "System Standards"). You are required to offer and sell all

products and services that we periodically specify and to offer and sell only those products and services that we periodically approve. We will provide you our then-current specifications for all required equipment and the Technology System (defined below) (collectively, the “Operating Assets”), as well as for the manner in which Franchised Businesses are operated and the terms and conditions under which services are offered. We may designate, approve, or develop standards and specifications for manufacturers, distributors and suppliers of products and services to your Business, which may be us or our affiliates (collectively, “suppliers”). Our standards and specifications may impose minimum requirements including, for example, as to quality, cost, delivery, performance, design and appearance, delivery capabilities, terms, and conditions under which they are sold to you, and financing terms. We may change, delete, or modify any of our System Standards, and those changes might require that you make additional expenditures. You are required to purchase only the items that we approve or that meet our standards and specifications and, as described below, to purchase those items only from suppliers that we approve or otherwise allow.

Designated and Approved Suppliers

You must operate your Business in strict conformity with your Franchise Agreement, the System Standards, and the methods, standards, specifications, and sources of supply that are designated in the Operations Manual. You must purchase the products and services we periodically designate only from the suppliers we prescribe and only on the terms and according to the specifications we approve. We may also designate certain banks and financial institutions, at which your Business Account must be held (currently, Bank of America). A complete list of designated and approved suppliers is maintained in the Operations Manual, which we may periodically update.

Approval of suppliers may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier. However, the exact criteria for approval of a supplier is considered Confidential Information (as defined in Item 14) that is not available to Franchised Businesses.

We may concentrate purchases with one or more suppliers to obtain lower prices, advertising support and/or services for any group of Franchised Businesses, whether franchised or operated by us or our affiliates. We may also designate a single supplier for any product, service, Operating Asset, or other material, or approve a supplier only for certain products or services. We and/or our affiliates may derive revenue or other material benefits based on your purchases (including from charging you for products and services we or our affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments, services, or consideration we receive from suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our affiliates may use such revenue without restriction. Neither we nor our affiliates derived any revenue from franchisees’ required purchases in fiscal year ended December 31, 2023.

Currently, KLD Ontrack will be the sole and exclusive provider of the Services. You must sign KLD Ontrack’s then-current form of technology user agreement to engage KLD Ontrack for its provision of the Services. The current form of technology user agreement is attached to this Disclosure Document as Exhibit B. You are also required to purchase, lease, or license all computer hardware (including smartphones) and designated software from KLD Ontrack. As disclosed in Item 6, we provide billing and collections services to you. You are required to retain the services of a payroll provider and third-party bookkeeping/accounting firm or utilize industry standard and accepted accounting software to generate monthly financial statements and prepare tax returns. Aside from the above, neither we nor our affiliates currently own an interest in any supplier of products or services to our franchisees, but we may do so in the future.

Insurance

During the Term, you must purchase the required insurance package at your sole expense, including without limitation comprehensive general liability, products and completed operations liability, personal injury liability, advertising injury liability, automobile liability, fire damage legal liability, medical expense liability, property and casualty liability, workers' compensation, management liability, cyber/E&O, and other types of insurance we require. We require you to obtain such insurance from designated or approved suppliers according to the specifications we promulgate in the Operations Manual. These policies must contain the minimum coverage we periodically prescribe and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of *Best Insurance Reports* published by A.M. Best Company (or other similar publication or criteria we designate).

The current minimum insurance requirements are as follows:

Property & Casualty

Line of Business	Minimum Limit
Property	\$25,000 (Business Personal Property) / Actual Loss Sustained (ALS) (Business Income & Extra Expense)
General Liability	\$1,000,000 (each occurrence) / \$2,000,000 (annual aggregate)
Hired & Non-Owned Auto	\$1,000,000 (each occurrence)
Workers' Compensation	Statutory Limits (EL: \$1,000,000)
Umbrella	\$2,000,000 (each occurrence) / \$2,000,000 (annual aggregate)

Management Liability

Line of Business	Minimum Limit
Crime	\$1,000,000
Employment Practices Liability	\$1,000,000

Cyber/Tech Errors & Omissions

You must also obtain Technology/Professional Liability, Media Liability, and Network Security/Privacy (cyber) Liability insurance covering acts, errors, omissions, and breach of contract arising out of your operations or services with a minimum limit of \$1,000,000 per claim and in the aggregate.

Each insurance policy for liability coverage must name us and any affiliates or lenders we designate as additional named insureds, using a form of endorsement that we have approved, and provide for 30 days' prior written notice to us of a policy's material modification, cancellation, or expiration. Each insurance policy must contain a waiver of all subrogation rights against us, our subsidiaries, affiliates, and ours and their successors and assigns. You must routinely furnish us copies of your certificates of insurance or other evidence of your maintaining all required insurance coverage and paying premiums.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for the operation of your Business. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Business that you deem appropriate, based on your own independent

investigation. We are not responsible if you sustain losses that exceed or circumvent your insurance coverage under any circumstances. We may, at any time, establish and require your participation in additional mandatory insurance programs.

We require that you purchase all insurance directly from our approved or designated supplier(s) (currently, Lockton), but we may change the means of payment at any time upon written notice to you. If you do not obtain insurance as required by us in the Franchise Agreement or otherwise, we may pay the policy premium(s) for any lack of insurance such that your Business may be fully covered. For doing so, we may charge you the cost of the premium(s) paid by us, plus a 10% service charge. Our payment of any policy premium(s) with the applicable service charge is not our agreement to finance any portion of your Business.

Use of Alternative Suppliers

If you would like to purchase or use any products, services, supplies or materials from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier before purchasing any such products, services, supplies or materials. Your request must include sufficient specifications and information about the proposed supplier, alongside the then-current fee for evaluation of an alternative supplier (currently estimated to be no more than \$10,000 per request, plus reimbursement of our costs and expenses). Our criteria for approving suppliers is confidential and not made available to franchisees. Under our current evaluation procedure, we will notify you in writing of the approval or rejection of the proposed supplier within 6 months of our receipt of all requested information. If we fail to respond within 6 months, your request will be deemed denied. If we approve your request, we may later revoke our approval by notifying you in writing if the supplier does not continue to meet any of our criteria. You may not directly contract with any alternative supplier without our prior written approval.

We may refuse to consider and/or approve any proposed alternative supplier or product for any reason whatsoever. We are likely to reject your request for a new supplier without conducting any investigation if we have already designated an exclusive supplier for that product or service. We may, with or without cause, revoke our approval of any supplier or product at any time upon written notice to you, and we may periodically reinspect the facilities, products, or services of any approved supplier. Supplier or product approval might be temporary until we evaluate the supplier or product in more detail.

There are no purchasing or distribution cooperatives in place related to Franchised Businesses, though we may elect to form them in the future. We do not provide any material benefits to franchisees based on a franchisee's purchase of particular services or use of particular suppliers. We may negotiate purchase arrangements with some of our suppliers (including price terms) for the benefit of franchisees, but we are under no obligation to do so. We do not currently receive payment, in the form of preferred pricing or rebates, from any suppliers due to franchisee purchases from such suppliers. Neither we nor our affiliates derived any revenue from vendors based on required purchases by franchisees during our prior fiscal year, which ended December 31, 2023.

We estimate that 80% to 95% of your initial investment and 80% to 95% of your ongoing expenditures will require you to purchase products and services that will be restricted by us in some manner. You will not receive any material benefits from your compliance with these standards and specifications, or from your purchases from designated or approved vendors.

ITEM 9.
FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Franchise Agreement or related Agreement(s)	Item in Disclosure Document
a. Site selection and acquisition/lease	4.A	11, 12
b. Pre-opening purchases and leases	4.B, 9.C	7, 11
c. Site development and other pre-opening requirements	4.A, 5.A	7, 11
d. Initial and ongoing training	5.A, 5.B; Technology User Agreement, 3(d)	6, 7, 11
e. Opening	4.E	11
f. Fees	4.C, 6; Technology User Agreement, 1(a)	5, 6, 7, 11
g. Compliance with standards and policies/operating manual	4.B, 5.C, 9.A	1, 11
h. Trademarks and proprietary information	5.C, 9.A, 13; Technology User Agreement, 6	11, 13, 14
i. Restrictions on products / services offered	9.A, 9.C, 9.D; Technology User Agreement, 2(c)	11, 13, 16
j. Warranty and customer service requirements	9.E; Technology User Agreement, 8	11
k. Territorial development and sales quotas	Not Applicable	6, 12
l. Ongoing product/service purchases	9; Technology User Agreement, 4	8
m. Maintenance, appearance, and remodeling requirements	9.A, 9.B; Technology User Agreement, 3(c), 4	7, 11
n. Insurance	10	6, 8
o. Advertising	11	6, 7, 11
p. Indemnification	12.D; Technology User Agreement, 9	6
q. Owner's participation / management / staffing	9.G, 12.A	11, 15
r. Records and reports	14; Technology User Agreement, 5(a)	6
s. Inspections and audits	15	6
t. Transfer	16	6, 17
u. Renewal	3.D	17
v. Post-termination obligations	18; Technology User Agreement, 10(c), 10(d)	17
w. Non-competition covenants	8.A, 18.E	15, 17
x. Dispute resolution	20; Technology User Agreement, 10(j), 10(k)	17
y. Guaranty	2, Attachment B	15

ITEM 10.
FINANCING

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

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

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

Before you begin operating your Business, we or our designee(s) or affiliates will:

1. Provide and deliver to you all required hardware components of the Technology System (as defined below) and required software, as well as written supplier resources for you to purchase collateral marketing materials (Franchise Agreement, 4.C);
2. Provide access to materials for use in promoting KLDDiscovery products and services, including access to the marketing department of our affiliate for guidance and assistance in marketing your Business (Franchise Agreement, 11.A);
3. Set minimum pricing guidelines, as necessary, for the sale of any product or service by your Business (Franchise Agreement, 9.H);
4. Provide you with access to our Operations Manual for use during the term of your Business, via a restricted website, intranet, or via other electronic means (including by sending to you via e-mail) (Franchise Agreement, 5.C); and
5. Conduct the Initial Training Program for you (or your Operating Principal) over a 7-day period, either remotely or in person at a training location we designate, and if necessary or requested, provide up to 3 days of additional initial training at no cost to you (Franchise Agreement, 5.A).

Site Selection

You will operate your Business from a defined location. While it is anticipated that you will operate your Business from a home office, if you operate your Business from a leased commercial space, you must obtain our approval of the location of such premises. We do not provide site selection services or any assistance with (a) conforming the premises to local ordinances and business codes, (b) obtaining required permits, or (c) constructing, remodeling, or decorating the premises. We also do not typically own any premises leased by franchisees from which Franchised Businesses operate. We will condition our approval of a proposed location on whether the site is sufficient for operating your Business, looking at factors such as your ability to access the site easily and access to stable Internet connection. If the Office will be located in a leased commercial space, we will also look at factors such as demographic characteristics, character of the neighborhood, proximity of competition, and the size, appearance and other physical characteristics of the premises. If, for any reason, there is no agreement on a site from which you will operate your Business, we may terminate the Franchise Agreement.

Your selection of a site for the Office is based on your own independent investigation of the site's suitability for a Franchised Business. If the Office will be operated in a leased commercial space, you will submit to us a complete report for the site you propose for your Business. Your report must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. Though we are not

obligated under the Franchise Agreement to respond to your request for approval of a proposed site within a designated time frame, we will use reasonable efforts to accept or not accept the proposed site within 30 days after receiving your report. While you do not need to operate the Business from a commercial space, you must begin operating your Business no later than 30 days after the effective date of the Franchise Agreement, or we have the right to terminate your Franchise Agreement.

Operations Manual

The table of contents of the current version of the Operations Manual is included as Exhibit E. Our current version of the Operations Manual has 225 pages. Under the terms of the Franchise Agreement, we may revise the Operations Manual at any time, and you will be obligated to adhere to those revised specifications and requirements.

Time Between First Payment and Business Operations

The typical length of time between signing the Franchise Agreement and opening your Business is 30 days. You must begin full-time operation of your Business following your completion to our satisfaction of all components of the Initial Training Program, which in no event may be later than 30 days after you and we sign the Franchise Agreement. If you do not commence operations of your Business within 30 days of signing the Franchise Agreement, we may terminate the Franchise Agreement. However, we may extend the required time frame for commencement of your Business upon written request by you. The main factors in determining the length of time between signing a Franchise Agreement and opening a Franchised Business have been the amount of time required to obtain the required insurance coverage and hiring any additional staff. With the exception of the laptop and hardware components of the Technology System, we do not deliver or install any equipment, signs, or fixtures that are required to be used in your Business.

During your operation of your Business, we or one of our affiliates (or our designee) will:

1. Permit you to engage, or restrict you from engaging, any potential client based upon our evaluation of potential conflicts of interest, and with the understanding that we will not directly solicit or otherwise approve another Franchised Business' request to solicit or engage a client unless the client directly solicits us, our affiliates, or other Franchised Businesses (Franchise Agreement, 3.C) (See Item 12);
2. Continue to provide you online access to the Operations Manual via a restricted website, intranet, or via other electronic means (including by sending to you via e-mail) (Franchise Agreement, 5.C);
3. Designate, approve, and update the Operating Assets; approved suppliers, products, and services; the System Standards; and Operations Manual (Franchise Agreement, 4.B, 9.A, 9.C, 9.D);
4. Provide the Services to clients of your Business, on your behalf, via staff employed by KLD Ontrack, us, or another affiliate (Franchise Agreement, 9.D);
5. Provide billing and collections services on your behalf for all products and services sold to clients of your Business (Franchise Agreement, 6.C);
6. Update and provide to you suggested minimum pricing guidelines and then-current KLD Ontrack Service Fees, as necessary, prior to your engagement of any approved client of your

- Business and the sale of any product or service by your Business (Franchise Agreement, 9.D, 9.H);
7. Approve all advertising and promotional materials used by you to promote eDiscovery, your Business, and the “KLDDiscovery” brand generally, and provide you with access to advertising, marketing, promotional, and educational materials to be used in such promotion (Franchise Agreement, 11.A);
 8. Maintain the System Website (as defined below) and list and advertise your Business on all major Internet search engines and consumer review websites (Franchise Agreement, 11.B);
 9. Host periodic conventions, meetings, and/or ongoing training events that may be held remotely or at a location designated by us (Franchise Agreement, 5.A);
 10. Administer the PM Training (as described below) for any PM(s) hired by you following operation of your Business, which is currently administered remotely (Franchise Agreement, 5.A); and
 11. Provide, at our option, additional assistance for operations, sales, and/or the closing process, administrative and/or general business advice, for which you will pay our then-current fee for our staff providing such assistance, plus any associated expenses including travel and room and board (Franchise Agreement, 5.B).

Marketing

Initial and Local Marketing Expenses

The KLDDiscovery business model does not lend itself to traditional marketing strategies and tactics. You will be required to rely on your past relationships to secure contracts and create opportunities to develop new clients for your Business. During the initial operating period of your Business, entertainment expenses with potential clients is expected to account for the majority of your initial marketing expenses (currently estimated to be \$10,000 to \$15,000). You may choose to allocate these expenses in several ways, including by hosting lunch-and-learn sessions, workshops, or planning other events for potential clients.

You are not required to use any funds for local advertising. However, should you choose to advertise your Business locally, we must approve all advertising materials in advance.

There are currently no local or regional advertising cooperatives in which you are required to participate. There are currently no advertising councils composed of franchisees.

Marketing Fund

You are not required to contribute to a central marketing fund. We may, but have no obligation to, conduct advertising on behalf of Franchised Businesses (including your Business) or the System.

Online Presences

Except as specified by us in the Operations Manual, you may not develop, maintain or authorize any website, domain name, e-mail address, social media account, username, other online presence or presence on any electronic medium of any kind (an “Online Presence”) that mentions your Business, links to any System Website, or displays any of the Marks, or engages in any promotional or similar activities,

whether directly or indirectly, through any Online Presence. You may, however, use the microsite website that is provided to you during the Term, as well as the e-mail address that is associated with your Business. You are prohibited from maintaining any business profiles or use of the Marks on any Online Presence (including Facebook[®], LinkedIn[®], YouTube[®]) without our prior written approval.

Each telephone number, directory listing, e-mail address, and any other type of contact information used by or that identifies or is associated with your Business (each, a “Contact Identifier”) will be used solely to identify your Business in accordance with the Franchise Agreement. We may require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current terms and conditions and System Standards. We will have unrestricted access to and sole ownership of all such email accounts, and all documents, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users’ access to it at any time.

We may market the System on the Internet, including ownership and use of any Online Presence and Contact Identifiers. We will maintain one or more consumer-focused websites for the KLDDiscovery brand (the “System Website”) and list and advertise your Business on all major Internet search engines, and on all major Internet consumer review websites. We may require that you: (1) provide us the information and materials we request to develop, update, and modify any System Website; and (2) notify us whenever any information on the System Website regarding you or your Business is not accurate.

Approval of Advertising Materials

You must obtain our written approval for any advertising materials or promotional or marketing strategies that have not been previously approved in the prior 12-month period. Before you use any local advertising and promotional materials not prepared by or previously approved by us, you will submit samples of such materials to us for approval. If we do not approve the materials in writing within 30 days from the date we receive the materials, the materials are deemed to be disapproved. If we approve the materials, you may use them. However, we may withdraw our approval at any time without compensating you for any of your costs associated with the manufacture or distribution of the unused materials. You must not use any advertising or promotional materials that we have not approved or have disapproved. Your advertising, promotion, and marketing will be completely clear, factual, and not misleading, and it must conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically prescribe.

We may designate marketing resources to third-party agencies to manage various aspects of marketing as described in this Item. A list of rules, guidelines, and support resources for your Business will be maintained in the Operations Manual.

Technology System

You must obtain and use all aspects of the Technology System, including the computer hardware, software, and technology services we periodically designate. Currently, the Technology System consists of: (a) a laptop, smart phone, monitor, docking station, computer mouse, and keyboard, which is purchased from and provided by us and/or our affiliates, and (b) certain software programs, some of which are pre-installed on the laptop that we provide to you. We may modify specifications for and components of the Technology System at any time during the Term, which will be reflected in the Operations Manual, and there are no limitations on our ability to do so. You are responsible for ensuring all required upgrades, patches, new releases or updates to any aspect of the Technology System are downloaded and implemented, and there are no contractual limitations on the frequency or any associated costs associated with this obligation (if any). You must implement our modifications for software patches or updates within 24 hours,

or for hardware updates, within 10 business days, after you receive notice from us. We may periodically require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Technology System. Currently, we estimate the Technology System to cost approximately \$3,000 to \$4,000, plus additional expenses related to acquiring and maintaining required software programs (including licenses for Microsoft Office and QuickBooks Essentials, which we estimate to be \$50 and \$55 per month, respectively). For the components of the Technology System that we provide to you, we will maintain and support them at no additional cost to you. However, for components of the Technology System that you obtain from unaffiliated third parties, and for the connectivity of the Technology System (such as, maintaining high-speed Internet connection), you will be solely responsible for maintaining, supporting, and upgrading those components. We estimate those costs to be \$2,000 to \$3,000 per year, which may vary depending on the vendor and the maintenance or support required.

The Technology System may give us and our affiliates access to all information generated by the Technology System, including price maintenance and information relating to clients, financial and operating information, and key metric data for your Business, and there are no contractual limitations on our ability to access such information. At our request, you must sign a release with any supplier of your Technology System providing us with unlimited, independent access to your data.

Training Programs

We will provide you (or your Operating Principal) with an initial training program for the operation of a Franchised Business (the “Initial Training Program”). Currently, the Initial Training Program is administered remotely and is estimated to last approximately 7 days, though we may conduct the Initial Training Program at our corporate headquarters (currently Eden Prairie, Minnesota) or another location we specify. We may vary the Initial Training Program based on the experience and skill level of the individual(s) attending.

We will provide the Initial Training Program to you (or your Operating Principal) at no charge, as such training is covered by your Initial Franchise Fee. If we provide any portion of the Initial Training Program on-site at our headquarters or at any other location determined by us, you are responsible for all expenses associated with attending the Initial Training Program, including wages, travel, lodging, and other accommodations. Should any portion of the Initial Training Program take place at the Office, we may charge you for all travel and living expenses for the trainer(s) we send to the Office.

You (or your Operating Principal) must complete the Initial Training Program to our satisfaction within 30 days of signing the Franchise Agreement, prior to commencing operation of your Business. If you (or your Operating Principal) and any other required trainees (detailed below) fail to complete the Initial Training Program to our satisfaction, we may require you to attend additional training. If you or we determine that additional training is necessary after completion of the Initial Training Program, we may provide up to 3 additional days of training to you at no additional cost. If additional training is further required thereafter, we may charge you a then-current fee for additional training (currently \$1,250 per day, plus costs and expenses).

If you decide to hire a PM (as defined in Item 15) at any time during the Term, we will provide a training program to your PMs (the “PM Training”). If you hire any PMs prior to the Commencement Date of your Business, your PMs are required to complete the PM Training to our satisfaction prior to the Commencement Date. If a PM is hired during the operation of your Business, the PM will be required to complete the PM Training to our satisfaction before the PM may provide services for your Business. You will be responsible for paying us the then-current fee to administer the PM Training to any of your future PM(s). You are also responsible for any additional expenses incurred during the PM Training, including

any costs associated with your PM(s) attending the PM Training at our designated training site. This fee may increase without notice to you.

If we determine that you, your Operating Principal, or any of your PMs are not properly trained to provide to clients the services offered by your Business, we may require such person to cease providing services for your Business and/or to be trained by us at our then-current training fee. In addition, if we determine that you or any PM(s) require refresher training during the Term, we may require such individuals to retake all or a portion of the Initial Training Program or the PM Training, respectively. Additional training will be provided at a time and location of our choice, whether requested by you or us. You will be charged the then-current rate for additional training, plus the cost of transportation, lodging, and other associated expenses. If you or any PM(s) are unable to complete the additional required training to our satisfaction, we may terminate the Franchise Agreement. If you or your Operating Principal and your PM(s) complete the training programs to our satisfaction and have not expressly informed us at the end of the program that you or your PM(s) do not feel sufficiently trained in the operation of a Franchised Business, then you and they will be deemed to have been trained sufficiently to operate a Franchised Business.

We currently offer the Initial Training Program and PM Training on a regularly scheduled, as-needed basis, but we may periodically modify this schedule at any time. Should you request that we send on-site assistance to the Office at any time during the Term, or should we find it necessary to provide such on-site assistance for any reason, you will be charged then-current training fee, per trainer, plus travel and living expenses and out-of-pocket costs. We may increase this charge at any time.

You must pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you (or your Operating Principal) or your PM(s) (if any) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to the designated location to conduct training, including food, lodging, and transportation. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may periodically discontinue and modify.

Our training program is conducted primarily by Ron Vylasek, our Director of Global Client Services Operations, who has 17 years of experience in the subjects taught and over 9 years of experience with KLD Ontrack. Other individuals who may provide portions of our training program include:

- Eric Robinson, our Vice President of Global Advisory Services & Strategic Client Solutions, who has 26 years of experience in the subjects taught and 16 years of experience with KLD Ontrack;
- Nick Weiler, CEDES, our Managing Director of Business Development, who has 7 years of experience in the subjects taught and 7 years of experience with KLD Ontrack;
- Jim Loveall, our Senior Consultant of Advisory Services, who has 19 years of experience in the subjects taught and 12 years of experience with KLD Ontrack;
- Jerry Judeh, our Senior Manager of Sales Operations, who has 20 years of experience in the subjects taught and 16 years of experience with KLD Ontrack;
- Teresa Quigley, our Senior Manager of Employee Experience, who has 6 years of experience in the subjects taught and 6 years of experience with KLD Ontrack;
- Patty Stanek, our Director of Talent Operations, who has 18 years of experience in the subjects taught and 18 years of experience with KLD Ontrack;
- Andy Southam, our General Counsel, who has 7 years of experience in the subjects taught and 7 years of experience with KLD Ontrack;

- Gideon Kaplan, our Associate General Counsel, who has 6 years of experience in the subjects taught and 6 years of experience with KLD Ontrack;
- Linda Baynes, our Director of IT, Governance, Risk & Compliance, who has 15 years of experience in the subjects taught and 10 years of experience with KLD Ontrack;
- Louis Couder, our Senior Manager of IT Services, who has 12 years of experience in the subjects taught and 12 years of experience with KLD Ontrack;
- Steve Paydon, our Director of CRM Services, who has 35 years of experience in the subjects taught and 35 years of experience with KLD Ontrack;
- Christy Schmitt, our Technical Trainer of Software Engineering, who has 2 years of experience in the subjects taught and 2 years of experience with KLD Ontrack; and
- Greg Schmitz, our Senior Program Manager, who has 20 years of experience in the subjects taught and 20 years of experience with KLD Ontrack.

The instructional materials used in the Training Programs are the Operations Manual. Our current Training Program consists of the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
KLDiscovery Welcome and Onboarding	2	0	At our headquarters or remotely
Business Development Onboarding	3	0	At our headquarters or remotely
Communication Training	1.5	0	At our headquarters or remotely
Client Presentation	1.5	0	At our headquarters or remotely
Pricing Review	2	0	At our headquarters or remotely
Sales Operations	4	0	At our headquarters or remotely
Technology Demonstrations	3	0	At our headquarters or remotely
Strategic Market Overview	3	0	At our headquarters or remotely
Overview of the Relationship with the Franchisor	2	0	At our headquarters or remotely
Marketing	2	0	At our headquarters or remotely
Billing and Collections	2	0	At our headquarters or remotely
Account Assignment	2	6	At our headquarters or remotely
IT Security Training	1	0	At our headquarters or remotely
On-the-Job Training	0	21	At our headquarters or remotely
Total	29	27	

Additional Training and Conferences

We may require you (or your Operating Principal) and/or your PM(s) to attend various ongoing training events, participate in online sessions, view training videos and/or attend regional training or training at another event such as an annual meeting or convention, at the times and locations designated by us, including courses and programs provided by third parties we designate. Besides attending these training courses, programs, and events, we may also require you to attend an annual conference of franchise owners. We will decide when and where this conference will be held, which may include through a virtual platform. Attendance at additional training courses, programs, events, or the annual franchise owner conference may be required for up to 10 days during a calendar year (which days may not necessarily be consecutive). We may charge a fee for these types of ongoing training activities, and you will be responsible for all costs associated with attending such programs, courses, events, or meetings.

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. There are no minimum territorial boundaries granted to you. You may only provide services in connection with your Business to clients who are located within the United States. We may use any channel of distribution, (including the Internet, catalog sales, telemarketing, and other direct marketing channels) to make sales anywhere, using the Marks or any other trademarks. We will not compensate you for soliciting or accepting orders from clients anywhere.

You may operate your Business from your home. If you operate your Business from a leased commercial space, then you must obtain our approval prior to relocation, which will not be unreasonably withheld.

Approval of Potential Clients

Due to the nature of the services offered by your Business, managing potential legal and business conflicts among our and our affiliates' clients, and clients of other Franchised Businesses, is essential to the System. Therefore, before you solicit or directly contact a potential client, or if a potential client seeks services from you, before you engage with or respond to inquiries from that potential client, you must obtain our prior written approval. Upon your written request to us to engage with a potential client, we will complete a conflicts check and make reasonable efforts to communicate the results of the conflicts check to you, in writing, within 30 days, however we are not obligated to respond within that time frame. If we determine that such engagement presents no legal or business conflicts with us, our affiliates, or another Franchised Business, we will permit you to engage with the potential client upon written approval from us. However, we may restrict you from engaging with any potential client representative if, in our sole and unfettered discretion, it may create a potential conflict. Our denial of your engagement of a potential client may be appealed only if such engagement no longer creates a potential conflict, in which case you must re-submit your written request for approval to us prior to your solicitation or contacting of such potential client. A "client representative" is any individual with purchasing authority within an organization, even though the engagement agreement may be entered into with that individual's law firm or company, as applicable. A "client" refers to the law firm or company that enters into the engagement agreement with you.

If you obtain our written approval of a potential client and client representative, and you subsequently enter into an engagement agreement with that client, we agree that, during the term of that

engagement agreement and for a period of one year following the expiration or termination of that engagement agreement, we and our affiliates will not directly solicit (and we will not otherwise approve another Franchised Business' request to solicit or engage) that client representative; provided, however, that we, our affiliates, and/or other Franchised Businesses may still perform services for that client. If we approve a potential client and you do not enter into an engagement agreement with that client within three months of our approval, we may revoke our approval of such client at any time thereafter.

Businesses Operated Under Other Trademarks

Although we are not restricted from doing so, we and our affiliates have not established, operated or franchised, and do not currently intend to establish, operate, or franchise, any other franchises or company-owned outlets offering similar services or goods under a different trademark anywhere in the United States.

Additional Rights

We do not grant options, rights of first refusal, or similar rights to acquire additional franchises.

ITEM 13. **TRADEMARKS**

The Marks are owned by KLD Ontrack. We have entered into an Intellectual Property License Agreement with KLD Ontrack, dated April 27, 2023 (the "License Agreement"). The License Agreement grants us a license to use and sublicense the use of the Marks and other intellectual property in connection with the System. The License Agreement is perpetual and irrevocable unless we fail to cure a material breach within 30 days, cease to conduct our operations in the ordinary course, become insolvent, or experience an insolvency-related event such as liquidation, appointment of a receiver, or bankruptcy. Neither our agreement with KLD Ontrack nor any other agreement significantly limits our right to use or license the use of the Marks or any other intellectual property, in any manner material to the franchise described in this Disclosure Document.

You may only use the Marks to operate your Business according to the Franchise Agreement and in accordance with System Standards. Your unauthorized use of the Marks is a breach of the Franchise Agreement and infringes our rights in the Marks. All rights in and goodwill from the use of the Marks accrue exclusively to us and our affiliates. You may not use any Mark (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any Online Presence, except in accordance with our guidelines set forth in the Operations Manual or otherwise in writing; (5) in advertising the transfer, sale, or other disposition of your Business or an ownership interest in you; or (6) in any other manner that we have not expressly authorized in writing. You may not at any time during or after the term of your Franchise Agreement contest or assist any other person in contesting the validity of the Marks or our ownership of the Marks.

KLD Ontrack currently holds a federal registration for the following Mark on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	Registration Date	Registration Number
KLDISCOVERY	April 7, 2020	6,029,691

All required affidavits of use and renewals have been filed and accepted for continuation of the registration of this Mark.

KLD Ontrack has also filed a federal application for the Principal Register of the USPTO for the following Mark:

Mark	Filing Date	Serial Number
	June 20, 2022	97467448

The above tables do not necessarily include every Mark owned by us or our affiliates, and the Franchise Agreement gives us the right to add, modify, or remove marks from those that are licensed to you.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court under the Marks listed above. We also are unaware of any pending infringement, opposition, or cancellation proceeding, or of any pending federal or state material litigation regarding our use or rights in any Mark, and we know of no superior rights or infringing uses that could materially affect your use of the Marks listed above. There are no agreements currently in effect which limit our rights to use or license the use of any of the Marks in a manner that is material to the franchise.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark or component of the System, or of any person's claim of any rights in any Mark or component of the System, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any possible infringement, challenge, or claim. We and/or our affiliates may take any action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark or the System. You must sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in the Marks and the System. We will reimburse you for your reasonable costs of taking any action that we have asked you to take. We also will reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark or the System under the Franchise Agreement if you have timely notified us of the proceeding and complied with our directions in responding to it. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from your use of any Mark or component of the System under the Franchise Agreement.

We may at any time require you to modify or discontinue using any Mark and/or use one or more additional or substitute Marks or components of the System. You must replace the Marks used for your Business with the modified, additional or substitute Marks we specify and comply with all other directions we give regarding the Marks used for your Business within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

ITEM 14.
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents that are material to the franchise. We have not filed any patent applications that are material to the franchise.

Various marketing, sales, training, and management materials which we have created, including the Operations Manual, marketing materials, newsletters, training and informational materials, printing, advertising and promotional materials, proprietary software (including Nebula) and related items, used in operating a Business, are protected under the U.S. Copyright Act, whether or not we have obtained registrations. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, for the purpose of operating and promoting your Business, but you do not receive any rights in those materials.

There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees.

No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated under any agreement to protect or defend our copyrights, although we may do so. We do not know of any infringing uses of or superior rights in our copyrighted materials.

We have developed and may continue to develop confidential information for the operation of a Business, including the Operations Manual; the System Standards; marketing and training materials, methods, techniques, formats, specifications, and systems (including accounting systems); strategic plans and procedures; proprietary software and other similar technology; current and former client lists and information related to those clients; recommended prices and pricing methods; sales and marketing techniques; and marketing and advertising programs and materials (collectively, the “Confidential Information”).

The Confidential Information includes our trade secrets. We disclose it to you on the condition that you and your owners and personnel do not use the information in any other business, or in violation of the Franchise Agreement, during and after the term of the Franchise Agreement, that you not make unauthorized copies of any portion of the Confidential Information, and that you implement all procedures we require to prevent unauthorized use or disclosure of the information, including reasonable safeguards or restriction of access to key personnel. We may, however, require that any employee, agent, or independent contractor that you hire execute a non-disclosure agreement to protect the Confidential Information. We may regulate the form of non-disclosure agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. Any form of non-disclosure agreement that we require you to use, provide to you, or regulate the terms of, may or may not be enforceable in a particular jurisdiction. You will be solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement that your employees, agents and independent contractors sign.

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

Ownership of a Franchised Business is not a passive investment. You must identify one of your owners who is a natural person with at least a 51% ownership interest and voting power in you, with the authority to take legally binding actions on your behalf, to act as your “Operating Principal.” We must approve the Operating Principal prior to such individual having any involvement in your Business. If your Operating Principal ceases to own at least a 51% ownership interest and voting interest in you, your Operating Principal resigns or otherwise indicates to us or to you that he or she wishes to cease acting as Operating Principal, or we disapprove of your Operating Principal, you must recruit a new Operating Principal within 30 days of the change in ownership or disapproval and submit to us all documents we request regarding the new Operating Principal for our review and approval. Your Operating Principal must, at all times, have direct, day-to-day, full-time supervision of your Business. Your Operating Principal must attend all scheduled meetings and required trainings conducted by us for the purpose of further instruction, education, or informing you on topics involving the supervision of your Business.

However, you may appoint, subject to our approval, sales consultant(s) or project manager(s) (individually a “PM,” and collectively, your “PMs”) to assist in operating the day-to-day affairs of your Business. We may establish minimum qualifications for any such PM prior to their offering of services through your Business, which may include the completion of any training programs that we require, confirmation that they will have no competitive business activities, and/or execution of a non-disclosure agreement or other covenants we require. You must keep us informed at all times of the identity of each of your PM(s) employed by your Business. If you are an entity, your PM(s) are not required to own any equity. Despite appointment of one or more PM(s), you must remain actively involved in the sales and business operations of your Business.

Any person owning an interest in you at any time during the Franchise Agreement’s term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of the Franchise Agreement and any ancillary agreements between you and us. Our current form of Guaranty and Assumption of Obligations is attached as Attachment B to the Franchise Agreement. The spouse of each owner will also be required to consent in writing to his or her spouse’s execution of the guaranty, which serves to bind the assets of the marital estate to the guarantor’s performance of the Guaranty and Assumption of Obligations.

ITEM 16.
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

To ensure that our standards and specifications of quality, service, and system development are maintained, you must operate your Business in strict conformity with the Franchise Agreement and the methods, standards, specifications, and sources of supply that are designated in the Operations Manual. All products and services sold to clients by you and other franchisees will be provided by us and our affiliates. Your Business will be the only business that you operate, unless otherwise approved by us.

You must: (1) offer for sale or sell in connection with your Business the products and services that we periodically specify; (2) offer for sale or sell in connection with your Business approved products and services only in the manner we have prescribed; (3) not offer for sale or sell in connection with your Business any products or services we have not approved; (4) discontinue selling and offering for sale any products or services that we at any time decide to disapprove; and (5) purchase and use only the brands, types, or models of products, materials, packaging, supplies and services (including the Operating Assets and the Technology System) that we designate for operating your Business. You will not be allowed to

offer or sell certain services in connection with your Business until you have hired a PM who has completed PM Training to our satisfaction.

As previously disclosed in Item 12, before you solicit a potential client, or if a potential client seeks services from you, before you engage with that potential client, you must obtain our prior written approval. We will permit you to engage with the potential client only upon written approval from us.

Prior to your engagement of any approved client of your Business, we will provide you with suggested minimum pricing guidelines and then-current KLD Ontrack Service Fees. Such guidelines and lists of current service fees will help you evaluate the appropriate price of a specific project with your client prior to your performance of any client contract.

ITEM 17.

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement or related Agreement(s)	Summary of Franchise Provision
a. Length of the franchise term	3.A; Technology User Agreement, 10(a)	The term of the Franchise Agreement is 5 years. The term of the Technology User Agreement begins of the effective date of the agreement and ends upon expiration or termination of the Franchise Agreement.
b. Renewal or extension of the term	3.D	One (1) additional term equal to 5 years.
c. Requirements for franchisee to renew or extend	3.D	You give us written notice of your desire to acquire a Successor Franchise no more than 12 months and no less than 180 days before the expiration of the Franchise Agreement; maintain possession of and bring your Business into full compliance with then-current System Standards; you sign our then-current franchise agreement (modified as necessary to reflect the fact that it is for a Successor Franchise), which may contain materially different terms and conditions than the original Franchise Agreement that you sign (e.g., higher Royalties and/or an imposition of territorial protections); and you and your owners sign a general release.

Provision	Section in Franchise Agreement or related Agreement(s)	Summary of Franchise Provision
d. Termination by franchisee	17.B	You may terminate if: (i) after the second anniversary of the effective date of the Franchise Agreement, you (A) provide 90 days' prior written notice to us; (B) have materially complied with all obligations under the Franchise Agreement and any other agreement between us and you; and (C) pay a termination fee in the amount of \$100,000 (the "Termination Option"); or (ii) you are in full compliance with the Franchise Agreement and we violate a material and substantial provision of the Franchise Agreement and fail to remedy or make substantial progress towards curing the violation within 60 days after receiving written notice from you (subject to state law).
e. Termination by franchisor without cause	Not applicable; Technology User Agreement, 10(b)	We may not terminate the Franchise Agreement without cause. We may terminate the Technology User Agreement upon 30 days' prior written notice to you for any or no reason.
f. Termination by franchisor with cause	17.A; Technology User Agreement, 10(b)	We may terminate only upon an uncured or non-curable material event of default.
g. "Cause" defined—curable defaults	17.A; Technology User Agreement, 10(b)	5 days to cure (i) violation of law, regulation, or ordinance; (ii) failure to maintain required insurance; or (iii) breach of any obligations under the Technology User Agreement. 10 days to cure failure to pay any amounts due to us or our affiliates. Applicable cure period for failure to pay third-party supplier. 30 days to cure any other provision of the Franchise Agreement not otherwise listed in section (h) of this Item 17, below.

Provision	Section in Franchise Agreement or related Agreement(s)	Summary of Franchise Provision
h. “Cause” defined—non-curable defaults	17.A; Technology User Agreement, 10(b)	You make a material misrepresentation; failure to commence operations on time; failure to complete initial training to our satisfaction; abandonment or failure to operate your Business; unauthorized transfer; felony conviction; dishonest or unethical conduct; loss of right to occupy the Office; unauthorized use or disclosure of Confidential Information; failure to pay taxes; insufficient funds in your Business Account on 3 or more occasions in a 12-month period; understate Gross Revenue 3 or more times, or by 2% on any one occasion; 3 or more breaches within a 12-month period; 2 or more of the same breaches within a 12-month period; assignment for benefit of creditors, insolvency, or bankruptcy (also applicable for termination of Technology User Agreement); blocked assets based on violation of terrorism-related laws; any other franchise agreement between you and us is terminated (also known as a “cross-default”); you deposit or convert any funds received from clients in violation of the Franchise Agreement; or any other default of the Franchise Agreement is not cured within the applicable time period.
i. Franchisee’s obligations on termination/non-renewal	17.B, 18; Technology User Agreement, 10(c)	<p>Under the Franchise Agreement: pay all amounts owed; cease use of Marks; return Confidential Information; abide by post-termination non-compete; surrender any websites, social media accounts, or other Online Presences; pay lost revenue damages (if applicable). If you exercise your Termination Option, you will not be required to abide by the post-termination non-compete.</p> <p>Under the Technology User Agreement: discontinue use of the technology and data; delete, destroy, uninstall or return all materials and documents, including technology and data; assign all client engagement agreements.</p>
j. Assignment of contract by franchisor	16.A; Technology User Agreement, 11(l)	No restrictions on our right to assign.
k. “Transfer” by franchisee—defined	16.B	Includes any voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.

Provision	Section in Franchise Agreement or related Agreement(s)	Summary of Franchise Provision
l. Franchisor approval of transfer by franchisee	16.C	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	16.C	You submit an application regarding the proposed transferee; you provide us executed purchase documents and other documents we require; you and transferee sign a consent to transfer, which will contain a general release, and all other documents requested by us; you have paid all amounts owed; you have not violated any provision of the Franchise Agreement within 60 days; the transferee has completed initial training to our satisfaction; transferee signs our then-current form of franchise agreement, which may contain terms materially different than the Franchise Agreement attached to this Disclosure Document; landlord approval (if applicable); pay transfer fee; you subordinate to us any financing you provide to the transferee; you correct any deficiencies and transferee agrees to remodel and renovate the Office; transfer all licenses and permits.
n. Franchisor’s right of first refusal to acquire franchisee’s business	16.E	We have the right, but no obligation, to match any offer to buy your Business within 30 days of notice of the offer, and we have no less than 60 days to prepare for closing. If change in terms of sale, we have an additional right of first refusal for 30 days.
o. Franchisor’s option to purchase franchisee’s business	17.B, 19	We have the option to purchase your Business beginning on the 2nd anniversary of the effective date of the Franchise Agreement and continuing throughout the term of the Franchise Agreement. The purchase price will be the Business Value, which is calculated as (i) earnings before interest, taxes, depreciation and amortization (“EBITDA”) for the last fiscal year, (ii) <i>multiplied by three</i> ; (iii) <i>plus</i> any remaining revenue for such potential clients, and which is paid in cash and/or common stock of KLDDiscovery Inc., at our discretion. However, if your expenses do not include reasonable compensation for your Operating Principal, we and you will include reasonable compensation as expenses in the calculation of EBITDA.
p. Death or disability of franchisee	16.D	Upon death/disability of Operating Partner, must appoint a new Operating Partner within 30 days. Franchise must be assigned to approved transferee in 12 months.

Provision	Section in Franchise Agreement or related Agreement(s)	Summary of Franchise Provision
q. Non-competition covenants during the term of the franchise	8	You and your owners cannot be involved in a Competitive Business during the term of the Franchise Agreement. A “Competitive Business” means (1) any business offering, selling, or performing any eDiscovery services and related management solutions, including harvesting, storing, maintaining, and searching documents and data in connection with litigation, legal or regulatory investigations for both civil and governmental clients, provision of document review platforms and tools, document review services, data recovery services and such other data governance and information management services analogous to the aforesaid including provision of software and services to assist in any eDiscovery services of any kind to third parties, including without limitation, corporations, law firms, and insurance companies; or (2) any businesses granting franchises or licenses to others to operate the type of businesses specified in subparagraph (1). You must not disparage or negatively impact us in any way.
r. Non-competition covenants after the franchise is terminated or expires	18.E	You, your owners, affiliates, and family members may not engage in a Competitive Business for 24 months following the termination or expiration of the Franchise Agreement.
s. Modification of the agreement	5.C, 9.B, 13.D, 20.L, 20.M; Technology User Agreement, 11(h)	No modifications except with the prior written consent of both you and us, except that we are permitted to amend the Marks at any time. We are permitted to amend the Operations Manual and System Standards at any time, and you are required to comply with the Operations Manual and System Standards as amended. The schedules attached to the Technology User Agreement may be amended by KLD Ontrack without your prior consent.
t. Integration/merger clause	20.M; Technology User Agreement, 11(e)	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside this Disclosure Document and Franchise Agreement (and Technology User Agreement, if applicable) may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	20.G; Technology User Agreement, 11(k)	All actions must be commenced in Delaware (subject to state law).

Provision	Section in Franchise Agreement or related Agreement(s)	Summary of Franchise Provision
w. Choice of law	20.F; Technology User Agreement, 11(j)	Except for federal law, Delaware law governs (subject to state law).

Applicable state law may require additional disclosures related to the information in this Disclosure Document. These additional disclosures appear in Exhibit G.

ITEM 18.
PUBLIC FIGURES

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

ITEM 19.
FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any 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 our Franchise Department at 9023 Columbine Road, Eden Prairie, Minnesota 55347, +1 (888) 811-3789; the Federal Trade Commission; and the appropriate state regulatory agencies.

ITEM 20.
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For Years 2021, 2022, 2023¹

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

1. The numbers in this table and elsewhere in this Item 20 are as of December 31.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For Years 2021, 2022, 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status of Franchised Outlets
For Years 2021, 2022, 2023

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
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets
For Years 2021, 2022, 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table No. 5
Projected Openings for 2024

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
All States	0	0	0
Total	0	0	0

We do not have any franchisee contact information to disclose. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

During the last three years, no current or former franchisees have signed provisions restricting their ability to speak openly about their experience with the KLDISCOVERY franchise system.

We are not currently aware of any trademark-specific franchisee organizations associated with our franchise system.

ITEM 21.
FINANCIAL STATEMENTS

We were formed in December 2022, and therefore, we are unable to provide three years of financial statements. Attached to this Disclosure Document as Exhibit D is our (i) audited balance sheet for the fiscal year ended December 31, 2023, and (ii) unaudited interim financial statements as of January 31, 2024. Our fiscal year end is December 31.

ITEM 22.
CONTRACTS

The following contracts and related agreements are attached to this Disclosure Document:

- | | |
|-----------|---|
| Exhibit A | Franchise Agreement |
| Exhibit B | Technology User Agreement |
| Exhibit F | Form of General Release |
| Exhibit G | State-Specific Addenda and Agreement Riders |

ITEM 23.
RECEIPTS

Attached as Exhibit J are two copies of a Receipt confirming your receipt of this Disclosure Document. Please sign and date both Receipt pages, keep one for your records, and return the other to us.

EXHIBIT A

FRANCHISE AGREEMENT

KLDiscovery FRANCHISING, LLC

**KLDiscovery®
FRANCHISE AGREEMENT**

Franchisee

Franchisee ID#

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EXHIBITS

ATTACHMENT A	Listing of Ownership Interests
ATTACHMENT B	Guaranty and Assumption of Obligations
ATTACHMENT C	EFT Authorization Form

KLDISCOVERY FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made effective as of the Effective Date by and between **KLDISCOVERY FRANCHISING, LLC**, a Delaware limited liability company, with its principal business address at 9023 Columbine Road, Eden Prairie, Minnesota 55347 (“**we**” or “**us**”), and the person or entity identified as “**Franchisee**” in the signature blocks below (“**you**”). The Effective Date is the date on which we sign this Agreement as shown beneath our signature hereto.

1. KLDISCOVERY FRANCHISE.

We grant franchises (each a “**Franchise**”) for the right to operate businesses (each a “**Franchised Business**”) that are identified by, and whose products and services are identified by, the trademark *KLDDiscovery*[®] (together with other trademarks and service marks we designated from time to time, the “**Marks**”), that offer a variety of electronic discovery (“**eDiscovery**”), governance, data management, data recovery, and other related technology services that we authorize or mandate, and that are developed and operated using certain business formats, methods, procedures, standards, and specifications that we specify and that we may further develop or otherwise modify (collectively, the “**System**”). You have asked us to grant you a Franchise. To support your request, you and, if applicable, your owners have provided us with information about your and their background, experience, skills, financial condition and resources (the “**Application Materials**”). In reliance on, among other things, the Application Materials, we are willing to grant you a Franchise on the terms and conditions contained in this Agreement. We refer to the Franchised Business that you develop, own, and operate under this Agreement as your “**Business.**”

2. YOUR OWNERSHIP STRUCTURE.

You must operate your Business and sign this Agreement, acknowledging that you agree and represent that:

(1) You are validly existing and in good standing under the laws of the state in which you were formed, and have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements;

(2) Your organizational documents state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement’s restrictions;

(3) Attachment A to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date. Subject to our rights and your obligations under this Agreement, you and your owners agree to sign and deliver to us a revised Attachment A to reflect any changes in your ownership information;

(4) Any person owning an interest in you at any time during this Agreement’s term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached hereto as Attachment B;

(5) You must identify one of your owners on Attachment A who is a natural person with at least a 51% ownership interest and voting power in you, with the authority to take legally binding actions on your behalf, to act as your “**Operating Principal.**” We reserve the right to approve the Operating Principal. In the event that your Operating Principal ceases to own at least a 51% ownership interest and voting interest in you, your Operating Principal resigns or otherwise

indicates to us or to you that he or she wishes to cease acting as Operating Principal, or we disapprove of your Operating Principal, you must recruit a new Operating Principal within 30 days of the change in ownership or disapproval and deliver to us a revised Attachment A to accurately identify the Operating Principal for our review and approval;

(6) You agree that the Operating Principal is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to this Agreement. Any decision made by the Operating Principal will be final and binding on you and we will be entitled to rely solely on the decision of the Operating Principal without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of the Operating Principal; and

(7) Your Business will be the only business that you operate, unless otherwise approved by us.

3. YOUR FRANCHISE RIGHTS.

3.A. GRANT AND TERM OF FRANCHISE.

Subject to this Agreement's terms and conditions, we grant you a Franchise to operate your Business. You may only provide services in connection with your Business to clients who are located within the United States.

The term of this Agreement begins on the Effective Date and expires on the fifth anniversary of the Effective Date, unless sooner terminated as provided herein (the "**Term**").

3.B. NO TERRITORIAL RIGHTS.

You are not granted any exclusive or protected territory in connection with your Business. You understand and acknowledge that you and your Business may face competition from, among others, us, our affiliates, and other Franchised Businesses, from products and services sold through other channels of distribution (including the Internet), and from competitive brands that we or our affiliates own or control or may own or control in the future.

3.C. APPROVAL OF POTENTIAL CLIENTS.

Due to the nature of the services offered by your Business, legal and business conflicts among our and our affiliates' clients, and clients of other Franchised Businesses, are essential to the System. Therefore, before you solicit or directly contact a potential client, or if a potential client seeks services from you, before you engage with or respond to inquiries from that potential client, you must obtain our prior written approval. Upon your written request to us to engage with a potential client, we will complete a conflicts check and make reasonable efforts to communicate the results of the conflicts check to you, in writing, within 30 days, however we are not obligated to respond within that time frame. If the potential client has not already entered into an engagement with us, our affiliates, or another Franchised Business, we will permit you to engage with the potential client upon written approval from us. However, we may restrict you from engaging with any potential client representative if, in our sole and unfettered discretion, it may create a potential conflict. Our denial of your engagement of a potential client may be appealed only if such engagement no longer creates a potential conflict, in which case you must re-submit your written request for approval to us prior to your solicitation of or contacting such potential client. For purposes of this Section 3.C, (i) a "client representative" shall refer to an individual lawyer you contact even though the engagement agreement may be entered into with that individual's law firm or company, as applicable; and (ii) a "client" refers to the law firm or company that enters into the engagement agreement with you.

Notwithstanding the foregoing, if you obtain our written approval of a potential client and client representative, and you subsequently enter into an engagement agreement with that client, we agree that, during the term of that engagement agreement and for a period of one (1) year following the expiration or sooner termination of the engagement agreement with that client, we and our affiliates agree that we will not directly solicit, and we will not otherwise approve another Franchised Business' request to solicit or engage, that client representative; provided, however, the foregoing shall not restrict us, our affiliates or other Franchised Businesses from performing services to that client. If we approve a potential client and you do not enter into an engagement agreement with that client within three months of our approval, we may revoke our approval of such client at any time thereafter.

3.D. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

Subject to this Section 3.D. and if we are then granting Franchises, you may acquire a successor Franchise for one (1) additional term of five (5) years. To acquire the successor Franchise:

- (1) you must give us written notice of your desire to do so not less than 180 days nor more than 12 months before the end of the Term;
- (2) you must have taken, at your expense, all steps we determine necessary to bring your Business into full compliance with the then-current System Standards (as defined in Section 5.C. below);
- (3) you and your owners must not then be in default of your obligations under this Agreement or under any other agreements with us or any of our affiliates, and you and they must have timely complied with all such obligations throughout the Term and during the terms of such other agreements;
- (4) you and you owners must, before expiration of the Term, execute our then-current form of franchise agreement and related agreements, the terms of which may differ from the terms of this Agreement in any or all respects; however, that the agreement will not provide for an additional successor Franchise and, in lieu of an Initial Franchise Fee, you will pay us a successor franchise fee of \$5,000, which will be used to reimburse us for administrative costs associated with the renewal process; and
- (5) you and your owners agree to sign, in a form satisfactory to us, guarantees and general releases of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns.

If you (and your owners) fail to meet the conditions set forth in this Section, you acknowledge that we need not grant you a successor Franchise, whether we had, or chose to exercise, the right to terminate this Agreement during its term under Section 16.A.

Within 90 days after we receive your notice under Section 3.D(1), we will notify you, in writing, of our decision to either grant you a successor Franchise and listing any deficiencies that must be corrected or to not grant a successor Franchise with reasons for our decision. If our decision is to grant you a successor Franchise, our willingness to do so will also be subject to your continued compliance with this Agreement through the remainder of the Term. If you or your owners fail to sign the agreements and releases necessary to acquire the successor Franchise and to deliver them to us, along with the applicable fee, within 15 days after their delivery to you, you will be deemed to have elected not to acquire a successor Franchise.

You must immediately cease providing services in connection with your Business after this Agreement expires, if: (1) you fail to provide us your written notice as provided in Section 3.D(1) above by the deadline required, (2) you notify us that you elect not to acquire a successor Franchise; or (3) we notify you that we will not grant you a successor Franchise.

4. DEVELOPMENT AND COMMENCEMENT OF YOUR BUSINESS.

4.A. DEVELOPMENT OF YOUR BUSINESS.

You agree to develop the location from which you operate your Business (the “**Office**”) at your own expense. If your Business is located within your (or your owner’s) private home, you must conduct all business related to your Business on separate hardware systems, such as the desktop computers, hard drives, and laptops, which will be used solely for your Business and which we will provide to you.

While it is anticipated that you will operate your Business from a home office, if you operate your Business from a leased commercial space, you must obtain our acceptance of the location of such premises. You will submit to us a complete report for the site you propose for your Business. Your report must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. Though we are not obligated to respond to your request for approval of a proposed site within a designated time frame, we will use reasonable efforts to accept or not accept the proposed site within 30 days after receiving your report. While you do not need to operate your Business from a commercial space, you must begin operating your Business no later than 30 days after the effective date of the Franchise Agreement, or we have the right to terminate your Franchise Agreement

4.B. OPERATING ASSETS.

Before you begin operating your Business, you agree to obtain and install all required components of the Technology System (as defined in Section 4.C), including all computer equipment and software, as well as any collateral marketing materials and other items that we approve for Franchised Businesses as meeting our specifications and standards for quality, function, and performance (collectively, “**Operating Assets**”). You agree to purchase or lease the brands, types, and models of Operating Assets that we designate or approve. You agree to purchase or lease the Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates).

4.C. TECHNOLOGY SYSTEM.

You agree to obtain and use the computer hardware, software, and technology services we specify from time to time (the “**Technology System**”). We may modify specifications for and components of the Technology System at any time during the Term, which will be reflected in the Operations Manual, and there are no limitations on our ability to do so. You are responsible for adhering to our Acceptable/Computer Use Policy, which shall be provided by us and may be updated by us periodically. You are also responsible for all required upgrades or updates to any aspect of the Technology System, and there are no contractual limitations on the frequency or costs associated with this obligation. You agree to implement our modifications within 30 days after you receive notice from us. We may periodically require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Technology System. You agree to incur the costs of obtaining the computer hardware, software, and other components comprising the Technology System (and any additions and modifications) and required service or support.

You must pay for any proprietary software or technology that we, our affiliates, or third-party designees license to you and for other maintenance and support services that we, our affiliates, or third-party designees provide, develop, and/or maintain during the Term (“**Licensed Technology**”). You must sign our (or our affiliates’) then-current technology license agreement to grant you the right to use the Licensed Technology.

The Technology System may give us and our affiliates access to all information generated by the Technology System, including price maintenance and information relating to clients, financial and operating information, and key metric data for your Business. At our request, you agree to sign a release with any vendor of your Technology System providing us with unlimited, independent access to your data.

Despite the fact that you agree to buy, license, use, and maintain the Technology System according to our standards and specifications, you will have sole and complete responsibility for acquiring, operating, maintaining, and upgrading: (1) the Technology System hardware; (2) the connectivity of the Technology System; and (3) third-party interfaces between the Technology System and our and any third party’s computer system. You will have sole and complete responsibility for any and all consequences if the Technology System is not properly operated, maintained, and upgraded. You are also solely responsible for obtaining and maintaining a high-speed internet connection for the Office that meets our requirements from time to time, which, at a minimum, must be capable of supporting all aspects of the Technology System.

4.D. TELEPHONE NUMBERS.

You agree that each telephone number, directory listing, e-mail address, and any other type of contact information used by or that identifies or is associated with your Business (each, a “**Contact Identifier**”) will be used solely to identify your Business in accordance with this Agreement. Upon termination or expiration of this Agreement, you agree to transfer, assign, or otherwise convey to us full control of all Contact Identifiers and Online Presences (defined in Section 11.B) that you used to operate your Business or that displays any of the Marks or any reference to the System. Notwithstanding the foregoing, you agree that all liabilities and obligations arising from any such Contact Identifiers or Online Presence prior to the date of the transfer, assignment, or conveyance to us will remain your sole responsibility in all respects, and any costs we incur in connection therewith will be indemnifiable under Section 12.D. You hereby appoint us your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to affect the foregoing purposes.

4.E. COMMENCEMENT OF BUSINESS.

You may not commence operating your Business until you (or your Operating Principal, as applicable) have:

- (1) completed the required Initial Training Program to our satisfaction;
 - (2) obtained and installed the Technology System and ensure it is functioning properly for your Business;
 - (3) paid the Initial Franchise Fee and all other amounts then due to us;
 - (4) given us certificates for all required insurance policies (as described in Section 10);
- and

(5) met all regulatory requirements, including all state and local professional regulations.

You must comply with these conditions, and commence full-time operation of your Business, within 30 days after the Effective Date (“**Commencement Deadline**”). We may, in our sole discretion, extend the required Commencement Deadline. Once you have commenced operation of your Business, you must operate your Business continuously, on a full-time basis, for the remainder of the Term.

5. TRAINING AND ASSISTANCE.

5.A. INITIAL TRAINING PROGRAMS.

We will provide you (or your Operating Principal) with an initial training program for the operation of a Franchised Business (the “**Initial Training Program**”). The Initial Training Program will be furnished at a location we specify, which may be virtually. We may require that you (or our Operating Principal) obtain such professional certifications as we require before attending the Initial Training Program. We reserve the right to vary the Initial Training Program based on the experience and skill level of the individual(s) attending.

We will provide the Initial Training Program to you (or your Operating Principal) at no charge, as such training is covered by your Initial Franchise Fee. If we provide any portion of the Initial Training Program on-site at our headquarters or at any other location determined by us, you are responsible for all expenses associated with attending the Initial Training Program, including wages, travel, lodging, and other accommodations. Should any portion of the Initial Training Program take place at the Office, we reserve the right to charge you any travel and living expenses for the trainer(s) we send to the Office.

You (or your Operating Principal) must complete the Initial Training Program to our satisfaction within 30 days of the Effective Date, prior to commencing operation of your Business. If you (or your Operating Principal) and any other required trainees (detailed below) fail to complete the Initial Training Program to our satisfaction, we reserve the right, in our sole discretion, to require you to attend additional training. If you or we determine that additional training is necessary after completion of the Initial Training Program, we may provide up to 3 additional days of training to you at no additional cost. Thereafter, if additional training is further required, we reserve the right to charge you a then-current fee for additional training.

If you decide to hire a sales consultant or project manager (individually a “**PM**,” and collectively, your “**PMs**”) at any time during the Term, we will provide a training program to your PMs (the “**PM Training**”). If you hire any PMs prior to the Commencement Date of your Business, your PMs are required to complete the PM Training to our satisfaction prior to the Commencement Date. Such PM training prior to the Commencement Date will be provided at no cost to you. If a PM is hired during the operation of your Business, the PM will be required to complete the PM Training to our satisfaction before the PM may provide services for your Business, and we may charge you our then-current fee for such PM Training. You are also responsible for any additional expenses incurred during the PM Training, regardless of when such PM Training takes place, including any costs associated with your PM(s) attending the PM Training at our designated training site. This fee may increase without notice to you.

If we determine, in our sole discretion, that you, your Operating Principal, or any of your PMs are not properly trained to provide the services offered by your Business, we may require such person to cease providing services for your Business and/or to be trained by us at our then-current training fee. In addition, if we determine, in our discretion, that you or any PM(s) require refresher training during the Term, we

may require such individuals to retake all or a portion of the Initial Training Program or the PM Training, respectively. Additional training will be provided at a time and location of our choice, whether requested by you or us. You will be charged the then-current rate for additional training, plus the cost of transportation, lodging, and other associated expenses. If you or any PM(s) are unable to complete the additional required training to our satisfaction, we reserve the right, in our sole discretion, to terminate this Agreement.

We currently offer the Initial Training Program and PM Training on a regularly scheduled, as-needed basis, but we reserve the right to modify this schedule at any time from time to time in our sole discretion. Should you request that we send on-site assistance to the Office at any time during the Term, for any reason, you will be charged then-current training fee, per trainer, plus travel and living expenses and out-of-pocket costs. We reserve the right to increase this charge at any time.

If you or your Operating Principal and your PM(s) complete the training programs to our satisfaction and have not expressly informed us at the end of the program that you or your PM(s) do not feel sufficiently trained in the operation of a Franchised Business, then you and they will be deemed to have been trained sufficiently to operate a Franchised Business.

We may require you, your Operating Principal, and/or your PM(s) to attend various ongoing training events, participate in online sessions, view training videos and/or attend regional training or training at another event such as an annual meeting or convention, at the times and locations designated by us, including courses and programs provided by third parties we designate. Besides attending these training courses, programs, and events, we may also require you to attend an annual conference of franchise owners. This conference will be held at our discretion and may be held at locations we designate or through an online, virtual platform. Attendance at additional training courses, programs, events, or the annual franchise owner conference may be required for up to 10 days during a calendar year (which days may not necessarily be consecutive). We reserve the right to charge a fee for these types of ongoing training activities, and you will be responsible for all costs associated with attending such programs, courses, events, or meetings.

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that you, your Operating Principal, or your PM(s) (if any) incurs during any and all meetings and/or training courses and programs. You are also responsible for the travel and living expenses and out-of-pocket costs we incur in sending our trainer(s) to the Office to conduct training, including food, lodging, and transportation. You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

5.B. INITIAL SUPPORT.

In addition to the Initial Training Program administered to you, and the PM Training administered to your PM(s) (if applicable), we may, at our sole and unfettered discretion, provide intensive remote training sessions on a weekly basis during the first six (6) to eight (8) weeks after your Business commences operations (the “**Initial Commencement Support**”). There is no fee for the Initial Commencement Support if we choose to provide Initial Commencement Support services to you. The Initial Training Program, PM Training, and other Initial Commencement Support shall be mandatory on all Franchisees and their respective employees.

5.C. OPERATIONS MANUAL.

We may guide you with respect to: (1) standards, specifications, and operating procedures, and methods that Franchised Businesses use; (2) advertising, marketing, and branding strategies; and

(3) accounting, reporting, and record retention. Such guidance will be furnished in the form of our operations manual for the operation of Franchised Businesses (the “**Operations Manual**”). We may also provide guidance via telephonic conversations and/or consultation at our offices. The Operations Manual may be added to, deleted from, changed, amended, revised, or otherwise modified from time to time, in our discretion, without limitation. During the Term, we will provide you online access to the Operations Manual in an electronic format via a restricted website, intranet, or via other electronic means (including by sending to you via e-mail). We reserve the right to loan to you a hard copy of the Operations Manual, in which case, you agree to keep the Operations Manual in a secure place at the Office and return such hard copy to us on demand or in any case upon termination or expiration of this Agreement.

The Operations Manual contains the mandatory specifications, standards, rules, and operating procedures that we periodically prescribe for developing and operating a Franchised Business (“**System Standards**”), suggested procedures, and information on your other obligations under this Agreement. We may modify the Operations Manual at any time, in our sole discretion, with no limitations on our ability to do so. Although we generally provide online access to the Operations Manual, the Operations Manual may also consist of one or more separate manuals or handbooks as well as DVDs, CDs, computer software, and/or other written materials, and other materials and intangibles, as may be modified, added to, replaced or supplemented by us from time to time in our sole discretion, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. You agree to monitor and access the website, any applicable intranet site, and/or your e-mail account for any updates to the Operations Manual. Any passwords or other digital identifications necessary to access the Operations Manual on a website or intranet will be deemed to be part of Confidential Information (as defined in Section 7 below).

If there is a dispute over its contents, our master copy of the Operations Manual shall control. You agree that the Operations Manual’s contents are confidential and that you will not disclose the Operations Manual to any person other than any employee who needs to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual; provided, however, solely for your internal use, you may duplicate those portions of the Operations Manual that are necessary for the efficient operation of your Business, which such duplicated material shall be subject to your obligations under this Section 5.C.

6. FEES.

6.A. INITIAL FRANCHISE FEE.

On your execution of this Agreement, you must pay us a non-recurring initial franchise fee in the amount of \$50,000 (the “**Initial Franchise Fee**”). The Initial Franchise Fee is due and fully earned by us when you sign this Agreement and is not refundable under any circumstances. You must pay us the Initial Franchise Fee by wire transfer of immediately available funds to an account we designate, or by any other method we specify.

6.B. ROYALTY FEE.

You agree to pay us a monthly royalty fee (the “**Royalty**”) equal to eight percent (8%) of Gross Revenue (defined below) derived during the preceding month, excluding Gross Revenue generated from Managed Review Services. Royalty fees will be based on invoices generated by us or our affiliates for all services and products provided to your clients. “Managed Review Services” are document review services provided by attorneys.

The term “**Gross Revenue**” means all invoiced amounts generated, directly or indirectly, from the operation of your Business, regardless of the amount collected on such invoiced amounts. Gross Revenue includes the fair market value of any barter transactions and the proceeds of any business interruption insurance or similar insurance. Gross Revenue does not include any federal, state, or municipal use or service taxes invoiced to clients, which will be collected and paid by you.

6.C. BILLING AND COLLECTION.

We will transmit all invoices to your clients for services performed by your Business. Amounts paid will be remitted to a business checking account that you must set up in order to receive payments from your clients (your “**Business Account**”). We may designate certain banks and financial institutions at which such Business Account must be held.

Each calendar month, on a date we determine, you will remit to us via automatic debit or other means determined by us, an amount equal to all payments due from you to us or our affiliates, including but not limited to Royalty payments and Administrative Services Fees (as defined below) (the “**Balance Payment**”). Pursuant to Section 6.F, we will have the right to deduct all amounts owed to us or our affiliates directly from your Business Account. On or before the 25th day of each calendar month for the previous month, we will provide you with one or more statements (the “**Statements**”) setting forth all amounts due during the applicable period in the format that we determine. You must promptly provide us with read-only access of your Business Account such that we can perform the collection administrative services on your behalf.

In consideration for the billing and collection services we provide, you will pay us an administrative services fee equal to five percent (5%) of Gross Revenue derived during the preceding month, excluding Gross Revenue generated from Managed Review Services (the “**Administrative Services Fee**”).

You will be solely responsible for efforts and costs necessary to collect outstanding invoices from clients of your Business.

6.D. INTEREST ON LATE PAYMENTS.

All past-due amounts that you owe us for any reason will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate allowed by law, whichever is less. We may debit your bank account automatically for service charges and interest (see Section 6.G). You acknowledge that this Section 6.E is not our agreement to accept any payments after they are due or our commitment to extend credit to you or finance the operation of your Business.

6.E. NON-COMPLIANCE FEE.

If you are in default of this Agreement, we may charge you a non-compliance fee in the amount of \$500 per default per month. We may charge you for each month that such default remains uncured. The non-compliance fee is payable to us in the same manner as Royalty payment. Our charging of the non-compliance fee is not a waiver of any of our other rights and remedies under this Agreement.

6.F. METHOD OF PAYMENT AND APPLICATION OF PAYMENTS.

Other than costs and fees that we collect pursuant to Section 6.C, you must make all payments due under this Agreement in the manner we designate from time to time and you agree to comply with all of our payment instructions. You hereby authorize us and/or any third party we designate to debit your

Business Account automatically for any or all amounts due under this Agreement by signing an Electronic Funds Transfer Authorization (the “**EFT Authorization**”), which is attached as Attachment C. Such EFT Authorization shall remain in full force and effect during the term of this Agreement. You agree to ensure that any changes to the EFT Authorization are updated promptly and that funds are readily available in your Business Account to cover our withdrawals.

If there are insufficient funds in your Business Account to cover our withdrawals, we may charge you the insufficient funds fee for each such instance (currently, \$25), as we may modify from time to time, to compensate us for our administrative expenses. In such circumstances, we may also attempt to debit your account again periodically until funds are available (but no more than once every 5 days) and you will be charged the insufficient funds fee for each instance in which the funds are not available. Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may offset any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners, including, without limitation, amounts owed to you pursuant to Section 6.C above.

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g., by credit card or web-based application) whenever we deem appropriate, and you agree to comply with our payment instructions. If you fail to comply with our payment instructions, we reserve the right to exclude your participation from certain programs; provided that such failure shall also be deemed a default under this Agreement.

7. CONFIDENTIAL INFORMATION.

In connection with your Franchise under this Agreement, you and your owners and personnel may from time to time have access to, be provided with, or otherwise be exposed to certain information about the System and the operation of Franchised Businesses, including your Business (some, but not all, of which may be “trade secrets” under applicable law), that we consider and protect as confidential (regardless of whether they are marked as such), including the following (collectively, the “**Confidential Information**”):

- (1) training and operations materials, including the Operations Manual;
- (2) the System Standards and other methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Franchised Businesses;
- (3) information regarding potential marketing, advertising and promotional programs and strategies related thereto, and analyses of the performance and results of such programs once implemented;
- (4) strategic plans, including expansion strategies and targeted demographics;
- (5) knowledge of, specifications for and suppliers of, and methods of ordering, Operating Assets and other products and supplies;
- (6) any computer software or similar technology which is proprietary to us or the System, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (7) knowledge of the operating results and financial performance of Franchised Businesses other than your Business;

(8) information generated by, or used or developed in, your Business' operation, including information contained from time to time in the Technology System;

(9) lists of current, former, and prospective clients (and client representatives) of ours, our affiliates, or any other Franchised Business, including information such as client names, contact persons, addresses, telephone numbers, e-mail addresses, buying habits, preferences, demographic information, and related information (collectively, "**Client Information**");

(10) criteria for approving or rejecting proposed suppliers of any of the System Standards;

(11) patent rights that have not been disclosed in any public filing; and

(12) any other information designated as confidential or proprietary by us.

All Confidential Information will be owned by us. You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating your Business during the Term, and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you, your owners, and your employees (including, your PM(s), if any):

(a) will not use Confidential Information in any other business or capacity;

(b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Term and then thereafter;

(c) will not make unauthorized copies of any Confidential Information disclosed via electronic, virtual, or digital medium or in written or other tangible form;

(d) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including by restricting its disclosure and/or by requiring persons who have access to the Confidential Information to execute our then-current form of confidentiality agreement; and

(e) will not sell, trade, or otherwise profit in any way from the Confidential Information, except using methods approved by us.

Without limiting the generality of the foregoing obligations, we reserve the right to require that any employee, agent, or independent contractor that you hire execute a non-disclosure agreement to protect the Confidential Information. We reserve the right to regulate the form of non-disclosure agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of non-disclosure agreement that we require you to use, provide to you, or regulate the terms of, may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement that your employees, agents and independent contractors sign.

Confidential Information does not include information, knowledge, or know-how, which (i) before we provided it to you, lawfully came to your attention; (ii) before we disclosed it to you, had already lawfully become known to you through publication or communication by others (without violating an obligation to us or our affiliates); or (iii) after we disclosed it to you, lawfully becomes known through

publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a Franchised Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, you hereby assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

8. EXCLUSIVE RELATIONSHIP DURING TERM.

8.A. COVENANTS AGAINST COMPETITION.

You acknowledge that we have granted you a Franchise in consideration of and reliance on your agreement to deal exclusively with us. You therefore agree that, during the Term, neither you, any of your owners, nor any of your or your owners’ immediate family members will:

(1) have any direct or indirect ownership (whether of record, beneficially, or otherwise) in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than three percent (3%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

(2) perform services as a director, officer, manager, employee, consultant, lessor, representative, or agent for a Competitive Business, wherever located or operating;

(3) divert or attempt to divert any actual or potential business or client of your Business to a Competitive Business;

(4) engage in any other activity which might injure the goodwill of the Marks and System or would constitute an act of moral turpitude; or

(5) solicit, interfere, or attempt to interfere with our or our affiliates’ relationships with any clients, vendors, or consultants.

A “**Competitive Business**” means (1) any business offering, selling, or performing any eDiscovery services and related management solutions, including harvesting, storing, maintaining, and searching documents and data in connection with litigation, legal or regulatory investigations for both civil and governmental clients, provision of document review platforms and tools, document review services, data recovery services and such other data governance and information management services analogous to the aforesaid including provision of software and services to assist in any eDiscovery services of any kind to third parties, including without limitation, corporations, law firms, and insurance companies; or (2) any businesses granting franchises or licenses to others to operate the type of businesses specified in subparagraph (1).

This Section 8.A is not applicable to your or your owners’ immediate family members who are already in the eDiscovery, governance, data management, data recovery, or related technology services

industries at the time of the grant of the Franchise, if proper notice is provided to us in writing and we have approved such interest prior to the grant of the Franchise.

You agree to obtain similar covenants from the personnel we specify, including any of your PM(s) and employees having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

8.B. NON-DISPARAGEMENT.

You agree not to (and to use your best efforts to cause your current and former owners, officers, directors, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors, and assigns not to) (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our affiliates, any of our or our affiliates' directors, officers, employees, representatives or affiliates, the "KLDISCOVERY" brand, the System, any Franchised Business, any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the "KLDISCOVERY" brand to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the "KLDISCOVERY" brand.

9. SYSTEM STANDARDS.

9.A. COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that operating and maintaining your Business according to System Standards is essential to preserve the goodwill of the Marks and all Franchised Businesses. Therefore, you agree at all times to operate and maintain your Business according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard is not in the System's or your best interests. Although we retain the right to establish and periodically modify System Standards, your Operating Principal is solely responsible for the management and operation of your Business and for implementing and maintaining System Standards at your Business.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections 9.B through 9.I below:

- (1) the services and products sold to clients by us or our affiliates;
- (2) the form of agreement entered between you and your clients;
- (3) client billing and collections services;
- (4) the solicitation of clients (and client representatives), including the denial of solicitation of any client (or any client representative);
- (5) all required software components that are sublicensed to franchisees under the technology services agreement and otherwise;
- (6) sales, marketing, advertising, and promotional campaigns, and other national, regional or location marketing programs, and materials and media used in these programs;
- (7) use and display of the Marks at your Business and on uniforms, labels, forms, paper, products, and other supplies;

- (8) the Operations Manual, including all policies therein, as changed by us from time to time;
- (9) client service standards and policies;
- (10) product and service development programs, including participation in market research and testing;
- (11) accepting designated forms of payment (and their underlying payment systems) and check verification services;
- (12) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and/or
- (13) any other aspects of operating and maintaining your Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks, and the System.

You agree that the System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form (for example, via a System extranet or website), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

9.B. VARIATION AND MODIFICATION OF SYSTEM STANDARDS.

You acknowledge that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right (as we consider best, in our sole discretion) to vary System Standards for any franchise owner based on the peculiarities of any condition that we consider important to that franchise owner's successful operation. We may choose not to authorize similar variations or accommodations to you or other franchise owners. We may also permit variations in the System Standards (as we consider best, in our sole discretion) between Franchised Businesses owned by us and Franchised Businesses owned by franchisees.

We may periodically modify System Standards. These modifications may obligate you to invest additional capital in your Business and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve refurbishing or remodeling the Office, buying new Operating Assets, adding new products and services, adding personnel, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

Any unapproved variations from the System Standards will potentially result in termination of this Agreement, unless such variations have been previously communicated to and approved by us in accordance with Section 9.D., below.

9.C. APPROVED PRODUCTS AND SERVICES.

To ensure that our standards and specifications of quality, service, and system development are maintained, you must operate your Business in strict conformity with this Agreement and the methods, standards, specifications, and sources of supply that are designated in the Operations Manual. All products

and services sold to clients by you in connection with your Business and other franchisees will be provided by us and our affiliates.

You agree that: (1) you will offer for sale or sell in connection with your Business the products and services that we specify from time to time; (2) you will offer for sale or sell in connection with your Business approved products and services only in the manner we have prescribed; (3) you will not offer for sale or sell in connection with your Business any products or services we have not approved, unless otherwise with our approval; (4) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove; and (5) you will purchase and use only the brands, types, or models of products, materials, packaging, supplies and services (including the Operating Assets and the Technology System) that we designate for operating your Business. You acknowledge and agree that we will not authorize you to offer certain services unless you have hired a PM who has completed PM Training to our satisfaction.

9.D. APPROVED DISTRIBUTORS AND SUPPLIERS.

We may designate, approve, or develop standards and specifications for manufacturers, distributors and suppliers of products and services to your Business, which may be us or our affiliates (collectively, “**suppliers**”). We may also designate certain banks and financial institutions at which your Business Account must be held. You must purchase the products and services we periodically designate only from the suppliers we prescribe and only on the terms and according to the specifications we approve. A complete list of designated and approved suppliers is maintained in the Operations Manual, which we may update from time to time, in our sole discretion.

As of the Effective Date, and until you are notified in writing of otherwise, our affiliate, KLDDiscovery Ontrack, LLC (“**Ontrack**”), will be the sole and exclusive provider of eDiscovery, governance, data management, data recovery, and other related technology services that we authorize or mandate for your Business (collectively, the “**Services**”). You must sign Ontrack’s then-current forms of agreements to engage Ontrack for its provision of the Services. A list of the then-current service fees will be provided to you prior to your agreement to perform Services for your clients of your Business.

Approval of other suppliers may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time. However, the exact criteria for approval of a supplier are considered Confidential Information that is not available to Franchised Businesses.

If you would like to request our approval of a product or supplier that is not then approved, you must submit your request in writing before purchasing any items or services from that supplier. Your request must include sufficient specifications and information regarding the proposed supplier. You must also pay the then-current fee for approval of an alternative supplier, which can be found in the Operations Manual (currently not expected to exceed \$10,000 per request, plus reasonable out-of-pocket expenses incurred by us to complete the evaluation). We will approve or disapprove your request in writing within six (6) months of receipt of all required information. Any actions we take in response to your request will be at our discretion, including the assessment of associated costs and expenses to compensate us for the time and resources we spend on evaluating the proposed supplier. If we do not respond to your request, your request will be deemed disapproved. We may, with or without cause, revoke our approval of any supplier at any time. If we revoke our approval of any supplier, you must cease dealings with the supplier immediately upon receipt of our notice, and you may not place any additional orders or enter any additional contracts or agreements with such supplier.

We may concentrate purchases with one or more suppliers to obtain lower prices, advertising support and/or services for any group of Franchised Businesses franchised or operated by us or our affiliates. We may also designate a single supplier for any product, service, Operating Asset, or other material, or approve a supplier only for certain products or services. You acknowledge and agree that we and/or our affiliates may derive revenue or other material benefits based on your purchases (including from charging you for products and services we or our affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments, services, or consideration we receive from suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our affiliates may use such revenue or profit without restriction.

9.E. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain all required licenses, permits, and certificates relating to your Business and must at all times operate your Business in full compliance with all applicable laws, ordinances, and regulations, including those that relate to anti-discrimination (including, the Americans with Disabilities Act of 1990) and any homeowner’s association bylaws or rules applicable to the Office. You agree to comply and assist us in our compliance efforts with any and all federal and state laws and regulations, including those relating to truth in lending, truth in advertising, health and anti-discrimination laws (such as the Americans with Disabilities Act), and anti-terrorist activities (including the U.S. Patriot Act, Executive Order 13224, and related U.S. Treasury and/or other regulations). In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Business as may be required by us or by law. You confirm that you are not listed in the Annex to Executive Order 13224 and agree not to hire any person so listed or have any dealing with a person so listed (the Annex is currently available at <http://www.treasury.gov>). You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities (as provided in Section 12.D) apply to your obligations under this Section.

Your Business must adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct in all dealings with clients, suppliers, us, and the public. You agree to refrain from any business or advertising practice which may injure our business and the goodwill associated with the Marks and other Franchised Businesses. You must notify us in writing within five (5) days of the threat of or 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 your operation or financial condition or that of your Business and of any notice of violation of any law, ordinance, or regulation relating to your Business.

You understand and acknowledge that we and our affiliates are not a law firm and that anything we say or do in accordance with this Agreement does not constitute legal advice or opinion.

You agree to apply for and diligently pursue any government-issued, government-sponsored, or governmental-guaranteed grants, non-recourse loans, and/or bailouts for which you qualify and that are made available to small businesses as an economic stimulus.

9.F. INFORMATION SECURITY.

You must implement all administrative, physical, and technical safeguards that we require to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information (“**Personal Information**”). You agree to comply with our current website privacy

policy, found at www.kldiscovery.com/privacy-policy, as it may be amended periodically; you further agree to comply with any requests to delete or correct Personal Information, whether requested by us or directly by the applicable consumer, as required by, and consistent with, applicable data sharing and privacy laws. No assistance, guidance, standards, or requirements that we provide you constitute a representation or warranty of any kind, express or implied, that your Business or business is compliant with federal, state, or local privacy and data laws, codes, or regulations, or acceptable industry standards. It is your responsibility to confirm that the safeguards you use to protect Personal Information comply with all laws and industry best practices related to the collection, access, use, storage, correction, deletion, and disclosure of Personal Information.

We may, from time to time, collect certain Personal Information arising from your Business' operations. You hereby agree that we are the data controller of any and all Personal Information that we share with you or your representatives ("**Our PI**"). During and after the Term, you (and your owners, if applicable) further agree to, and to cause your respective current and former immediate family members, owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns to: (i) process, retain, use, or disclose Our PI strictly to the limited extent, and in such a manner, as is necessary for operating your Business in accordance with this Agreement, and not process, retain, use, or disclose Our PI for any other purpose; (ii) process, retain, use or disclose Our PI strictly in accordance with this Agreement, any privacy policy that we have established from time to time on our Online Presences ("**Our Privacy Policies**"), and any and all applicable laws, regulations, orders, and, where applicable, the guidance and codes of practice issued by regulatory bodies; (iii) assist us with meeting our compliance obligations under all applicable federal, state, and foreign laws and regulations relating to the processing, protection, or privacy of Personal Information, including where applicable, the guidance and codes of practice issued by regulatory bodies; (iv) collect Personal Information on our behalf solely in accordance with our instructions and Our Privacy Policies; (v) promptly notify us of any changes to your ability to meet your obligations under this Agreement or Our Privacy Policies, or that may adversely affect our rights or obligations relating to Our PI; (vi) promptly notify us if you receive any complaint, notice, or communication relating to Our PI, or your compliance with your obligations relating to Our PI, including any request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information; and (vii) permit us and our representatives to audit your compliance with any and all obligations relating to Personal Information and data privacy, and as applicable, take reasonable steps to stop and remediate any unauthorized practices, in each case at the times and locations selected by us, and the manner we determine.

You acknowledge and agree that all of Our PI and Confidential Information may not be shared with any third party of any kind without our express prior authorization.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. We or our designee reserve the right to conduct a data security and privacy audit of your Business and your Technology System at any time, from time to time, to ensure that you are complying with our requirements for handling Personal Information. The cost of such audit shall be paid by you. You agree to cooperate with us fully during the course of this audit. If we exercise any of these rights, we will not interfere unreasonably with your Business' operation. You also agree to follow our instructions regarding curative actions and public statements relating to the breach.

9.G. MANAGEMENT OF YOUR BUSINESS.

Ownership of a Franchised Business is not a passive investment. Your Operating Principal must, at all times, have direct, day-to-day, full-time supervision of your Business. Your Operating Principal must

attend all scheduled meetings and required trainings conducted by us for the purpose of further instruction, education, or informing you on topics involving the supervision of your Business.

Notwithstanding the foregoing, you may appoint, subject to our approval, PM(s), to assist in operating the day-to-day affairs of your Business. We may establish minimum qualifications for any such PM prior to their offering of services through your Business, which may include the completion of any training programs that we require (to our satisfaction), confirmation that they will have no competitive business activities, and/or execution of a non-disclosure agreement or other covenants that we require. You must keep us informed at all times of the identity of each of your PMs employed by your Business. If you are an entity, your PM(s) are not required to own any equity. Despite appointment of one or more PM(s), you must remain actively involved in the sales and business operations of your Business.

9.H. PRICING.

We may periodically set a minimum price that you may charge for products and services offered by your Business. If we impose a minimum price for any product or service, you may not charge less for such product or service than the minimum price we impose. For any product or service for which we do not impose a minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price below the suggested price unless we impose a minimum price for such product or service.

9.I. CLIENT INFORMATION.

All Client Information will be owned by us. You will use Client Information only for the promotion of your Business during the Term. You will refrain from selling Client Information to third parties. You will institute a data privacy and security policy for Client Information in conformity with the requirements of Section 9.F.

10. INSURANCE.

During the Term, you must purchase the required insurance package at your sole expense, including, without limitation, commercial general liability, products and completed operations liability, personal injury liability, advertising injury liability, automobile liability, fire damage legal liability, medical expense liability, property and casualty liability, workers' compensation, crime/dishonesty, employment practices liability, cyber/privacy and technology errors & omissions, and other types of insurance we require.

We require you to obtain such insurance from designated or approved suppliers according to the specifications we promulgate (currently, Lockton is the designated supplier). All of these policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. All policies must be written and issued by companies lawfully authorized to write and authorize insurance under the laws of the state in which your Office is located. These insurance policies must be purchased from licensed insurers having a rating of "A-/VIII" or higher by the then-current edition of *Best Insurance Reports* published by A.M. Best Company (or other similar publication or criteria we designate).

Each insurance policy described below shall provide terms as indicated, with a minimum limit of insurance as specified:

I. *Property and Casualty*

A. You shall purchase and maintain the following minimum property and casualty insurance for all operations written on the ISO form CG 00 01 or equivalent, including products and completed operations, on an occurrence basis. The form must be amended to state that the general aggregate limit applies on a per-location/per-project basis. The policy shall provide no less than the following minimum limits:

- i. Property - \$25,000 (business personal property), Actual Sustained Loss (business income & extra expense)
- ii. General Liability - \$1,000,000 each occurrence, \$2,000,000 annual aggregate
- iii. Hired and Non-Owned Auto - \$1,000,000 each occurrence
- iv. Workers' Compensation - statutory limits, \$1,000,000 employee liability
- v. Umbrella - \$2,000,000 each occurrence, \$2,000,000 annual aggregate

B. The policy shall include contractual liability coverage sufficient to address the obligations of this contract.

C. This insurance policy shall include KLDDiscovery Franchising, LLC., its subsidiaries, affiliates, successors and assigns and their respective directors, officers, shareholders, members, managers, partners, employees, servants, representatives, independent contractors and associates of each as Additional Insureds. This policy shall be primary and non-contributory with respect to any other insurance available to an additional insured.

II. *Cyber / Tech Errors and Omissions Insurance*

Technology/Professional Liability, Media Liability and Network Security/Privacy (cyber) Liability insurance covering acts, errors, omissions, and breach of contract arising out of your operations or services with a minimum limit of \$1,000,000 per claim and in the aggregate.

Such coverage shall include third party and first party coverage for loss or disclosure of any data, including personally identifiable information and payment card information, network security failure, unauthorized access and/or use or other intrusions, infringement of any intellectual property rights (except patent), negligence or breach of duty to use reasonable care, breach of any duty of confidentiality, invasion of privacy, or violations of any other legal protections for personal information, defamation, libel, slander, negligent transmission of computer virus, or use of computer networks in connection with denial of service attacks. Such coverage shall include contractual privacy coverage for data breach response and crisis management costs that would be incurred by you on behalf of KLDDiscovery Franchising, LLC in the event of a data breach including legal and forensic expenses, notification costs, and credit monitoring.

You shall maintain coverage in force during the term of this Agreement and for an extended reporting period of not less than 3 years after its termination or expiration.

III. *Management Liability Insurance*

Management Liability coverage shall include employment practices coverage. This coverage should carry a limit of liability no less than \$1,000,000 and contain a continuity date earlier than the inception of work under this contract. In the event such policy is cancelled or not renewed, a tail policy shall be procured for a period of no less than 3 years following termination of this contract.

Management Liability coverage shall also include crime and dishonesty insurance against the fraudulent or dishonest acts of employees, including third-party extension or client coverage, with coverage for any one claim of not less than \$1,000,000 per claim and KLDDiscovery Franchising, LLC, its subsidiaries, affiliates, successors and assigns and their respective directors, officers, shareholders, members, managers, partners, employees, servants, representatives, independent contractors and associates shall be added as a loss payee as it relates to KLDDiscovery Franchising, LLC 's covered loss. Crime coverage should be on a "loss discovered" policy form and should be in place prior to the inception of work under this contract.

IV. *Additional Insurance*

Upon thirty (30) days' notice, the KLDDiscovery Franchising, LLC, its subsidiaries, affiliates, successors and assigns and their respective directors, officers, shareholders, members, managers, partners, employees, servants, representatives, independent contractors and associates may reasonably require higher limits of insurance or additional insurance coverage against other hazards for which insurance is reasonably obtainable, whether or not such additional insurance requirements are otherwise described or contemplated in this Contract.

V. *Deductibles or Self-Insured Retentions*

You are solely responsible for the payment of any and all deductibles or retentions under all of the insurance required herein unless KLDDiscovery Franchising, LLC specifically provides a written waiver to the Franchisor.

VI. *Evidence of Insurance*

A. You shall provide KLDDiscovery Franchising, LLC with a certificate of insurance evidencing coverage 10 days prior to the contract initiation and 5 days after policy renewals.

B. KLDDiscovery Franchising, LLC shall have the right to request and receive in a timely manner copies of all insurance policies required herein upon your request.

C. You shall be responsible for all costs and damages KLDDiscovery Franchising, LLC attributable to any damage to KLDDiscovery Franchising, LLC resulting from your failure to maintain the insurance required herein.

D. 30 days' prior written notice of cancellation, termination, non-renewal and 10-day notice for non-payment shall be provided to KLDDiscovery Franchising, LLC for all policies.

Each insurance policy for liability coverage must include us and any affiliates or lenders we designate as additional named insureds, using a form of endorsement that we have approved. Each insurance policy (with the exception of crime and dishonesty, employment practices liability, and cyber/privacy and technology errors & omissions) must contain a waiver of all subrogation rights against us, our subsidiaries, affiliates, and ours and their successors and assigns. You must routinely furnish us with copies of your

certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums.

Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for the operation of your Business. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Business that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed or circumvent your insurance coverage under any circumstances.

We require that you purchase all insurance directly from our designated supplier (currently, Lockton), but we reserve the right to change the means of payment at any time upon written notice to you. Your obligation to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by us, nor shall the maintenance of such insurance relieve you of any indemnification obligations under this Agreement.

In the event that you do not obtain insurance as required by us in this Agreement or otherwise, we may pay the policy premium(s) for any lack of insurance such that your Business may be fully covered. For doing so, we may charge you the cost of the premium(s) paid by us, plus ten percent (10%) service charge.

11. ADVERTISING.

11.A. OUR APPROVAL OF ADVERTISING MATERIALS.

You must obtain our written approval for any advertising materials or promotional or marketing strategies that have not been previously approved in the prior 12-month period. Before you use any local advertising and promotional materials not prepared by or previously approved by us, you will submit samples of such materials to us for approval. If we do not approve the materials in writing within 30 days from the date we receive the materials, the materials are deemed to be disapproved. If we approve the materials, you may use them; provided, however, that we may withdraw our approval, in our discretion, and without compensating you for any of your costs associated with the manufacture or distribution of the unused materials. You must not use any advertising or promotional materials that we have not approved or have disapproved. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe from time to time.

11.B. WEBSITES, SOCIAL MEDIA ACCOUNTS, AND OTHER ONLINE PRESENCES.

Except as specified by us in the Operations Manual, you may not develop, maintain or authorize any website, domain name, e-mail address, social media account, username, other online presence or presence on any electronic, virtual, or digital medium of any kind (an “**Online Presence**”) that mentions your Business, links to any System website, or displays any of the Marks, or engages in any promotional or similar activities, whether directly or indirectly, through any Online Presence. You may, however, use the microsite website that is provided to you during the Term, as well as the e-mail address that is associated with your Business.

We retain the right to market the System on the Internet, including ownership and use of any Online Presence. We will maintain the brand website and list and advertise your Business on all major Internet search engines and Internet consumer review websites. We may require that you: (1) provide us with the

information and materials we request to develop, update, and modify any System website; and (2) notify us whenever any information on the System website regarding you or your Business is not accurate.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current terms and conditions and System Standards. You acknowledge and agree that we will have unrestricted access to and sole ownership of all such email accounts, and all documents, data, materials, and messages shared from or by such accounts. We may deactivate any such account or limit your or your users' access to it at any time.

12. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

12.A. INDEPENDENT CONTRACTORS.

You and we understand and agree that each of us is an independent business and that you and we are and will be independent contractors. This Agreement does not create a fiduciary relationship between you and us, and nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all persons (including clients, suppliers, public officials, and employees of your Business) as your Business' owner and indicate clearly that you operate your Business separately and independently from our business operations. You agree to place notices of independent ownership on all forms, business cards, stationery, advertising, and other materials that we may require from time to time.

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of your Business. You agree that any employee, agent, or independent contractor that you hire will be your employee, agent, or independent contractor, and not our employee, agent, or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Business in compliance with federal, state, and local employment laws.

12.B. NO LIABILITY FOR ACTS OF THE OTHER PARTY.

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of your Business' operation or the business you conduct under this Agreement.

12.C. TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross revenue, income, property, or other taxes, whether levied on you or your Business, due to the business you conduct. You are fully responsible for paying these taxes; however, we may assist you in the administration of such taxes, including the remittance of the taxes to the applicable state and federal authorities, which shall be subject to the Administration Services Fee.

12.D. INDEMNIFICATION BY YOU.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, directors, officers, employees, agents, successors, and assignees (the “**Indemnified Parties**”) against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of your Business’ operation, your (or your owners, employees, agents, and/or independent contractors’) participation in any training conducted by us, including the Initial Training Program and PM Training, the business you conduct under this Agreement, or your breach of this Agreement, including those alleged to be or found to have been caused by the Indemnified Party’s gross negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

For purposes of this indemnification, “**claims**” include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced. Each Indemnified Party may, in its discretion and at your expense, control the defense of any claim against it (including choosing and retaining its own legal counsel), agree to settlements of claims against it, and take any other remedial, corrective, or other actions in response to such claims.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement’s expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

13. MARKS.

13.A. OWNERSHIP AND GOODWILL OF MARKS.

Your right to use the Marks is derived only from this Agreement. You may only use the Marks to operate your Business according to this Agreement and in accordance with System Standards. Your unauthorized use of the Marks is a breach of this Agreement and infringes our rights in the Marks. Your unauthorized use of the Marks will cause us irreparable harm for which there is no adequate remedy at law and will entitle us to injunctive relief. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our benefit and this Agreement does not confer any goodwill or other interests in the Marks to you (other than the right to operate your Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after the Term contest or assist any other person in contesting the validity of the Marks or our ownership of the Marks.

13.B. LIMITATIONS ON YOUR USE OF THE MARKS.

You have no right to sublicense or assign your right to use the Marks. You agree to display the Marks prominently on forms, advertising, supplies, employee uniforms, and other materials associated with your Business that we designate. If your Business is operated from a leased commercial space, you must

obtain our prior written approval of all signage used at the premises. You may not use any other trademarks, service marks or commercial symbols to identify or operate your Business.

You agree to identify yourself as the independent owner of your Business in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any Online Presence, except in accordance with our guidelines set forth in the Operations Manual or otherwise in writing from time to time; (5) in advertising the transfer, sale, or other disposition of your Business or an ownership interest in you; or (6) in any other manner that we have not expressly authorized in writing.

13.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS.

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any possible infringement, challenge, or claim. We and/or our affiliates may take any action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. You agree to sign any documents and take any other reasonable action that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for your reasonable costs of taking any action that we have asked you to take.

13.D. DISCONTINUANCE OF USE OF MARKS.

We may at any time, in our sole discretion, require you to modify or discontinue using any Mark and/or use one or more additional or substitute Marks. You agree to replace the Marks used for your Business with the modified, additional or substitute Marks we specify and comply with all other directions we give regarding the Marks used for your Business within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute Mark.

Our rights in this Section 13.D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

13.E. INDEMNIFICATION FOR USE OF THE MARKS.

We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of the proceeding, and complied with our directions in responding to it. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

14. RECORDS AND REPORTS.

You must use the standard chart of accounts, income statement, and balance sheet format provided by us in preparation of any records or reports. You are required to use a bookkeeping service, software, or

certified public accountant to generate monthly financial statements for your Business. Such statements must be generated and provided to us by the 20th day of each month for the preceding month. You must maintain in a secure location at the Office during the Term, and must preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts from your Business (including sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, Bank Account statements, and general ledgers) in the form and manner we prescribe in the Operations Manual or otherwise in writing.

You shall comply with the following reporting obligations:

(a) within the time limits specified in the Operations Manual or otherwise in writing by us, such other periodic operating statements, financial statements, statistical reports, daily Business Account statements, and other information we request regarding you and your Business;

(b) by March 1 of each year, annual profit and loss and source and use of funds statements and a balance sheet for your Business as of the end of the prior calendar year; provided, however, we reserve the right to require you to submit such reports on a monthly basis showing your financial results for the preceding month; and

(c) within 10 days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we may periodically require relating to you and your Business.

We may, in our sole discretion, require you to submit or otherwise provide your monthly statements or other records for your Business on a more or less frequent basis, through electronic means or otherwise, including through any reporting software or other tools as we may require. You (or one of your employees) agree to sign and verify each report and financial statement in the manner we prescribe. We may disclose data derived from these reports. Moreover, we may, as often as we deem appropriate (including on a daily basis), independently access the Technology System, and retrieve and retain all information relating to the operation of your Business. We may require you to have audited financial statements prepared annually during the Term.

15. INSPECTION AND AUDITS.

15.A. OUR RIGHT TO INSPECT YOUR BUSINESS.

To determine whether you and your Business are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect the Office and any location where any of your employees are providing services; (2) photograph the Office and observe and videotape your Business' operation for consecutive or intermittent periods we deem necessary; (3) continuously or periodically monitor your Business using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) interview your Business' personnel and clients; (6) inspect the Technology System, including hardware, software, security, configurations, connectivity, and data access; and (7) inspect and copy any books, records, and documents relating to your Business' operation. Additionally, we may contract with third parties to conduct client survey or other market research testing, and quality assurance inspections at your Business, and we reserve the right to require you to reimburse us the costs and expenses associated with such inspection services. You agree to cooperate with us fully during the course of these inspections and tests. If we exercise any of these rights, we will not interfere unreasonably with your Business' operation.

15.B. OUR RIGHT TO AUDIT.

We may at any time during your business hours, and without prior notice to you, examine your and your Business' bookkeeping and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Business' Gross Revenue, you agree to pay us the Royalty and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within 15 days after receiving the examination report. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Gross Revenue exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. We may also charge interest on the overdue amounts at the greater rate of one and a half percent (1.5%) per month or the highest amount allowable by law. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

16. TRANSFER OF INTEREST.

16.A. BY US.

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form of organization and/or assign this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any obligations under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

16.B. BY YOU.

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the Franchise in reliance on our perception of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) your Business (or any right to receive all or a portion of your Business' profits or losses or capital appreciation related to your Business); (iii) substantially all of the assets of your Business; (iv) any direct or indirect ownership interest in the Business (regardless of its size); or (v) any direct or indirect ownership interest in any of the Business' employees or owners (if such owners are legal entities). A transfer of your Business' ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.

You have the right to sell or transfer your Business to another existing franchisee within the System, subject to our approval and your completion of the other conditions in this Section 16. This sale or transfer will be conducted as a separate process from the award of a Franchise by us to a new franchise owner.

You may not pledge or encumber this Agreement, your Business or an ownership interest in you or your owners (to someone other than us) as security for any loan or other financing unless (1) we grant our prior written consent, and (2) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us, our affiliates, or lenders.

You are responsible for marketing the sale of your Business and finding a potentially suitable buyer. If you intend to list your Business for sale with any broker or agent, you shall do so only after obtaining our written approval of the broker or agent and of the listing agreement. You may not use or authorize the use of any Mark in advertising the transfer or other disposition of your Business or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Business or of any ownership interest in you without our prior written approval of such materials.

16.C. CONDITIONS FOR APPROVAL OF TRANSFER.

Subject to the other provisions of this Section 16, if you and your owners are fully complying with this Agreement, we will approve a transfer that meets all of the requirements in this Section 16.C.

If the proposed transfer is not of a Controlling Interest (defined below) in you or your owners (determined as of the date on which the proposed transfer will occur), then we will approve such transfer if the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character and meet our then applicable standards for franchise owners (including no ownership interest or performance of services for a Competitive Business). We will, in our sole discretion, determine if the proposed transferee is direct or indirect owners (if the transferee is an entity) meet our standards. If the proposed transfer is of this Agreement, your Business, substantially all the assets of your Business, or a Controlling Interest in you or one of your owners, or is one of a series of transfers (regardless of the time period over which these transfers take place), which in the aggregate transfers this Agreement, your Business, substantially all the assets of your Business, or a Controlling Interest in you or one of your owners, then all of the following conditions must be met before or concurrently with the effective date of the transfer:

(1) you submit an application, in writing, requesting our consent and providing us all information or documents we request about the transferee and its owners that we request to evaluate their ability to satisfy their respective obligations under our then-current form of franchise agreement and any documents ancillary thereto, and each such person must have completed and satisfied all of our application and certification requirements, including the criteria that neither the transferee nor its owners (if the transferee is an entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(2) you have provided us executed versions of any documents executed by you (or your owners) and the transferee (and its owners) to affect the transfer, and all other information we request about the proposed transfer, and such transfer meets all of our requirements, including criteria for terms and conditions, closing date, purchase price, amount of debt and payment terms;

(3) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including: (i) a general release of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, and agents, (ii) a covenant that you and your transferring owners (and your and their immediate family members) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Section 18.E below, (iii) covenants that

you and your transferring owners satisfy all other post-termination obligations under this Agreement;

(4) you have paid all Royalty fees and other amounts owed to us, our affiliates, and third-party vendors, and have submitted all required reports and statements;

(5) you and your owners have not violated any provision of this Agreement or any other agreement with us or our affiliates during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(6) the transferee's Operating Principal and any other sales consultant and/or project manager we designate, complete our then-current Initial Training Program and PM Training, as applicable, to our satisfaction;

(7) if the proposed transfer (including any assignment of the lease or subleasing of the Office) requires notice to or approval from your landlord, or any other action under the terms of the lease, you have taken such appropriate action and delivered us evidence of the same;

(8) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a Controlling Interest in you or one of your owners), sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the amount of the Royalty, the Administrative Services Fee, and/or changes to the imposition of territorial protections; provided, however, that the term of the new franchise agreement signed will equal the remainder of the then-remaining Term;

(9) you pay us, or arrange for the payment to us by the transferee, a transfer fee equal to 75% of our then-current Initial Franchise Fee, unless the transfer is of a non-Controlling Interest in the Franchised Business between existing employee or an existing employee and a new shareholder, in which case the transfer fee is \$5,000 plus reimbursement for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees;

(10) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of your Business;

(11) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in your Business are subordinate to the transferee's obligation to pay Royalty fees and other amounts due to us, our affiliates, and third-party vendors related to the operation of your Business and otherwise to comply with this Agreement;

(12) you have corrected any existing deficiencies of your Business of which we have notified you, and/or the transferee agrees to upgrade and refurbish any aspect of the Technology System and the Office in accordance with our then-current requirements and specifications for new Franchised Businesses within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken) and the transferee agrees to escrow an amount we approve for payment of the required upgrade or refurbishment; and

(13) you provide us the evidence we reasonably request to show that appropriate measures have been taken to affect the transfer as it relates to the operation of your Business, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements.

In addition to the foregoing conditions, a proposed transfer of this Agreement may not be made separately from or independently of a transfer to the same recipient of all of the Agreements (and the Franchised Businesses operated pursuant thereto) executed by you or your affiliates.

We may review all information regarding your Business that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding your Business.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Business' or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

For purposes of this Agreement, a “**Controlling Interest**” means:

(1) if you are a corporation, such number of the voting shares of you as (a) shall permit voting control of you on any issue and (b) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power;

(2) if you are a general partnership, a managing partnership interest or such percentage of the general partnership interests in you as (a) shall permit determination of the outcome on any issue and (b) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power;

(3) if you are a limited partnership, a general partnership interest; or

(4) if you are a limited liability company, such percentage of the membership interests as (a) shall permit determination of the outcome on any issue and (b) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

16.D. DEATH OR DISABILITY.

Upon the death or permanent disability of your Operating Principal, the executor, administrator, conservator, or other personal representative of that person, or the remaining shareholders, members or partners, must appoint a new Operating Principal who will have ownership interest and the authority to take legally binding actions on the Franchised Business' behalf within a reasonable time, not to exceed 30 days from the date of death or permanent disability (the “**Replacement Operating Principal**”). The appointed Replacement Operating Principal must attend and successfully complete the Initial Training Program within 120 days of the appointment. If your Business is not being managed by a Replacement Operating Principal approved by us within 30 days after death or permanent disability, we are authorized, but not required, to immediately appoint a Replacement Operating Principal to maintain the operations of your Business on your behalf, in accordance with Section 16.C, until an approved assignee is able to assume the management and operation of your Business.

Upon death of you (or the death of any owner), the executor, administrator, conservator, or other personal representative of you must transfer his interest to a person we approve within a reasonable time, not to exceed 12 months from the date of death.

16.E. OUR RIGHT OF FIRST REFUSAL.

If you or any of your owners shall at any time determine to sell an interest in this Agreement, the franchise, your Business, some or all of the assets of your Business (other than in the ordinary course of business) or an ownership interest in you, you or your owner(s) shall obtain a bona fide, arms' length, executed letter of intent from a qualified, responsible, bona fide and fully disclosed purchaser. You or your owner(s) (or both) shall immediately submit to us a true and complete copy of such letter of intent (conditioned on our right of first refusal) and any proposed ancillary agreements. The letter of intent must apply only to an interest which is permitted to be transferred under this Agreement and may not include the purchase of any of your (or your owners') other property or rights. The price and terms of purchase offered to you (or your owner(s)) in the letter of intent for the aforementioned interests shall reflect the bona fide price offered therefore and shall not reflect any value for any other property or rights. If the purchaser proposes to buy any other property or rights from you (or your owner(s)) under a separate, contemporaneous transaction, you shall submit a true and complete copy of a bona fide, arms' length executed letter of intent for that transaction (and any proposed ancillary agreements).

We will have the right, but not the requirement, exercisable by written notice delivered to you or such owner(s) within 30 days from the date of receipt by us of an exact copy of such letter of intent to purchase such interest for the price and on the terms and conditions contained in such letter of intent, provided that our credit shall be deemed equal to the credit of any proposed purchaser, and we shall have not less than 60 days to prepare for closing. If the letter of intent contemplates payment of any or the entire purchase price by a credit instrument of any type, we shall have the option to use the same payment method at our discretion, and we may choose to use alternative means of payment subject to the individual agreement. Regardless of whether contemplated under the letter of intent, we shall be entitled to all customary representations and warranties given by the seller of a business, including representations and warranties as to: (1) ownership, condition and title to the ownership interests and/or assets being purchased; (2) liens and encumbrances relating to such ownership interests and/or assets; and (3) validity of contracts and liabilities, contingent or otherwise, of any legal entity whose ownership interests are purchased.

A transfer of the franchise, your Business, or an ownership interest in you to an immediate family member is not subject to our right of first refusal, but such transfer is subject to the requirements of Sections 16.B and 16.C. For purposes of this paragraph, an "**immediate family member**" is limited to a spouse and/or a living child or living children or living grandchildren.

If we do not exercise our right of first refusal, you or your owner(s) may complete the sale to such purchaser pursuant to and on the exact terms of such letter of intent, subject to our approval of the transfer, as provided for in this Agreement, provided that if the sale to such purchaser is not completed within 120 days after receipt of such letter of intent by us, or if there is a change in the terms of the sale, we shall have an additional right of first refusal for 30 days as set forth herein on the modified or initial terms and conditions of sale.

17. TERMINATION.

17.A. TERMINATION BY US.

We may terminate this Agreement, effective on delivery of written notice of termination to you, if:

- (1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating your Business;
- (2) you do not comply with the conditions specified in Section 4, and commence operations of your Business for full use by clients, by the Commencement Deadline specified in Section 4.E;
- (3) your Operating Principal, your employees, including sales consultants and project managers (if applicable), do not complete the Initial Training Program and PM Training, as applicable, to our satisfaction in accordance with Section 5.A;
- (4) you abandon or fail to actively operate your Business for more than two (2) consecutive business days, or 14 days during any 12-month period, or provide us or any other party notice (written or oral) that you intend to permanently close or otherwise abandon the operation of your Business;
- (5) you (or your owner(s)) make or attempt to make any transfer in violation of Section 16;
- (6) you (or any of your owner(s)) are or have been convicted by a trial court of, or pleaded guilty or no contest to, a felony;
- (7) you fail to maintain the insurance we require and do not correct the failure within five (5) days after we deliver written notice of that failure to you;
- (8) you (or any of your owner(s)) engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Business' or our reputation or the goodwill associated with the Marks;
- (9) you (or any of your owner(s)) knowingly make any unauthorized use or disclosure of any Confidential Information;
- (10) you violate any applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within five (5) days after we or any applicable government agency deliver notice to you of that violation or failure;
- (11) you fail to pay us (or our affiliates) any amounts due and do not correct the failure within 10 days after we deliver written notice of that failure to you;
- (12) you fail to pay when due any federal or state income, service, sales, or other taxes due on your Business' operation, unless you are in good faith contesting your liability for these taxes;
- (13) you have insufficient funds in your Business Account to cover your payments owed for Royalty fees and other amounts due on three (3) separate occasions within a 12-month period;
- (14) you understate your Business' Gross Revenue by any amount three (3) times or more during this Agreement's term or by more than two percent (2%) on any one occasion;

(15) you (or any of your PM(s)) (a) fail on three (3) or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two (2) or more separate occasions within any 12 consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(16) you (or any of your owner(s)) make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; your Business is attached, seized, subjected to a writ or distress warrant, or levied on, unless the attachment, seizure, writ, warrant, or levy is vacated within 30 days; or any order appointing a receiver, trustee, or liquidator of you or your Business is not vacated within 30 days following the order's entry;

(17) any of your or your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your PM(s) or employees otherwise violate any such law, ordinance, or regulation;

(18) there is a termination of any franchise agreement, technology licensing agreement, or other agreement between you or your affiliates and us (or any of our affiliates);

(19) you fail to pay when due any third-party supplier or taxing authority and do not cure such failure within the applicable cure period;

(20) you deposit or convert any funds received from clients in violation of Section 6.C of this Agreement; or

(21) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you.

17.B. TERMINATION BY YOU.

At any time after the second (2nd) anniversary of the Effective Date, and prior to the expiration of the term of this Agreement, if you have materially complied with all of your obligations, requirements, conditions, and terms set forth in this Agreement, System Standards, and any other agreement between you (and/or your affiliates) and us and/or our affiliates, relating to your Business, both as of the date you provide notice to us and at all times through the termination of this Agreement, you may terminate this Agreement at any time upon 90 days' prior written notice to us and upon the payment of a termination fee in the amount of \$100,000 ("**Termination Fee**" and collectively, the "**Termination Option**"). The Termination Fee shall be due and payable to us as of the effective date of your termination of the Agreement (the "**Termination Option Date**"). All of your obligations under this Agreement will continue to apply through the Termination Option Date, and upon the termination of this Agreement, your post-termination obligations under Section 18 of this Agreement, including, without limitation, your assignment of any and all of your existing contracts or agreements with client of your Business (Section 18.H), will continue to apply as provided therein; however, upon payment of the Termination Fee, you will not be required to comply with the covenant not to compete under Section 18.E of this Agreement. You acknowledge and agree that the Termination Fee shall be reasonable compensation to us for our lost opportunity to benefit from the

franchise relationship and is a reasonable reflection of the value of the loss of the franchise to us, including without limitation, lost profits from the Royalty and other fees. The Termination Fee shall be paid in addition to any other amounts owed us under this Agreement and there shall be no deduction or offset of any kind with respect to the Termination Fee.

Notwithstanding your right to exercise the Termination Option, you may also terminate this Agreement if you are in full compliance with this Agreement and we materially fail to comply with this Agreement, and (i) we fail to correct the failure within 60 days after you deliver written notice of the material failure to us, or (ii) if we cannot correct the failure within 60 days, we fail to give you within 60 days after your notice reasonable evidence of our effort to correct the failure within a reasonable time. Your termination under this Section will be effective an additional 30 days after you deliver to us a written notice of termination following our failure to correct the failure identified in your initial written notice to us. If you terminate this Agreement other than according to this Section 17.B, the termination will be deemed a termination without cause and a breach of this Agreement.

18. OBLIGATIONS UPON TERMINATION OR EXPIRATION.

18.A. PAYMENT OF AMOUNTS OWED TO US.

You agree to pay us the Royalty fees, interest, and all other amounts owed to us (and our affiliates) within 15 days after this Agreement expires or is terminated, or on any later date that we determine, calculated as of the date of payment. We have the right to set off any amount you or your owners owe us or our affiliates, including reasonable attorneys' fees incurred by us, if any, in connection with the termination of this Agreement pursuant to your default hereunder, against any amounts we or our affiliates owe you, your owners or your affiliates. You acknowledge that termination or expiration of this Agreement does not affect your liability for amounts you (or your owners or affiliates) owe any third parties or creditors and we do not assume any such liabilities.

18.B. MARKS.

In the case of expiration, you must remove all property from the Office containing any Mark and return to us all proprietary materials, including any copies of the Operations Manual, and return or destroy all items, forms, and materials containing any Mark or otherwise identifying or relating to a Franchised Business on or before the date on which this Agreement expires. In the case of a termination, you must return to us all proprietary materials, including any copies of the Operations Manual, and return or destroy all items, forms, and materials containing any Mark or otherwise identifying or relating to a Franchised Business within seven (7) days after the date this Agreement is terminated.

When this Agreement expires or is terminated, you and your owners:

(a) may not directly or indirectly at any time or in any manner (except with other Franchised Businesses you own and operate) identify yourself or any business as a current or former Franchised Business or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Franchised Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(b) agree to take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(c) agree to cease using and, at our direction, either disable or instruct the registrar of any Contact Identifiers or Online Presence to transfer exclusive control and access of such Contact Identifiers or Online Presence to us or our designee in accordance with our instructions;

(d) agree to comply with all applicable laws in connection with the closure and de-identification of your Business;

(e) if applicable and requested by us or our affiliates, assign any lease of the Office to us;

(f) immediately cease using any email address that is associated with a domain name we own or the Marks;

(g) must provide us with all agreements and other data pertaining to existing and potential clients solicited or otherwise engaged by your Business;

(h) pay any damages applicable under this Agreement or other agreements between us or our affiliates and you;

(i) adhere to all provisions in this Agreement that survive the expiration or termination of this Agreement, including provisions for non-disparagement and non-competition; and

(j) agree to give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

If you fail to take any of the actions (or refrain from taking any of the actions) described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies.

18.C. CONFIDENTIAL INFORMATION.

You agree that when this Agreement expires or is terminated you will immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other Confidential Information that we have loaned you. You also agree to comply with all of our directions for returning or deleting Personal Information, in any form, in your possession or the possession of any of your employees. We may require you to certify in writing that you have returned or securely deleted all Personal Information.

18.D. CONTINUING OBLIGATIONS.

All of our and your (and your owner(s)') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

18.E. POST-TERM COVENANT NOT TO COMPETE.

Upon expiration or termination of this Agreement for any reason, neither you, your affiliates, nor any owner nor any member of the immediate family of you or any owner, shall directly or indirectly for a period of 24 months commencing on the effective date of such termination or expiration, or the date on which you cease to operate your Business, whichever is later:

- (1) have any interest as a disclosed or beneficial owner in any Competitive Business located or operating within the United States;
- (2) perform services as a director, officer, manager, employee, consultant, lessor, representative, agent, or otherwise for any Competitive Business located or operating within the United States;
- (3) solicit or employ any current or former employee or independent contractor of ours, our affiliates, or any other Franchised Business for any Competitive Business; or
- (4) divert or attempt to divert any business or any clients of ours, our affiliates, or any Franchised Business to any Competitive Business.

The restrictions of Subparagraph (1) of this Section 18.E will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market and quoted on a national inter-dealer quotation system that represent less than three percent (3%) of the number of shares of that class of securities issued and outstanding.

This Section 18.E is not applicable to your or your owners' immediate family members who are already in the eDiscovery, governance, data management, data recovery, or related technology services industries at the time of the grant of the Franchise, if proper notice is provided to us in writing and we have approved such interest prior to the grant of the Franchise.

18.F. WEBSITE.

Upon termination or expiration of this Agreement, you will surrender and, if requested by us, will assign and transfer to us, any microsite website domain name and address you have registered for or incidental to the operation of your Business under this Agreement. We have the right and are hereby empowered to effectuate the assignment and transfer of the website domain name and address if you fail to do so, but you will remain liable to the registrar, hosting company and/or internet service provider for all past due fees owing to such companies on or before the effective date of the assignment and transfer hereunder.

18.G. LOST REVENUE DAMAGES.

If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalty fees and the Administrative Services Fee, less any cost savings, through the remainder of the Term (the "**Lost Revenue Damages**"). You and we agree that a reasonable estimate of the Lost Revenue Damages is, and you agree to pay us as compensation for the Lost Revenue Damages, an amount equal to the then net present value of the Royalty fees and the Administrative Services Fee that would have become due had this Agreement not been terminated, from the date of termination to the earlier of: (a) two (2) years following termination or (b) the scheduled expiration of the then-current Term (the "**Measurement Period**"). For this purpose, Lost Revenue Damages shall be calculated by multiplying (i) the number of calendar months in the Measurement Period by (ii) the aggregate of the Royalty percentage and the Administrative Services Fee, by (iii) the average monthly Gross Revenue of your Business during the 12 full calendar months immediately preceding the termination date; however, if as of the termination date, your Business has not been operating for at least 12 months, Lost Revenue Damages will be calculated based on the average monthly Gross Revenue during our previous fiscal year

immediately preceding the termination date of all Franchised Businesses during the entirety of that fiscal year. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement.

You agree to pay us Lost Revenue Damages, as calculated in accordance with this Section, within 15 days after this Agreement is terminated, or on any later date that we determine. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of the Agreement.

18.H. ASSIGNMENT OF CLIENT CONTRACTS.

Without limiting any other of our rights or remedies under this Agreement, if we terminate this Agreement in accordance with Section 17.A above, we have the option to assume any or all of your existing contracts or agreements with the clients of your Business. If we exercise our foregoing option, you must, within five (5) days following our written notice to you of such, assign the designated contracts to us and/or our affiliates (and sign any document that will be necessary to affect the assignment).

19. OUR OPTION TO PURCHASE YOUR BUSINESS.

In addition to any of our rights under this Agreement, we have the option to purchase your Business, as described in this Section 19 (the “**Purchase Option**”), beginning on the second (2nd) anniversary of the Effective Date and continuing throughout the Term (as it may be amended, modified or extended) and any successor Franchises granted pursuant to this Agreement (the “**Option Period**”). During the Option Period, if we or our designee exercise the Purchase Option, we will deliver a written notice to you that provides our intent to exercise the Purchase Option. We have the unrestricted right to assign the Purchase Option in our discretion. The purchase price for your Business will be calculated as follows: (i) earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) for the last fiscal year, (ii) *multiplied by* three (3); (iii) *plus* any remaining revenue for such potential clients (“**Business Value**”); provided, however, to the extent your expenses do not include reasonable compensation for your Operating Principal, the parties will include reasonable compensation as expenses in the calculation of EBITDA. If you dispute our calculation of the Business Value, we will appoint one independent accredited appraiser, within 15 days after we receive all relevant financial and other information necessary to calculate the Business Value, who will calculate the Business Value based on the criteria above. You and we will share equally the appraiser’s fees and expenses. The appraiser must complete its calculation within 30 days after its appointment. The appraiser’s calculation of the Business Value will be the purchase price. Closing of the purchase will take place, as described below, on a date we select which is within 90 days after determination of the Business Value.

You must continue to operate the Franchised Business in accordance with this Agreement through the closing. Prior to closing, you agree to cooperate with us in conducting due diligence, including providing us with access to your business and financial records, contracts and all other information relevant to the Franchised Business. At the closing, we (or our assignee) will pay the purchase price in cash and/or common stock in KLDDiscovery Inc., at our discretion. You agree to execute and deliver to us (or our assignee):

- (a) an asset purchase agreement and all related agreements, in form and substance acceptable to us and in which you provide all customary warranties and representations, including, without limitation, representations and warranties as to ownership and condition of and title to

assets, no liens and encumbrances on assets, validity of contracts and agreements, and liabilities affecting the assets, contingent or otherwise;

(b) a transfer of good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;

(c) an assignment of all contracts with any clients of your Business;

(d) general releases, in form and substance satisfactory to us, of any and all claims you and your owners have against us and our shareholders, officers, directors, employees, agents, successors, and assigns; and

(e) an agreement, in form and substance satisfactory to us, voluntarily terminating this Agreement under which you and your owners agree to comply with all post-term obligations set forth in Sections 18.E above and with all other obligations which, either expressly or by their nature, are intended to survive termination or expiration of this Agreement.

20. ENFORCEMENT.

20.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if any part of this Agreement is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation for any reason (in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction), that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice of this Agreement's termination than this Agreement requires, or some other action that this Agreement does not require, or any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

20.B. WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction on the other under this Agreement, effective on delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or

you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of 10 days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist on the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Franchised Businesses; the existence of franchise agreements for other Franchised Businesses which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

The following provision applies if you or the Franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, Rhode Island, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment 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 any 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.

20.C. SPECIFIC PERFORMANCE / INJUNCTIVE RELIEF.

Nothing in this Agreement bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks, or the System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

20.D. RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

20.E. COSTS AND ATTORNEYS' FEES.

In any arbitration or litigation involving your Business or a client thereof, we are entitled to recover from you all damages, costs and expenses, including arbitration and court costs and reasonable attorneys' fees, incurred by us in connection with such arbitration or litigation.

20.F. GOVERNING LAW.

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CONTROVERSIES, DISPUTES, OR CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

20.G. CONSENT TO JURISDICTION.

SUBJECT TO SECTION 19 ABOVE AND THE PROVISIONS BELOW, WE AND YOU (AND YOUR OWNERS) AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED IN THE STATE OF DELAWARE, AND WE AND YOU (AND EACH OWNER) IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.

20.H. VARIANCES.

You acknowledge that we have and may at different times, in our absolute and sole discretion, approve exceptions or changes from the uniform standards of the System, which we deem desirable or necessary under particular circumstances. You understand that you have no right to object to or automatically obtain such variances, and that we must approve in advance and in writing any exception or change in advance. You understand that existing franchisees may operate under different forms of agreements and that the rights and obligations of existing Franchised Businesses may differ materially from this Agreement.

20.I. LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CONTROVERSIES, DISPUTES, AND CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER AGREEMENT BETWEEN US AND YOU, OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

20.J. WAIVER OF PUNITIVE DAMAGES.

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD-PARTY CLAIMS UNDER SECTION 12.D, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

20.K. WAIVER OF JURY TRIAL.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING, BROUGHT BY EITHER OF US.

20.L. BINDING EFFECT.

This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly authorized officers.

20.M. CONSTRUCTION.

The preambles and attachments are a part of this Agreement which, together with the System Standards contained in the Operations Manual (which may be periodically modified, as provided in this Agreement) and the related documents, constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Business. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies on any person or legal entity not a party to this Agreement.

You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably or refrain from acting unreasonably in connection with the particular action or decision. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term “**affiliate**” means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. The term “**control**” means the power to direct or cause the direction of management and policies. The use of the term “**including**” in this Agreement, means in each case “including, without limitation.”

If two or more persons are at any time the owners of your Business, whether as partners or joint venturers, their obligations, and liabilities to us will be joint and several. References to “**owner**” mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and your Business or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement or your Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

The term “**your Business**” includes all of the assets of your Business you operate under this Agreement, including its revenue and the lease for the Office (if applicable).

20.N. DELEGATION OF PERFORMANCE.

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

21. NOTICES AND PAYMENTS.

All written notices, payments and reports permitted or required to be delivered by the provisions of this Agreement or the Operations Manual shall be deemed so delivered:

- (a) at the time delivered by hand;
- (b) one (1) business day after transmission by facsimile if the sender has confirmation of successful transmission;
- (c) at the time of transmission if delivered by email;
- (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified.

Reports required to be delivered shall be delivered by U.S. mail unless otherwise specified herein. The following addresses for the parties shall be used unless and until a different address has been designated by written notice to the other party, except that it will always be deemed acceptable to send notice to you at the address of your Business:

Notices to Us:

KLDiscovery Franchising, LLC
9023 Columbine Road
Eden Prairie, Minnesota 55347
ATTN: Andrew Southam, General Counsel
Email copy to: Andrew.southam@kldiscovery.com

Notices to You:

ATTN: _____
Facsimile No.: _____
Email Address: _____

22. BUSINESS JUDGMENT.

We retain the right to operate, develop and change the System and the products and services offered by Franchised Businesses in any manner that is not specifically prohibited in this Agreement. Whenever we have reserved the right in this Agreement to take or refrain from taking any action, or to prohibit you from taking or refraining from any action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on the information then readily available to us and on our judgment of what is in our best interests, the best interests of our affiliates and/or the best interests of Franchised Businesses as a whole at the time the decision is made, regardless of whether we could have made other reasonable, or even arguably preferable, alternative decisions and regardless of whether our decision or action promotes our interests, those of our affiliates or any other person or entity.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

KLDiscovery FRANCHISING, LLC,
a Delaware limited liability company

“FRANCHISEE”

[if an individual]

By: _____

Name: _____

Title: _____

Date*: _____

(*This is the Effective Date)

[Name], individually

Sign: _____

Date: _____

[if a legal entity]

[Name], a [state/type]

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A
TO FRANCHISE AGREEMENT

1. **Name and Address of Franchisee.**

Name: _____
Attention: _____
Address: _____
Email Address: _____

2. **Form of Owner (check and complete one.**

___ Individual
___ Corporation ___ Limited Liability Company ___ Partnership
State Formed: _____ Date: _____

3. **Owners.** The following identifies the owner that you have designated as, and that we approve to be, the Operating Principal and lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	<u>Owner's Name</u>	<u>Type / %-age of Interest</u>
Operating Principal:	_____	%
Other Owners:	_____	%
	_____	%

4. **PM(s) (if applicable):** _____

5. **Office Address (if applicable):** _____

ATTACHMENT B
TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by each of the undersigned persons indicated below who have executed this Guaranty (each a “**Guarantor**”) to be effective as of the Effective Date of the Agreement (defined below).

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time to time, the “**Agreement**”) on this date by **KLDISCOVERY FRANCHISING, LLC** (“**us,**” “**we,**” or “**our**”), each Guarantor personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that _____ (“**Franchise Owner**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each Guarantor consents and agrees that: (1) Guarantor’s direct and immediate liability under this Guaranty will be joint and several, both with Franchise Owner and among other guarantors; (2) Guarantor will render any payment or performance required under the Agreement upon demand if Franchise Owner fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchise Owner or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) at our request, each Guarantor shall present updated financial information to us as reasonably necessary to demonstrate such Guarantor’s ability to satisfy the financial obligations of Franchise Owner under the Agreement.

Each Guarantor waives: (i) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Franchise Owner arising as a result of the Guarantor’s execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of Guarantor’s undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

Each Guarantor represents and warrants that, if no signature appears below for such Guarantor’s spouse, such Guarantor is either not married or, if married, is a resident of a state which does not require the consent of both spouses to encumber the assets of a marital estate.

The provisions contained in Section 20 (Enforcement) of the Agreement, including Section 20.E (Costs and Attorneys’ Fees) and Section 20.G (Consent to Jurisdiction) of the Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the Guarantors and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

By signing below, the undersigned spouse of each Guarantor indicated below, acknowledges and consents to the guaranty given herein by his/her spouse. Such consent also serves to bind the assets of the marital estate to Guarantor's performance of this Guaranty. We confirm that a spouse who signs this Guaranty solely in his or her capacity as a spouse (and not as an owner) is signing merely to acknowledge and consent to the execution of the Guaranty by his or her spouse and to bind the assets of the marital estate as described therein and for no other purpose (including, without limitation, to bind the spouse's own separate property).

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders or beneficiaries or otherwise, for so long as such delinquency exists, subject to applicable law.

[Signature page to follow]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as this Guaranty and Assumption of Obligations was executed.

GUARANTOR(S)	SPOUSE(S)
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____
Name: _____ Sign: _____ Address: _____ _____ _____	Name: _____ Sign: _____ Address: _____ _____ _____

ATTACHMENT C

ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

Franchisee: _____	Effective Date: _____
Franchisee ID#: _____	
Financial Institution ("FI"): _____	
Routing Number: _____	Account Number: _____
Franchisee's Email Address for Accounting-Related Communications: _____	
Authorized Signature: _____	

Franchisee authorizes KLDDiscovery Franchising, LLC ("Franchisor") to deduct electronically from the account (as designated above) payments for monthly Royalty, Advertising Services Fees, and other amounts due under the franchise agreement (collectively, "Payments") between Franchisor and Franchisee as such Payments become due under the franchise agreement between Franchisee and Franchisor.

Franchisee also authorizes Franchisor to deposit electronically to the account listed above any amounts due to Franchisee, such as reimbursements or rebates.

Franchisee acknowledges that it is Franchisee's responsibility to notify Franchisor of any changes and agrees to immediately notify Franchisor of any changes in the information provided on this Authorization. If requested, Franchisee shall provide Franchisor with a voided check in order to verify the account information. This Authorization shall continue in effect until terminated upon 10 days' prior written notice to Franchisor.

If there are insufficient funds in Franchisee's account to cover Franchisor's withdrawals or if Franchisor incurs any fees from Franchisee's FI due to Franchisee's failure to notify Franchisor of changes to its banking information, Franchisor may charge Franchisee the insufficient funds fees or other fee for each such instance (currently, \$25) to compensate Franchisor for its administrative expenses. In the case of insufficient funds in Franchisee's account, Franchisee acknowledges and agrees that Franchisor may debit its account again periodically until funds are available (but no more than once every five days) and Franchisee will be charged the insufficient funds fee for each instance in which the funds are not available.

The Payments will be electronically transferred monthly from the account on their due dates or the next subsequent business day if any due date falls on a national holiday or a weekend.

Franchisee authorizes and requests the FI to accept Franchisor's requests for the Payments and to deduct such Payments from the account without responsibility for the correctness or accuracy of the Payments.

KLDDiscovery Franchising, LLC
Attention: Jeff Zelman
9023 Columbine Road, Eden Prairie, Minnesota 55347
Tel: (571) 419-0850
E-mail: Jeffrey.zelman@kldiscovery.com

EXHIBIT B

TECHNOLOGY USER AGREEMENT

TECHNOLOGY USER AGREEMENT

This Technology User Agreement (“**Agreement**”) is entered into by and between **KLDISCOVERY ONTRACK, LLC**, a Delaware limited liability company, with its principal business address at 9023 Columbine Road, Eden Prairie, MN 55347 (“**Holder**”), and _____, a _____ whose principal business address is _____ (“**User**”), effective as of the date signed by Holder (the “**Effective Date**”). Holder and User may be referred to collectively as the “**Parties**” or individually as a “**Party**.”

RECITALS

WHEREAS, Holder’s affiliate, KLDDiscovery Franchising, LLC (“**Franchisor**”), is the franchisor of the KLDDiscovery® franchise system and has granted a KLDDiscovery franchise to User pursuant to that certain Franchise Agreement between them dated _____, 20____ (the “**Franchise Agreement**”);

WHEREAS, under the Franchise Agreement, User must engage Holder to conduct certain electronic discovery, governance, data management, data recovery, and other related technology services (“**Technology Services**”) for clients of User in connection with the operation of User’s KLDDiscovery-branded business (the “**Business**”);

WHEREAS, User will need access to certain software and technology that Holder uses to conduct the Technology Services (collectively, the “**Technology**”) to facilitate the operation of the Business; and

WHEREAS, on the terms and conditions set forth in this Agreement, Holder has agreed to grant User the right to use the Technology in connection with the Business.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, the receipt, sufficiency, delivery and adequacy of which are hereby acknowledged by the Parties, the Parties, intending to be legally bound, agree as follows:

1. TECHNOLOGY SERVICES.

(a) Engagement. User acknowledges and agrees that the Technology Services that Holder makes available to User, and its clients, may change from time to time. User agrees to pay Holder the then-current fees charged by Holder for such Technology Services, which may change from time to time (“**Service Fees**”). User shall agree to the terms and conditions of Holder and any third-party owner of technology used in connection with the Technology Services. All fees payable to Holder shall be payable upon receipt of invoice. Holder may require User to pay all fees by ACH, electronic fund transfer, or any other method of payment required by Holder. Services Fees may be collected by Franchisor, or another affiliate designated by Holder, on behalf of Holder.

(b) Suspension of Technology Services. Holder reserves the right to suspend providing the Technology Services to User (a “**Services Suspension**”) if User (or its owners or guarantors) are in default of this Agreement or the Franchise Agreement. This right will be in addition to any other rights or remedies available to Holder under this Agreement or to Franchisor under the Franchise

Agreement. User acknowledges that the foregoing shall not limit Holder's right to terminate this Agreement or Franchisor's right to terminate the Franchise Agreement.

2. PERMISSION TO USE TECHNOLOGY.

(a) Grant. Subject to and conditioned upon User's compliance with the terms and conditions of this Agreement, Holder hereby grants to User the non-exclusive, non-transferable, revocable, limited right to access and use the Technology described on Schedule A (the "**Permission**") in connection with the Business. The Permission shall remain in effect throughout the Term, unless this Agreement is sooner terminated in accordance with the provisions hereunder. User acknowledges and agrees that any component of the Technology may be modified or removed, or certain components or software may be added to the Technology, upon written notice to User.

(b) Use of Technology by Approved Clients. In connection with User's provision of its services to its clients of the Business, User may grant to its Approved Clients the right to access and use those components of the Technology that Holder has approved in writing. "**Approved Clients**" are those third-party clients of the Business that have been approved by Franchisor pursuant to the terms and conditions of the Franchise Agreement. Before any Approved Client is given access or uses the Technology, User and the respective Approved Client must sign and deliver a fully executed copy of the then-current form of client engagement agreement required by Franchisor (each a "**Client Engagement Agreement**").

(c) Use Restrictions. User shall not use the Technology for any purpose beyond the scope of the access granted in this Agreement. User shall not at any time, directly or indirectly, and shall not permit any Approved Clients to: (i) copy, modify, or create derivative works of the Technology in whole or in part; (ii) rent, lease, lend, sell, offer for sale, license, sublicense, assign, distribute, publish, transfer, or otherwise make available the Technology; (iii) reverse engineer, disassemble, decompile, decode, adapt, or otherwise attempt to derive or gain access to any software component of the Technology, in whole or in part; (iv) remove any proprietary notices from the Technology; (v) use the Technology in any manner inconsistent with Franchisor's standards and specifications, as set by Franchisor; (vi) advertise to the public that User and/or its Approved Clients are permitted users of the Technology; or (vii) use the Technology in any manner or for any purpose that violates applicable law or that infringes, misappropriates, or otherwise violates any intellectual property, publicity, privacy, or other right of any person or entity.

(d) Suspension. Holder reserves the right to suspend User's access to any portion or all of the Technology if: (i) Holder reasonably determines that (A) there is a threat of harm to or actual harm to any of the components comprising the Technology; (B) User's or any Approved Client's use of the Technology disrupts or poses a risk to any of the components comprising the Technology or to third parties; (C) User or any Approved Client is using the Technology for unauthorized, fraudulent or illegal activities; (D) User has ceased to continue the Business in the ordinary course, made an assignment for the benefit of creditors or similar disposition of its assets, or becomes the subject of any bankruptcy, reorganization, liquidation, dissolution, or similar proceeding; (E) suspension is advisable for purposes of conducting either routine or emergency maintenance; (F) Holder's provision of the Technology to User is prohibited by applicable law or should be suspended to accommodate a governmental or other investigation; or (G) User fails to implement proper security measures concerning the Technology which opens the Technology up to potential loss or breach; (ii) User fails to timely pay the Service Fees or other amounts due under this Agreement; or (iii) in response to a User breach or default of the terms of this Agreement or the Franchise Agreement (any such suspension, an "**Access Suspension**").

Holder will have no liability for any cost, expense, damage, liabilities, losses (including any loss of data or profits), or any other consequences that User may incur as a result of an Access Suspension.

3. **USER RESPONSIBILITIES.**

(a) **General.** User is responsible and liable for all uses of the Technology resulting from access provided by User, directly or indirectly, whether such access or use is permitted by or in violation of this Agreement. Without limiting the generality of the foregoing, User is responsible for all acts and omissions of Approved Clients, and any act or omission by an Approved Client that would constitute a breach of this Agreement if taken by User will be deemed a breach of this Agreement by User. User shall make all Approved Clients aware of this Agreement's provisions as applicable to such Approved Client's use of the Technology and shall cause Approved Clients to comply with such provisions.

(b) **Passwords; Access Controls.** User shall be responsible for the safekeeping, security, proper use, and management of all passwords or other access controls to the Technology to be used by User. If User learns of any loss or unauthorized use of such passwords or access controls, User shall immediately notify Holder of the same and reasonably cooperate in the investigation of the incident and take such steps as Holder may require to contain and minimize any adverse consequences arising from such loss or unauthorized use.

(c) **Maintenance, Upgrading, and Data Updates.** User will have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading equipment necessary to utilize the Technology; (2) ensuring User's equipment is properly installed to interface with Technology at Holder's specified levels of connection speed; (3) any and all consequences if the equipment is not properly operated, maintained, and upgraded; and (4) verifying the accuracy of all data updates requested by User and made by Holder to User's equipment.

(d) **Training.** User agrees that it or its designee must attend initial training provided by Holder. Training may be held on-site at a location determined by Holder or virtually, at Holder's discretion. User will be responsible for its attendees' travel, lodging, meals, and other expenses to attend such training programs.

4. **MAINTENANCE AND SUPPORT; REPLACEMENT.**

(a) **Maintenance and Support.** Holder shall use commercially reasonable efforts as it determines from time to time in its discretion to provide maintenance and support for the Technology. Holder reserves the right to suspend, modify, terminate, or otherwise revise its maintenance and support program as it deems fit and will use commercially reasonable means to communicate any material changes to User as they occur. Holder makes no assurances, guarantees, representations, or warranties regarding the scope or availability of maintenance and support services and provides the same to User on an "AS-IS, AS AVAILABLE" basis only.

(b) **Modifications.** Holder may in the future elect to modify, enhance, redesign, discontinue, or substitute any component of the Technology, or add new platforms or software components to the Technology. Holder may require User to license, purchase, implement and utilize any modifications or additions to the required Technology. User shall adopt and implement such replacement or additional Technology, at User's sole expense.

(c) No Guarantee. Holder does not guarantee any minimum service levels for any of the Technology.

5. **DATA**.

(a) Ownership. All information, data, and other content in any form or medium that is submitted, transmitted, created, generated, stored, posted, or otherwise processed or accessed through the Technology Services and/or the Technology (“**Data**”) shall be solely and exclusively owned by Holder. For purposes of this Agreement, Data shall not include underlying documents, files and correspondence of Approved Clients for matters engaged by User in connection with the Business as well as any data, information or analysis recorded in permanent form, contained in physical documents or electronic media related to Approved Clients which has been provided to User by Approved Clients or to Holder by User from Approved Clients on Approved Clients’ behalf for any engagement regardless of form or manner acquired.

(b) Use. Subject to and conditioned upon User’s compliance with the terms and conditions of this Agreement, Holder hereby grants to User a non-exclusive, non-sublicensable, non-transferable, revocable, limited right for User and its Approved Clients to access and use the Data solely in connection with the operation of the Business, and for no other purposes, during the Term, provided that any such use must be (i) in accordance with applicable law, (ii) in compliance with Holder’s standards and specifications, and (iii) in compliance with Holder’s privacy policy on its website as it is periodically updated. User’s right of access to the Data is further limited to only that Data specifically related to the Business. User does not have a right to use, nor is it permitted to access, Data collected from other KLDisccovery businesses. Nothing in this Agreement grants, by implication, waiver, estoppel, or otherwise, to User, its Approved Clients or any third party any intellectual property rights, ownership, or other right, title, or interest in or to the Data.

(c) User Responsibilities. User is responsible and liable for all uses of the Data, directly or indirectly, whether such access or use is permitted by or in violation of this Agreement. Without limiting the generality of the foregoing, User is responsible for all acts and omissions of Approved Clients, and any act or omission by an Approved Client that would constitute a breach of this Agreement if taken by User will be deemed a breach of this Agreement by User. User shall make all Approved Clients aware of this Agreement’s provisions as applicable to such Approved Client’s use of the Data and shall cause Approved Clients to comply with such provisions. User shall promptly comply with all requests to return or destroy client personally identifiable information included in the Data, whether requested by Holder or the client directly, in accordance with Holder’s privacy policy and applicable law.

6. **CONFIDENTIAL INFORMATION**. From time to time during the Term, Holder may disclose or make available to User certain non-public information, whether orally or in written, electronic, or other form or media. All of the foregoing information constitutes confidential information of Holder (collectively, “**Confidential Information**”) regardless of whether it has been marked or stamped as confidential. Unless User first obtains Holder’s written permission, User shall not disclose Confidential Information to any person or entity, except to its employees in connection with the operation of the Business. User agrees that each of its employees with access to Holder’s Confidential Information must be subject to confidentiality obligations no less stringent than those contained in this Agreement. Confidential Information will not include any information (i) already known to the User at the time of disclosure independent of any confidentiality obligation and without use of Holder’s Confidential Information, (ii) in the public domain through no fault of User, (iii) which

later becomes known from a third party without restrictions on disclosure, or (iv) which is independently developed by User without use of Holder's Confidential Information. If User is required by applicable law or a valid legal order to disclose any of Holder's Confidential Information, User shall promptly notify Holder of such requirements before such disclosure so that Holder may seek, at Holder's expense, a protective order or other remedy, and User shall reasonably assist Holder therewith. If User remains legally compelled to make such disclosure, it shall: (a) only disclose that portion of the Confidential Information that it is required to disclose; and (b) use reasonable efforts to ensure that such Confidential Information is afforded confidential treatment.

7. **NO ADDITIONAL RIGHTS.** User acknowledges and agrees that, except for the limited rights expressly granted under this Agreement, User has no rights in any of the intellectual property comprising the Technology which includes, without limitation, the Technology Services and any related information, materials, manuals, and documentation, or the Data.

8. **NO WARRANTY.** EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, (i) THE TECHNOLOGY SERVICES AND TECHNOLOGY ARE PROVIDED "AS-IS AND AS-AVAILABLE;" (ii) HOLDER SPECIFICALLY DISCLAIMS ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED REPRESENTATIONS AND WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE; (iii) HOLDER HAS NO WARRANTY OBLIGATION FOR ANY THIRD-PARTY PRODUCTS OR EQUIPMENT; AND (iv) HOLDER MAKES NO WARRANTY OF ANY KIND THAT THE TECHNOLOGY, OR ANY RESULTS OF THE USE THEREOF, WILL MEET USER'S OR ANY OTHER PERSON'S REQUIREMENTS, OPERATE WITHOUT INTERRUPTION, ACHIEVE ANY INTENDED RESULT, OR BE SECURE, ACCURATE, AVAILABLE, COMPLETE, FREE OF HARMFUL CODE, OR ERROR FREE.

9. **INDEMNIFICATION.** User shall indemnify, hold harmless, and, at Holder's option, defend Holder and its current and former parents, subsidiaries, and affiliates, and each foregoing entity's current and former owners, officers, directors, managers, employees, agents, representatives, predecessors, successors, and assigns, from and against any demands, judgments, awards, liabilities, damages, claims, causes of action, losses, costs and expenses (including reasonable attorneys' fees and expert witness fees) resulting or arising from (i) breach of this Agreement by User (or any of its employees, contractors or agents) or Approved Clients (or any of their respective employees, contractors or agents); (ii) gross negligence or willful misconduct of User (or any of its employees, contractors or agents) or Approved Clients (or any of their respective employees, contractors or agents); (iii) use of the Technology or Data in a manner not authorized by this Agreement; (iv) use of the Technology in combination with data, software, hardware, equipment or technology not provided or authorized by Holder; or (v) infringement or misappropriation of Holder's intellectual property, publicity, privacy or other rights, provided that User may not settle any such claims against Holder unless Holder consents to such settlement, and further provided that Holder will have the right, at its option, to defend itself against any such claims or to participate in the defense thereof by counsel of its own choice.

10. **TERM AND TERMINATION.**

(a) **Term.** The term of this Agreement begins on the Effective Date and shall terminate upon the expiration or termination of the Franchise Agreement (including any renewal or extension thereof) executed for the Business (the "**Term**"), unless sooner terminated in accordance with the terms hereof.

(b) Termination. Holder may terminate this Agreement in accordance with the following:

(i) upon 30 days' prior written notice to User for any or no reason;

(ii) immediately, upon written notice to User if User breaches any of its obligations under this Agreement, provided, Holder may choose to provide User five (5) days after Holder's delivery of written notice thereof to cure such breach; or

(iii) immediately, upon written notice to User if User: (A) becomes insolvent or is generally unable to pay, or fails to pay, its debts as they become due; (B) files or has filed against it, a petition for voluntary or involuntary bankruptcy or otherwise becomes subject, voluntarily or involuntarily, to any proceeding under any domestic or foreign bankruptcy or insolvency law; (C) makes or seeks to make a general assignment for the benefit of its creditors; or (D) applies for or has appointed a receiver, trustee, custodian, or similar agent appointed by order of any court of competent jurisdiction to take charge of or sell any material portion of its property or business.

(c) Effect of Expiration or Termination. Upon expiration or earlier termination of this Agreement, User shall immediately: (a) discontinue use of the Technology and Data; (b) delete, destroy, uninstall or return all copies of any materials and documentation in its possession, cease use and delete all Technology Services from User's hardware, and delete, destroy, uninstall and return all other Technology and Data in its possession; and (c) assign all of the effective Client Engagement Agreements to Holder.

(d) Survival. This Section 10(d) and Sections 3, 5, 6, 7, 8, 9, 10, and 11 survive any termination or expiration of this Agreement. No other provisions of this Agreement survive the expiration or earlier termination of this Agreement.

11. MISCELLANEOUS.

(a) Contractual Relationship. The Parties agree that the working relationship between the Parties is that of a contractor and independent contractor and not employer and employee. This Agreement does not create a fiduciary relationship between Holder and User, and nothing in this Agreement is intended to make either of the Parties a general or special agent, joint venture or partner of the other for any purpose.

(b) Franchisor Interest. User hereby represents that it is aware that Holder is affiliated with Franchisor and hereby waives any and all claims of conflict of interest or otherwise arising from the relationship of Holder and Franchisor. User agrees that Holder may provide copies of any and all financial records received from User and/or prepared by Holder to Franchisor, without notice to User, and that Holder and Franchisor may use and disclose such information as they see fit (provided that any public disclosure will be anonymized). User further agrees that Holder may keep Franchisor apprised of any matters arising from this Agreement, including User's default of any terms hereunder. Franchisor will be a third-party beneficiary of this Agreement.

(c) Reservation of Rights. Holder reserves all rights not expressly granted to User in this Agreement. Except for the limited rights expressly granted under this Agreement, nothing in this Agreement grants, by implication, waiver, estoppel, or otherwise, to User, its Approved Clients or any third party any intellectual property rights or other right, title, or interest in or to the Technology.

(d) Data Security. User shall comply with Holder's standards and applicable laws related to the privacy and security of all personally identifiable information of individuals within its possession or control including, without limitation, personal financial information, personal health information, credit card or related payment account information, social security numbers, or any other such personally identifiable information of its employees, contractors, clients or third parties. User shall transmit, process, and store all such information in accordance with Holder's standards and applicable laws and applicable regulations. User shall indemnify, defend, and hold Holder harmless from and against all liabilities, damages, claims, losses, costs, and expenses (including reasonable attorneys' fees) resulting or arising from (i) the violation of these obligations by User, its employees, contractors, or agents; or (ii) any data security incidents or breaches caused by the acts, omissions, negligence or willful misconduct of User, its employees, contractors, or agents. Franchise shall notify Holder immediately of any suspected data security incident or breach (whether the incident or breach has been confirmed or not) and cooperate in all reasonable ways with Holder in investigating the matter and in taking appropriate steps to minimize any resulting harm.

(e) Entire Agreement. This Agreement, together with the Franchise Agreement and any other document(s) incorporated herein by reference and all related Schedules, constitutes the sole and entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous understandings, agreements, and representations and warranties, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements made in the body of this Agreement, the related Schedules, and any other documents incorporated herein by reference, the following order of precedence governs: (i) first, this Agreement, excluding its Schedules; (ii) second, the Schedules to this Agreement, as periodically amended; and (iii) third, any other documents incorporated herein by reference.

(f) Notices. All notices, requests, consents, claims, demands, waivers, and other communications hereunder (each, a "**Notice**") must be in writing and addressed to the Parties at the addresses set forth on the first page of this Agreement (or to such other address that may be designated by the Party giving Notice from time to time in accordance with this Section). All Notices will be deemed delivered: at the time of personal delivery; one business day after being placed in the hands of a nationally recognized overnight courier (with all fees pre-paid) for next business day delivery; one business day after transmission by email (if the sender has confirmation of successful transmission); or three business days after placement in the United States mail by certified or registered mail (in each case, return receipt requested, postage pre-paid).

(g) Force Majeure. In no event shall Holder be liable to User, or be deemed to have breached this Agreement, for any failure or delay in performing its obligations under this Agreement, if and to the extent such failure or delay is caused by any circumstances beyond Holder's reasonable control, including but not limited to acts of God, flood, fire, earthquake, explosion, war, terrorism, invasion, riot, or other civil unrest, strikes, labor stoppages or slowdowns, or other industrial disturbances, or passage of law or any action taken by a governmental or public authority, including imposing an embargo.

(h) Amendment and Modification; Waiver. No amendment to or modification of this Agreement is effective unless it is in writing and signed by an authorized representative of each Party, except with respect to the Schedules attached hereto, which Holder periodically may (but shall not be obligated to) modify to reflect any updates to the information contained therein without requiring User's signature. No waiver by any Party of any of the provisions hereof will be effective unless explicitly set forth in writing and signed by the Party so waiving. Except as otherwise set forth in this

Agreement, (i) no failure to exercise, or delay in exercising, any rights, remedy, power, or privilege arising from this Agreement will operate or be construed as a waiver thereof and (ii) no single or partial exercise of any right, remedy, power, or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege.

(i) Severability. If any provision of this Agreement is invalid, illegal, or unenforceable in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction. Upon such determination that any term or other provision is invalid, illegal, or unenforceable, the Parties shall negotiate in good faith to modify this Agreement so as to affect their original intent as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the greatest extent possible.

(j) Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflicts laws.

(k) Consent to Jurisdiction. The Parties agree that all actions arising under this Agreement, the relationship of the Parties hereto, or the validity of this Agreement must be commenced in the state or federal court in Delaware. The Parties irrevocably submit to the jurisdiction of those courts and waive any objection of jurisdiction or venue in those courts.

(l) Assignment. User may not assign any of its rights or delegate any of its obligations hereunder, in each case whether voluntarily, involuntarily, by operation of law or otherwise, without the prior written consent of Holder. Any purported assignment or delegation in violation of this Section will be null and void. No assignment or delegation will relieve the User of any of its obligations hereunder. This Agreement is binding upon and inures to the benefit of the Parties and their respective permitted successors and assigns. Holder may freely assign this Agreement, without the prior written consent of User. Following any such assignment, Holder will be released from all of its obligations under this Agreement, provided that the assignee assumes all of Holder's obligations.

(m) Equitable Relief. Each Party acknowledges and agrees that a breach or threatened breach by such Party of any of its obligations could cause the other Party irreparable harm for which monetary damages would not be an adequate remedy and agrees that, in the event of such breach or threatened breach, the other Party will be entitled to equitable relief, including a restraining order, an injunction, specific performance and any other relief that may be available from any court, without any requirement to post a bond or other security, or to prove actual damages or that monetary damages are not an adequate remedy. Such remedies are not exclusive and are in addition to all other remedies that may be available at law, in equity or otherwise.

(n) Waiver of Jury Trial. The Parties irrevocably waive trial by jury in any action or proceeding, brought by either Party.

(o) Recitals. The recitals to this Agreement are true and correct, and are incorporated herein by reference.

(p) Counterparts. This Agreement may be executed in counterparts, each of which is deemed an original and all of which taken together shall constitute one and the same agreement. The

Parties agree that scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

[Signature Page to Follow]

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

KLDISCOVERY ONTRACK, LLC,
a Delaware limited liability corporation

Sign: _____
Name: _____
Title: _____

DATED*: _____
(*Effective Date of this Agreement)

USER
[_____]

Sign: _____
Name: _____
Title: _____

SCHEDULE A

TECHNOLOGY

Effective Date of this Schedule A: _____

User shall be permitted to use the following Technology in connection with the Agreement:

- *Relativity*: Platform for hosting and review of project data for Approved Clients.
- *Salesforce*: Customer relationship management system and job tracker to be used by Franchisees to manage Approved Clients.
- *Microsoft*: Office 365, Azure, Cloud, and general licenses
- *Globalscape*: Managed file transfer (MFT) solution that replaces insecure legacy FTP servers, inflexible and haphazard homegrown file transfer systems, slow physical shipment of data, and expensive leased lines and VANs and is used for Approved Clients and Franchisees to securely transfer files and access systems.
- *Nebula*: Intuitive ECA, ESI processing and review hosting platform with automated review & workflow accelerators for Approved Clients.
- *Client Portal*: Real-time eDiscovery Dashboard to help manage critical case information, data and financial metrics and is a centralized location for internal and external project documentation and reporting.

Schedule A

EXHIBIT C

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

CALIFORNIA

Department of Financial Protection and
Innovation:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(866) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2727

(agent for service of process)

Commissioner of Securities of the State of
Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(state administrator)

Indiana Secretary of State
302 West Washington Street
Securities Division, E-111
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

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

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
(517) 335-7622

(agent for service of process)

Michigan Department of Commerce,
Corporations, Securities & Commercial
Licensing Bureau
P.O. Box 30018
Lansing, Michigan 48909

MINNESOTA

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

NORTH DAKOTA

(state administrator)

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol - Fourteenth Floor, Dept. 414
Bismarck, North Dakota 58505
(701) 328-4712

(agent for service of process)

Securities Commissioner
600 East Boulevard Avenue
State Capitol - Fourteenth Floor
Bismarck, North Dakota 58505
(701) 328-4712

OREGON

Department of Business Services Division
of Financial Regulation
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

Oregon Division of Financial Regulation
P.O. Box 14480
Salem, Oregon 97309-0405
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid Avenue, Second Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)
State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, Washington 98507-9033
(360) 902-8760

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501
(360) 902-8760

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT D
FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS

KLDiscovery Franchising, LLC

Balance Sheet

January 31, 2024

Current Assets	
Cash and Cash Equivalents	\$ 154,269
Prepaid Expenses	8,384
Total Current Assets	162,653
Total Assets	<u>\$ 162,653</u>
Current Liabilities	
Accounts Payable	\$ 13,017
Accrued Expenses	10,378
Total Current Liabilities	<u>23,395</u>
Other Liabilities	
Due To KLDiscovery Holdings, Inc.	<u>271,923</u>
Total Liabilities	295,318
Members Deficit	<u>(132,665)</u>
Total Liabilities and Members Deficit	<u>\$ 162,653</u>

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

KLDiscovery Franchising, LLC

Income Statement

Period ended January 31, 2024

Revenues	\$	-
Cost of Revenues		-
Gross Profit		-
Operating Expenses		
General and Administrative Expenses		16,582
Total Operating Expenses		16,582
Loss from Operations		(16,582)
Other Expenses		
Loss Before Income Taxes		(16,582)
Income Tax Expense		-
Net Loss		\$ (16,582)
Other Comprehensive Income, Net of Tax		-
Comprehensive Loss		\$ (16,582)

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

KLDiscovery Franchising, LLC
Statement of Cash Flows
Period Ended January 31, 2024

Operating activities	
Net loss	\$ (16,582)
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	4,192
Due to parent	-
Accounts payable and accrued expenses	6,035
Net cash used by operating activities	<u>(6,355)</u>
Cash from financing activities	
Contribution from KLDiscovery Inc.	-
Net cash provided by financing activities	<u>-</u>
Net decrease in cash	(6,355)
Cash at beginning of period	160,624
Cash at end of period	<u><u>\$ 154,269</u></u>

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

KLDiscovery Franchising, LLC
Consolidated Statement of Members' Deficit
January 31, 2024

	Members' Deficit	Accumulated Deficit	Total
Balance as of March 2, 2023	-	-	-
Capital Contribution	300,000	-	300,000
Net Loss		(416,083)	(416,083)
Balance as of December 31, 2023	300,000	(416,083)	(116,083)
Net Loss	0	(16,582)	(16,582)
Balance as of December 31, 2023	300,000	(432,665)	(132,665)

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

AUDITED FINANCIAL STATEMENTS

KLDiscovery Franchising, LLC
Financial Statements and Accompanying Footnotes
As of December 31, 2023
Together with
Report of Independent Auditors

KLDiscovery Franchising, LLC
Table of Contents
December 31, 2023

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Statement of Members' Deficit	5
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Ernst & Young LLP
1775 Tysons Blvd.
Tysons, VA 22102

Tel: +1 703 747 1000
Fax: +1 703 747 0100
ey.com

Report of Independent Auditors

To the Board of Directors of KLDISCOVERY Franchising, LLC

Opinion

We have audited the financial statements of KLDISCOVERY Franchising, LLC (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of comprehensive loss, changes in members' deficit and cash flows from the date of formation on March 2, 2023 to the period ended December 31, 2023, and the related notes (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 at December 31, 2023, and the results of its operations and its cash flows from the date of formation on March 2, 2023 to the period ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Substantial Doubt about the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has suffered losses from operations, has a net capital deficiency, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 of 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 available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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.

/s/ Ernst & Young LLP

Tysons, Virginia

April 19, 2024

KLDiscovery Franchising, LLC

Balance Sheet

December 31, 2023

Current Assets	
Cash and Cash Equivalents	\$ 160,624
Prepaid Expenses	12,576
Total Current Assets	173,200
Total Assets	<u>\$ 173,200</u>
Current Liabilities	
Accounts Payable	\$ 6,356
Accrued Expenses	11,004
Total Current Liabilities	<u>17,360</u>
Other Liabilities	
Due To KLDiscovery Holdings, Inc.	<u>271,923</u>
Total Liabilities	289,283
Members' Deficit	<u>(116,083)</u>
Total Liabilities and Members' Deficit	<u>\$ 173,200</u>

The accompanying notes are an integral part of these financial statements.

KLDiscovery Franchising, LLC
Statement of Comprehensive Loss
Year ended December 31, 2023

Revenues	\$ -
Cost of Revenues	-
Gross Profit	<u>-</u>
Operating Expenses	
General and Administrative Expenses	416,083
Total Operating Expenses	<u>416,083</u>
Loss from Operations	(416,083)
Other Expenses	
Loss Before Income Taxes	(416,083)
Income Tax Expense	-
Net Loss	<u>\$ (416,083)</u>
Other Comprehensive Income, Net of Tax	-
Comprehensive Loss	<u><u>\$ (416,083)</u></u>

The accompanying notes are an integral part of these financial statements.

KLDiscovery Franchising, LLC
Statement of Cash Flows
Year Ended December 31, 2023

Operating activities	
Net loss	\$ (416,083)
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(12,576)
Due to parent	271,923
Accounts payable and accrued expenses	17,360
Net cash used by operating activities	<u>(139,376)</u>
Cash from financing activities	
Contribution from KLDiscovery Inc.	<u>300,000</u>
Net cash provided by financing activities	300,000
Net decrease in cash	160,624
Cash at beginning of period	-
Cash at end of period	<u><u>\$ 160,624</u></u>

The accompanying notes are an integral part of these financial statements.

KLDiscovery Franchising, LLC
Consolidated Statement of Members' Deficit
December 31, 2023

	Members' Equity	Accumulated Deficit	Total
Balance as of March 2, 2023, Upon Formation	-	-	-
Capital Contributions	300,000	-	300,000
Net Loss		(416,083)	(416,083)
Balance as of December 31, 2023	300,000	(416,083)	(116,083)

The accompanying notes are an integral part of these financial statements.

KLDiscovery Franchising, LLC
Notes to the Financial Statements
December 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business

KLDiscovery Franchising, LLC (the “Company”) is a Delaware limited liability company formed on December 13, 2022 for the purpose of franchising the services offered by KLDiscovery, Inc. (“KLDiscovery”) or (the “Parent”). The Company was funded on March 2, 2023 through an initial capital contribution by its parent and sole member of \$250,000. KLDiscovery is a leading global provider of eDiscovery, information governance and data recovery solutions to corporations, law firms, insurance companies and individuals in 17 countries around the world. KLDiscovery provides technology solutions to help their clients solve complex data challenges. KLDiscovery Franchising, LLC is a wholly owned subsidiary of KLDiscovery Holdings, Inc. The only Company transactions as of December 31, 2023 were the capital contributions and expenses paid on behalf of the Company by the Parent and sole member, KLDiscovery Holdings, Inc.

Liquidity and going concern evaluation

Under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 205-40, Going Concern, the Company is required to evaluate each reporting period, including interim periods, whether there is substantial doubt regarding its ability to meet its obligations when they come due within one year from the financial statement issuance date.

The Company is a wholly owned subsidiary of the Parent and reliant on the Parent for financial and operational support. The Company is aware that its Parent has historically incurred losses and in certain years cash flows have been negative.

On February 8, 2021, certain subsidiaries of the Parent (the “Loan Parties”), entered into a new secured credit agreement (the “2021 Credit Agreement”) and on March 3, 2023, the Loan Parties entered into the First Amendment to the 2021 Credit Agreement (as amended, the “Amended 2021 Credit Agreement”).

In addition, on December 19, 2019, the Parent issued Convertible Debentures, which mature in 2024, in an aggregate principal amount of \$200 million (the “Debentures” or the “Convertible Debentures”). The Amended 2021 Credit Agreement provides for (i) initial term loans in an aggregate principal amount of \$300 million (the “Initial Term Loans”), (ii) delayed draw term loans in an aggregate principal amount of \$50 million (the “Delayed Draw Term Loans”), and (iii) revolving credit loans in an aggregate principal amount of \$40 million, with a letter of credit sublimit of \$10 million (the Revolving Credit Loans”). The Initial Term Loans and Revolving Credit Loans are each scheduled to mature on February 8, 2026, unless the Convertible Debentures are outstanding six months prior to the December 19, 2024 maturity date thereof, in which case the Amended 2021 Credit Agreement matures on June 19, 2024.

As of December 31, 2023, Parent’s cash balance was \$15.4 million and debt balance was \$546.8 million, including a balance of \$260.9 million under the Convertible Debentures and a balance of \$291.8 million in Initial Term Loans under the Amended 2021 Credit Agreement. As of December 31, 2023, Parent does not have sufficient cash on hand, and does not expect to generate sufficient liquidity from forecasted future cash flows to repay its current obligations including the Initial Term Loans, at the accelerated maturity date, or the Convertible Debentures.

As at the date of the issuance of these financial statements, Parent does not have sufficient cash on hand and does not expect to generate sufficient liquidity from forecasted future cash flows to repay its current obligations including the Initial Term Loans, at the accelerated maturity date. Parent is reviewing potential alternatives, including renegotiating the terms of the Convertible Debentures and identifying alternative sources for cash or additional financing. Parent's current debt structure, however, raises substantial doubt regarding its ability to continue as a going concern because these or other alternatives may not be achievable on favorable terms and conditions or at all.

As a result, there is substantial doubt to the Company's ability to continue as a going concern. The Company's financial statements do not include any adjustments that may result from the outcome of this uncertainty and have been prepared assuming the Company will continue as a going concern.

Basis of presentation and use of estimates

The accompanying balance sheet is prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts. Although actual results could differ from those estimates, management does not believe that such differences would be material.

Cash and cash equivalents

The Company considers all highly liquid financial instruments with an original maturity of three months or less when purchased to be cash equivalents. The Company maintains bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Income taxes

No provision is made in our accounts for U.S. income taxes because for U.S. income tax purposes, we are treated as a disregarded entity and all items of taxable income and expense are included in the computation of taxable income of KLDISCOVERY Holdings Inc.

Commitments and contingencies

The Company is involved in various legal proceedings, which may arise occasionally in the normal course of business. While the ultimate results of such matters generally cannot be predicted with certainty, management does not expect such matters to have a material effect on the financial position as of December 31, 2023.

Allocation of costs

The Parent allocates costs to the Company incurred for costs incurred for operational support activities provided by the Parent to operate the Company. Relevant employees of the Parent report an estimate of time spent on tasks supporting the Company. Based on this time estimate, a percentage of the employees' salary, including a markup for benefits and taxes, is then allocated from the Parent to the Company. The Company includes these expenses on the general and administrative expenses section of the income statement and the due to KLDISCOVERY Holdings, Inc. section of the balance sheet.

Related parties

As a wholly owned subsidiary of KLDISCOVERY Holdings, Inc., KLDISCOVERY Franchising, LLC is a related party to KLDISCOVERY Holdings, Inc. KLDISCOVERY Holdings, Inc. provides a variety of management and administrative support services to KLDISCOVERY Franchising, LLC.

Subsequent events

Management has evaluated subsequent events through April 19, 2024 which is the date the financial statements were available to be issued.

EXHIBIT E

OPERATIONS MANUAL TABLE OF CONTENTS

KLDiscovery[™]

FRANCHISE OPERATIONS MANUAL

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The Purpose of this Manual
The Importance of Confidentiality
Keeping the KLDiscovery Franchise Operations Manual Current
Submitting Suggestions to the Corporate Office
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EXHIBIT F

GENERAL RELEASE

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

KLDiscovery Franchising, LLC (“we,” “us,” or “our”) and the undersigned franchisee, _____

_____ (“you” or “your”), currently are parties to a certain franchise agreement (the “Franchise Agreement”) dated _____, 20____. You have asked us to take the following action or to agree to the following request: [*insert as appropriate for renewal or transfer situation*]_____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

1. General Release. Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, managers, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our current and former officers, directors, owners, managers, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Released Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Released Parties, including without limitation, (1) arising out of or related to the Released Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Released Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Released Parties on any of the Claims released by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her, or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

2. Representations and Warranties. You represent and warrant to us that, in entering into this release, you (i) are doing so freely and voluntarily upon the advice of counsel and business advisor of your own choosing (or declined to do so, free from coercion, duress or fraud); (ii) have read and fully understand the terms and scope of this release; (iii) realize that it is final and conclusive, and intend it to be final and conclusive, as to the matters set forth in this release; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this release, that you are aware of no third party who contends or claims otherwise, and that you shall not purport to assign, transfer, or convey any such claim in the future.

3. Waiver of Statutory Preservation Provisions. IF THE BUSINESS YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY: It is your intention, on your own behalf and on behalf of the Releasing Parties, in executing this release that this instrument be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released

by you or the Releasing Parties. You recognize that you or the Releasing Parties may have some claim, demand, or cause of action against the Released Parties of which you, he, she, or it is totally unaware and unsuspecting, which you, he, she, or it is giving up by executing this release. It is your intention, on your own behalf and on behalf of the Releasing Parties, in executing this instrument that it will deprive you, him, her, or it of each such claim, demand, or cause of action and prevent you, him, her, or it from asserting it against the Released Parties. In furtherance of this intention, you, on your own behalf and on behalf of the Releasing Parties, expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including without limitation, California and or any other jurisdiction in which the Releasing Parties reside.

You acknowledge and represent that you have consulted with legal counsel before executing this release and that you understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

If the Franchised Business will be located in Maryland or Washington or if you are a resident of Maryland or Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law or the Washington Franchise Investment Protection Act.

4. Miscellaneous.

(a) This release cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

(b) This release, together with the agreements referenced in this release, constitute the entire understanding between and among the parties with respect to the subject matter of this release. This release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this release, and in executing this release, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this release.

(c) This release may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Signatures transmitted via fax or scanned and e-mailed shall be given the same force and effect as originals.

(d) This release shall be binding upon and inure to the benefit of the parties to this release and their respective successors and permitted assigns.

(e) Any provision of this release which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

(f) This release shall be governed by and construed in accordance with the internal laws of the State of Minnesota, without reference to conflict of law principles.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed.

KLDiscovery FRANCHISING, LLC, a
Delaware limited liability company

[FRANCHISEE]:

**(If you are a corporation, limited liability
company, or partnership):**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Dated: _____

Dated: _____

**(If you are an individual and not a legal
entity):**

[Signature]

[Print Name]

[Date]

EXHIBIT G

STATE ADDENDA AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
KLDISCOVERY FRANCHISING, LLC**

The following are additional disclosures for the Franchise Disclosure Document of KLDDiscovery Franchising, LLC, required by Minnesota franchise law. Each provision of these additional disclosures will only apply to you if Minnesota franchise law applies to you.

MINNESOTA

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.

1. The following is added to the end of Items 5 and 7:

Notwithstanding anything to the contrary, all fees that are described herein as being owed prior to the opening of your Business will not be due and payable until the day on which your Business becomes operational in accordance with the Franchise Agreement, which is when we will have completed all of our pre-opening obligations.

2. The following is added to the end of the “Remarks” column of the Item 6 disclosure entitled “Interest:

Minnesota Statute § 604.113 caps initial service charges at \$30 and requires notice and an opportunity to cure prior to assessing any interest and attorneys’ fees.

3. The disclosure in the Item 6 chart, entitled “Lost Revenue Damages,” is deleted in its entirety.

4. The following language is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

5. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days’ notice for non-renewal of the Franchise Agreement. Consent to the transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial or requiring you to consent to liquidated damages, termination penalties or judgment notes.

In addition, nothing in the Franchise 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. Those provisions also provide that no condition, stipulation or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is made and entered into by and between **KLDISCOVERY FRANCHISING, LLC**, a Delaware limited liability company, with its principal business address at 9023 Columbine Road, Eden Prairie, Minnesota 55347 (“**we**”) and _____
a(n) _____, having its principal business address at _____
_____ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Business that you will develop under the Franchise Agreement will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled in, or actually present in the State of Minnesota.

2. **DISCLAIMER.** 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.

3. **RELEASES.** The following is added to the end of Sections 3.D and 16.C(3) of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **FINANCIAL ASSURANCE.** The following is added to the end of Section 6 of the Franchise Agreement:

Notwithstanding anything to the contrary, all fees that are described herein as being owed prior to the opening of your Business will not be due and payable until the day on which your Business becomes operational in accordance with the Franchise Agreement, which is when we will have completed all of our pre-opening obligations.

5. **TRANSFER OF INTEREST.** The following is added to the end of Section 16.C of the Franchise Agreement:

Consent to transfer of the Business will not be unreasonably withheld.

6. **TERMINATION BY US.** The following is added to the end of Section 17.A of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

7. **NON-SOLICITATION**. To the extent prohibited by applicable law, Section 18.E(3) of the Franchise Agreement is hereby deleted in its entirety.

8. **LOST REVENUE DAMAGES**. The following language is added to the end of Section 18.G of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

9. **SPECIFIC PERFORMANCE / INJUNCTIVE RELIEF**. The following language is added to the end of Section 20.C of the Franchise Agreement:

Notwithstanding the foregoing, a court will determine if a bond is required.

10. **GOVERNING LAW**. The following statement is added at the end of Section 20.F of the Franchise Agreement:

Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

11. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Sections 20.J and 20.K are hereby deleted.

12. **LIMITATIONS ON CLAIMS AND CLASS ACTION BAR**. The following sentence is added to the end of the first paragraph of Section 20.I of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

[Signature Page to Follow]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

KLDiscovery FRANCHISING, LLC, a
Delaware limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

(If you are a corporation)

Name of Corporation

By: _____
Name: _____
Title: _____

(If you are a partnership, all partners must sign below)

Franchisee

Franchisee

Franchisee

Franchisee

(If you are a Limited Liability Company)

Name of Limited Liability Company

By: _____
Title: _____

EXHIBIT H

LIST OF FRANCHISEES AND FORMER FRANCHISEES

**Franchised Outlets
as of December 31, 2023**

None.

**Franchisees that Signed a Franchise Agreement but Were Not Operational
as of December 31, 2023**

None.

**Franchisees who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily
or involuntarily ceased to do business under the franchise agreement as of
December 31, 2023, or who has not communicated with us within 10 weeks of the disclosure
document issuance date.**

None.

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

STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

State	Effective Date
Minnesota	Pending

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 I

RECEIPTS

**RECEIPT
(OUR COPY)**

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 KLDDiscovery Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If KLDDiscovery Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit C.

The franchisor is KLDDiscovery Franchising, LLC, located at 9023 Columbine Road, Eden Prairie, Minnesota 55347. Its telephone number is (888) 811-3789.

Issuance Date: April 19, 2024

The franchise seller for this offering is:

<input type="checkbox"/> _____ KLDDiscovery Franchising, LLC 9023 Columbine Road Eden Prairie, MN 55347 (888) 811-3789	<input type="checkbox"/> _____ KLDDiscovery Franchising, LLC 9023 Columbine Road Eden Prairie, MN 55347 (888) 811-3789	<input type="checkbox"/> _____ KLDDiscovery Franchising, LLC 9023 Columbine Road Eden Prairie, MN 55347 (888) 811-3789	<input type="checkbox"/> Name of Franchise Seller: _____ Principal Business Address: _____ _____
---	---	---	--

KLDDiscovery Franchising, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a Disclosure Document dated April 19, 2024 that included the following Exhibits:

- | | |
|--|---|
| Exhibit A – Franchise Agreement | Exhibit F – Form of General Release |
| Exhibit B – Technology User Agreement | Exhibit G – State-Specific Addenda and Agreement Riders |
| Exhibit C – State Administrators / Agents for Service of Process | Exhibit H – Franchisee Lists |
| Exhibit D – Financial Statements | Exhibit I – Receipts |
| Exhibit E – Table of Contents of Operations Manual | |

PROSPECTIVE FRANCHISEE:

If a business entity:

If an individual:

Name of Business Entity

By: _____

Its: _____

Print Name: _____

Dated: _____
(Do not leave blank)

Print Name: _____

Dated: _____
(Do not leave blank)

Please sign this copy of the receipt, print the date on which you received this Disclosure Document, and return it to KLDDiscovery Franchising, LLC, 9023 Columbine Road, Eden Prairie, Minnesota 55347.

**RECEIPT
(YOUR COPY)**

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 KLDDiscovery Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law.

If KLDDiscovery Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit C.

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<input type="checkbox"/> _____ KLDDiscovery Franchising, LLC 9023 Columbine Road Eden Prairie, MN 55347 (888) 811-3789	<input type="checkbox"/> _____ KLDDiscovery Franchising, LLC 9023 Columbine Road Eden Prairie, MN 55347 (888) 811-3789	<input type="checkbox"/> _____ KLDDiscovery Franchising, LLC 9023 Columbine Road Eden Prairie, MN 55347 (888) 811-3789	<input type="checkbox"/> Name of Franchise Seller: _____ Principal Business Address: _____ _____
---	---	---	--

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| Exhibit D – Financial Statements | Exhibit H – Franchisee Lists |
| | Exhibit I – Receipts |

PROSPECTIVE FRANCHISEE:

If a business entity:

Name of Business Entity

By: _____

Its: _____

Print Name: _____

Dated: _____

(Do not leave blank)

If an individual:

Print Name: _____

Dated: _____

(Do not leave blank)

KEEP THIS COPY FOR YOUR RECORDS