

FRANCHISE DISCLOSURE DOCUMENT

~~Tippi Toes, Inc.~~
~~an~~ **An Oklahoma corporation**
~~5921 S. Marion Place~~
~~Tulsa, Oklahoma 74135~~
3373 Eslin Court
Murfreesboro, Tennessee 37130
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www.tippitoesdance.com



~~The franchise offered is for the operation of a Tippi Toes Dance business, hereinafter, referred to as Tippi Toes. The franchisee will conduct lessons and courses in dance for children ages 18 months to 12 years of age.~~

~~The total investment necessary to begin operation of a Tippi Toes Franchise is between franchise ranges from \$67,100 and \$83,000 to \$166,500. This includes the \$49,600 - \$50,000 \$500-\$129,500 that must be paid to the franchisor or its affiliate.~~

~~This disclosure document summarizes certain provisions of your Franchise Agreement franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this the 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 government agency has verified the information contained in this document.~~

~~You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tippi Toes, Inc. at 3373 Eslin Court, Murfreesboro, TN 37130 or (386) 631-6079. The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. contact Sarah Nuse at 5921 S. Marion Place, Tulsa, Oklahoma 74135 or (270) 779-0228. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or accountant.~~

~~The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read your entire 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, ²²² 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.~~ DC 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.

DATE OF ISSUANCE: Issuance Date: April 30, 2024 19, 2025

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How ~~To~~ Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits, or losses.- You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits E and <u>Exhibit F</u> .
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 <u>AD</u> includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Tippi Toes business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Tippi Toes franchisee?	Item 20 or Exhibits D and <u>Exhibit F</u> 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.

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	See the table of contents.
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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 ~~D~~-A.

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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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes by mediation, arbitration and/or litigation in Oklahoma. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Oklahoma than in your own state.

Mandatory minimum payments. Beginning in the ~~fourth~~second month of operation you must make minimum royalty payments ~~(based on number of students and/or gross sales)~~, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

Spousal Liability. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

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.

TIPPI TOES, INC.
Franchise Disclosure Document

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Item 1: ~~The Franchise and any Parents, Predecessors and Affiliates~~

The franchisor is ~~Tippi Toes, Inc.~~, referred to ~~I: State Effective Dates~~
Receipts

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

To simplify the language in this Disclosure Document as disclosure document, the terms “Franchisor”, “or “we” or “us” means Tippi Toes”, “we,” “us” or “our.”, Inc., the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the ~~person interested in buying~~ purchaser(s) of a Tippi Toes franchise as “you” or “your”, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership, ~~limited liability company~~, or other entity, certain provisions of the ~~our~~ Franchise Agreement also will apply to your owners. ~~These will be addressed in this Disclosure Document where appropriate.~~ officers, and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were ~~incorporated~~ formed as a corporation in ~~the State of~~ Oklahoma on October 31, 2002. Our principal business office is located at ~~5921 S. Marion Place, Tulsa,~~ address is 3373 Eslin Ct., Murfreesboro, TN 37130. ~~Oklahoma 74135,~~ and our agents for service of process are disclosed in Exhibit D to this disclosure document. We do business under our ~~corporate~~ company name ~~and the name,~~ “Tippi Toes”.

We first began offering franchises for Tippi Toes businesses in 2009. We have never offered any other type of franchise in any line of business.

The first Tippi Toes dance business began operating in 1999. From 1999 to October 2002, we operated a Tippi Toes dance business in Oklahoma as a sole proprietorship. In January 2005 we expanded our Tippi Toes operations into ~~” and the associated designs (the “Marks”).~~ We currently own and Texas with a company owned outlet in Corpus Christi, Texas. We continued to operate company owned Tippi Toes businesses until March 2015. Tippi Toes has ~~two~~ three corporate locations: one in Coral Springs, FL since November 2024, one in Scottsdale, ~~Arizona~~ AZ since October 2022, and the other one in Wichita, KS since February 2024. All other Tippi Toes businesses ~~We~~ have been operated by franchisees.

~~Our~~ affiliate, Lyric by Tippi Toes, LLC (“Lyric”), supplies our franchisees with certain products, including all Tippi Toes branded items (including, but not limited to, teacher/student shirts, teacher bags, etc.), and is ~~the~~ offered franchises in any other line of business. We only approved source for such items. Lyric is a ~~offer~~ franchises which operate under the “Tippi Toes” Marks. We began offering franchises in 2009 ~~Texas~~ limited liability company that was formed in June 2018 and maintains its principal business address at 1301 S. Alamo Rd., Rockwall TX 75087. Lyric has never offered franchises of any kind.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have a ~~second~~ no parent or predecessor company.

~~We have an~~ affiliated company, TTAG, LLC, a Texas limited liability company with ~~its~~ principal place of business at ~~1301 S. Alamo Rd., Rockwall TX 75087; 3373 Eslin Ct Murfreesboro, TN 37130.~~ TTAG, LLC, was formed on June 1, 2018, and is the ~~holderowner~~ of the Marks; ~~and has licensed use of the Marks to us.~~ TTAG, LLC; has not offered franchises in this or ~~in~~ any other lines of business previously.

~~Except as described above, we have no parents, no predecessors, and no affiliates that offer franchises or provide products or services to our franchisees.~~

We may operate other Tippi Toes concepts, including additional Tippi Toes outlets, in the future.

The Franchise Offered:

We offer franchises for the right to market, offer and provide dance lessons, classes and programs for children with the objective of creating an experience for them to build self-confidence and create a love of dancing; ~~under the “Tippi Toes” Marks, using our distinctive operating procedures and standards within a territory (the “Franchised Business”).~~ Tippi Toes franchisees conduct dance courses and lessons for children ~~ages~~aged 18 months to 12 years of age. Our courses are intended to create an experience that teaches the students to love dancing while building self-confidence and teaching them to connect with each other in a positive way. These classes are provided at churches, schools, daycare centers, community centers and other similar locations.

~~To our knowledge there are not any regulations specific to the dance industry in which the Tippi Toes franchise businesses operate, but you must comply with all local, state, and federal laws that apply to your operations, including health, sanitation, smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disabilities Act of 1990 (“ADA”) requires readily accessible accommodations for disabled people. You must also obtain any applicable real estate permits, licenses, and operational licenses for your business. Some states impose minimum student/teacher ratio requirements that could impact your business. You are solely responsible for investigating, and complying with, the license/permit requirements and other laws in your state.~~

~~You must comply with all payment card infrastructure (“PCI”) industry and government security standards and requirements designed to protect cardholder data. PCI standards apply to both technical and operational aspects of credit card and other payment card transactions and apply to all organizations which store, process or transmit cardholder data.~~

~~We recommend that you consult with legal counsel or other professional advisors to help you investigate and understand these laws before you purchase a franchise. It is your responsibility to thoroughly investigate which regulations and/or licensing requirements are imposed by your state and local government authorities.~~

Market and Competition:

The market for your Franchised Business consists of the general public and parents seeking dance training activities in a family-friendly environment for their children. Our business is seasonal. It is sensitive to the

school year, with the period from September through June of each year being busier than the summer months (July and August) in most cases.

The market for dance training schools is competitive. There are a number of dance training schools which may serve clients with products and services similar to those offered by you. Competition ranges from fairly large and sophisticated companies to small individual dance studios that teach dancing for children. Most of our competitors operate out of a studio, which is either rented or built to suit the owner. Our competitors focus on technique and dance performance, while Tippi Toes will focus on improving a child's self-esteem, building self-confidence and enhancing the love for the art of dance which tends to make the dance experience fun for the children.

Item 2: Business Experience

Industry Specific Regulations:

You must comply with all local, state and federal laws and regulations that apply to the operation of your Tippi Toes Franchised Business, including, among others, business operations, land use, insurance, discrimination, employment and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state, and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance. You are responsible for obtaining all licenses and permits which may be required for your business.

ITEM 2: BUSINESS EXPERIENCE

Sarah Nuse – President and Chief Executive Officer (CEO):

President and Chief Executive Officer (CEO): Sarah founded and created Tippi Toes in Oklahoma in 1999. She has served as the President and CEO of Tippi Toes, since October 2002. She currently resides in ~~Bowling Green, Kentucky~~ Murfreesboro, Tennessee.

Megan Reilly – Chief Operating Officer (COO):

~~Megan began serving as the COO of Tippi Toes in October 2002 and continues to serve in that capacity as of the issuance date of this Franchise Disclosure Document. Megan currently offices in Rockwall, Texas.~~

Adam Nuse, Chief Financial Officer (CFO):

Adam began serving as the CFO of Tippi Toes in October 2002 and continues to serve in that capacity as of the issuance date of this Franchise Disclosure Document. Adam Nuse, husband to Sarah, serves as the Chief Revenue Officer for the Tennessee Titans. A role he took on in April 2021 and holds responsibility for all day-to-day operations related to Nissan Stadium. From 2016-2021, Adam Nuse had served as the Nashville Sounds General Manager Chief Operating Officer and oversees all day-to-day operations

related to the baseball club. Adam currently resides in ~~Bowling Green, Kentucky~~Murfreesboro, Tennessee.

Maria Fesler, Vice President of Franchise GrowthChief Operating Officer:

Maria Fesler is an accomplished operational executive specializing in growing and scaling small to medium sized businesses. She began working with Tippi Toes in June 2022. From June 2021 to March 2022 she was the VP of Retail for Mayvenn. From January 2018 to July 2020 she was the SVP of Operations for Regent Private Equity. Maria currently ~~offices~~resides in ScottsdalePhoenix, AZ.

Carrie Sienkiewicz – Franchise Training Coordinator & Content Manager

Tippi Toes Franchise Training Coordinator has a background in both Fine Arts and Education. Carrie seamlessly transitioned into traditional education in 2020. Carrie has taught both Performing Arts and Kindergarten and cultivated an expertise in early childhood education and classroom management. After working at Uncommon Schools in Camden, New Jersey as a performing arts teacher from August 2020 to November 2022, and then at Academies of Math and Science in Phoenix, Arizona as a kindergarten teacher from December 2022 to June 2023, Carrie joined Tippi Toes in June 2023, and resides in Phoenix, Arizona

Chelsey Lowe – Franchise Business Consultant

~~Tippi Toes Franchise Business Consultant. Chelsey has been a part of the franchise industry for over a decade specializing in cultivating thriving businesses from start up to success. After working in franchise sales and development at 100% Chiropractic Inc. from November 2011 to September 2023, she joined Tippi Toes and is dedicated to building strong relationships with all of the franchise owners and their teams as a Franchise Business Consultant to provide training support & strategy to achieve their goals. Chelsey resides in Colorado.~~

Morgan Richarson – Corporate Planning CoordinatorRowe – Brand & Event Manager

Tippi Toes Corporate Planning Coordinator. She started with the company in October of 2022 as a dance teacher and was quickly promoted to the corporate team. She has a bachelors degree in Film and Media Studies with a minor in Design Studies from Arizona State University. She resides in Gilbert, Arizona

Erica Ford - Franchise Business Consultant

Over the past five years, Erica worked as a franchise business consultant at Sylvan Learning from 2016-2024. She provided strategic guidance to franchisees, focusing on improving operational efficiency and profitability. Since October 2024, she continues her franchise consulting career at Tippi Toes Inc. Erica resides in Grand Junction, Colorado.

Tera Niedens, CPA - Controller

Tera Niedens is a licensed CPA with expertise in corporate accounting. She earned her Masters of Accountancy at Montana State University in 2012. She worked as a Controller at American Dental Companies from 2017-2024. Tera joined the Tippi Toes team in May 2024 and resides in Phoenix, Arizona.

ITEM 3: ~~Litigation~~ LITIGATION

No litigation is required to be disclosed in this Item.

Item

ITEM 4: ~~Bankruptcy~~ BANKRUPTCY

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

Item ITEM 5: ~~INITIAL FEES~~

We will charge you an initial franchise fee (“Initial ~~Fees~~Franchise Fee”) based on the approximate population of your proposed territory when you sign the Franchise Agreement. The Initial Franchise Fee is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial Franchise Fee is non-refundable.

~~Franchise Agreement:~~ Upon signing the franchise agreement, you must pay us an initial franchisee fee of \$49,500. This amount is payable in one lump sum payment, is considered fully earned and nonrefundable upon receipt, and is imposed uniformly on all franchisees, except that we reserve the right to modify this fee from time to time in our discretion.

For franchisees awarded multiple units or existing franchisees in good standing who decide to purchase additional territories, the Initial Franchise Fee will be as follows:

<u>Number of Tippi Toes Units</u>	<u>Territory Population</u>	<u>Initial Franchise Fee</u>	<u>Territory Population</u>	<u>Initial Franchise Total Fee</u>
1	\$49,500 (For unit) <u>300,000 people (Tier 1)</u>	\$49,500	<u>800,000 people (Tier 6)</u>	<u>\$117,000</u>
2	\$42,400 (For unit) <u>400,000 people (Tier 2)</u>	\$91,63,500	<u>900,000 people (Tier 7)</u>	<u>\$129,500</u>
3	\$38,500 (For unit) <u>500,000 people (Tier 4)</u>	\$129,77,500	<u>Additional 50,000 people</u>	<u>\$8,250</u>
4	\$34,600 (For unit) <u>600,000 people (Tier 4)</u>	\$163,91,500	<u>Additional 100,000 people</u>	<u>\$12,500</u>
5	\$30,700 (For unit) <u>700,000 people (Tier 5)</u>	\$193,104,500		

6	\$30,000 (For unit 6)	\$223,500
7	\$30,000 (for unit 7)	\$253,500
8	\$28,000 (For unit 8)	\$281,500
9	\$28,000 (For unit 9)	\$309,500
10	\$28,000 (for unit 10)	\$337,500

From time to time, we may offer special incentive programs as part of our franchise development activities. ~~We currently reserve the right to offer an, modify or withdraw any incentive whereby we will program without notice to you. We currently discount the Initial Franchise Fee by five percent (5%) for honorably discharged veterans for their initial franchise. We reserve the right to offer, modify or withdraw any incentive program without notice to you.~~

Uniforms: ~~You will pay our affiliate, Lyric by Tippi Toes, between \$100 and \$500 for uniforms before you open for business. This cost is not refundable.~~

~~Item~~ **ITEM 6: Other Fees** _____
OTHER FEES

Type of Fee	Amounts <u>Amount</u>	Due Date	Remarks
Royalties (1) <u>Royalty</u> ¹	An amount equal to the greater of 7% of your Gross Sales Revenue or the following structure: Minimum Royalty: Months <u>outlined in footnote 1-12: None</u> Months 13-24: \$500 per month per territory Months 25+ : \$1000 per month per territory :	<u>Monthly on the 15th day</u> of each month, based on revenues received during the previous month.	If your monthly financial report (including Gross Sales figures) required by us is not timely received, then the royalty payment owed to us will be equal to 120% of your average royalty payment during the past 12 months (or shorter payment period as applicable if you have not paid royalties for each of the last 12 months). Nevertheless, we will be entitled to any unpaid portion of the royalties if we later determine that the 120% payment was not sufficient to cover the actual royalty amount owed to us for the applicable month. Payable to us. See note 1.
Brand Fund Contribution	Currently 1% of Gross Sales Revenue but can be increased to 2% during your term with advanced notice.	Payable together with Royalty Fee.	The Payable directly to the Brand Fund is described in Item 11. See note 2.

Type of Fee	Amounts <u>Amount</u>	Due Date	Remarks
Renewal Fee	\$10,000	Upon renewal of your Franchise Agreement.	Your Franchise Agreement is renewable if you have not violated any terms of the Franchise Agreement and you meet the other renewal requirements under the Franchise Agreement.
Transfer Fee-(2)	\$10,000, plus any applicable commission	Prior to the <u>Due upon transfer of the franchise agreement.</u>	Payable <u>Due upon any transfer of the franchise agreement.</u>
Training Fee for Additional Personnel	\$250/day plus travel expenses	At the time training of the additional personnel begins	Training of additional personnel members (after the initial training) at your request
Conference Fee	Up to \$600 for attendance by one <u>each attending individual.</u> Additional individuals will cost \$200 per person.	Prior to attending conference	You must pay travel expenses for conference attendees.
Uniforms and Other <u>other</u> Tippi Toes branded items	Cost varies (approximately \$150 per teacher)	Upon receipt of invoice	You and your teachers must wear approved Tippi Toes uniforms and use Tippi Toes-branded gear.
Product or Supplier Evaluation	Reimbursement of our actual costs	If incurred	If you request to use a product or supplier that we have not previously approved for the System
Centerstage Fees (3) <u>Fees</u> ³	Currently \$199 per month for <u>first territory</u> , \$149 for <u>additional territories</u> (subject to increase upon 30 days' written notice) Includes: backstage website, financial tracking software, and 2 hosted email addresses. Additional email addresses are available at \$30 <u>\$35</u> /month per email.	15 th day of each month beginning upon the set-up of your account.	We reserve the right to increase this fee upon 30 days' prior written notice to you. In addition to Centerstage fees payable to us, you may be required to pay third party vendors who provide certain Centerstage related products or services.

Type of Fee	AmountsAmount	Due Date	Remarks
<u>Accounting Software and CRM system</u>	\$135-200 per month	<u>As incurred</u>	We require you to use <u>QuickBooks Online</u> for your accounting system. We also require you to use <u>Lead Flip</u> or other approved CRM vendors to track your school leads, progress, and <u>growth</u> .
Dance Studio Pro <u>Dancer Management Software Fee</u>	\$60 <u>100</u> per month Subject to increase.	15th day of each month beginning upon the set-up of your account.	We <u>currently</u> require you to use the Dance Studio Pro online system to manage all of your customer accounts. You must set up an account directly with Dance Studio Pro (“DSP”) and your account will be under the Tippi Toes Corporate account. <u>A new software platform may be used in the future.</u>
Marketing Cooperative Fund	Currently \$0, but if implemented then up to 2% of your Gross <u>SalesRevenue</u> at our option	15th day of each month, based on revenues received during the previous month	If implemented, the Marketing Fund contributions will be paid to us in addition to any local advertising you choose to conduct in your local market. We reserve the right to implement this Marketing Fund upon 30 days’ prior written notice to you.
Late Fees <u>fee</u>	\$50 for each late payment or the maximum allowed by law, whichever is less (plus \$35 for each payment by check, draft or electronic transfer that is returned for lack of sufficient funds)	Upon demand	These fees will apply to any payment owed to us which is more than ten (10) days late. In addition, if your monthly financial report (including Gross <u>SalesRevenue</u> figures) required by us is not timely received by us, then the royalty payment owed to us will be equal to 120% of your average royalty payment during the past 12 months (or shorter payment period as applicable if you have not paid royalties for each of the last 12 months).

Type of Fee	Amounts <u>Amount</u>	Due Date	Remarks
Bookkeeper fee <u>Fee</u>	Approximately \$300-\$500 per month	Payable monthly to 3rd party vendor that we designate	You will pay a monthly fee to the required-vendor we designate to send your monthly financial statements to us.
Non-Compliance Fee	\$250 per incident per day	Upon demand	The Non-Compliance Fee shall be assessed if Franchisee violates the terms of the Franchise Agreement or operates their out of compliance with Brand Standards.
Inspection/-Audit Fee	Costs related to inspection/audit <u>Actual cost</u>	Upon demand	Payable if an inspection or audit shows you have understated any amount owed to us by 2% or more.
Indemnification	Varies according to loss	Upon demand	You must indemnify us when certain of your actions result in loss to us.
Interest on Late Payments <u>Payment</u>	18% per annum, or the maximum allowed by law, whichever is less	Upon demand	These fees will apply to any payment owed to us which is more than thirty (30) days late.
<u>Non-sufficient Funds Fee</u>	<u>\$50 per occurrence</u>	<u>As incurred</u>	<u>If your check is returned or an electronic funds transfer from your bank account is denied for non-sufficient funds, for each occurrence, we may charge you a Non-sufficient Funds Fee.</u>
ASCAP (License Fee) (⁴)	\$99 to \$1,000 Annually	Upon receipt of Invoice	See details in Training Manual.
Liquidated Damages	Liquidated damages an amount equal to royalty fees and brand fund contributions for the lesser of (i) 2 years <u>24 months</u> or (ii) the remaining months of the franchise term.	Upon demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.

All of these fees are ~~uniformly imposed. These fees are payable to Tippi Toes and all such fees~~ expenses described in this Item 6 are nonrefundable.

~~(1) Your royalty fees will be calculated based on your total monthly Gross Sales. The term “Gross Sales”, as used in this Disclosure Document, means the total selling price of all services and products and all income of every other kind and nature related to your Tippi Toes business, whether for cash or credit and regardless of collection are uniformly imposed. Except as otherwise indicated in the case of credit. “Gross Sales” shall not include sales taxes that you collect from customers. Royalty payments are required during each month throughout the term of the Franchise Agreement, even if your Tippi Toes business does not generate any revenue during some months. The minimum monthly royalty payment obligations are described in the table above preceding chart. We impose all fees and expenses listed and you must pay them to us.~~

~~(2) Prior to the transfer of a franchise, you must pay a \$10,000 transfer fee to Tippi Toes.~~

¹ You must pay us a Royalty Fee equal to seven percent (7%) of the Gross Revenue generated monthly by your Franchise. “Gross Revenue” includes all sales of every kind and nature at or from your Tippi Toes Franchised Business or made pursuant to the rights granted to you by the Franchise Agreement, regardless of whether you have collected the amount of the sales. “Gross Revenue” does not include (i) receipts from any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e., coupons). If you do not report any sales in a month then we will collect 120% of the last Royalty Fee collected and settle the balance the next month in which you report revenue. We must receive your payments on or before the fifteenth (15th) of each month for the previous calendar month. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. Franchisor reserves the right to collect the Royalty Fee on all invoiced amounts upon thirty (30) days notice to Franchisee.

The Minimum Royalty payable is based upon the approximate population of your territory when you sign your agreement and is set forth in the chart below:

<u>Territory Population</u>	<u>Minimum Royalties Months 1-6</u>	<u>Minimum Royalties Months 7-12</u>	<u>Minimum Royalties Months 13-24</u>	<u>Minimum Royalties Months 25+</u>
<u>300,000 people (Tier 1)</u>	<u>\$250</u>	<u>\$500</u>	<u>\$750</u>	<u>\$1,000</u>
<u>400,000 people (Tier 2)</u>	<u>\$333</u>	<u>\$666</u>	<u>\$1,000</u>	<u>\$1,333</u>
<u>500,000 people (Tier 4)</u>	<u>\$416</u>	<u>\$832</u>	<u>\$1,250</u>	<u>\$1,666</u>
<u>600,000 people (Tier 4)</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$1,500</u>	<u>\$2,000</u>
<u>700,000 people (Tier 5)</u>	<u>\$583</u>	<u>\$1,166</u>	<u>\$1,750</u>	<u>\$2,333</u>
<u>800,000 people (Tier 6)</u>	<u>\$666</u>	<u>\$1,332</u>	<u>\$2,000</u>	<u>\$2,666</u>
<u>900,000 people (Tier 7)</u>	<u>\$750</u>	<u>\$1,500</u>	<u>\$2,250</u>	<u>\$3,000</u>
<u>Additional</u>	<u>+\$42</u>	<u>+\$83</u>	<u>+\$125</u>	<u>+\$166</u>

50,000 people				
Additional 100,000 people	+\$83	+\$166	+\$250	+\$333

² You must contribute to our Brand Fund, one percent (1%) of monthly Gross Revenue generated by your Tippi Toes outlet. Franchisor reserves the right to increase the Brand Fund Contribution to an amount not to exceed two percent (2%) of Gross Revenue. Payments are due on the fifteenth (15th) of each month for the previous calendar month. You are required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund’s bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report any sales in a month then the Brand Fund will collect 120% of the last Brand Fund Contribution collected and settle the balance the next month in which you report sales.

(3) ³You are required to use our technology services are called “Centerstage” and include an Intranet system for franchise owners, Intranet system for all Tippi Toes staff members, website management and your Tippi Toes e-mail address. The cost to use the Centerstage System is currently \$199 per month. All fees are payable directly to us via Quickbooks. We require that you use the Centerstage System to manage all of your customer accounts. The Centerstage System is used for online enrollment, online payments, mass & individual emails, reports, management of customer information and the online merchandise store. Tippi Toes has modeled the system to work well with your needs and we have a model created within the system so a framework is already prepared for you to simply modify with your specific class information. We have access to the information that is processed by the Centerstage System.

(4) ⁴We require that you are licensed with ASCAP (American Society of Composers, Authors and Publishers) as well as BMI. Since music is a vital part of dance classes, it is important that you be protected from any claim of copyright infringement. An ASCAP license authorizes performances of many millions of copyrighted musical works, and protects you from such claims. The annual fee is based on the number of students enrolled. We provide ASCAP enrollment numbers annually for each location; the fee is paid directly to ASCAP upon receipt of their invoice.

Item 7: Estimated Initial Investment

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial	\$49,500 - \$129,500	Lump	At Upon	Tippi

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee (1)		Sum sum or Finance. See Item 10.	signing of the Franchise Agreement	Toes Us
Uniforms	\$100 - \$500	Lump Sum	As incurred	Our Affiliate, Lyric by Tippi Toes Suppliers
Training Travel Costs and Expenses (2)	\$1,500 - \$ \$3,000	Lump Sum	As incurred	Indepen dent vendors Suppliers
Insurance (3)	\$1,000 - \$1,500	As Ineurred incurred	As Ineurred incurred	Insurance Provider provid er
Miscellaneous Opening Costs, Deposits, Licenses, and Professional fees (Fees 4)	\$1,000 - \$2,500	As Ineurred incurred	As Ineurred incurred	Indepen dent Vendor s Suppliers
Equipment & Computer	\$2,000 - \$ \$3,500	As Ineurred incurred	As Ineurred incurred	Indepen dent Vendor s Suppli s

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Systems ⁽⁵⁾				ers
Teacher wages ⁶	\$1,500-3,000	As incurred	As incurred	Employees
Rent ⁽⁶⁾ ⁷	\$0 - \$3,000	As Incurred	As Incurred	Independent Vendors Suppliers
Additional Funds ⁽⁷⁾ (to cover working capital needs funds (for a startup period of first 3 months) ⁸)	\$12,000 - \$20,000	As Incurred	As Incurred	Independent Vendors Suppliers
TOTALS (8)	\$67,100 \$83,500 TOTAL <u>\$68,600 - \$166,500</u>			

NOTES:

~~In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable.~~

~~¹ You may pay an initial franchise fee of \$49,500 when you sign the The Initial Franchise Agreement. The initial franchise fee is discussed in Item 5. The Initial Franchise Fee is~~

nonrefundable under the terms of the Franchise Agreement. ~~Additional fees will apply if you purchase multiple territories.~~

² ~~_____~~ This is an estimate of travel expenses you will incur for training.

³ ~~The~~ Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

³ ~~This estimate in the table is for~~ includes the first three months. The minimum insurance requirements are outlined in ~~item~~ Item 8. ~~Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Each policy must be written by carriers acceptable to us and must name us and our respective officers, directors, partners, agents, and employees as additional insured parties, as their interests may appear. Insurance costs and requirements may vary widely in different localities. The estimate is for the first quarterly premium for required minimum insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.~~

⁴ ~~_____~~ ⁴ Miscellaneous opening costs may include deposits, incorporation fees, advertising costs, etc., which are relative to the start-up of your business up of your business. You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity and/or obtaining zoning approval. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document, and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Tippi Toes franchise.

⁵ ~~_____~~ ⁵ You must at all times maintain a high-speed Internet connection and use such connection to operate your Tippi Toes business. If you do not already own a computer and printer, you are required to purchase a laptop or desktop computer that meets specifications for data management, on-line enrollment, collections, etc. in order to connect with the Centerstage System. -You must also purchase and maintain a sound system/speakers meeting our standards and specifications for your Tippi Toes business. You will also be required to purchase music approved by us from iTunes or other on-line provider approved by us.

⁶ ~~_____~~ ⁶ One to two teachers calculated at \$25/class working between 5-10 hours per week. This is an estimate for the first 3 months of operation.

⁶ ~~_____~~ ⁷ You conduct dance classes at churches, schools, day care centers, community centers, etc. Most of the places where dance classes are conducted are rent free; however, based on our experience, some facilities do charge rent and we estimate that rent for your first 3 months of operation could be up to \$3,000.

~~We recommend~~ ⁸ This is an estimate of the amount of additional operating capital that you ~~begin~~ may need to operate your Franchised Business during the first three months after commencing operations with additional. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate includes such items as utilities, internet service, initial working capital to provide for operating cash payroll and payroll taxes, Royalties (as described in this disclosure document), repairs and maintenance, bank charges, miscellaneous costs during the first three months after

~~starting your new business. Some vendors and tradesmen require payment of fees and deposits prior to providing services, such as sales tax deposits, supplies and equipment, initial staff recruiting expenses, and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses.~~

~~These figures are estimates, and we cannot guarantee that you will not have additional, or higher, expenses. You should review these figures carefully with a business license fees, advertising costs, etc. advisor before making any decision to purchase a franchise.~~

~~7. We have based this estimate on our relied upon the experience in operating a company of our corporate-owned and franchised Tippi Toes dance studio outlets to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Franchised Business. Your actual additional costs will depend upon many on factors such as how closely you follow our methods and procedures; your management skills skill, experience, and business acumen; local economic conditions; the local market for our product, etc. service; competition; and the sales level reached during your initial period.~~

~~8. This total is an estimate based on our experience with our company-owned Tippi Toes dance studio.~~

~~Item 8: Restrictions on Sources of Products and Services~~

~~You are obligated to purchase or lease some items or services from us, our designed suppliers, or from suppliers approved by us under our specifications as follows:~~

~~After you begin operating your franchise, you are required to purchase costumes and apparel, certain music, etc. from us as required for the operation of your franchised business.~~

~~The Franchise Agreement provides that you shall not purchase any Tippi Toes branded products or services, including but not limited to dance costumes, apparel, music, books, etc. from any person or entity other than Tippi Toes, any predecessor or successor of Tippi Toes or an authorized affiliate of Tippi Toes, without the express written consent of Tippi Toes. We are the only approved supplier for Tippi Toes branded products and services.~~

~~**Designated** We do not offer direct or indirect financing to franchisees for any items included in this section.~~

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

~~ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES~~

~~We have identified various suppliers, distributors and manufacturers of equipment, fixtures, inventory, and services that your Franchised Business must use or provide which meet our standards and requirements. You must purchase all inventory, equipment, computer systems and certain software from our designated suppliers and contractors or in accordance with our specifications.~~

Suppliers

Computer Systems – you must purchase the POS system and CRM system (online enrollment system) meeting our standards and specifications from our designated vendor, ~~Dance~~ Studio Pro, which is based in Alabama. We also require a CRM system that will manage your schools, leads, progress, and growth.

Branded Items – we require that you purchase all Tippi Toes branded items (including, but not limited to, teacher/student shirts, teacher bags, etc.) only from our ~~affiliate, Lyric by Tippi Toes, LLC~~ approved supplier, Darter.

Marketing Materials – We reserve the right to require you to use our designated marketing vendor for the purchase of all marketing materials.

Website – You must use only our Centerstage website in connection with your franchised business, which includes our Backstage intranet system. Unless authorized in writing by us, you may not use an individual website to offer or sell any services or products related to Tippi Toes.

Insurance – You are required to obtain and maintain certain minimum insurance policies as further described in the Franchise Agreement, and we must be named as an additional insured on each of these policies. You must obtain and maintain the required insurance policies protecting you, us, our affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them, against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Tippi Toes dance studio.

You are required to carry the following insurance at all times at the below minimums:

Minimum General Liability Limits

General Aggregate	—	\$2,000,000	
Products/Completed Operations Aggregate:	—————	\$1,000,000	
Personal & Advertising Injury	—————		\$1,000,000
Each Occurrence	—————	\$1,000,000	
————Damage to Premises Rented to You:	—————	\$500,000	
Medical Expense (any one person)	—	\$10,000	
<u>Sexual Abuse and Molestation</u>			<u>\$1,000,000 per occurrence/\$2,000,000 aggregate</u>
<u>Accident Medical</u>			<u>\$25,000 per occurrence</u>

You are required to procure the above minimum Commercial General Liability limits for your organization from an insurance company with an AM Best financial strength rating of “A-“ or better . The policy shall be endorsed to name Franchisor, it’s officers, directors, employee, volunteers, agents, representatives , shareholders, partners, members, agents, representatives , successors, and assigns as an Additional Insured on a Primary and Non-Contributory basis to include Waiver of Subrogation. A certificate of insurance shall be furnished to Franchisor, clearly evidencing the aforementioned are Additional Insured annually up renewal of the insurance contract or at any other time as request by Franchisor.

You are required to secure a sales tax resale certificate from your state and submit it to us within sixty (60) days following the full execution of this franchise agreement. Your sales tax resale certificate is required to be continued and effective for the life of this franchise agreement. Failure to comply with this requirement within the time-period specified and/or to continue the effectiveness of the sales tax resale

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certificate in your state will constitute a material default under your Franchise Agreement and could result, at our option, in the termination of your Franchise Agreement without any refund of any deposits/fees paid.

Except for the list of designated and approved suppliers listed above in this item 8, there are currently no alternative or approved suppliers, but we reserve the right to establish and amend a list of approved suppliers from time to time that must be used for purchases of products and services by our franchisees. If we establish approved suppliers (including manufacturers, distributors and other sources) for any equipment, supplies, materials, fixtures, furnishings, computer systems and other products used or offered for sale at the franchised business, you must obtain these items from those suppliers. Approved suppliers are those who demonstrate on a continuing basis the ability to meet our then-current standards and specifications, who have adequate quality controls and the capacity to supply the needs of the Tippi Toes franchise network promptly and reliably, whom we have approved in writing and whom we have not later disapproved. We may designate ourselves or our affiliates as approved or designated suppliers of any item. Before opening your franchised business (and from time to time as needed during operation of your franchised business), you must purchase from designated or approved suppliers certain items required for the operation of a your franchised business.

If we require that an item be purchased from an approved or designated supplier and you wish to purchase it from a supplier we have not approved, you must submit to us a written request for approval. You must not purchase or lease the item from the supplier until and unless we have approved the supplier in writing. We have the right to require you to submit information, specifications and samples to us to enable us to determine whether the item complies with our standards and specifications and that the supplier meets our criteria. We will notify you whether we approve or disapprove of the proposed item or supplier within 14 days after we receive all required information to evaluate the product or service. We also have the right to inspect the supplier's facilities, and to have samples from the supplier delivered to us or to an independent laboratory we designate for testing. We may condition our approval of a supplier on requirements relating to product quality, prices, consistency, reliability, financial compatibility, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints) or other criteria. We may re-inspect the facilities and products of any approved supplier, and may revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. If we revoke our approval of any supplier, you must promptly discontinue use of that supplier. You must reimburse us for the costs that we incur in the supplier approval process. Nothing requires us to approve any particular supplier and we are not required to notify you of our approval or disapproval within any specified period of time. Our specifications for products and criteria for supplier approval are generally issued through written communications and, if requested, will be made available to franchisees.

There are currently no criteria describing how the franchisor grants or revokes approval of alternative suppliers.

You are required to comply with all the Franchisor's standards and specifications relating to the products and services used or sold at the franchised business or at any Tippi Toes on location dance classes. These standards are listed in our Training and Operations Manual.

It is estimated that 100% of the franchisee's purchased products are required to be purchased from our ~~affiliate or our designated or~~ approved suppliers for the establishment and ongoing operation of the franchised business.

~~We do not derive revenue or other material consideration from select required purchases by franchisees.~~

During the fiscal year ended December 31, 2024, we derived \$38,572.80 from franchisee-required purchases, which comprised 1.61% of our total revenue of \$2,403,946.

During the fiscal year ended December 31, 2024~~2023~~, our affiliate, Lyric by Tippi Toes LLC, received revenues of \$21,491.50 from purchases by our franchisees. Lyric by Tippi Toes LLC is owned by Sarah Nuse, and Adam Nuse, and Megan Reilly, the owners of Tippi Toes, Inc. As of May 2024, Franchisees are no longer required to purchase uniforms from Lyric by Tippi Toes LLC.

~~We currently do not have arrangements with any suppliers in which we receive payments as a result of, or in connection with, purchases by our franchisees, but we reserve the right to establish such arrangements in the future.~~

~~Except for ownership~~Other than~~ interests in us and our affiliate, Lyric by Tippi Toes, LLC, there are no designated or approved suppliers in which~~the Franchisor, none of our officers own an~~ any interest.~~

~~There are no purchasing or distribution cooperatives.~~

We do not negotiate purchase arrangements in any approved or designated supplier for any product, good or service that you are required to purchase for the benefit~~operation~~ of franchisees~~your Franchised Business~~.

We do not ~~provide~~ receive any other revenue, rebates, discounts, or other material benefits to our franchisees~~consideration from any other supplies~~ based on ~~the franchisee's~~ your required purchases of particular products, supplies or services~~equipment~~; however, we may do so in the future, and any rebates or ~~use of designated or~~ discounts we receive may be kept by us in our sole discretion.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

From time to time, we negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or leases from other suppliers by franchisees~~designated suppliers and contractors~~ may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

Item 9: Franchisee's Obligations

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site selection and acquisition/lease <u>Selection and Acquisition/Lease</u>	8.1 Not Applicable	Not Applicable <u>11</u>
b. Pre-Opening purchases/leases <u>Purchase/Leases</u>	Not Applicable <u>8.3, 12.3.1</u>	Not Applicable <u>7, 11</u>
c. Site Development and other pre-opening requirements <u>Pre-Opening Requirements</u>	VI <u>8.2, 8.3, 12.1.1, 12.1.3</u>	<u>11</u>
d. Initial and ongoing training <u>Ongoing Training</u>	VI, XI <u>Article 7</u>	<u>11</u>
e. Opening	VI <u>8.2.3, 8.3, 8.4</u>	<u>11</u>
f. Fees	<u>III, IV, VI, XIII, XIV</u> <u>5.1, 5.2.7, Article 6, 8.4, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5</u>	<u>5, 6, 7</u>
g. Compliance with standards and policies/operating manual <u>Standards and Policies/Operating Manual</u>	V <u>Article 9, 12.1, 12.1.7, 19.1.1</u>	4 <u>8, 11</u>
h. Trademarks and proprietary information <u>Proprietary Information</u>	X, XI <u>9.4, Article 14, 19.2, 19.3, 19.4</u>	<u>13, 14</u>
i. Restrictions on products/services offered <u>Products/Services Offered</u>	VI <u>12.1.1, 12.1.4, 12.6</u>	8, <u>16</u>
j. Warranty and customer service requirements <u>Customer Service Requirements</u>	-Not Applicable	-Not Applicable
k. Territorial development and sales quotas <u>Development and Sales Quotas</u>	IV <u>13.2</u>	<u>12</u>

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document Item
l. Ongoing product/service purchases <u>Product/Service Purchases</u>	Not Applicable <u>12.1.4, 12.3.5</u>	Not Applicable <u>8</u>
m. Maintenance, appearance, <u>Appearance</u> and requirements <u>remodeling Requirements</u>	Not Applicable <u>Article 9, 12.1.2, 12.1.5, 12.1.9</u>	Not Applicable <u>Item 11</u>
n. Insurance	VI <u>Article 15</u>	<u>7</u>
o. Advertising	XIII <u>Article 13</u>	<u>6, 11</u>
p. Indemnification	X <u>15.4, 15.6, 16.3.6, 21.1</u>	<u>6, 14</u>
q. Owner's participation / management / staffing <u>Participation, Management, Staffing</u>	VI, VIII <u>11.1, 11.3, 12.1.6</u>	<u>11, 15</u>
r. Records/ reports <u>Reports</u>	V <u>12.2</u>	<u>6</u>
s. Inspections and audits <u>Audits</u>	V <u>9.2, 12.1.7, 12.2.5</u>	<u>6, 11</u>
t. Transfer	XIV <u>Article 16</u>	<u>6, 7, 17</u>
u. Renewal	II <u>Article 5</u>	<u>6, 17</u>
v. Post- termination <u>Termination Obligations</u>	XIV, XV <u>Article 18</u>	<u>17</u>
w. Non- competition <u>Competition Covenants</u>	VIII <u>19.5</u>	<u>17</u>
x. Dispute resolution <u>Resolution</u>	XVI <u>Article 20</u>	<u>17</u>
y. Royalties	V	<u>6</u>
z. y. <u>Training Guaranty</u>	VII <u>11.2.6</u>	<u>11, 15</u>

Item ITEM 10: Financing FINANCING

We do not offer direct or indirect financing, ~~and we~~. We do not guarantee any note, lease, or obligation on your notes, leases or other obligations behalf.

~~Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training~~

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

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

1. Pre-Opening ~~Assistance~~ Obligations

Before you begin your business, we will:

(1)~~a.~~ Designate your protected territory (Franchise Agreement Section ~~IV, Exhibit B-23.1~~)

(2)~~b.~~ Provide you access to our operations manuals (Franchise Agreement Section ~~VH10.3~~), including a training manual, ~~and other items listed in Exhibit B-1 to the Franchise Agreement.~~ Such access may be limited to electronic copies, in our sole discretion.

(3)~~c.~~ There are no site, location, or premises requirements. Most franchisees set up a space in their homes to act as an office for their business (approximately 100 square feet). Factors that may affect this time period include your ability to acquire financing or permits and completion of required training.

(4)~~d.~~ Provide initial training during the first 30 days and ongoing training thereafter. (See Section ~~VH7.1~~ of the Franchise Agreement).

Provide a written list of the equipment, fixtures, furnishings, signage, supplies and products that will be required to open the Franchised Business. You must purchase Tippi Toes branded items. We do not deliver or install any items.

2. Time to Open

The typical length of time between the signing of the Franchise Agreement, or the first payment of consideration for the franchise and the opening of the franchisee's business is approximately one to three ~~month~~ months. The franchisee should be able to complete all initial training, establish contracts with organizations to facilitate classes and begin registering children within this time frame. The ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, or delayed installation of equipment, fixtures and signs, are factors which may affect the time period of the opening. You must operate the Tippi Toes studio in accordance with the Franchise Agreement throughout the entire term of the Franchise Agreement, provided that your initial activities during the first month after signing the agreement may not actually involve conducting dance classes.

~~Post-3. Obligations After Opening Assistance~~

~~After you begin~~ During the operation of your business/franchise, we will ~~provide assistance in the following manner:~~

(1)~~a.~~ We will conduct training ~~camp~~ sessions in Scottsdale, AZ for all new franchise owners. This designated time will be used to ~~educated~~ educate and train our franchise owners to have the tools to build

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their business at their established franchise location. We host regular training ~~camp~~ sessions, and you will be assigned to the one that fits with your location start-up date. This initial training field trip will not be provided if you have previously opened or operated another Tippi Toes franchised businesses. (Franchise Agreement Section ~~VII~~10) We will work with you in the areas of marketing, advertising ideas, selling, ~~help~~ operations, and helping you develop your Business and Marketing plan.

(2)~~b~~. We will send you updated information on training, products, services, –announcements, and meetings via mail, email, or conference call.

(3)~~c~~. We will hold monthly phone training conferences for all Franchise Owners and managers. Also, our Backstage online community is there to answer questions and provide current information will be provided by e-mail.

(4)~~d~~. We will advise on the advertised selling price for products and services for your Tippi Toes business.

See Section ~~VII~~10 of the Franchise Agreement for Franchisor’s Obligations.

4. Advertising

—Local Advertising

We currently do not have a Marketing Cooperative Fund. Tippi Toes reserves the right to implement a marketing fund (the “Marketing Cooperative Fund” or “Fund”) upon 30 days’ prior notice to you. If implemented, you will be required to make monthly contributions to the Marketing Cooperative Fund of up to 2%, of your monthly Gross ~~Sales~~ Revenue. We do not require you to spend any amount on advertising outside of the Fund.

We or someone we designate will separately administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We will direct all programs financed by the Fund, including the creative concepts, materials, endorsements, and the geographic market and media placement and allocation thereof. We may use the Fund to satisfy the costs of producing video, audio and written advertising materials; administering regional and multi-regional advertising programs; developing and maintaining an Internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities. We are not required to make expenditures for you that are equivalent or proportionate to your Fund contributions or to ensure that any particular franchisee benefits directly or in proportion to its contributions to the Fund. Except for any portion of the Fund spent on website development and maintenance (a portion of which may include soliciting the sale of franchises using our website or websites primarily focused on franchise growth), the Fund is not used to solicit the sale of franchises. Any Tippi Toes businesses owned by us and our affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard Tippi Toes franchise agreement.

Presently, we anticipate that Fund advertising will be conducted primarily through electronic or print media on a regional basis, and that the majority of our advertising will initially be developed in-house. We may use the Fund to directly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be

provided to you so that you may directly place or implement such materials or programs in your local or regional market.

We will not use your Fund contributions to defray any of our operating expenses, except for any reasonable salaries, administrative costs, travel expenses and overhead that we may incur in administering the Fund and its programs. We will prepare an annual statement of the Fund's operations and will make it available to you if you request it. Any amounts in the Fund that are not spent in the fiscal year in which they accrue will be applied toward advertising activities or our expenses incurred in administering the Fund and its programs in the following fiscal year. We are not required to have the Fund's statements audited.

We may terminate the Fund at any time on 30 days prior written notice to you. If we terminate the Fund, all unspent monies will be distributed to the contributors in proportion to their respective contributions during the preceding 12-month period. (Franchise Agreement, Article XIII)

The Fund has not been established, so no amounts were contributed to the Fund in the last fiscal year.

You may use your own advertising material if it meets our brand standards and specifications; however, all advertising must be approved in writing by Tippi Toes before you use it.

There is no advertising council composed of franchisees that advises Tippi Toes on advertising policies.

There is no local or regional advertising cooperative that franchisees must participate in.

We do not currently ~~require franchisees to~~ spend any minimum amount on local advertising in ~~their~~any market, ~~but we reserve the right to implement such a requirement in the future.~~

System-Wide Brand Fund ~~(Franchise Agreement, Section 13.3)~~

You are required to contribute to the Brand Fund ~~up to 2%, currently one percent (1%)~~ of monthly Gross Revenue generated by your Franchised Business. We reserve the right to increase the Brand Fund Contribution to an amount not to exceed two percent (2%) of Gross Revenue. Your Brand Fund contribution is collected at the same time and in the same manner as your Royalty. Each Tippi Toes outlet operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so.

The Brand Fund is administered by us. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Fund contributions to pay our costs (including salaries of our personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with

Brand Fund contributions. The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the territory where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

In our last fiscal year ended December 31, ~~2024, \$21,219.10~~2023, ~~\$12.57~~ of Brand Fund contributions were collected. In ~~our~~ last fiscal year ended December 31, ~~2024 14.7~~2023 ~~100%~~ of Brand Fund expenditures were used to ~~rebuild~~update the Tippi Toes website, and ~~85.3%~~ was used on product/podcast development. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

Advisory Council

~~We currently do not have an Advisory Council. We may, in our discretion, form an advisory council to work with us to improve the System, the services offered by Tippi Toes Dance studios, advertising conducted by the Fund, if implemented, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council. We may develop by laws for any advisory council.~~

~~If formed, an advisory council will be comprised of our representatives and franchisee representatives. Franchisee representatives may be selected by us or may be elected by other franchisees in the System. If you participate on an advisory council, you will pay any expenses you incur related to your participation, such as travel and living expenses to attend council meetings.~~

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Tippi Toes outlets in a designated

geographic area. Our affiliate-owned outlets may participate in a regional cooperative, in our sole discretion. Each Tippi Toes outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents.

If we establish a regional advertising fund or cooperative, you must contribute amounts we require. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund; however, contributions made by you to a regional advertising fund or cooperative will be credited against your required expenditures for local advertising.

Advertising Council

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance, and profitability. We reserve the right to change or dissolve the council at any time.

5. ~~Computer Requirements~~Systems (Franchise Agreement, Section 12.3)

We require that you have or purchase a computer, smartphone and printer meeting our minimum standards and specifications, and you must maintain a high-speed Internet connection for your computer and smartphone at all times. If you do not already own a computer and printer, you are required to purchase a laptop or desktop computer in order to connect with the Centerstage System. (Franchise Agreement Section VI paragraph C) The estimated cost of a computer, smartphone and printer is approximately \$2,000 to \$3,500.

You must purchase, install and at all times use the required computer systems at your Tippi Toes franchised business. If the computer system is updated or modified from time to time you may be required to purchase the modified or upgraded version. You must also install and maintain at least one point-of-sale terminal that is capable of running the required software. The software is used to generate, compile, store and manage sales and other information. You must purchase this software and the related hardware from a supplier approved by us. We reserve the right to require you to pay a periodic helpdesk/maintenance services fee to an approved maintenance and support vendor in connection with maintaining and updating your POS system, but we currently do not require you to spend any minimum amount on helpdesk/maintenance services. We may also require you to license from us, or others we designate, any computer software we develop or acquire for use by Tippi Toes businesses.

Except as stated above, neither we, our affiliates, nor any third parties are required to provide ongoing maintenance, repairs, upgrades or updates to your hardware or software. Except as stated above, there are currently no optional or required maintenance/upgrade contracts for the point of sale or computer system. The software programs and hardware used at Tippi Toes businesses are designed to enable us to have independent access to the information generated and stored by the system, and there is no contractual limitation on our access to or use of the information we obtain.

We may revise our specifications for the hardware and any software used in the Tippi Toes businesses as we deem necessary, including the designation of specific brands or models of accounting software or

other software used for word processing, spreadsheets and other office functions, that you must use in the operation of your Tippi Toes businesses. In addition, you must update and upgrade the hardware and software from time to time as we require, and you must install any other hardware or software for the operation of the Tippi Toes businesses that we may require in the future, including any enhancements, additions, substitutions, modifications, and upgrades. The licensors of the required software may develop enhancements and upgrades for their programs that you may be required to obtain. We cannot estimate how often those licensors may develop updates, upgrades or enhancements, or whether we will require you to obtain them, or their cost to you. There are, however, no limitations on the frequency and cost of the updates, upgrades or enhancements.

Operating 6. Table of Contents of Operations Manual or “Playbook”

~~Tippi Toes provides franchisees with Training/Operations Manuals in the form of a Playbook which must be followed in the operation of your Tippi Toes business. The Training/Operations Manual or “Playbook” is a living document on our Backstage Online Community and the Table of Contents for the Playbook is included at the end of this~~ The Table of Contents of our Operations Manual is attached as Exhibit E. The Operations Manual has a total of 12 pages.

7. Training (Franchise Agreement, Article 7)

You and all of your owners who will be actively engaged in the operation of the Franchised Business must also complete our Initial Training Program to our satisfaction before opening your franchise. We conduct training in Scottsdale, Arizona.

~~Item 11.~~

Training

The initial training program includes:

TRAINING PROGRAM

Subject	Hours of Classroom/ Online Training	Hours of on-the <u>On-The- Job training</u> Training	Location
Brand Immersion – People and Culture	23	0	Scottsdale, Arizona
Building Your Business	32	0	Scottsdale, Arizona
Operations	45	0	Scottsdale, Arizona
Class Demonstration	2	0	Scottsdale, Arizona
Sales and Marketing	72	02	Scottsdale, Arizona
Business Management	52	0	Scottsdale, Arizona

Subject	Hours of Classroom/ Online Training	Hours of on-the <u>On-The-</u> Job training <u>Tra</u> <u>ining</u>	Location
<u>TOTAL TOTALS:</u>	<u>2316</u>	<u>02</u>	

Tippi Toes initial training is scheduled as needed. You must schedule your training prior to opening your Tippi Toes business. We do not charge a fee for the initial training of the Franchisee or his/her sales personnel-owners. The initial training program is included in the franchise fee. If additional staff attend the training, an additional fee of \$250/day will be charged. Your successful completion of the Tippi Toes training program (to our satisfaction) is mandatory before beginning operation of your Tippi Toes business.

The cost of our instructors, training materials, pre- and post-course training modules, and in-studio is included in the Initial Franchise Fee. You must pay for all of your travel and personal expenses, including, but not limited to, all costs for your transportation, meals, and lodging for yourself and your personnel.

~~If you Training is conducted by a Tippi Toes certified trainer under the supervision of Sarah Nuse and/or Megan Reilly (or a designated trainer approved by us). Sarah is the Chief Executive Officer and President of Tippi Toes and has taught Tippi Toes dance classes since 1999. Megan is the Chief Operating Officer of Tippi Toes and has taught Tippi Toes dance classes since 2002. They each have additionally gained experience training franchisees and their teachers in every aspect of Tippi Toes operations including sales, marketing and all other areas of the Tippi Toes business since 2009.~~

~~Basic Management training begins with orientation to Tippi Toes including our history, mission and goals. Initial training will take place at our Tippi Toes designated training area. After that is complete our Tippi Toes training/operations manuals will need to be followed. Tippi Toes holds ongoing training in the form of modules that franchise owners have access year-round. We have quarterly company wide learning opportunities on our virtual company call.~~

do not complete our Initial Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

Monthly virtual learning opportunities are available to franchisees, managers, teachers and any other of the Franchisee's employees.

Additional training:- At your request, Tippi Toes may provide training to additional members of your personnel (after the initial training) for a fee of \$250 per person, per day plus reimbursement for our travel, lodging, meals and other expenses related to such additional training. Each onsite training session will be 2 days; and needs to be requested and planned at least 30 days in advance.

~~There is no fee, except as outlined above, for ongoing training (after the initial training). Ongoing training will be held periodically during the year. These sessions are available to franchisees, managers, teachers and any other of the Franchisee's employees. The Franchisee will be responsible for all travel and related expenses to attend these training sessions.~~

Training is subject to modification at any time at the discretion of Tippi Toes.

Training & Operations Manual Table of Contents

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~~Item~~**ITEM 12: Territory** TERRITORY

~~You will receive a protected territory which is determined before you sign your~~Under the Franchise Agreement (as described in Exhibit B-2, you have the right to your Franchise Agreement) establish and operate one Tippi Toes outlet within an exclusive territory (the “Protected Area”). Your Protected Area includes a population of up to 300,000 people. The boundaries of your protected territory may be defined by zip codes or and/or a territory map we provide. There would be a \$0.25~~165~~ per additional person overage to any population greater than 300,000 according to the mapping technology software. ~~During the term of your Franchise Agreement, we will not operate, or grant franchises for the operation of, a Tippi Toes business within your territory as long as you remain in compliance with your Franchise Agreement. We do not have any prescribed conditions by which we would approve or disapprove the relocation of a franchisee’s business.~~Additional population must be purchased in 50,000 people increments (on average, zip codes will not be split). Your Protected Area will be defined and attached to your Franchise Agreement as Attachment 2.

~~The territorial rights granted to you under the Franchise Agreement are not dependent on the achievement of a certain sales volume, market penetration or other contingency factors, except that you are required to pay us minimum monthly royalty fees as described in Item 6 above. If you fail to pay such minimum royalty fees we will have the right, at our option, to terminate your Franchise Agreement.~~

~~There are no options, rights of first refusal or similar rights to acquire additional franchises.~~

~~We reserve all rights not expressly granted to you in your Franchise Agreement, including but not limited to, the right to operate, and grant franchises for the operation of, Tippi Toes businesses at any location outside your protected territory and the right to use any other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales of any products or services at any location, including within your protected territory, including products and services offered under our principal trademarks or other trademarks in our sole discretion. You will receive no compensation for our sales through Alternative Distribution Channels in the Market Area.~~

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

~~You may not solicit or accept orders from consumers outside of your protected territory unless you have expressed express written consent from our corporate office. You may not use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales inside or outside of your protected territory.~~

~~Neither~~During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we ~~nor any parent~~will not open another Tippi Toes premises or grant the right to anyone else to open a Tippi Toes premises within the Territory.

There is no affiliate has established, minimum sales requirement, market penetration or other contingency that will affect your protected right to operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You may not presently intends change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, within 90 days. If you do not identify a site within this time period, we or you may terminate the Franchise Agreement. While you are closed for relocation, you must continue to pay us a minimum Royalty and Marketing Fund contribution equal to the average paid during the four calendar quarters immediately preceding the loss of your premises.

We may, but have no obligation to, consider granting to you the right to establish, ~~other franchised or company owned Centers which~~ additional Tippi Toes outlets under other franchise agreements if you are successful and in compliance with the Franchise Agreement and propose to open another Tippi Toes outlet in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We and our affiliates may sell our ~~proprietary products or~~ services under a ~~different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent~~ the Marks within or outside the Territory through any method of distribution other than a dedicated Tippi Toes outlet location, including, licensing our designs for use in other formats, and sales through such channels of distribution as schools, camps, institutional/professional campuses, and conferences; distribution through retail outlets, including but not limited to, arts and crafts, home goods and department stores; and the Internet (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

Item 13: Trademarks

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website with a link to your Tippi Toes outlet location. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may collaterally extend beyond your Territory, and you may accept orders from customers outside of your Territory.

The Franchise Agreement ~~gives you a license to operate a Tippi Toes~~ does not grant you any right to participate in franchises, licensing programs or other business ~~under the mark “proposals for the sale and distribution of Tippi Toes” and to use any future Marks we authorize.~~ products or services through Alternate Distribution Channels.

ITEM 13: TRADEMARKS

Our affiliate, TTAG, LLC (“TTAG”), ~~has registered, or applied for registration of, Licensor”) is the following owner of the Marks with the U. S. Patent and Trademark Office (“USPTO”) or has granted us the Principal exclusive right to use Register. At the appropriate times, TTAG intends to renew the registrations~~ Marks and license to file all appropriate affidavits. ~~others the right to use the Marks in the operation of a Tippi Toes outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under Tippi Toes service marks, as described below (“Principal Marks”):~~

Mark	Registration Number	Registration Date	Registration Date
TIPPI TOES	Principal 3426225	3426225	5/13/2008
	Principal 5906510	5906510	11/12/2019

~~There is no presently effective determination of the U.S. Patent and Trademark Office, the trademark trial and appeal board, the trademark administrator of any state or any court, nor any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Marks which is relevant to their ownership, use or licensing.~~

~~We know of no superior prior rights or infringing use that could materially affect your use of the Marks, and we know of no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.~~

~~Our rights to the Marks and the proprietary Tippi Toes System know how are derived from a nonexclusive perpetual license (the “Intercompany License”) between us and our affiliate, TTAG. The Intercompany License grants us the right to use the Marks and the proprietary information related to the Tippi Toes System, such as the know-how and the Manuals, for the purpose of licensing them to our franchisees and fulfilling our obligations under the Franchise Agreement. The Intercompany License is terminable only for material breach of the Intercompany License agreement and only if we do not cure or begin to cure the breach within 90 days after notice. If the Intercompany License agreement is terminated by us or TTAG, then TTAG will permit you to continue using the Marks under your franchise agreement until the expiration or earlier termination of such franchise agreement (plus one renewal period if the agreement is set to expire and you meet all renewal criteria set forth in your Franchise Agreement). We know of no other agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to you.~~

~~You may not use the Marks as a part of your corporate or another legal name. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability.~~

~~We are not obligated to protect your rights to use the Marks or to protect you against claims of infringement or unfair competition. We are not obligated to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks if the proceeding is resolved unfavorable to you. The license to use the Marks granted in the Franchise Agreement is not exclusive to you. We have and retain all rights in the Marks.~~

~~You must immediately notify us of any infringement or apparent infringement of the Marks or of any challenge to the use of any of the Marks or claim by any person of any rights in any of the Marks. You and your owners must agree not to communicate with any person other than us, our designated affiliate, and our or their counsel about any infringement, challenge or claim. We or our affiliates have sole discretion to take any action we deem appropriate and the right to exclusively control any litigation, or Patent and Trademark Office (or other) proceeding, from any infringement, challenge or claim concerning any of the Marks. You must sign all instruments and documents and give us any assistance that, in our counsel's opinion, may be necessary or advisable to protect and maintain our interests or those of our affiliates in any litigation or proceeding or to otherwise protect and maintain our or their interest in the Marks.~~

~~We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy, we intend to defend the Marks vigorously.~~You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

~~You may not use any of the Marks as part of your corporate or other name. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must sign any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your owners may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks and may not contest the validity of our interest in the Marks or assist others to do so.~~

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

~~Item 14: Patents, Copyrights and Proprietary Information~~

~~Patents: We do~~You must not directly or indirectly contest Licensor's right, or our right, to the Principal Mark or other Marks.

~~There are no own currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any patents, and do not have state, or any pending patent applications, court relating to the Marks. There is no pending infringement, opposition, or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks.~~

There are no currently effective agreements that ~~are~~ significantly limit Licensor's or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise. Tippi Toes, Inc., our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and Tippi Toes, Inc., we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (a) we materially misuse the trademarks and fail to correct the misuse, or (b) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

Copyrights:

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We claim copyrights in all artwork and designs used by the System.

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, management, and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We have obtained the following copyrights issued by the U.S. Copyright office:

U.S. Copyright Registration No. 408-677 for "Tippi Toes" effective as of July 6, 2007. The copyright extends to July 6, 2102.

U.S. Copyright Registration No. 6-594-703 for "PINK BALLET SHOES" effective date of July 2, 2007. The copyright extends to July 2, 2102.

U.S. Copyright Registration No. VA 1-419-480 for "TIPPI THE TURTLE" effective July 3, 2007. The copyright extends to July 3, 2102.

We intend to renew all of the above copyrights.

We ~~claim common law~~ have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright ~~protection~~ infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for ~~our manual~~ expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights. We do not know of any copyright infringement that could materially affect you.

During the term of the Franchise Agreement, you may have access to and ~~related~~ become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and

~~applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials, although these copyrights have not been registered with the United States Copyright Office. The operations manuals and related materials are considered; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential and" or "proprietary and are considered our", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may use them only in the operation of your franchise as provided in the Franchise Agreement. You may not use never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential and proprietary information in any information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality and Non-Compete Agreement (Franchise Agreement, Attachment 9).~~

~~You must promptly tell us when you learn about unauthorized manner and must take reasonable steps to prevent its disclosure to others.~~

~~There are currently no effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements in effect that significantly limit our right to use or license the use of the copyrighted materials. Finally, there are no cases of infringement actually known to us that could materially affect your use of the copyrighted materials in any state.~~

~~of any Confidential Information. We are not obligated by the Franchise Agreement, or otherwise, to protect any rights you have to use the copyrights, although we intend to do so when we determine that such action is in the best interest of our system. We have no actual knowledge of any infringements that could materially affect the ownership, use or licensing of the copyrights.~~

~~You and your owners and employees must agree not to communicate or use our confidential information for the benefit of anyone else during and after the term of the Franchise Agreement. You and your owners and employees must maintain the confidentiality of all information contained in the Manual and other information that we consider confidential, proprietary, or trade secret to take any action but will respond to this information. Our "confidential information" means all trade secrets and other elements of our System; information contained in the Manuals; training techniques; curriculum; teaching techniques, methods and programs, financial information; customer information; vendor information; marketing strategies and data; and all other knowledge, trade secrets, or know-how as we think appropriate. We will indemnify you for losses brought by a third party concerning the operation of a Tippi Toes business which may be communicated to you by virtue of operating under the terms of your use, in strict compliance with the Franchise Agreement, and all other information that we designate as confidential (collectively~~

~~“Confidential Information”). You and your owners and employees must also agree not to use our Confidential Information at all after the Franchise Agreement terminates or expires. You and your owners can give this Confidential Information only to your employees who need it to operate your Tippi Toes business. You must have your general manager and assistant managers and any of your other personnel who have received or will have access to our Confidential Information, sign similar covenants. of the Confidential Information.~~

~~If you or your employees or owners develop any new concept, process or improvement in the operation or promotion of your Tippi Toes business, you must promptly notify us and give us all necessary information about the new process or improvement, without compensation. You and your owners agree that any of these concepts, processes, or improvements will become our exclusive property, and we may use or disclose them to other franchisees, as we determine appropriate.~~

~~**Item 15: Obligation to Participate in the Operation of the Franchise Business**~~

~~**ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**~~

~~You must at all times directly supervise the operation of the business or you may employ a manager for this purpose who will serve as the Operating Principal under the Franchise Agreement.~~

~~The person designated as the Operating Principal must meet the standards set forth by us for this position, as provided in the Manuals or other written instructions. The Operating Principal (or his designee) must satisfy the training requirements stated in the Franchise Agreement.~~

~~The person designated must comply with all of our standards and specifications relating to the services and products used or sold at the Tippi Toes business.~~

~~The person designated as the Operating Principal must sell or offer all products and services in the manner and style required by us and must supervise and oversee all employees and their training. You may not deviate from our standards and specifications without first obtaining written consent from us.~~

~~The Operating Principal must maintain and protect our trade secrets and confidential information and abide by the covenants not to compete set forth in the Franchise Agreement. The Operating Principal shall ensure compliance with all requirements of federal, state and local laws, rules, regulations, and orders.~~

~~Each of your owners (whether partners, shareholders, members, etc.) must sign a personal guaranty in the form attached as Exhibit A to the Franchise Agreement. If applicable, your spouse must also personally guaranty your performance under the Franchise Agreement. Each of your owners (whether partners, shareholders, members, etc.) will also be required to enter into a confidentiality agreement and a non-competition agreement.~~

~~**Item 16: Restrictions on What the Franchisee May Sell**~~

~~**ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL**~~

~~You must offer and sell all of the services and products required by us, and your services that are part of Tippi Toes business. You may ~~not~~ only offer products and services that we have previously approved. We~~

~~may modify, add, or sell any remove products or services not authorized by us. We have the right to add new services and products from the products and services that you must offer. Franchisee must conform to any of these changes as long as it does not materially change the obligations of the Franchise Agreement. Any sale of products or services must comply with Item 12.~~

~~You may not use our Marks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Tippi Toes outlets owned by other franchisees, whether such business is inside or outside of the Territory.~~

~~We may add to, delete from, or modify the products and services that you can and must offer. You must abide by any additions, deletions, and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.~~

~~You may only present services and products at our discretion from time to time. You agree to sell or offer sell products and services in the manner and style required by us; you agree not to deviate from the standards and specifications without first obtaining written consent from us. we prescribe. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may collaterally extend beyond your Territory, and you may accept orders from customers outside of your Territory. See Item 12 for restrictions on sales within and outside the Territory.~~

~~We have the right to change products and services offered by you at any time, and there are no limits on our right to make changes. At least thirty (30) days' notice of any such changes will be given to you. You are required to use Tippi Toes products and materials, exclusively, for sale to clients (unless other material is approved in writing by us in advance).~~

~~You are not restricted regarding the types of customers you may market and sell to, but you may not offer services within the territory of another Tippi Toes franchisee.~~

~~You are required to register all new clients monthly (including name, address, phone numbers, etc.) with us. This information is to be sent, on the form provided by us, along with the monthly royalty report, and we own all rights to all customer and client information.~~

~~You may decide the prices you wish to charge your customers; however, we reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum or other pricing requirements with respect to the prices you may charge for products or services offered through your Tippi Toes business.~~

~~**We may make available to you and may require you to purchase from us for resale to your customers certain merchandise, like clothing or other promotional items, in amounts necessary to meet your customer demand**~~**ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

~~=~~

~~You may only install and offer at your Tippi Toes business such equipment and machines as we~~

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have expressly approved in the Manual or otherwise in writing.

~~You may only sell retail products that are expressly approved by us in writing (and only through channels approved by us in writing), and you may not sell any products at wholesale for any reason or sell products to any purchaser whom you know (or have reasonable grounds to suspect) intends to resell the products unless you receive our prior written consent to such sale. Any sale must be conducted in accordance with our System standards.~~

~~Remainder of Page Intentionally Left Blank~~

Item 17: ~~Renewal, Termination, Transfer and Dispute Resolution~~

THE FRANCHISE RELATIONSHIP

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

	Provision	Section in franchise or other Franchise Agreement	Summary
<u>a.</u>	a. Length of the franchise term	H.A. Art. 4	Initial term of Term is Ten (10) years
<u>b.</u>	b. Renewal or extension of the term Term	H.B. Section 3.2	Your Franchise may be renewed for two 5 year successor terms subject to any or all of the conditions outlined in the Franchise Agreement. If you are in good standing as defined below, you can enter into a successor franchise agreement for up to two (2) additional terms of five (5) years each, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
<u>c.</u>	c. Requirements for franchisee to renew or extend	H.B. Section 3.2	1. Notify us of your intent to renew 2. Not be in violation or default of terms of Franchise Agreement When renewing, you may be asked to sign a new contract with materially different terms and conditions than your original contract. Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing our then-current form of Franchise Agreement, which may contain materially different terms and conditions and different territory boundaries from your original contract. Be in full compliance, have no more than three (3) events of default during current term, provide written notice to us at least six months before the end of the

	Provision	Section in franchise or other Franchise Agreement	Summary
			<p><u>term, execute a new franchise agreement, pay us the Successor Agreement Fee of \$10,000, continue to have the right to occupy the premises or have received approval from us to relocate, remodel your Franchised Business location, execute a general release, comply with then-current qualifications and training requirements, including completion of additional training.</u></p> <p><u>3. You will be asked to sign a new Franchise Agreement which may contain materially different terms and conditions than your original Franchise Agreement.</u></p>
<u>d.</u>	d. Termination by franchisee	XV Section 14.1	You may terminate if we commit a material default and fail to cure such default within 60 days after notice of default from you. The Franchise Agreement does not give you any right to terminate the Franchise Agreement. You may seek termination upon any grounds available by state law.
<u>e.</u>	e. Termination by franchisor without cause	Not Applicable	Not Applicable
<u>f.</u>	f. Termination by franchisor with cause	XV Section 14.2	Tippi Toes can <u>We may terminate only if you default or for good cause.</u> The Franchise Agreement describes defaults throughout. Please read it carefully.
<u>g.</u>	g. “Cause” defined – curable defaults	XV Section 14.2	You have 30 days to cure most violation(s) under the Franchise Agreement, including nonpayment of accounts. You have 30 days to cure any defaults not otherwise specified. You violate franchise agreement other than non-curable default (30 days to cure).
<u>h.</u>	h. “Cause” defined – non-curable defaults	XV Sections 14.2	The provision in the Franchise Agreement which provides will terminate automatically, without notice for termination upon the

Provision	Section in franchise or other Franchise Agreement	Summary
		<p><u>following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</u></p> <p><u>We may not be enforceable terminate the Franchise Agreement upon notice to you if you: falsify any report to us; fail to comply with applicable laws; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime or otherwise cause damage to the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive two (2) or more default</u></p>

	Provision	Section in franchise or other Franchise Agreement	Summary
			<p><u>notices in any 12-month period; default under Federal Bankruptcy law (11 U.S.C. Section 101 et. seq.) any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.</u></p>
i.	<p>ii. Franchisee's obligations on termination/non-renewal</p>	<p><u>XV Sections 14.3- 14.6</u></p>	<p><u>You lose the right to market and sell Tippi Toes' services and products. Should you terminate your Franchise, all of your clients will be assigned and transferred to Tippi Toes or our designee at our option. Upon termination, you must: cease operations; cease to identify yourself as a Tippi Toes franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorneys' fees; deliver to us all Confidential Information, the Operations Manual, completed project signs, and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all furnishing, fixtures, equipment, inventory and supplies of your Franchised Business; pay liquidated damages; and assign, at our option, your telephone numbers, directory and internet listings, and social media and software accounts and the lease for the location.</u></p>
j.	<p>jj. Assignment of contract by franchisor</p>	<p><u>XIV Section 15.1</u></p>	<p><u>No restrictions on Tippi Toes' right to assign; however, no assignment will be made except to an assignee who in good faith and judgment of the</u></p>

	Provision	Section in franchise or other Franchise Agreement	Summary
			franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement. No restrictions on our right to assign.
<u>k.</u>	k. "Transfer" by franchisee- defined	XIV <u>Article 1</u>	Transfer of contract, assets or change in ownership For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) direct or indirect ownership interest of more than 25% of the business, or (iv) control of the business.
<u>l.</u>	l. Franchisor approval of transfer by Franchisee franchisee	XIV <u>Section 15.2</u>	Transfer must be approved by Tippi Toes whether owned by an individual or a corporation; but Tippi Toes cannot No transfer is allowed without our consent, which we will not unreasonably withhold consent.
<u>m.</u>	m. Conditions for Franchisor franchisor approval of a transfer	XIV <u>Section 15.2</u>	Transferee must be of good character, pay transfer fee, and sign the then-current form of Tippi Toes Franchise Agreement. You must pay any outstanding accounts due to Tippi Toes. Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable).
<u>n.</u>	n. Franchisor's right of first refusal to acquire Franchisee's franchisee's business	None <u>Section 15.5</u>	Not applicable If you want to transfer your business, we have a right of first refusal.

	Provision	Section in franchise or other Franchise Agreement	Summary
<u>o.</u>	o. Franchisor's option to purchase Franchisee's franchise's business	Not Applicable <u>XV</u>	Upon termination or expiration we have the option to acquire the franchised location and the assets of the Tippi Toes business from you (subject to any rights of approval retained by the owner of the leasehold) at fair market value. We have the option to have the lease for the premises of the franchised business assigned or subleased to us.
<u>p.</u>	p. Death or disability of franchisee	XIV <u>Sections 2.4 and 15.4</u>	No restriction on disability or death. Your estate or representative may transfer the franchise per approval of the new Franchisee by Tippi Toes. If you die or become incapacitated, a new principal operator acceptable to us must be designated to operate the business, and your executor must transfer the business to a third party within nine months.
<u>q.</u>	q. Non-competition covenants during the term of the franchise	VIII <u>Section 13.2</u>	No involvement in a competing business anywhere in the United States during the term of your Franchise Agreement. You may not: divert, or attempt to divert, customers of any Tippi Toes outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business, induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
<u>r.</u>	r. Non-competition covenants after the franchise is terminated or expires	VIII <u>Section 13.2</u>	No competing with us for two years after termination of your Franchise Agreement at any location within 50 miles of any location where you, Franchisor or any of its franchisees have offered dance classes, lessons or other services. For 24 months after the termination of the Franchise

	Provision	Section in franchise or other Franchise Agreement	Summary
			<p><u>Agreement, you may not: divert, or attempt to divert, customers of any Tippi Toes outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 25 miles of your former Tippi Toes outlet location or any other Tippi Toes outlet location, do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.</u></p>
s.	<p>s. Modification of the Agreement <u>agreement</u></p>	XVI <u>Section 18.4</u>	<p>Only terms of the franchise agreement are binding. If any part of the non-competition covenant is found to be void in a court of law, the covenant will be deemed modified so as to be enforceable. Any modifications must be made in writing and signed by you and Tippi Toes. No oral modifications, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you, and to reduce the scope of any restrictive covenant.</p>
t.	<p>t. Integration / merger clause</p>	XVI <u>Section 18.3</u>	<p>Only the terms of the Franchise Agreement and other related written agreements <u>agreement</u> are binding (subject to applicable state law). No other Any representations or promises will outside of the disclosure document and franchise agreement may not be binding. Nothing in the Franchise Agreement or in enforceable. However, no claim made in any other written franchise agreement is intended to disclaim the express representations made in this franchise disclosure document Disclosure Document.</p>

	Provision	Section in franchise or other Franchise Agreement	Summary
<u>u.</u>	u. Dispute resolution by mediation	None FA: Section <u>13.2</u>	<p>You must first submit all dispute and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally.</p> <p>At our option, all claims or disputes arising out of the Franchise Agreement must be submitted to non-binding mediation, which will take place at our then-current headquarters. You must notify us of any potential disputes, and we will provide you with notice as to whether we wish to mediate the matter or not. If the matter is mediated, the parties will split the mediator's fees and bear all of their other respective costs of the mediation.</p>
<u>v.</u>	v. Choice of Forum forum	XV VIFA: Sections <u>17.1 and 17.5</u>	<p>Venue for any litigation is the applicable state or federal courts located in Oklahoma. Any dispute or action between you and us will be of our and your individual claims. None of your claims will be litigated on a class wide basis or otherwise consolidated with any claims of any third parties (subject to state law). Arbitration will take place where our headquarters is located (currently, Oklahoma) (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).</p>
<u>w.</u>	w. Choice of Lawlaw	XV VIFA: Section <u>18.8</u>	<p>The Franchise Agreement is governed by the laws of the state of Oklahoma, without reference to this state's conflict of laws principles (subject to state law). Oklahoma law applies.</p>

Provision	Section in franchise or other Franchise Agreement	Summary
		subject to applicable state law.

~~_____ The Franchise Agreement contains a number of provisions that may affect your legal rights, including a waiver of a right to a jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Franchise Agreement Section XVI. We recommend that you carefully review all of these provisions with a lawyer.~~

~~_____ A provision in the Franchise Agreement which terminates this agreement on your bankruptcy may See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.~~

ITEM 18: PUBLIC FIGURES

~~We do not be enforceable under Title 11, United States Code Section 101.~~

Item 18: Public Figures

~~Tippi Toes does not currently use any public figures to promote its our franchise.~~

Item 19: Financial Performance Representations

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.

~~The below tables represents certain historical sales data achieved by our franchisees — Your location will offer the same products and services as these locations offer. You should conduct an independent investigation of the costs and expenses you will incur in operating a Tippi Toes location.~~

~~As of December 31, 2023, we had 47 total franchised outlets in operation. For chart 1 and 2, in 2023, we excluded 26 outlets due to one or more of the following reasons: 21 outlets did not generate sales for the full twelve month period, 3 outlets transferred ownership, 2 outlets are owned by relatives of the principals of Franchisor.~~

As of December 31, 2022, we had 31 total franchised outlets in operation. For chart 1 and 2, in 2022, we excluded 10 outlets due to one or more of the following reasons: 5 outlets did not generate sales for the full twelve-month period, 3 outlets transferred ownership, and 2 outlets are owned by relatives of the principals of Franchisor.

As of December 31, 2021, we had 28 total franchised outlets in operation. For chart 1 and 2, in 2021, we excluded 10 outlets due to one or more of the following reasons: 7 outlets did not generate sales for the full twelve-month period, 1 outlet transferred ownership, and 2 outlets are owned by relatives of the principals of Franchisor.

Chart 1

Tippi Toes Reporting Franchisee Revenue per Franchise Outlet

Calendar Year	2021	2022	2023
High	\$328,025	\$444,349	\$530,329
Low	\$45,680	\$43,047	\$45,045
Median	\$91,031	\$205,730	\$285,684
Average	\$116,700	\$200,643	\$258,682
Franchise Outlets	18	21	21
Franchise Outlets Exceeding Average	8	11	13
Percentage of Franchise Outlets Exceeding Average	44%	52%	62%

Note: To qualify to be included in this chart, Franchise Outlets must have reported revenue in all 12 months for each respective year.

Chart 2

Total Student Enrollment Per Month per Franchise Outlet

Calendar Year	2021	2022	2023
High	498	575	667
Low	34	41	80
Median	64	163	236
Average	74	213	302
Franchise Outlets	18	21	21
Franchise Outlets Exceeding Average	14	15	18
Percentage of Franchise Outlets Exceeding Average	78%	72%	86%

Note: To qualify to be included in this chart, Franchise Outlets must have reported revenue in all 12 months for each respective year.

Chart 3

2023 Profit and Loss Statements

Chart 1											
Tippi Toes Reporting Franchisee Revenue per Franchise Outlet							Average	A	B	C	D
Outlet	1	1	1	2	3	1	2				
Calendar Year Opened											
High											
									2024		

<u>Low</u>										
<u>Median</u>										
<u>Revenue Average</u>					<u>\$284,635</u>	<u>\$428,493</u>	<u>\$164,284</u>	<u>\$530,329</u>	<u>\$495,288,266</u>	<u>\$9</u>
Annual Student Tuition billed	3,228	5,453	1,910	5,816	4,652	1,214	2,746	967		
Costume Income	12,132	51,737	28,252	-	-	-	22,199	4,936		
Registration	8,160	-	12,075	-	-	-	24,373	4,301		
Tuition	242,326	362,329	108,547	511,390	473,510	94,057	165,364	32,929		
Special Events and Recitals					22,016	14,426	15,410	18,938	21,778	821
Franchise Outlets										18,24
COGS	\$131,818	\$233,465	\$69,189	\$215,952	\$224,662	\$4,264	\$87,811	\$15,154		
Teacher Wages	75,584	126,082	33,322	140,212	123,563	-	51,842	9,149		
Rent	21,039	75,342	9,852	22,302	55,369	1,191	8,073	1,077		
Supplies and Materials	1,902	-	4,130	-	-	-	3,286	580		
Recital Expenses	27,943	32,041	16,194	53,408	45,627	3,073	16,460	2,905		
Merchant Fees	2,174	-	5,591	29	103	-	7,040	1,249		
Retail Merchandise	3,176	-	100	-	-	-	1,110	196		
COGS (% of Revenue)					46.30%	54.50%	42.10%	40.70%	45.40%	4.50%
Gross Margin	53.70%	45.50%	57.90%	59.30%	54.60%	95.50%	61.90%	66.40%		
SG&A	\$44,579	\$70,039	\$34,069	\$77,768	\$50,809	\$22,883	\$35,541	\$7,199		
Miscellaneous Expense	4,743	-	17,341	11,701	3,739	4,404	6,101	1,038		
Payroll Expenses and Taxes	12,047	50,026	4,160	19,511	13,791	-	6,551	1,156		
Automobile Expense	2,468	600	4,029	8,303	5,160	1,668	1,917	337		
Technology	3,200	-	3,411	4,628	-127	5,586	5,301	1,888		
Marketing and Advertising	3,937	5,740	1,681	788	903	553	2,048	403		
Meals and Entertainment	2,314	1,298	261	1,312	1,900	943	2,766	488		
Administrative and Insurance	15,870	12,373	3,186	31,524	25,444	9,729	10,858	1,889		
SGA (% of Revenue)					15.70%	18%	16.30%	20.70%	14.70%	10.30%
Percentage of Franchise Outlets Exceeding Average										
Implied Royalty Fee (7%)						\$19,924	\$29,995	\$11,500	\$37,123	\$34,670
Implied Brand Fund Fee (1%)							\$1,643	\$5,303	\$4,953	\$945
						\$4,285				

Net Income / Owner Profit	\$85,467	\$90,710	\$47,883	\$194,183	\$180,194	\$60,140	\$88,416	\$19,087
<i>Owner Profit (%)</i>	30%	21%	29%	37%	36%	63%	38%	42%

Franchisee	E	F	G	H	I	J	K	L
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Outlet Total Student Enrollment Per Month per Franchise Outlet								1	1	
Calendar Year Opened								2016	2024	
Annual Student tuition billed High								3,491	723	
Revenue Low								\$342,353	68	
Costume Income Median								-251	29.0	
Average										
Registration Franchise Outlets					22,229	-	12,853	-	24,655	-

Tuition	302,184	218,093	181,102	110,976	231,298	238,495	333,794	270,823
Special Events and Recitals	17,940	75,455	69,429	26,072	27,485	6,984	-	14,380
COGS	\$150,828	\$164,430	\$160,032	\$39,320	\$143,265	\$170,796	\$112,565	\$185,544
Teacher Wages	84,974	61,751	71,735	-	85,631	131,700	67,022	146,784
Rent	10,884	47,424	14,300	14,990	13,879	19,590	9,925	11,382

Supplies and Materials Franchise Outlets Exceeding Average					4,691	-	8,815	-	4,996	-	2,038	-
Recital Expenses	36,321	42,999	56,383	3,910	38,640	17,096	28,773	25,318				
Merchant Fees	10,512	-	8,080	-	-	-	-	-				
Resale Merchandise	3,446	12,256	719	20,420	119	2,410	4,807	2,060				
COGS (% of Revenue) Percentage of Franchise Outlets Exceeding Average					44.10	38%	51.00%	60.80%	28.70%	51.80%	57.90%	
Gross Margin					55.90%	49.00%	39.20%	71.30%	48.20%	42.10%		

SG&A	\$64,438	\$81,098	\$29,219	\$42,886	\$58,567	\$42,740	\$19,636	\$31,793
Miscellaneous Expense	8,962	531	944	-	3,804	10,484	1,620	477
Payroll Expenses and Taxes	13,468	34,003	12,836	5,732	12,456	-	7,015	-
Automobile Expense	802	4,793	-	1,196	3,738	233	-	4,250
Technology	6,110	144	2,257	-	7,935	8,104	614	2,143
Marketing and Advertising	3,419	2,203	1,691	-	12,407	15,556	1,029	10,635
Meals and Entertainment	4,498	3,340	2,671	890	3,697	3,818	1,583	5,248
Administrative and Insurance	27,180	36,083	8,820	35,068	14,530	4,545	7,775	9,041

<p>SGA (% of Revenue) As of December 31, 2024, we had 61 total franchised outlets in operation. For chart 1 and 2, in 2024, we excluded 40 outlets due to one or more of the following reasons: 27 outlets did not generate sales for the full twelve-month period, 2 outlets transferred ownership, 2 outlets are owned by relatives of the principals of Franchisor, 9 outlets had unreliable reporting.</p>	18.80%	25.10%	11.10%	31.30%	21.20%	14.50%	5.90%	10.20%

Implied Royalty Fee (7%)	\$23,965	\$22,581	\$18,437	\$9,593	\$19,355	\$20,651	\$23,366	\$21,725	
Implied Brand Fund Fee (1%)	\$3,424	\$3,226	\$2,634	\$1,370	\$2,765	\$2,950	\$3,338	\$3,104	
Net Income / Owner Profit	\$99,698	\$51,246	\$53,062	\$43,879	\$52,547	\$57,875	\$174,890	\$68,187	
<i>Owner Profit (%)</i>		29%	16%	20%	32%	19%	20%	52%	22%

Franchisee	Average	A		B	
Outlet		1	1	2	3
Year Opened		2010	2013	2015	2019
Revenue	\$ 288,266	\$ 500,616	\$ 608,589	\$ 507,521	\$ 150,819
Annual Student Tuition billed	3,373	5,676	7,213	5,733	2,087
Costume Income	23,400.08	74,724	-	-	-
Registration	6,252.23	-	-	-	-
Tuition	244,047.08	411,406	608,589	507,521	149,114
Special Events and Recitals	14,566.24	14,486	-	-	1,705
COGS	\$ 131,213	\$ 235,184	\$ 323,050	\$ 210,853	\$ 70,740
Teacher Wages	76,815	131,680	214,810	125,208	59,165
Class Rent & Supplies	19,814	50,218	26,322	20,136	3,107
Event Rent & Supplies	514	-	621	926	-
Recital Expenses	31,589	42,382	81,298	63,273	8,468
Retail Merchandise	2,481	10,904	-	1,310	-
<i>COGS (% of revenue)</i>	46%	47%	53%	42%	47%
<i>Gross Margin</i>	54%	53%	47%	58%	53%
SG&A	\$ 56,025	\$ 90,817	\$ 49,446	\$ 77,624	\$ 11,891
Payroll Expenses and Taxes	21,915	38,371	8,477	4,324	3,576
Technology	4,048	1,970	1,529	434	809
Marketing and Advertising	2,425	1,011	1,158	337	422
Meals & Entertainment	2,700	750	1,969	1,139	993
Professional Fees	2,899	4,923	3,572	3,053	1,350
Administrative & Insurance	18,520	41,064	24,275	65,785	4,445
Travel and Automobile Expense	3,519	2,729	8,467	2,552	297
<i>SGA (% of Revenue)</i>	19%	18%	8%	15%	8%
Implied Royalty Fee (7%)	\$ 20,179	\$ 35,043	\$ 42,601	\$ 35,526	\$ 10,557
Implied Brand Fund Fee (1%)	\$ 2,883	\$ 5,006	\$ 6,086	\$ 5,075	\$ 1,508
Net Income/Owner Profit	\$ 77,966	\$ 134,565	\$ 187,407	\$ 178,442	\$ 56,123
<i>Owner Profit %</i>	27%	27%	31%	35%	37%

Franchisee	C	D	E	F	G
Outlet	1	1	1	1	1
Year Opened	2013	2023	2016	2016	2018
Revenue	\$ 199,642	\$ 316,940	\$ 245,940	\$ 412,367	\$ 396,852
Annual Student Tuition billed	2,124	3,016	2,779	4,294	4,766
Costume Income	36,320	-	38,360	63,615	56,241
Registration	9,090	-	8,808	-	-
Tuition	135,098	299,904	187,744	332,189	337,852
Special Events and Recitals	19,134	17,037	11,030	16,563	2,759
COGS	\$ 77,458	\$ 116,012	\$ 110,458	\$ 251,082	\$ 224,146
Teacher Wages	48,014	85,332	55,604	140,171	123,996
Class Rent & Supplies	6,030	13,551	24,402	51,576	51,503
Event Rent & Supplies	1,185	-	114	-	-
Recital Expenses	19,937	17,129	25,388	51,148	44,536
Retail Merchandise	2,292	-	4,951	8,187	4,111
<i>COGS (% of revenue)</i>	<i>39%</i>	<i>37%</i>	<i>45%</i>	<i>61%</i>	<i>56%</i>
<i>Gross Margin</i>	<i>61%</i>	<i>63%</i>	<i>55%</i>	<i>39%</i>	<i>44%</i>
SG&A	\$ 37,685	\$ 74,841	\$ 36,265	\$ 50,961	\$ 59,255
Payroll Expenses and Taxes	10,369	13,764	1,404	7,333	5,797
Technology	9,828	1,840	3,427	1,548	5,815
Marketing and Advertising	1,323	2,171	3,785	1,459	6,174
Meals & Entertainment	229	7,015	4,139	4,633	4,044
Professional Fees	695	3,740	3,468	1,287	3,914
Administrative & Insurance	14,233	32,589	17,601	28,135	32,623
Travel and Automobile Expense	1,008	13,722	2,442	6,567	889
<i>SGA (% of Revenue)</i>	<i>19%</i>	<i>24%</i>	<i>15%</i>	<i>12%</i>	<i>15%</i>
Implied Royalty Fee (7%)	\$ 13,975	\$ 22,186	\$ 17,216	\$ 28,866	\$ 27,780
Implied Brand Fund Fee (1%)	\$ 1,996	\$ 3,169	\$ 2,459	\$ 4,124	\$ 3,969
Net Income/Owner Profit	\$ 68,528	\$ 100,732	\$ 79,542	\$ 77,334	\$ 81,703
<i>Owner Profit %</i>	<i>34%</i>	<i>32%</i>	<i>32%</i>	<i>19%</i>	<i>21%</i>

Franchisee	H	I	J	K	L
Outlet	1	1	1	1	1
Year Opened	2016	2017	2017	2020	2020
Revenue	\$ 354,320	\$ 278,707	\$ 185,033	\$ 426,154	\$ 465,091
Annual Student Tuition billed	3,382	3,181	2,603	6,415	5,519
Costume Income	120	-	17,742	62,994	92,430
Registration	30,598	14,580	-	22,113	29,803
Tuition	265,868	224,469	146,457	335,723	320,484
Special Events and Recitals	57,734	39,659	20,834	5,324	22,374
COGS	\$ 132,336	\$ 148,967	\$ 89,775	\$ 159,400	\$ 153,543
Teacher Wages	66,931	67,895	35,648	95,247	95,751
Class Rent & Supplies	22,052	25,246	22,928	34,489	7,270
Event Rent & Supplies	759	1,353	1,633	463	-
Recital Expenses	37,985	52,563	25,043	29,201	44,247
Retail Merchandise	4,608	1,911	4,522	-	6,275
<i>COGS (% of revenue)</i>	<i>37%</i>	<i>53%</i>	<i>49%</i>	<i>37%</i>	<i>33%</i>
<i>Gross Margin</i>	<i>63%</i>	<i>47%</i>	<i>51%</i>	<i>63%</i>	<i>67%</i>
SG&A	\$ 105,169	\$ 33,710	\$ 13,375	\$ 170,356	\$ 32,426
Payroll Expenses and Taxes	65,903	2,961	474	123,802	698
Technology	8,448	4,629	1,918	11,764	2,105
Marketing and Advertising	2,950	1,460	2,306	11,854	214
Meals & Entertainment	4,591	2,142	1,604	7,259	-
Professional Fees	3,366	5,305	1,777	4,125	2,922
Administrative & Insurance	18,113	16,675	3,567	9,335	24,931
Travel and Automobile Expense	1,798	538	1,729	2,217	1,556
<i>SGA (% of Revenue)</i>	<i>30%</i>	<i>12%</i>	<i>7%</i>	<i>40%</i>	<i>7%</i>
Implied Royalty Fee (7%)	\$ 24,802	\$ 19,509	\$ 12,952	\$ 29,831	\$ 32,556
Implied Brand Fund Fee (1%)	\$ 3,543	\$ 2,787	\$ 1,850	\$ 4,262	\$ 4,651
Net Income/Owner Profit	\$ 88,469	\$ 73,733	\$ 67,080	\$ 62,307	\$ 241,914
<i>Owner Profit %</i>	<i>25%</i>	<i>26%</i>	<i>36%</i>	<i>15%</i>	<i>52%</i>

Franchisee	M	N	O	P	Q	R	
Outlet	1	1	2	1	1	1	
Year Opened	2021	Sept 2023'	Sept 2023'	Oct 2023'	Nov 2023'	Nov 2023'	Jan 2024'
Revenue	\$ 349,106	\$ 73,332	\$ 160,668	\$ 92,558	\$ 62,855	\$ 112,271	\$ 154,196
Annual Student Tuition billed	4,634	821	1,736	1,149	1,033	1,321	1,355
Costume Income	6,821	11,357	22,569	8,109	-	-	-
Registration	648	-	147	-	-	-	15,510
Tuition	330,380	51,919	115,422	79,379	61,564	111,389	112,519
Special Events and Recitals	11,257	10,056	22,530	5,069	1,292	882	26,167
COGS	\$ 157,167	\$ 29,766	\$ 61,170	\$ 37,641	\$ 47,658	\$ 70,225	\$ 48,839
Teacher Wages	90,515	15,335	38,650	20,036	33,334	41,267	28,532
Class Rent & Supplies	17,102	3,529	4,795	1,645	4,683	17,271	8,246
Event Rent & Supplies	1,556	-	538	-	1,315	295	34
Recital Expenses	46,994	10,901	16,134	15,814	7,623	11,377	11,917
Retail Merchandise	1,000	-	1,052	147	703	15	110
<i>COGS (% of revenue)</i>	45%	41%	38%	41%	76%	63%	32%
<i>Gross Margin</i>	55%	59%	62%	59%	24%	37%	68%
SG&A	\$ 113,494	\$ 13,474	\$ 59,907	\$ 35,683	\$ 16,821	\$ 23,738	\$ 69,594
Payroll Expenses and Taxes	74,652	289	47,824	1,092	1,300	4,762	43,050
Technology	2,510	3,712	2,438	3,612	4,396	5,527	6,758
Marketing and Advertising	2,114	79	-	1,207	2,626	5,374	2,895
Meals & Entertainment	7,842	166	-	5,097	1,135	963	986
Professional Fees	155	3,823	3,554	2,074	1,783	436	5,552
Administrative & Insurance	19,942	2,941	4,995	10,090	4,070	6,675	6,833
Travel and Automobile Expense	6,278	2,465	1,095	12,511	1,511	-	3,520
<i>SGA (% of Revenue)</i>	33%	18%	37%	39%	27%	21%	45%
Implied Royalty Fee (7%)	\$ 24,437	\$ 5,133	\$ 11,247	\$ 6,479	\$ 4,400	\$ 7,859	\$ 10,794
Implied Brand Fund Fee (1%)	\$ 3,491	\$ 733	\$ 1,607	\$ 926	\$ 629	\$ 1,123	\$ 1,542
Net Income/Owner Profit	\$ 50,517	\$ 24,225	\$ 26,738	\$ 11,830	\$ (6,652)	\$ 9,327	\$ 23,427
<i>Owner Profit %</i>	14%	33%	17%	13%	-11%	8%	15%

Note: The above Profit and Loss statements represent the performance of ~~fifteen (15)~~ twenty-one (21) franchise outlets and do not represent all Tippi Toes locations.—

~~Fourteen (14)~~ Forty (40) Profit and Loss statements have been excluded due to one or more of the following reasons:-

- 1) Outlets which are company or relative owned.
- 2) Outlets not in operation all 12 months.
- 3) Outlets which have changed ownership.
- 4) Outlets with incomplete or unreliable financial reporting.

~~Revenue is defined to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business in whatever form and from whatever source, including but not limited to~~

cash, services, in kind from barter and/or exchange, on credit, redemption of a gift card, or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. Marketing Expenses include any discounts offered in store or via any third party website or promotional marketing program. However, the definition of Revenue does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

~~These outlets have earned these amounts. Your individual results may differ. There is no assurance that you'll earn as much.~~

Other than the preceding, ~~we do not make any representations about a Franchisee's future financial performance or the past representation.~~ Tippi Toes, Inc. does not make any financial performance of company owned or franchised outlets representations. We also do not authorize our employees or representatives to make any such representations either ~~verbally~~ 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~~ franchisor's management by contacting Sarah Nuse ~~at 5921 S. Marion Place, Tulsa, Oklahoma 74135 or~~ 3373 Eslin Court, Murfreesboro, Tennessee 37130 at (270) 779-0228, the Federal Trade Commission, and the appropriate state regulatory agencies.

~~Item 20: Outlets and Franchisee Information~~

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SystemwideSystem-wide Outlet Summary
For years ~~2021~~Years 2022 to ~~2024~~2023

<u>Column 1</u> Outlet Type	<u>Column 2</u> Year	<u>Column 3</u> Outlets at the Start of the Year	<u>Column 4</u> Outlets at the End of the Year	<u>Column 5</u> Net Change
Franchises ⁺ Franchised	2021 2022	2832	3233	+41
	2022 2023	3233	3347	+14
	2023 2024	3347	4774	+1427
Company- _ Owned*	2021 2022	0	0 1	0 +1
	2023 2022	0 1	1	+10
	2023 2024	1	1 3	0 +2
Total Outlets	2021 2022	2832	3234	+42
	2023 2022	3234	3448	+214
	2023 2024	3448	4877	+1429

Table No. 2
Transfers of Outlets ~~from~~From Franchisees to New Owners (otherOther than the Franchisor)
For years ~~2021~~Years 2022 to ~~2023~~2024

<u>Column 1</u> State	<u>Column 2</u> Year	<u>Column 3</u> Number of Transfers
California	<u>2022</u> <u>2021</u>	0
	2022	0
	2023	0
Maryland	<u>2021</u> <u>2024</u>	0 <u>1</u>
	2022	0
	2023	0
Missouri	2021	0
	2022	0
	2023	0
Oklahoma	2021	0
	2022	0
	2023	0
Kentucky	<u>2022</u> <u>2021</u>	0
	2022	0
	2023	1
Texas	<u>2021</u> <u>2024</u>	0
	2022	0
	2023	2
Totals	<u>2021</u> <u>2024</u>	0
	<u>Total</u>	0
	2023	3
	<u>2024</u>	<u>1</u>

**Table No. -3
Status of Franchised Outlets
For years 2021 Years 2022 to 2023 2024**

<u>Column 1</u> State	<u>Column 2</u> Year	<u>Column 3</u> Outlets at Start of Year	<u>Column 4</u> Outlets Opened	<u>Terminations</u> <u>Column 5</u> <u>Terminations</u>	<u>Column 6</u> Non-Renewals <u>renewals</u>	<u>Column 7</u> Reacquired by Franchisor	<u>Column 8</u> Ceased Operations - Other Reasons	<u>Column 9</u> Outlets at End of -the Year
Alabama	<u>2022</u> <u>2021</u>	1	0	0	0	0	0	1
	<u>2023</u> <u>2022</u>	1	0	0	0	0	0	1
	<u>2023</u> <u>2024</u>	1	0	0	0	0	0	1
<u>Arizona</u> <u>Arkansas</u>	<u>2022</u> <u>2021</u>	<u>4</u> <u>0</u>	0	0	0	0	0	<u>4</u> <u>0</u>

	2023 2022	<u>40</u>	<u>01</u>	0	0	0	0	1
	2023 2024	1	0	0	0	0	0	1
Arizona	2021	0	0	0	0	0	0	0
Arkansas	2022	<u>01</u>	0	0	0	0	0	<u>01</u>
	2023	<u>01</u>	<u>40</u>	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
California	2022 2021	2	0	0	0	0	0	2
	2022	<u>2</u>	0	0	0	0	0	<u>2</u>
	2023	2	4	0	0	0	0	6
	2024	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Colorado	2022 2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	<u>1</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
D.C. (District of Columbia)	2022 2021	1	0	0	0	0	0	1
	2022	<u>1</u>	0	0	0	0	0	<u>1</u>
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Florida	2022 2021	<u>42</u>	<u>40</u>	0	0	0	0	2
	2022	<u>2</u>	0	0	0	0	0	<u>2</u>
	2023	2	2	0	0	0	0	4
	2024	4	<u>10</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>13</u>
Georgia	2022 2021	0	0	0	0	0	0	0
	2023	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2024	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Idaho	2022	0	0	0	0	0	0	0
	2023	0	<u>40</u>	0	0	0	0	<u>40</u>
Iowa	2021 2024	<u>20</u>	<u>01</u>	0	0	0	0	<u>21</u>
Illinois	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2024	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Iowa	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Kansas	2022 2021	1	0	0	0	0	0	1
	2022	<u>1</u>	0	0	0	0	0	<u>1</u>
	2023	1	0	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>
Kentucky	2022 2021	3	0	0	0	0	0	3
	2023 2022	3	0	0	0	0	0	3
	2023 2024	3	<u>40</u>	0	0	0	0	<u>43</u>
Maryland	2022 2021	2	0	0	0	0	0	<u>42</u>
	2022	<u>2</u>	0	0	0	0	0	<u>1</u>
	2023	2	0	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Minnesota	2022 2021	1	0	0	0	0	0	1
	2022	<u>1</u>	0	0	0	0	0	<u>1</u>

	2023	1	1	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Missouri	2022 2024	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
New York	2022 2024	0	0	0	0	0	0	0
	2022	0						
	2023	0	1	0	0	0	0	1
	2024	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
North Carolina	2022 2024	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Ohio	2021 2024	1	1	0	0	0	0	1
<u>Ohio</u>	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Oregon	2021 2024	0	0	0	0	0	0	0
<u>Oklahoma</u>	2022	<u>0</u>	0	0	0	0	0	<u>0</u>
	2023	<u>0</u>	1	0	0	0	0	1
Oklahoma ¹	2021 2024	2	0	0	0	0	0	2
<u>Oregon</u>	2022	<u>2</u>	0	0	0	0	0	<u>2</u>
	2023	<u>2</u>	0	0	0	0	0	0
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Pennsylvania	2022 2024	0	0	0	0	0	0	0
	2022	0						
	2023	0	1	0	0	0	0	1
	2024	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
Tennessee	2022 2024	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	0
Texas	2021 2024	1	0	0	0	0	0	1
<u>Texas</u>	2022	10	0	1	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
Virginia	2022 2024	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>Totals</u>	2021 2024	2	1	0	0	0	0	1
<u>Total</u>	<u>2022</u>	<u>32</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33</u>
	<u>2023</u>	<u>33</u>	1	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>48</u>
	<u>2024</u>	<u>51</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>76</u>

Table No. 4
Status of Company-Owned* Outlets
For Years ~~2021~~2022 to ~~2023~~2024

<u>Column 1</u> State	<u>Column 2</u> Year	<u>Column 3</u> Outlets at Start of Year	<u>Column 4</u> Outlets Opened	<u>Column 5</u> Outlets Reacquired from Franchisees	<u>Column 6</u> Outlets Closed	<u>Column 7</u> Outlets sold to Franchisees	<u>Column 8</u> Outlets at End of the Year
AZ Arizona	2022 2021	0	0 1	0	0	0	0 1
	2023 2022	0 1	1 0	0	0	0	1
	2023 2024	1	0	0	0	0	1
Totals Florida	2022 2021	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
Kansas	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
Total	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	2	0	0	3

Table No. 5
Projected Openings as of December 31, ~~2023~~2024

<u>Column 1</u> State	<u>Column 2</u> Franchise Agreements Signed But Outlet Not Opened	<u>Column 3</u> Projected New Franchised Outlets in the Next Fiscal Year	<u>Column 4</u> Projected New Company-owned Outlets in the Next Fiscal Year
NY Colorado	0	3 1	0
FL Florida	0	1	0
GA	2	2	0
ID	1	2	0
OH New Jersey	1	4 0	0
TX Tennessee	0	6 0	0 1
FL Texas	0	6 1	0
CO Wisconsin	0 1	5 0	0
VA Total	0 2	1 3	0 1

Totals	4	27	0
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~~The name and business address and telephone number of each of our current franchisees is attached to this Disclosure Document as Exhibit E.~~

Exhibit F lists the location of each franchised Tippi Toes outlet in our System.

The name, city, state, and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit developer who had a business franchise terminated, cancelled, not renewed, ~~transferred~~ or otherwise voluntarily or involuntarily ceased to do business under the applicable agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this ~~Disclosure Document~~ disclosure document are listed on Exhibit F to this Disclosure Document.

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

Some of our franchisees have signed confidentiality agreements during the past 3 years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Tippi Toes franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

~~As of the date of this Disclosure Document, there~~ There are no trademark-specific franchisee organizations associated with the Tippi Toes franchise system being offered in this Franchise Disclosure Document.

ItemITEM 21: Financial Statements. FINANCIAL STATEMENTS

Included in Exhibit ~~AD~~ AD to this ~~disclosure document~~ Franchise Disclosure Document are our audited financial statements for the years ended December 31, ~~2023~~ 2024, December 31, ~~2023~~ 2022, and December 31, ~~2021~~, and our ~~unaudited balance sheet as of May 31, 2024.~~ 2022.

Our fiscal year end is December 31.

~~Our fiscal year end is December 31.~~

ItemITEM 22: Contracts CONTRACTS

Attached as Exhibits to this ~~disclosure document~~ Disclosure Document are ~~the following contracts: all proposed agreements regarding the franchise offering:~~

~~Exhibit B~~ 1. Franchise Agreement ~~Exhibit B~~

~~Exhibit H~~ Acknowledgement 2. Franchisee Acknowledgment Statement ~~Exhibit H~~

~~Item~~ 3. General Release Exhibit F

ITEM 23: Receipts RECEIPT

~~Attached as the last two pages~~ A receipt in duplicate appears at the end of this Disclosure Document ~~are duplicate~~. Please return one Receipt pages to be signed by you. Keep one copy to us and retain the other for your records and return the other one to us.

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EXHIBIT A

LIST OF STATE FRANCHISE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

<u>State</u>	<u>State Agency</u>	<u>Agent for Service of Process</u>
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FINANCIAL STATEMENTS

~~These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.~~

<u>CALIFORNIA</u>	<u>Department of Financial Protection and Innovation</u> <u>320 West 4th Street, Suite 750</u> <u>Los Angeles, CA 90013</u> <u>(213) 576-7505</u> <u>Toll-free (866-275-2677)</u>	<u>Commissioner of the Department</u> <u>of Financial Protection and</u> <u>Innovation</u>
<u>CONNECTICUT</u>	<u>State of Connecticut</u> <u>Department of Banking</u> <u>Securities & Business Investments Division</u> <u>260 Constitution Plaza</u> <u>Hartford, CT 06103-1800</u> <u>(860) 240-8230</u>	<u>Banking Commissioner</u>
<u>HAWAII</u>	<u>Business Registration Division</u> <u>Department of Commerce and</u> <u>Consumer Affairs</u> <u>335 Merchant Street, Room 203</u> <u>Honolulu, HI 96813</u> <u>(808) 586-2722</u>	<u>Commissioner of Securities of the</u> <u>State of Hawaii</u>
<u>ILLINOIS</u>	<u>Office of Attorney General</u> <u>Franchise Division</u> <u>500 South Second Street</u> <u>Springfield, IL 62706</u> <u>(217) 782-4465</u>	<u>Illinois Attorney General</u>
<u>INDIANA</u>	<u>Indiana Secretary of State</u> <u>Securities Division</u> <u>302 West Washington St., Room E-111</u> <u>Indianapolis, IN 46204</u> <u>(317) 232-6681</u>	<u>Indiana Secretary of State</u> <u>201 State House</u> <u>Indianapolis, IN 46204</u>
<u>MARYLAND</u>	<u>Office of the Attorney General</u> <u>Division of Securities</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>	<u>Maryland Securities</u> <u>Commissioner</u> <u>200 St. Paul Place</u> <u>Baltimore, MD 21202-2020</u> <u>(410) 576-6360</u>
<u>MICHIGAN</u>	<u>Michigan Department of Attorney General</u> <u>Consumer Protection Division</u> <u>Antitrust and Franchise Unit</u> <u>670 Law Building</u> <u>Lansing, MI 48913</u> <u>(517) 373-7117</u>	<u>Michigan Department of</u> <u>Commerce, Corporations and</u> <u>Securities Bureau</u>
<u>MINNESOTA</u>	<u>Minnesota Department of Commerce</u> <u>85 7th Place East, Suite 280</u> <u>St. Paul, MN 55101-2198</u> <u>(651) 539-1500</u>	<u>Minnesota Commissioner of</u> <u>Commerce</u>

<u>NEW YORK</u>	<u>NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone (212) 416-6042 Fax</u>	<u>Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492</u>
<u>NORTH DAKOTA</u>	<u>North Dakota Securities Department 600 East Boulevard State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712</u>	<u>North Dakota Securities Commissioner</u>
<u>OREGON</u>	<u>Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</u>	<u>Director of the Department of Consumer and Business Services</u>
<u>RHODE ISLAND</u>	<u>Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585</u>	<u>Director of Rhode Island Department of Business Regulation</u>
<u>SOUTH CAROLINA</u>	<u>Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166</u>	<u>Legalinc Corporate Services Inc. 1591 Savannah Highway Suite 201 Charleston, SC 29407</u>
<u>SOUTH DAKOTA</u>	<u>Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563</u>	<u>Director of Insurance-Securities Regulation</u>
<u>VIRGINIA</u>	<u>State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051</u>	<u>Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733</u>
<u>WASHINGTON</u>	<u>Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760</u>	<u>Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501</u>
<u>WISCONSIN</u>	<u>Wisconsin Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448</u>	<u>Commissioner of Securities of Wisconsin</u>

EXHIBIT B
FRANCHISE AGREEMENT

TIPPI TOES INC.
FRANCHISE AGREEMENT

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List of Attachments:

- 1 – Trademarks
- 2 – Territory Description and Franchised Business Location
- 3 – Initial Fee and Minimum Royalty
- 3 – ACH Authorization
- 4 - Conditional Assignment of Lease
- 5 - Statement of Ownership Interests in Franchisee
- 6 – Spouse Guaranty
- 7 - Internet Advertising, Social Media, Software, and Telephone Listing Agreement
- 8 - Confidentiality and Non-Compete Agreement

~~We are willing to grant you a franchise to do so upon the terms develop, use, and conditions set forth control the use of such Marks in this Agreement in reliance on your application and your representations made in order to identify for the application and in this Agreement.~~

~~— NOW, THEREFORE, in consideration of public the mutual undertakings and commitments set forth herein, the receipt and sufficiency source of which are hereby acknowledged, you and we agree as follows: —~~

~~1. DEFINITIONS~~

~~(a) "Proprietary Marks" or "Marks" shall mean the name "Tippi Toes" and the initials "TT", all of which are trademarks of Franchisor, as well as all other trademarks, trade names, services marks, logos or other commercial symbols of Franchisor and products marketed~~

~~(b) "Franchisor's Services" shall include those items listed from time to time in Franchisor's most current confidential price list, as well as any items hereafter designated by Franchisor to be sold through its Franchisees.~~

~~I. GRANT~~

~~A. **Grant of Franchise.** Franchisor hereby grants to Franchisee, upon the terms and conditions in this Agreement, the right and license, and Franchisee hereby accepts the right and undertakes the obligation, to operate a Tippi Toes dance studio under the Marks and the System in accordance with this Agreement. Franchisee hereby represents to Franchisor that it has entered this Agreement with the intention to comply fully with the obligation to operate a Tippi Toes dance studio under this Agreement and acknowledges that Franchisor has granted such rights in reliance on the representations, business skill, financial capacity, personal character of, and expectations of performance hereunder by Franchisee and to represent the System's high standards of quality, appearance, and service.~~

~~B. **Reservation of Rights by Franchisor.** The rights granted to you under this Agreement are nonexclusive, and we and our affiliates have and retain all rights within and outside the Protected Territory except those expressly granted to you under this Agreement. Accordingly, we, our affiliates, and any other authorized person or entity will have the right, among others, (i) to operate, and license others to operate, Tippi Toes dance studios at any location outside the Protected Territory, including locations that are adjacent to or surrounded by the Protected Territory; (ii) within and outside the Protected Territory to develop and establish other business systems (including systems that distribute products or services similar to those offered at Tippi Toes dance studios) using other names or marks and to grant licenses to use those systems; (iii) to advertise and promote the System in the Protected Territory; (iv) to acquire, or be acquired by, any~~

~~competing system or other third party, including a competing system that has one or more units located within your Protected Territory; and (v) except for the restriction in Section IV. of this Agreement against the establishment of another Tippi Toes dance studio in the Protected Territory, to engage, directly or indirectly, at wholesale, retail or otherwise, in the production, distribution, license and sale of any and all similar or dissimilar services and products, under the Marks or under other names or marks, within and outside the Protected Territory, through any other method of distribution, including, but not limited to, mail order catalogs and the Internet, regardless of the competitive impact on your Tippi Toes dance studio.~~

Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor's standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS.

The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE.

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Tippi Toes franchise (the "Franchised Business"), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the "Territory").

3. TERRITORY.

3.1 Territory. This agreement grants Franchisee the right to operate the Franchise Business within the territory only. Subject to Sections 3.2, Franchisor agrees that during the Term of this Agreement, Franchisor will not permit any other Tippi Toes franchisees, to operate a Tippi Toes business in the territory using the same Marks as licensed to Franchisee in this Agreement. Franchisee acknowledges that the foregoing Territory protection grants no rights to Franchisee of any exclusive customer base. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Tippi Toes franchises around, bordering, and adjacent to the Territory. Franchisee is prohibited from selling and soliciting customers through alternative distribution channels as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other children's dance concepts under the Marks or other trademarks, including licensing Franchisor's designs for use in other formats and (iii) services through other channels of distribution in the Territory including, but not limited to, co-branding with other children's dance businesses, and products offered through retail stores, the Internet or direct marketing ("Alternate Channels of Distribution"). ("Alternate Distribution Channels"). Franchisee will receive no compensation for Franchisor's sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor's rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee's rights pursuant to Section 2 hereof.

4. TERM AND RENEWAL.

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the "Term").

5. SUCCESSOR OPTIONS.

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the "Successor Franchise Agreement") for two (2) additional terms equal to five (5) years each. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor agreement fee equal to Five Thousand Dollars (\$5,000.00) ("Successor Agreement Fee").

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee's option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).

5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.

- 5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
- 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.
- 5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.
- 5.2 Conditions of Successor Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:
- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
- 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the Term of this Agreement, whether or not such defaults were cured.
- 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
- 5.2.4 Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Successor Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.
- 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Tippi Toes Inc., its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached as an Exhibit to the Franchise Disclosure Document. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
- 5.2.6 Franchisee performs such remodeling, repairs, replacements, and redecoration as Franchisor may require in order to cause the Franchised Business premises, vehicle, equipment, fixtures, furnishings, and furniture to conform to the plans

and specifications being used for new or remodeled franchised businesses on the renewal date.

5.2.7 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Tippi Toes franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

6. FEES.

— A. — ~~Unless sooner terminated~~ 6.1 Initial Franchise and Royalty Fee. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee in the amount set forth on Attachment 3 (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.

6.1.2 Royalty Fee. Franchisee agrees to pay Franchisor, throughout the Term, a royalty fee equal to the greater of seven percent (7%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor's methods, operations and/or trade secrets, or the minimum royalty set forth on Attachment 3 (the "Minimum Royalty"), whichever is greater (the "Royalty Fee").

The term “Gross Revenue” includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor’s methods, operations, designs and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, or (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). Franchisee agrees to participate in any System-wide gift card program Franchisor currently utilizes, or that Franchisor may institute in the future, including any reasonable revenue recognition policies associated therewith.

6.1.3 Gross Revenue Reports. Franchisee shall, every Tuesday, furnish Franchisor with a report verifying Franchisee’s Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the preceding week (the “Gross Revenue Report”). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish point of sale systems (“POS System”) that Franchisor may require Franchisee to use from time to time in the operation of the Franchised Business. At Franchisor’s option, Franchisee shall submit the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the Brand Fund Contribution, as defined, and more particularly described in Article 13, then due. At Franchisor’s request, Franchisee must execute documents, including but not limited to, the Authorization attached as Attachment 4, that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers or Automated Clearing House (“ACH”) payments. Franchisee’s failure to allow electronic funds transfers or ACH payments on an ongoing basis is a material breach of this Agreement.

6.2. Late Fee. If the Royalty Fee, Brand Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Fifty Dollars (\$50.00). This late fee is reasonably related to Franchisor’s costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee’s failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

6.3. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.

- 6.4. Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Fifty Dollars (\$50.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5. Taxes. If any sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution, or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

7. TRAINING.

- 7.1 Initial Training Program. Franchisee (specifically including all Franchisee's principals who will be actively engaged in the operation of the Franchised Business) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial training program ("Initial Training Program"), prior to the opening of the Franchised Business. The Initial Training Program consists of a course conducted at one of Franchisor's outlets in Scottsdale, Arizona. Franchisor reserves the right to designate an alternate location, or use a virtual classroom, for the course component of the Initial Training Program. Franchisee must at all times during the term of this Agreement have all Principal and approved managers who have successfully completed the Initial Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for two people to take the Initial Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals, and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Training Program, which shall include mastery of pre- and post-course applications. If the Initial Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.
- 7.3. Opening Assistance. Within thirty (30) days of the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor.

7.4. Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:

(i) on-going training for up to three (3) days per year, at a location designated by Franchisor.

(ii) a national business meeting or annual convention for up to three (3) days per year, at a location designated by Franchisor.

Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals, and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal, and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

7.5. On-Site Remedial Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.

7.6. Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic communications, mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS.

8.1 Site Selection

8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing an office location for the Franchised Business within the Territory. Franchisee is hereby permitted to operate out of a home-based office, which is not required to be located within Territory. If Franchisee intends or desires to operate out of a commercial office location, such location must be located within the Territory. Franchisor shall review the lease for such office space for Franchisor required terms only. Franchisor does not guarantee the success of any location.

8.1.2 Franchisor shall set forth the location and Territory on Attachment 2 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 2, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 2; otherwise, Attachment 2 provided to Franchisee shall be deemed final.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (ii) hire and train staff, if required, (iii) obtain all required licenses to operate the Franchised Business, and (iv) obtain all equipment Franchisor requires, including but not limited to, computer systems, software, applications, and vehicle in accordance with Franchisor's standards. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) by the Required Opening Date as set forth in Attachment 2, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.3 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the office of the Franchised Business to commercial premises at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, (i) Franchisee shall remove any signs or other property from the original Franchised Business office which identified the original Franchise Business office as part of the System and (ii) the parties shall amend Attachment 2 to reflect the address of the new Franchised Business office location.

9. SYSTEM MAINTENANCE AND IMPROVEMENT.

9.1 Maintenance of Franchised Site and Equipment. Franchisee shall maintain the required Franchised Business equipment, the Computer System, and all hardware, software, and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards, and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs, or replacement of worn or impaired equipment, vehicles and computer hardware, software, and accessories, as Franchisor may direct.

9.2. Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.3. Trade Dress Modifications.

9.3.1. Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

9.3.2. Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor to conform to Trade Dress Modifications. Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.3.3. Franchisee will accept, use, and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.4. No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.5. Franchisee Advisory Council/Advisory Committees. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council and/or committee(s) as formal means for System franchisees to communicate ideas. In the event a franchisee advisory council or committee is created, Franchisor may invite Franchisee to participate in council or committee-related activities and meetings, which invitation may be based on factors, including but not necessarily limited to, a franchisee's level of success, superior performance, and profitability.

10. FRANCHISOR'S OBLIGATIONS.

Franchisor and/or its designated representative will provide the services described below:

10.1 Territory and Site Determination. Designate the boundaries of Franchisee's Territory, by description and/or mapped boundaries, and set forth same in Attachment 2 attached hereto and incorporated herein. Franchisor shall also approve a commercial site of the Franchised Business office location in accordance with Section 8.1, if applicable.

10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.

10.3 Pre-Opening Requirements. Provide a written list of equipment, suppliers and/or products that will be required and/or recommended to open the Franchised Business for business.

10.4 Advertising Materials. Provide samples of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.

10.5 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees. This list will be included in the operations manual.

10.6 Training. The training programs specified in Article 7 herein.

10.7 On-Going Assistance. Post-opening assistance in accordance with the provisions ~~set forth in this Agreement, the term of this Agreement shall begin on the Effective Date and shall continue until the ten (10) year anniversary of the Effective Date of Article 7.~~

~~B. Franchisee may, at its option, renew its franchise rights for two additional term of five (5) years each, subject to any or all of the following conditions which must, in Franchisor's discretion, be met prior to and at the time of renewal:~~

~~(1) Franchisee shall provide written notice of its intent to renew to Franchisor at least six (6) months, but not more than nine (9) months, prior to this Agreement's scheduled expiration date;~~

~~(2) Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor or its affiliates;~~

~~(3) Franchisee shall comply with Franchisor's then-current qualification and training requirements;~~

~~(4) Franchisee must refurbish, repair or replace, at its expense, all equipment, computer systems, signs, interior and exterior decor items, fixtures, furnishings, supplies and other items required for the operation of the Tippi Toes dance studio as Franchisor may reasonably require and must otherwise upgrade the franchised business to reflect the then-current standards and image of the System;~~

~~(5) Franchisee must not be in default of this Agreement, neither you nor your affiliates may be in default of any other agreement with us or any of our affiliates; and you and your affiliates shall have substantially and timely complied with the terms and conditions of such agreements during their respective terms;~~

~~(6) Franchisee pay the renewal fee, currently ten thousand dollars (\$10,000) and must execute our then-current form of renewal franchise agreement which will supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement; and~~

~~(7) Franchisee and its owners must execute a general release of any and all claims against us, our affiliates, and our and their respective officers, directors, shareholders, partners, members, agents, representatives, independent contractors, servants and employees, past and present, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement or under federal, state or local laws, rules, regulations or orders.~~

III. INITIAL FEES

~~A. Franchisee shall pay to Franchisor an initial franchise fee of Forty Nine Thousand Five Hundred Dollars (\$49,500), which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when and as paid shall be deemed fully earned and nonrefundable in consideration of the assistance and services provided by the Franchisor prior to the start of the business, and for its lost or deferred opportunity to grant such franchise to any other party.~~

~~For franchisees awarded multiple units or existing franchisees in good standing who decide to purchase additional territories, the Initial Franchise Fee will be as follows:~~

Number of Tippi Toes Units	Franchise Fee	Total Fee
1	\$49,500 (For unit 1)	\$49,500
2	\$42,000 (For unit 2)	\$91,500
3	\$38,000 (For unit 3)	\$129,500
4	\$34,000 (For unit 4)	\$163,500
5	\$30,000 (For unit 5)	\$193,500
6	\$30,000 (For unit 6)	\$223,500
7	\$30,000 (for unit 7)	\$253,500
8	\$28,000 (For unit 8)	\$281,500
9	\$28,000 (For unit 9)	\$309,500
10	\$28,000 (for unit 10)	\$337,500

IV. TERRITORY

~~This Agreement grants you the right to operate a single Tippi Toes franchised business within the “Protected Territory” described in Attachment 2 to this Agreement. During the term of this Agreement, we will not operate, or grant franchises for the operation of, a Tippi Toes business within your Protected Territory as long as you remain in compliance with this Agreement. We reserve all rights not expressly granted to you in this Agreement, including but not limited to, the right to operate, and grant franchises for the operation of, Tippi Toes businesses at any location outside your Protected Territory and to use any other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales of any products or services at any location, including within your Protected Territory, including products and services offered under our principal trademarks or other trademarks in our sole discretion.~~

V. ROYALTIES

~~A. **Monthly Royalty Fee.** Franchisee agrees to pay Franchisor monthly royalty fees as set forth below on or before the 15th day of each month throughout the Term of this Agreement. The monthly royalty fees shall commence the first month following the parties’ execution of this Agreement and continue during the entire term of this Agreement. The royalty fees will be an amount equal to the greater of (a) seven percent (7%) of the Franchisee’s Gross Sales during the prior month or (b) the applicable minimum royalty amount set forth below in Section V.A(3). Franchisee shall pay royalty fees on a monthly basis by the fifteenth (15th) day of each month, based on the Franchisee’s Gross Sales during the preceding month. A statement of the relevant Gross Sales (in a royalty report in the form prescribed Franchisor) must be delivered electronically by email or in another format designated by Franchisor no later than the 8th day of the month for the preceding month’s activity. Such reports shall include all information and documents that Franchisor may reasonably require from time to time. Franchisee must timely submit royalty payments to Franchisor via Quickbooks Online, bank transfer ACH or other methods designated by Franchisor from time to time.~~

~~(1) — The term “Gross Sales”, as used in this Agreement, means the total selling price of all services and products and all income of every other kind and nature related to the Tippi Toes business, whether for cash or credit and regardless of collection in the case of credit. “Gross Sales” shall not include sales taxes that Franchisee collects from customers.~~

~~(2) — Franchisee agrees to keep full and complete records of its business operations, particularly sales. Every month Franchisee shall report the previous month's Gross Sales to Franchisor. Franchisee agrees that Franchisor may release Franchisee's sales results and other financial performance information from Franchisee's business to prospective franchisees. Such periodic reports shall be submitted to the attention of Franchisor's franchise department no later than the 8th business day of the next month. At the end of each year, Franchisee shall submit to Franchisor at Franchisor's request, an audited annual certified report of Gross Sales and royalties or a certified copy of your tax return. Franchisee shall allow representatives of Franchisor to inspect Franchisee's books and records at all reasonable times in order to verify sales that Franchisee reports as well. If an inspection reveals that Gross Sales, as herein defined, reported by Franchisee to Franchisor are less than actual Gross Sales, Franchisee shall immediately pay to Franchisor all royalty fees based on the correct Gross Sales. All inspections shall be at the expense of Franchisor; provided, however, if the inspection results in a discovery of a discrepancy in the Gross Sales reported by Franchisee of 2% or more, then Franchisee shall pay or reimburse Franchisor for any and all reasonable expenses incurred by Franchisor in connection with the inspection including, but not limited to, legal and accounting fees, as well as interest on the amounts owed at the highest legal rates allowed from the date payment was due.~~

~~(3) — Minimum Royalties. Notwithstanding anything to the contrary in this Agreement, in no event shall the monthly royalty fees paid to Franchisor be less than:~~

~~Months 1-12: None~~

~~Months 13-24: \$500 per month, per territory~~

~~Months 25+: \$1000 per month per territory~~

~~—— **B. — Late Payments and Remedies.** Any Monthly Royalty Fee or any other fee or payment owing to Tippi Toes that is more than ten (10) days late shall incur a late fee of Fifty Dollars (\$50.00), or the maximum allowed by law, whichever is less. There shall be a \$35.00 charge for each payment by check, draft or electronic transfer that is returned for lack of sufficient funds. In addition, any amount owed to Tippi Toes that is outstanding more than thirty (30) days shall incur interest at 18% APR, or the maximum allowed by law, whichever is less. Nothing in this Agreement shall be construed to mean that Franchisee is to pay, or has contracted to pay, any sum in excess of that which may lawfully be charged or contracted for under any applicable law. The intention of the parties is to conform strictly to applicable usury laws and it is agreed that if an excess is inadvertently collected it shall be applied to reduce the amount owed. No claim by Franchisee that Tippi Toes is in default under any provision hereof shall be a defense to a claim by Tippi Toes for any amounts owing hereunder. Franchisee agrees that it will not, on the grounds of the alleged non performance by Tippi Toes of any of its obligations hereunder, withhold payment of any amounts due to Tippi Toes.~~

~~C. **Payment.** All payments required to be made to Tippi Toes under this Agreement shall be made through Quickbooks Online service and paid by free bank transfer ACH. There shall be a \$35.00 charge for each check, draft or electronic transfer that is returned for lack of sufficient funds.~~

~~D. **Failure to Deliver Gross Sales Reports.** If your monthly financial report (including Gross Sales figures) required by us is not timely received by us, then the royalty payment owed to us will be equal to 120% of your average royalty payment during the past 12 months (or shorter payment period as applicable if you have not paid royalties for each of the last 12 months). Nevertheless, you must deliver any past due Gross Sales reports to us as soon as possible, and we shall be entitled to receive any unpaid portion of the applicable royalty payment(s) if we later determine that the correct royalty payment(s) for applicable month(s) was more than the payment required under this Section V.D.~~

~~E. **Non-Compliance Fee.** In the event Franchisee is not in compliance with any terms of this Agreement or the Manual, Franchisee shall pay to Franchisor a non-compliance fee equal to Two Hundred and Fifty Dollars (\$250.00) per violation per day (“Non-Compliance Fee”).~~

~~VI10.8 Brand Development Fund. Administer a Brand Development Fund in accordance with Section 13.3.~~

11. FRANCHISEE’S OBLIGATIONS, REPRESENTATIONS, WARRANTIES AND COVENANTS.

~~A. 11.1. Best Efforts. Franchisee agrees to the following:~~

~~(1) To operate the Tippi Toes dance studio in accordance with this Agreement and Franchisor’s operations manuals throughout the entire term of this Agreement and designate and retain at all times an individual to serve as the “Operating Principal” under this Agreement. The Franchisee may serve in that position. Franchisee (and the Operating Principal if different) must successfully complete Franchisor’s initial training program before beginning operation of the Tippi Toes business. The Operating Principal may, at his/her option, and subject to the Franchisor’s approval, designate an individual to perform the duties and obligations of the Operating Principal described in the Agreements. The Operating Principal (or his/her designee, if applicable) must be approved by Franchisor, must complete all training required by Franchisor, and must devote his/her full time and best efforts to the supervision and performance of the Franchise under this Agreement.~~

~~(2) The person designated as the Operating Principal must meet the standards set forth for this position, as provided in the Manuals or other written instructions of Franchisor. The Operating Principal (or his designee) must satisfy the training requirements stated in this Agreement.~~

~~_____ (3) To use the “Tippi Toes” name for its Franchise and for all signage, advertising, stationary, business cards, etc., in accordance with Franchisor’s standards for such use.~~

~~_____ (4) To register all new clients monthly (, including name, address, phone numbers, e-mail address, etc.) with Tippi Toes. This information is to be sent, on the form provided by Tippi Toes, along with the monthly royalty report.~~

~~_____ (5) Franchisee acknowledges and agrees that all clients served by Franchisee, and all information related to such clients, shall at all times be the sole and exclusive property of Franchisor, that Franchisee’s only right regarding such clients is the right to provide them authorized services and products pursuant to this Agreement while this Agreement remains in effect, and that all client information is included in the definition of “Confidential Information” as described in this Agreement.~~

~~_____ (6) To supply client feedback on a monthly basis in the form recommended by Franchisor.~~

~~_____ (7) Comply with all of the Franchisor’s standards and specifications relating to the services performed and the products used or sold at the Tippi Toes dance studio or at Tippi Toes on location dance classes;~~

~~_____ (8) To sell or offer for sale products and services, in the manner and style required by the Franchisor. Franchisee agrees not to deviate from the standards and specifications without first obtaining written consent from the Franchisor. Franchisor shall have the right to change products and services offered by Franchisee at any time, and there are no limits on our right to make those changes.~~

~~_____ (9) Sales, use and other taxes. You agree to obtain, complete, and provide us with the necessary sales and use tax exemption certificate from the state in which you reside. You acknowledge and agree that you are responsible for collecting any and all state sales and use taxes from your customers and remitting same to the appropriate state agency in a timely manner.~~

~~_____ (10) Records and reports. Franchisee agrees to submit to the Franchisor a monthly operations statement, in the format prescribed by us (or reasonably similar) within twenty (20) days of the close of each calendar month. You also agree to submit a copy of your annual tax return to us within ninety (90) days of the close of each calendar year.~~

~~_____ (11) To comply with the instructions in the Operations Manual regarding the use of the Proprietary Marks.~~

~~_____ (12) Attend a Tippi Toes conference if organized by Franchisor. Franchisee must pay a conference fee of up to \$600 for the attendance of one individual~~

prior to attending the conference. Additional attendees will cost an additional \$200 per person. Franchisee is responsible for all travel costs while attending the conference.

~~B. Franchisee may decide the prices to be charged to its customers; but Franchisor may, to the extent permitted under applicable law, establish mandatory or suggested pricing based in whole or in part on Franchisor's standard pricing schedule for services and/or products.~~

~~C. Franchisee is not required to purchase any specific type of computer. You are required to use the Centerstage System, which, among other things, helps you manage your website (provided that any website related to your franchised business must be approved by Franchisor in writing and in advance) and access the Tippi Toes Intranet. The current fees payable to Franchisor for the Centerstage system equal \$199 per month, but we reserve the right to increase these fees at our discretion from time to time upon 30 days' prior written notice to you. You are also required to use Dance Studio Pro to manage all of your customer accounts. Franchisor reserves the right to require alternative systems in their sole discretion. The current fee to use Dance Studio Pro is \$60 per month, subject to increase.~~

~~D. Franchisee Principal covenants and agrees that he or she shall ~~use its full-time best~~ make all commercially reasonable efforts to operate the ~~franchised business~~ Franchised Business so as to achieve optimum sales.~~

~~E. 11.2. Corporate Representations. If Franchisee is a corporation or, partnership, limited liability company, or other legal entity, Franchisee represents, warrants, and covenants~~ each Principal represent, warrant, and covenant that:

~~(11.2.1)~~ The Franchisee entity is duly organized and validly existing under the state law of its formation;

~~(2) Franchisee~~ 11.2.2 Attachment 6 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial in the Franchisee entity;

11.2.3 The Franchisee entity is duly qualified and is authorized to do business in each the jurisdiction in which its business activities or the nature of the properties owned by it require such qualification; Territory;

~~(3)~~ 11.2.4 The Franchisee entity's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.5 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's ~~corporate power, if Franchisee is a corporation, or if Franchisee is a partnership or limited liability company or other entity, permitted under Franchisee's written partnership, LLC Operating Agreement, etc.~~ and have been duly authorized by Franchisee; and

~~F. Franchisee shall at all times comply with all requirements of federal, state and local laws, rules, regulations, and orders.~~

~~G. Franchisee shall at all times comply with all other requirements and perform such other obligations as provided for in this Agreement.~~

~~H. Insurance. You are required to carry the following insurance at all times, and we must be named as an additional insured on each of these policies:~~

	Limits:
General Aggregate	\$2,000,000
Products/Completed Operations Aggregate:	\$1,000,000
Personal & Advertising Injury	\$1,000,000
Each Occurrence	\$1,000,000
Damage to Premises Rented to You:	\$500,000
Medical Expense (any one person)	\$10,000

~~You are required to promptly submit a Certificate of Insurance to us for each insurance policy required above, and you must immediately inform us of any changes to such insurance policies. You must obtain and maintain the above-listed insurance policies protecting you, us, our affiliates, successors and assigns, and the officers, directors, shareholders, partners, members, agents, representatives, independent contractors and employees of each of them, against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense related to or connected with the operation of the Tippi Toes dance studio. These policies must be written by a responsible insurance carrier or carriers rated "A" or better by the A.M. Best Company, Inc. and that are acceptable to us.~~

~~I. Unless otherwise agreed in writing by us, you must cause the spouse of each of your owners to execute the Spousal Guaranty attached as Attachment 1 to this Agreement. You must also cause each of your owners to execute a Confidentiality and Non-compete Agreement in a form acceptable to Franchisor, a copy of which is attached as Attachment 3 to this Agreement.~~

~~VII. FRANCHISOR'S OBLIGATIONS~~

~~Franchisor agrees to provide the following:~~

~~_____ (1) One (1) set of Confidential Operations Manuals and such other manuals and written materials as Franchisor shall have developed for use in the business.~~

~~_____ (2) Advice and written materials concerning techniques for operating the business from time to time, if and when developed by Franchisor.~~

~~_____ (3) To provide initial training for Franchisee and ongoing training as deemed necessary by Franchisor in its sole discretion.~~

~~_____ (4) To conduct a two and half (2-1/2) day training Field Trip within thirty (30) days of the time that you start your business (except that this initial training field trip will not be provided if you have previously opened or operated another Tippi Toes franchised businesses). We will cover:~~

- ~~a. Marketing;~~
- ~~b. Advertising Ideas;~~
- ~~c. Selling;~~
- ~~d. Helping you find places to hold dance classes;~~
- ~~e. Help you develop your Business and Marketing Plan.~~

~~_____ (5) Miscellaneous marketing supplies, if and when developed by Franchisor.~~

~~VIII. CONFIDENTIALITY AND NONCOMPETITION COVENANTS~~

~~_____ (a) It is understood and agreed that Franchisor has created substantial good-will throughout the areas in which its services are distributed and sold. It is further understood and agreed that all of the services made available to Franchisee are copyrighted and that no person, firm, corporation or organization, including Franchisee, has any right whatsoever to reproduce, copy or imitate any portion or part of any of Franchisor's services, nor any right to aid or assist others in reproducing, copying or imitating any portion or part of any of Franchisor's services.~~

~~_____ (b) Franchisee understands and agrees that he/she/it will be granted access to certain of Franchisor's proprietary information and trade secrets concerning the manner in which it conducts business (collectively, "Confidential Information" as further described below), including, but not necessarily limited to: all franchisee information; all material contained in the Franchisor's sales training and management training manuals; all dance class procedures, protocols, techniques and program materials, music, teaching methods, etc.; all customer lists and customer information; Franchisor's operations manuals and materials whether or not marked or labeled as trademarked or trade secrets; and all proprietary and confidential information relating to the establishment and operation of Tippi Toes dance studios, including, without limitation: (i) our standards and specifications, including equipment, product, and supplier standards and specifications; (ii) site selection criteria; (iii) dance classes and instruction techniques and any other processes, procedures and techniques used in operating Tippi Toes dance studios; (iv) advertising and marketing plans and programs; (v) research, development and test programs for products, services and operations; (vi) the contents of our manuals; (vii)~~

~~knowledge of the operating and financial results of Tippi Toes dance studios, other than your Tippi Toes dance studio; (viii) computer programs and systems, including electronic data files and passwords, and (ix) all improvements to the System, including those improvements developed by you or other franchisees. All such Confidential Information and trade secrets must be kept confidential at all times by you and your owners and employees. Throughout the term of this Agreement and following termination of this Agreement, Franchisee will not use, sell, share, disclose, teach, train or disseminate in any manner to any other person, firm, corporation, association or other third party any portion of the Confidential Information, and Franchisee will not allow its owners, employees or other third parties to do so. We will disclose to you those parts of our Confidential Information we deem necessary or advisable from time to time for the establishment and operation of the Tippi Toes dance studio. You agree that you and your owners will not acquire any interest in the Confidential Information, other than the right to use the Confidential Information disclosed to you in operating your Tippi Toes dance studio during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You agree to disclose the Confidential Information to your owners and employees only to the extent reasonably necessary for the operation of the Tippi Toes dance studio pursuant to this Agreement. Our Confidential Information is proprietary, includes trade secrets owned by us and our affiliates, and is disclosed to you solely on the condition that you agree, and you do hereby agree, that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the confidentiality of the Confidential Information during and after the term of this Agreement; (iii) will not make unauthorized copies of any portion of the Confidential Information; and (iv) will adopt and implement all reasonable procedures that we prescribe from time to time to prevent the unauthorized use or disclosure of the Confidential Information, including, without limitation, restrictions on disclosure of the Confidential Information to Tippi Toes dance studio personnel and others. These covenants shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of your owners.~~

11.2.6 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete, and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments, or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent, or otherwise, that are not reflected as liabilities.

11.3 Spouse Guaranty. If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 7 hereof.

11.4 Personal Supervision.

11.4.1 Franchisee shall personally run the day-to-day operations of the Franchised Business. You may not appoint a non-owner manager of your Franchised Business unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Training Program and all other training courses we require. Franchisee shall ensure that its agents, employees, and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent, employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further:

- (i) Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.
- (ii) Execute a confidentiality and non-compete agreement in a form substantially similar to Attachment 9.
- (iii) Satisfy the training requirements set forth in Article 7, including completion of the Initial Training Program, if required by Franchisor. Franchisee shall pay Franchisor the then-current fee for attendance at the Initial Training Program and shall pay all other costs to attend training, including transportation, lodging, and meals.

11.4.2 Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

11.5. Legal Compliance. Franchisee shall comply with all federal, state, and local laws, rules and regulations and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, licenses to have alcoholic beverages in the Franchised Business location, licenses to play music videos, air quality permits if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, employment law compliance, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation, any restrictions on noise levels whether imposed by lease,

contract or law, all laws and regulations relative to conducting contests or games of chance or the issuance of gift certificates or credits, and any other requirement, rule, law or regulation of any federal, state or local jurisdiction. Franchisee shall further comply with all industry best practices with respect to the handling, storage and disposal of paints and stains.

11.6. Claims and Potential Claims. Franchisee shall

~~(c) The agreements, covenants and conditions contained in this Section VIII are critical components of this Agreement, and Franchisor would not agree to grant you franchise rights in the absence of such agreements, covenants and conditions. In consideration of the agreements, covenants and conditions of this Section VIII made by Franchisee, Franchisor agrees to train Franchisee in the use of the methods which it has developed at much expense for operating a Franchise and entrust to Franchisee the Franchisor's trade secrets and confidential information pertaining to the business of Franchisor. Franchisee expressly agrees that utilization of such training and such information in competition against Franchisor during the term of this Agreement, and for a reasonable period thereafter, would be unfair to Franchisor and would result in irreparable damage to Franchisor. Franchisee expressly agrees that it shall not compete with Franchisor (i.e. will not offer any dance classes, dance lessons or other dance-related services or products, or aid others in doing so or induce or attempt to induce any of Franchisor's franchisees, employees, sales representatives or sales directors to terminate their association with Franchisor or its franchisees for any reason whatsoever) at any location in the United States of America during the term of this Agreement. Franchisee further covenants and agrees that upon termination, transfer or expiration of this Agreement, for any reason, Franchisee will not, for a period of two (2) years thereafter, directly or indirectly, do any of the following acts within 50 miles of any location where Franchisee, Franchisor or any of its franchisees have offered dance classes, lessons or other services:~~

~~(i) Sell or offer for sale any dance classes, dance lessons or other dance-related services or products; nor shall Franchisee aid or assist others in doing so.~~

~~(ii) Induce or attempt to induce any of Franchisor's franchisees, employees, sales representatives or sales directors to terminate their association with Franchisor or its franchisees for any reason whatsoever.~~

~~(iii). After termination, you shall immediately cease using all Confidential Information, including, but not limited to, any client information related to any person who has purchased or used your services at any time.~~

~~(d) You agree that each of the foregoing covenants contain reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect Franchisor's goodwill or other business interests. Each covenant shall be construed as independent of any other covenant or provision of this Agreement. In the event that all or any portion of the non-competition covenants contained in this Section VIII are held by any court or other constituted legal authority to be void or otherwise unenforceable, you and your owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant~~

~~were separately stated in and made a part of this Section VIII. You and your owners acknowledge that we will have the right, in our sole discretion, to reduce the scope of any covenant set forth in this Section VIII without your or their consent, effective immediately upon notice to you; and you and your owners agree to promptly comply with any covenant as modified. You and your owners expressly agree that the existence of any claims you or they may have against us, whether arising under this Agreement or otherwise, shall not constitute a defense to the enforcement by us of the covenants in this Section VIII, and that the 2-year non-competition period shall be tolled during any periods of non-compliance and shall be extended for a time period equal to the duration of the non-compliance.~~

~~(e) Franchisee agrees that the non-competition covenants contained in this Section VIII shall be assignable by Franchisor to any person, firm, corporation, organization or other third party.~~

~~(f) You and your owners acknowledge that any failure to comply with the requirements of this Section VIII shall constitute a material event of default under this Agreement and further acknowledge that such a violation would result in irreparable injury to us for which no adequate remedy at law may be available. You and your owners accordingly consent to the issuance of an injunction prohibiting any conduct by you or them in violation of the terms of this Section VIII, without the requirement that we post a bond. You and your owners agree to pay all court costs and reasonable attorneys' fees and costs that we incur in connection with the enforcement of this Section VIII, including all costs and expenses for obtaining specific performance, or an injunction against the violation, of the requirements of this Section VIII, or any part of it.~~

~~IX. RELATIONSHIP OF PARTIES AND INDEMNIFICATION~~

~~(a) Franchisee is not and shall not be deemed to be the agent or legal representative of Franchisor or any subsidiary of Franchisor for any purpose whatsoever and shall for all purposes be deemed an independent contractor. Franchisee shall have no authority to create or assume in the name of Franchisor, or any subsidiary of Franchisor, any obligation of any nature whatsoever, expressed or implied. Franchisor shall have no authority to act as agent for Franchisee for any purpose whatsoever. Franchisee shall not accept payments from any party upon any obligation due to Franchisor or any subsidiary of Franchisor.~~

~~(b) Franchisee assumes full responsibility and liability for all sales and distributions of Franchisor's products through Franchisee. Franchisee assumes all responsibility and liability for collection and payment of sales and/or use taxes on sales made by Franchisee and agrees to indemnify and hold Franchisor, its officers, directors, employees, agents and affiliates harmless from any claim or liability for such taxes. Franchisee assumes full responsibility for the placement and payment to the Franchisor for all orders for products, sales promotion and training materials.~~

~~(c) Franchisee agrees that it is responsible for payment of any and all state and federal taxes applicable to the franchised business (i.e., income tax, franchise tax, sales and use tax, etc., that are applicable to Franchisee or its operations).~~

~~(d) **Indemnification.** 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, any and all claims, and liabilities directly or indirectly arising out of the operation of your Tippi Toes franchised business or your breach of this Agreement, without limitation and without regard to the cause or causes thereof or the negligence (whether such negligence be sole, joint or concurrent, or active or passive) or strict liability of us or any other party or parties in connection therewith. Notwithstanding the foregoing, this indemnity shall not apply to any liability arising from our gross negligence or willful misconduct, except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you, your owners, officers, directors, employees, independent contractors or affiliates. For purposes of this indemnification, "claims" includes all obligations, damages (actual, consequential, exemplary or other) and costs reasonably incurred in the defense of any claim against any of the Indemnified Parties, including, without limitation, accountants', mediators', arbitrators', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other expenses of litigation, arbitration or alternative dispute resolution and travel and living expenses. We have the right to defend any such claim against us. This indemnity will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. Under no circumstances will we or any other Indemnified Party be required to seek recovery from any insurer or other third party, or otherwise to mitigate our, their or your losses and expenses, in order to maintain and recover fully a claim against you. You agree that a failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts we or another Indemnified Party may recover from you. The terms of this Section X.(d) shall survive the termination, expiration or transfer of this Agreement or any interest herein.~~

~~X. **MARKS**~~

~~A. Franchisor grants Franchisee the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.~~

~~B. Franchisee expressly understands and acknowledges that:~~

~~(1) As between Franchisor and Franchisee, Franchisor is the owner of all right, title and interest in and to the Marks and the goodwill associated with and the symbolized by them.~~

~~(2) Franchisee shall not take any action that would prejudice or interfere with the validity of Franchisor's rights with respect to the Marks. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Marks or any of Franchisor's service marks, trademarks, trade names, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the business and only at or from its approved location.~~

~~(3) Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Marks and the System shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement and the Franchise herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Marks.~~

~~(4) Franchisor reserves the right to substitute different Marks for use in identifying the System and the business if Franchisor's current Marks no longer can be~~

~~used, or if Franchisor, in its sole discretion, determines that substitution of different Marks will be beneficial to the System. In such event, Franchisor may require Franchisee, at Franchisee's expense, to discontinue or modify Franchisee's use of any of the Marks or to use one or more additional or substitute Marks.~~

~~_____ C. _____ With respect to Franchisee's use of the Marks pursuant to this Agreement, Franchisee further agrees that:~~

~~_____ (1) _____ Unless otherwise authorized or required by Franchisor, Franchisee shall identify, operate and advertise the business exclusively under the name "Tippi Toes" in accordance with the System and related standards and specifications. Franchisee shall not use the Marks as part of its corporate or legal name, and shall obtain the Franchisor's approval of such corporate or legal name prior to filing it with the applicable state authority.~~

~~_____ (2) _____ During the term of this Agreement and any renewal hereof, Franchisee shall identify itself as the owner of the business in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the business as Franchisor may designate in writing.~~

~~_____ D. _____ Franchisee shall immediately notify Franchisor in writing of any apparent infringement of or challenge to Franchisee's use of any Mark, of any claim by any person of any rights in any Mark, and Franchisee shall not communicate with any person other than Franchisor or any designated person in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, or to delegate control to any of its affiliates of, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any affiliate in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Marks. If Franchisee has complied with all terms and provisions under this Agreement and immediately notifies Franchisor of any apparent infringement of or challenge to Franchisee's use of any Mark, then Franchisor will indemnify Franchisee against and reimburse Franchisee for all damages for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Marks (including settlement amounts), provided that the conduct of Franchisee with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.~~

~~XI. _____ DEBTS, TAXES AND GOVERNMENT REGULATIONS~~

~~_____ A. Franchisee shall promptly pay when due all taxes, levied or assessed, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the business under this Agreement. This does not apply to legitimately disputed taxes.~~

~~_____ B. Franchisee shall comply with federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the franchised business.~~

~~_____ C. Franchisee shall notify Franchisor in writing within five (5) days of the three (3) days of the loss of any required permit or license, any series of events, incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any citation, claim, order, writ, injunction, award or decree of any entity, court, agency or other governmental instrumentality, which may adversely affect in any way relates to or affects the operation or financial condition of the franchised business.~~

~~XII. ADVERTISING~~

~~A. It is acknowledged by Franchisee that any advertising that Franchisee may use will affect the value and acceptance of the Proprietary Marks and Franchisor's products. Accordingly, Franchisee agrees that only those Proprietary Marks reflected in Section X of this Agreement will be used in any Franchisee advertising, and that such use will be made only in the manner specified in Section X of this Agreement. Franchisor assumes no responsibility for any advertisement made by Franchisee. Franchisee agrees to abide by all ordinances, laws, statutes, and government regulations applicable to Franchisee's advertising. Franchisee will indemnify and hold Franchisor, its officers, directors, employees, agents and affiliates harmless from any and all claims or demands in any way associated with any Franchisee advertising, including all costs and expenses of defending such claims, including reasonable attorney's fees.~~

~~B. You agree that any advertising, promotion and marketing you conduct, whether required by this Agreement or voluntarily undertaken by you, will be completely clear and factual and not misleading and will conform to the highest standards of ethical marketing and the promotion policies that we prescribe from time to time. Samples of all advertising, promotional and marketing materials that we have not prepared or previously approved must be submitted to us for approval at least twenty (20) days before you use them or deliver them to a third party for use in any advertisement. If you do not receive written approval within fifteen (15) days after our receipt of such materials, we will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that we have disapproved. Our approval of any advertising material may be withdrawn in our sole discretion at any time.~~

~~C. Marketing Cooperative Fund. We may, at our option, establish a marketing program fund (the "Marketing Cooperative Fund" or "Fund"). If we establish a~~

~~Fund, you must make monthly contributions to the Fund of up to two percent (2%) of your Gross Sales. In our sole discretion, we may establish the Fund upon not less than thirty (30) days' written notice to you. Your required contributions to the Fund are in addition to amounts you spend for local advertising. Fund contributions will be due and payable at the same time and in the same manner that royalty fee payments are due and payable.~~

~~(1) We will direct all programs financed by the Fund, with sole discretion over the creative concepts, materials and endorsements, and the geographic, market and Franchised Business. Any and all media placement and allocation thereof. You agree that the Fund may be used to pay the costs of preparing and producing video, audio and written advertising materials; administering national, regional and multi-regional advertising programs, including, without limitation, purchasing direct mail and other media advertising and employing advertising, promotion and marketing agencies; the cost of developing and maintaining an internet website; developing and maintaining gift card, membership and other customer loyalty programs; and supporting public relations, market research and other advertising, promotion and marketing activities.~~

~~(2) The Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for such reasonable salaries, administrative costs, travel expenses and overhead as we may incur in activities related to the administration of the Fund and its programs, including, without limitation, conducting market research; preparing advertising, promotion and marketing materials; and collecting and accounting for contributions to the Fund. We may spend, on inquiries concerning the Franchised Business or Franchised Business premises, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf of the Fund, in any fiscal year an amount greater or less than the aggregate contribution of all Tippi Toes studios to the Fund in that year, and the Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Fund will be used to pay advertising costs before other assets of the Fund are expended. If requested, we will prepare an annual unaudited statement of monies collected and costs incurred by the Fund and furnish the statement to you upon written request. We have the right to cause the Fund to be incorporated or operated through a separate entity at such time as we deem appropriate, and such successor entity will have all of the rights and duties specified herein. Tippi Toes studios owned by us and our affiliates may, but are not required to, contribute to the Fund on the same basis as a franchisee under the terms of a standard franchise agreement for a Tippi Toes studio. may comment to any broadcast medium, except as directed by Franchisor.~~

~~(3) You acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Tippi Toes studios. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs that will benefit all~~

~~Tippi Toes studios, we have no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Tippi Toes studios operating in that geographic area or that any Tippi Toes studio will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. We may use a portion of the monies contained in the Fund to establish regional marketing funds and/or to establish and maintain a website for Tippi Toes studios. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you with respect to collecting amounts due to, or maintaining, directing or administering, the Fund.~~

~~(4) We reserve the right, upon thirty (30) days' prior written notice to you, to defer, reduce or suspend contributions to (and, if suspended, deferred or reduced, to reinstate such contributions) and to suspend operations of, the Fund for one or more periods of any length and to terminate (and, if terminated, to reinstate) the Fund. If the Fund is terminated, all unspent monies on the date of termination will be distributed to the contributors to the Fund in proportion to their respective contributions to the Fund during the preceding twelve (12) month period.~~

~~(5) We may, in our discretion and business judgment, use the Fund to directly or indirectly place advertising in your local or regional market; however, we also intend to use the Fund to create and prepare marketing materials or advertising programs that will be provided to you so that you may directly place or implement such materials or programs in your local or regional market.~~

~~D. Brand Fund. 11.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 8 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email, software, social media, or other such accounts used or created by Franchisee to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.~~

~~11.8 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.~~

~~11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties, and covenants set forth in this Article 11 are continuing~~

obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties, and covenants.

12. FRANCHISEE'S OPERATIONS.

12.1. Operation of Franchised Business. To maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

12.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;

12.1.2 Conduct sales and service of customers using Franchisor's format, methods, forms, reports and software and otherwise in accordance with Franchisor's standards and specifications;

12.1.3 Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor;

12.1.4 Employ only qualified individuals, in accordance with Section 12.5 below, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall require Franchisee's employees to wear clothing conforming to Franchisor's specifications as to style, color, and design as Franchisor may from time to time reasonably designate so as to maintain the goodwill and reputation of Franchisor, the System and the Marks. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

12.1.5 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through on site attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any product or service that does not conform to the System standards and specifications;

12.1.6 Maintain in good working order, cleanliness and appearance, all vehicles and equipment for use in the Franchised Business. Franchisor reserves the right to set specifications and standards of condition, age and branding, as set forth in the Manual, of vehicles used in the Franchised Business.

12.1.7 Prominently display identifying elements of the System of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;

12.1.8 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2. Bookkeeping and Reports.

12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.

12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

12.2.3. The financial statements required hereunder shall specifically record all contingent liabilities including for gift certificates, coupons and other credits issued to customers by Franchisee, and otherwise comply with generally accepted accounting

principles and practice, and be in such form and contain such information as Franchisor may from time to time reasonably designate.

12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds that any Gross Revenue Report was understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3. Computer Systems.

12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the POS System and computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install, maintain, and update systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.

12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System, or for security purposes to protect the operation and integrity of Franchisor's systems.

12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.

12.3.6. Franchisor has established a website that provides information about the System and the products and services offered by Tippi Toes System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location and calendar. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.

12.3.7. Franchisee shall pay all fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, help desk fees, licensing or user-based fees for a franchise portal or a benchmarking platform.

12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.

12.5 Prices. Subject to applicable law, Franchisor may recommend minimum and maximum prices for products and services offered by Franchisee. Franchisee shall have the right to sell its products and services at any price Franchisee determines. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.6. Unapproved Item/Suppliers. If Franchisee desires to purchase, lease, or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a

written request for such approval prior to utilizing such product, service, or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service, or supplier. If Franchisor fails to respond to Franchisee's submission within said thirty (30) days, such item or supplier shall be deemed "disapproved." Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.7. External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.8. Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

13. ADVERTISING, PROMOTIONS AND RELATED FEES.

13.1. Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies,

the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2. Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisor reserves the right to establish a minimum monthly expenditure per month on advertising for the Franchised Business in the Territory (“Local Advertising”). In the event Franchisor exercises the foregoing right, Franchisor reserves the right to increase this minimum expenditure in its sole discretion. Franchisor may require Franchisee to allocate to an advertising cooperative, as described in Section 13.4, some or all of Franchisee’s required Local Advertising expenditures. Such allocation will be in partial or full satisfaction of Franchisee’s obligations pursuant to this Section 13.2.1. Franchisor reserves the right to collect some or all of Franchisee’s Local Advertising expenditure and implement Local Advertising on Franchisee’s behalf.

13.2.2 Within ten (10) business days of Franchisor’s request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee’s Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall *not* be included in Franchisee’s expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee’s personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.

13.3. Brand Fund.

13.3.1. Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development (the “Brand Fund”). Franchisee is required to contribute ~~an amount currently equal to the Brand Fund~~ one percent (1%),%) of ~~the monthly~~ Gross Sales Revenue generated ~~monthly~~ by ~~Franchisee’s~~ the Franchised Business ~~to the Brand Fund~~ (“Brand Fund Contribution”). Your Brand Fund contribution is collected at the same time and in the same manner as your Royalty. Each Tippi Toes outlet operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so. Franchisor reserves the right, in Franchisor’s sole discretion and at any time and from time to time, to increase the amount of the Brand Fund Contribution to any amount not to exceed to two percent (2%) of the Gross Sales Revenue. Payments will be made in the same manner and time as the Royalty Fees. –If Franchisee fails to timely report Gross Sales Revenue, then, in addition to a late fee and interest pursuant to ~~Sections~~Section 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. –Franchisor shall reconcile amounts when Gross Sales Revenue are reported.

~~(4)~~13.3.2. Franchisor shall direct ~~the Brand Fund~~ all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective customer experience and success of all Franchised Businesses operating under the System.

~~(2)~~13.3.3. Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Tippi Toes outlets operated by Franchisor or Franchisor's affiliates.

~~(13.3)~~4. Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and ~~staff salaries~~ operating systems; and ~~other~~ personnel and other departmental costs for advertising that Franchisor internally administers or prepares). ~~While Franchisor does not intend that any part of the Brand Fund will be used for advertising which is principally a solicitation for franchisees, Franchisor reserves the right to use the Brand Fund for public relations, to explain the franchise system, and/or to include a notation in any advertisement indicating "Franchises Available."~~

~~(4)~~—13.3.5. The Brand Fund will be operated solely as a conduit for collecting and expending the advertising contributions for the System. The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit ~~except that any resulting technology and intellectual property shall be deemed the property of Franchisor.~~

~~(5)~~—13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

~~(6)~~ ~~13.3.7.~~ Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

XIII. ~~TRANSFER OF FRANCHISE~~

~~(a)~~ Franchisee shall have

13.4. Regional Advertising. Franchisor reserves the right to ~~sell or assign all or any portion~~ establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this ~~Franchise only~~ Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts Franchisor requires, in addition to required Brand Fund Contributions.

13.5. Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and ~~with the~~ Franchisor's prior written approval ~~of Franchisor, which will not~~, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, X (Twitter), TikTok, Instagram, LinkedIn, YouTube, or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.

13.6. Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be ~~unreasonably withheld~~. If conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic, or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within ten (10) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within ten (10) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for Tippi Toes brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY.

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Tippi Toes Inc. or its successor, (“Licensor”) is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials, photographs, social media content, and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor’s trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the “Intellectual Property”.

14.1.2. As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title, and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2. No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor’s or Licensor’s rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor’s or Licensor’s service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

14.3. Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee’s use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee’s use of the Intellectual Property.

14.4. Validity. Franchisee shall not contest the validity of, or Franchisor’s or Licensor’s interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor’s or Licensor’s interest in, the Intellectual Property.

14.5. Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor’s or Licensor’s rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information

and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title, and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain, and enforce such rights in the Intellectual Property.

14.6. Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions, or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses, or damages.

14.7. Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Tippi Toes" and design. Franchisee shall not use the Marks as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Tippi Toes Inc.".

14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Tippi Toes franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8. Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge, or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement,

challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9. Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10. Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity, or corporation.

15. INSURANCE AND INDEMNIFICATION.

15.1. Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1. General Aggregate. Commercial general liability insurance coverage in the amount of at least Two Million Dollars (\$2,000,000);

15.1.2. Employment. Worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated;

15.1.3. Products/Completed Operations Aggregate. \$1,000,000 limit.

15.1.4. Personal and Advertising Injury. \$1,000,000 limit.

15.1.5. Each Occurrence. \$1,000,000 limit.

15.1.6. Damage to Premises Rented to You. \$500,000 limit.

15.1.7. Medical Expense (any one person). \$10,000 limit

15.1.8 Sexual Abuse and Molestation. \$1,000,000 limit per occurrence, \$2,000,000 limit aggregate.

15.1.9 Accident Medical. \$25,000 limit per occurrence.

15.2. Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

15.3. Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.

15.4. Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5. Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents, and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents, or employees.

15.6. Indemnification. ~~sell or~~ TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS TIPPI TOES INC., TTAG, LLC LICENSOR, AND ANY OF THEIR PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "TIPPI TOES INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN

ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S TIPPI TOES FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL TIPPI TOES INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. TIPPI TOES INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF TIPPI TOES INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD TIPPI TOES INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE TIPPI TOES INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY TIPPI TOES INDEMNITEES.

Initial

16. TRANSFERS.

16.1. Transfers by Franchisor.

16.1.1. Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation, or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and

services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign ~~all or any portion of~~ Franchisor's rights in this Franchise Agreement.

16.1.2. Franchisee ~~will so notify~~ agrees that Franchisor ~~in writing at least thirty (30) days prior~~ has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Tippi Toes franchise during the Term of this Agreement.

16.1.3. If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the children's dance business or to offer or sell any products or services to Franchisee.

16.2. Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of ~~the intended sale or assignment~~. Franchisee ~~agrees to~~ execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee or Principal(s). Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3. Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business, or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1. The proposed transferee and all its principals must have the demeanor, be individuals of good character and otherwise meet, in Franchisor's sole discretion, Franchisor's then-applicable standards for franchisees.

- 16.3.2. The transferee must have sufficient business experience, aptitude, and financial resources to operate the Franchised Business and to comply with any and all this Agreement;
- 16.3.3. The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;
- 16.3.4. Franchisee has paid, or has made satisfactory provision for all amounts owed to Franchisor and third-party creditors, including but not limited to, customers holding outstanding gift certificates, coupons, and Franchisee-issued credits of any kind, all of which shall remain the full responsibility of Franchisee following the Transfer;
- 16.3.5. The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6. Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances, ~~statutes, laws, and/or government regulations applicable to~~. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;
- 16.3.7. Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8. If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and
- 16.3.9. If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4. Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to Ten Thousand Dollars (\$10,000.00), plus any broker fees and other out-of-pocket costs we incur.

16.5. Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6. Franchisor 's Right of First Refusal.

16.6.1. If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2. Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3. Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor 's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor 's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4. If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if ~~(i) the sale, transfer or assignment of this Franchise. Any proposed transfer shall be further subject to the satisfaction of the following conditions: to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or~~ (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

- ~~(i) Any such transfer shall be conditional upon the transferee being of good moral character and reputation, satisfactory credit rating, in possession of competent business qualifications, and otherwise qualified to be a Tippi Toes franchisee in Franchisor's reasonable discretion.~~
- ~~(ii) Prior to the time of transfer, Franchisee must pay to Franchisor a \$10,000 transfer fee, plus any applicable commission.~~
- ~~(iii) Transferee must execute a new Franchise Agreement with the Franchisor in the then-current standard form being used by Franchisor at the time of transfer for this particular franchise.~~
- ~~(iv) Such transfer shall be conditioned upon Franchisee having fully paid and satisfied all financial obligations to Franchisor.~~
- ~~(b) Franchisor shall have the right to sell, transfer or assign all or any portion of its interest in this Franchise at any time.~~
- ~~(c) If Franchisee is a corporation or partnership, any proposed material change in the ownership of the Franchisee shall be reported immediately in writing to Franchisor, which shall have the right to approve such change in ownership before it becomes effective. If such change of ownership is more than a five percent (5%) change in ownership, the Franchisor may charge a transfer fee of \$10,000. The approval by Franchisor of such change of ownership shall not be unreasonably withheld.~~
- ~~(d) Upon death or incapacity of Franchisee, Franchisee's estate or representative may transfer the Franchise subject to the provisions of this Section XIV, or Franchisee's designated successor may continue to operate the Franchise subject to Franchisor's approval of such successor as a transferee pursuant to the terms of this Section XIV.~~
- ~~(e) While Franchisor agrees not to unreasonably withhold its consent to a sale, assignment or transfer by Franchisee hereunder, consent to such transfer may be refused unless all debts of Franchisee to Franchisor or Franchisor's affiliates are paid in full.~~
- ~~(f) Franchisor will have the right to transfer or assign this Agreement and all or any part of its rights or obligations under this Agreement to any person or legal entity without your consent, and upon such transfer or assignment, the transferee or assignee shall be solely responsible for all our obligations arising subsequent to the transfer or assignment. Without limitation of the foregoing, Franchisor may sell its assets to a third party; may offer its securities privately or publicly; may merge with or, acquire other corporations, or may be acquired by another corporation or entity; and may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring.~~

~~XIV. DEFAULT AND TERMINATION~~

- ~~(a) Franchisee shall have the right to terminate this Agreement upon sixty (60) days' written notice to Franchisor only if Franchisor has committed a material breach of this Agreement and has failed to cure such material breach within 60 days after receipt of written notice specifying such breach. However, Franchisee acknowledges and agrees that no portion of the fees paid by Franchisee to Franchisor under this Agreement are refundable. Furthermore, Franchisor will have no obligation to repurchase any of Franchisee's inventory or equipment in the event of termination.~~

~~_____ (b) Franchisor shall have the right to terminate this Agreement for a violation of any terms or provisions hereof by Franchisee after notifying Franchisee in writing of the violations if Franchisee fails to cure the violation within thirty (30) days of the written notice of violation to Franchisee, provided that if Franchisee's violation is not capable of a cure satisfactory to Franchisor then Franchisor may terminate this Agreement immediately upon written notice to Franchisee. After delivery of two default notices to Franchisee in any consecutive twelve month period (with respect to the same or different violations of this Agreement) Franchisor shall have the right to terminate this Agreement immediately upon the third occurrence of any violation of this Agreement within such twelve month period.~~

~~_____ (c) Franchisor shall have the right to terminate this Agreement after notifying Franchisee in writing of nonpayment of accounts owed to Franchisor by Franchisee, if Franchisee fails to pay any outstanding accounts owed to Franchisor within thirty (30) days of the notice of nonpayment to Franchisee by Franchisor. After two such notices, in any consecutive twelve month period within respect to the same of nonpayment to Franchisee by Franchisor, Franchisor shall have the right to terminate this Agreement immediately upon the third occurrence of any nonpayment of accounts owed to Franchisor by Franchisee.~~

~~_____ (d) Franchisor shall have the right to terminate this Agreement for any of the following violations of the Agreement:~~

~~_____ (i) Any adjudication of bankruptcy, appointment of a receiver, assignment for the benefit of creditors, or levy of execution directly involving Franchisee.~~

~~_____ (ii) Conviction (or plea of no contest) for or violation of any state, federal or other governmental law, statute, rule or regulation which negatively impacts Franchisee's reputation, Franchisor's goodwill or materially affects Franchisee's ability to do business.~~

~~_____ (e) Franchisor shall not be limited to termination for only those reasons specifically described in this Section XV, but termination for a reason or reasons other than those specified in this Section XV must be for good cause and shall be effective after thirty (30) days written notice to Franchisee.~~

~~_____ (f) Any termination pursuant to the terms of this Section XV shall be considered effective as of the date specified in the notice of termination.~~

~~_____ (g) Termination of this Agreement shall not extinguish any rights or release any obligations of either party under the terms of this Agreement before the effective date of such termination. In the event of termination, Franchisee expressly acknowledges and agrees that the provisions of Section XV of this Agreement will remain in effect.~~

~~_____ (h) Franchisee acknowledges and agrees that termination of this Agreement by Franchisor or by the Franchisee will create no obligation for Franchisor to refund all or any part of the fees paid by Franchisee to Franchisor under this Franchise and that Franchisor~~

will not be obligated to repurchase any of Franchisor's products in the possession of Franchisee at the time of termination.

~~(i) **Liquidated Damages.** In~~

16.7. Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise, or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at no less than Franchisor's actual cost, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8. Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9. Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

17. DEFAULTS.

17.1. Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2. Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 has misrepresented or omitted material facts in applying for, or in operating, the Franchise;

17.2.2 fails to acquire a site for the Franchised Business and timely complete construction of the Franchised Business, fails to obtain, or suffers a lapse of, any licenses and permits, including but not limited to authorization to have alcoholic beverages in the Franchised Business location before opening and/or during operations, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.3 falsifies any report required to be furnished Franchisor hereunder;

17.2.4 fails to hold a live workshop in the Franchised Business for a period of ten (10) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the premises are damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be

unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

17.2.5 loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.5.

17.2.6 fails to restore the Franchised Business location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty or closed due to an order issued by a local authority having jurisdiction over the Franchised Business location;

17.2.7 fails to comply with any federal, state, or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the ability to provide alcoholic beverages or the failure to pay taxes;

17.2.8 defaults under any lease or sublease of the real property on which the Franchised Business is located;

17.2.9 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.10 fails to comply with the covenants in Article 15;

17.2.11 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.12 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.13 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks; or does anything (whether criminal or otherwise) to harm the reputation of the System or the goodwill associated with the Marks;

17.2.14 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.15 conceals revenues, knowingly maintains false books, or records, or knowingly submits any false reports;

17.2.16 creates a threat or danger to public health or safety from the construction, maintenance, or operation of the Franchised Business;

17.2.17 refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.18. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.19 fails to comply with the non-competition covenants in Section 19.5;

17.2.20 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

17.2.21 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.22 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

17.2.23 terminates this Agreement, including by ceasing to operate the Franchised Business, without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for thirty

(30) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said thirty (30)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.20.

17.4. Franchisor’s Cure of Franchisee’s Defaults. In the event of a default by Franchisee, in addition to Franchisor’s right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1. effect a cure on Franchisee’s behalf and at Franchisee’s expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2. enter upon the Franchised Business location and exercise complete authority with respect to the operation thereof until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control, and operate the Franchised Business. Further, Franchisee shall reimburse Franchisor for the full compensation paid to such representative including the cost of all fringe benefits plus all travel expenses, lodging, meals, and other expenses reasonably incurred by such representative until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5. Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor’s right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days’ prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee’s default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor’s actions and the actions of suppliers.

18. POST-TERMINATION.

18.1 Franchisee’s Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1. immediately cease to operate the Franchised Business, and shall not thereafter, directly, or indirectly identify himself, herself or itself as a current Tippi Toes owner, franchisee or licensee;

18.1.2. immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor’s designs, copyrighted material or other intellectual property,

confidential or proprietary material or indicia of the Franchised Business; immediately and permanently refrain from using any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System and immediately and permanently refrain from using in any way Franchisor's name or Intellectual Property in connection with Franchisee's future business endeavors. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms, and any other articles, which display the Marks;

18.1.3. take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4. promptly pay all sums owing to Franchisor, its affiliates, and vendors; and escrow funds for gift certificates issued to customers of the Franchised Business. Such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;

18.1.5. pay to Franchisor all damages for any breach or early termination of this Agreement, plus, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6. immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, designs, completed project signs, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to all branded materials, customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;

18.1.7 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average monthly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then

remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section ~~XIV(i)~~18.1.7 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement; and

~~(j) Our Post-Termination Options. Upon the termination or expiration of this Agreement for any reason, we shall have the following options:~~

~~(1) The option, exercisable by giving written notice to you within thirty (30) days from the date of such termination or expiration, as applicable, to take over the operation of the Tippi Toes business and begin immediately servicing the Tippi Toes business' clients, and to acquire the franchise location (to the extent you have a leased or purchased location) via assignment, sublease or otherwise at no cost to us other than assuming your monthly lease payment obligations, and to acquire all or an portion of the assets related to the franchised business from you (subject to any rights of approval retained by the owner of the leasehold). The date on which we notify you whether or not we are exercising our option is referred to as the "Notification Date." We will have the unrestricted right to assign this option and we or our assignee will be entitled to all customary warranties and representations in connection with the asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise; and a general release. We may assign our options under this subsection (j)(1) to any person or entity without your consent.~~

~~(2) If we exercise our option under subsection (j)(1) to purchase the assets of the Tippi Toes business from you, the purchase price for the assets will be their fair market value, determined in a manner consistent with reasonable depreciation of the Tippi Toes business leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies. The age and condition of the improvements, equipment, fixtures, furnishings, decor, and signs of the Tippi Toes business will also be considered in determining the fair market value. We may exclude from the assets we elect to purchase cash or its equivalent and any leasehold improvements, equipment, fixtures, furnishings, signs, materials and supplies that are not necessary or appropriate (in function or quality) to the Tippi Toes business' operation or that we have not approved as meeting the standards for Tippi Toes businesses, and the purchase price will reflect such exclusions.~~

~~XV. MISCELLANEOUS~~

~~(a) To ensure full compliance with the terms of this Agreement, Franchisor or its representatives shall have the right, at any reasonable business hour, to visit Franchisee's place of business, to monitor any sales or promotional efforts by Franchisee, to inspect~~

~~Franchisee's books and records pertaining to any aspect of the Franchise and to contact customers of Franchisee to ascertain information concerning Franchisor's products and related services provided by Franchisee.~~

~~(b) Your "Protected Territory" is described in Attachment 2 attached to this Agreement.~~

~~(c) Any notices required to be given under this Agreement must be in writing. Such notices shall be deemed to have been given and received when the letter containing such notice, with postage prepaid, is deposited in the United States mail or reputable delivery service or sent via electronic mail to the e-mail address listed below. Such notices shall be given to the parties to this Agreement at the following addresses:~~

To Franchisor: ~~Tippi Toes, Inc.
5921 S. Marion Place
Tulsa, Oklahoma 74135
Attention: President
franchise@tippitoesdance.com~~

To Franchisee: _____

~~Either party to this Agreement may, by giving five (5) days written notice to the other party, designate any other address or e-mail address in substitution of the foregoing addresses to which such notice shall be given.~~

~~(e) This Agreement shall be severable, and if any portion hereof shall be held invalid or unenforceable for any reason, the remainder shall not be thereby invalidated, but shall remain in full force and effect.~~

~~(f) Failure of either party at any time to require performance of the other party of any provision hereof shall not be deemed a continuing waiver of that provision or a waiver of any other provision of this Agreement.~~

~~(g) This Agreement, and the attachments hereto, which are incorporated herein by reference, constitute the entire, full and complete agreement between the parties hereto concerning the subject matter hereof, and they supersede any and all prior negotiations, understandings, representations and agreements; **provided, however,** 18.1.8. comply with the non-disclosure and non-competition covenants contained in Article 19;~~

18.2 Right to Purchase.

18.2.1. Franchisor shall have the option, to be exercised within thirty (30) days after Franchisee has provided an itemization and valuation of assets (or valuation has been established as set forth below), to purchase from Franchisee any or all of the furnishings, equipment (including any point of sale system), fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities

whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days after Franchisee provides its itemization and valuation of assets, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after Franchisor notifies Franchisee that Franchisor exercises its option to purchase the assets.

18.2.2. With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3. Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3. Assignment of Telephone Numbers. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media accounts and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, social media accounts, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4. Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic, or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and Principal(s) shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms, and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3. The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies and return and cease using any physical copy of the Manual and

other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination, or expiration of this Agreement.

19.1.4. Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.2 Confidential Information. Franchisee and Principal(s) acknowledge and accept that during the term of this Agreement Franchisee and Principal(s) will have access to Franchisor's trade secrets, including, but not limited to, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3. Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4. New Concepts. If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised

Business (“Improvements”), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5. Noncompetition Covenants. Franchisee and Principal(s) specifically acknowledge that, pursuant to this Agreement, Franchisee, and Principal(s) will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, and Principal(s). Franchisee and Principal(s) acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and Principal(s) are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee, and Principal(s) covenant that, except as otherwise approved in writing by Franchisor:

19.5.1. During the term of this Agreement, Franchisee and each Principal, if any, shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any creative arts business similar to the System; (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Tippi Toes franchisees or Franchisor-affiliated outlets.

19.5.2. Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any creative arts business within twenty (20) miles of the Territory or any Tippi Toes location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Tippi Toes franchisees.

19.6. Reasonableness of Restrictions. Franchisee and Principal(s) acknowledge and agree that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s) since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

19.7. Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8. Injunctive Relief. Franchisee and Principal(s) acknowledge that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and Principal(s) hereby consent to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9. No Defense. Franchisee and Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10 Covenants of Employees, Agents, and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors, or third persons who will have access to Franchisor's confidential and proprietary information, and Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the form set forth in Attachment 9 as revised and updated from time to time and contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents, and third persons as required by this Section.

20. DISPUTE RESOLUTION.

20.1. Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Attachments hereto or the

relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2. Mediation. At Franchisor's option, any claim, controversy, or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy, or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy, or dispute to mediation. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3. Governing Law and Venue. This Agreement is made in, and shall be substantially performed in, the State of Oklahoma. Any claims, controversies, disputes, or actions arising out of this Agreement shall be governed, enforced, and interpreted pursuant to the laws of the State of Oklahoma. Franchisee and its Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Oklahoma. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.4. Mutual Benefit. Franchisee, Principal(s), and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, its Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.5. Waiver of Certain Damages. Franchisee and Principal(s) hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual direct compensatory damages sustained.

20.6. Limitations of Claims. Any and all claims arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims.

20.7. Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

21. GENERAL.

21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee or Principal(s) which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that, except as set forth in Section 17.4.2 hereof, under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, as set forth in the Manual or otherwise, constitute standards to which Franchisee must adhere when exercising control of the day-to-day operations of the Franchised Business, but do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls the day-to-day operations of the Franchised Business, which Franchisee alone controls.

21.1.3 Franchisee's Employees. Franchisor has no authority to control, either directly or indirectly, the essential terms and conditions of employment of Franchisee's

employees. Franchisee acknowledges and agrees that Franchisee, in Franchisee's sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual. Franchisee specifically agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Tippi Toes outlet and in no fashion reflects any employment relationship between Franchisor and such employees. All agreements and relations between Franchisee and Franchisee's employees shall be conducted in the name of Franchisee, and not in the legal or tradename(s) of Franchisor. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

21.2. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principal(s) in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3. Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4. Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing in this Agreement or in any related agreement is intended to disclaim the representations made ~~in~~ to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5. Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed, and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and Principal(s)

shall be deemed to be joint and several covenants, agreements, and obligations of each of the persons named as Franchisee, if more than one person is so named.

21.6. Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

21.7. Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally, electronically, or by certified mail, priority mail, or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or if delivery is refused, on the date the notice is sent electronically provided the sender has received confirmation of receipt. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses, including email addresses, as the parties may from time to time designate in writing.

21.8. Effect of Waivers. No waiver, delay, omission, or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.

21.9. Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination, or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10. Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.11. Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the

transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

21.12 Consent to Do Business Electronically. The parties to the Franchise **Disclosure Document that we furnished to you.** Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Oklahoma, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their electronic signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature, including a DocuSign signature, as the respective party's signature.

~~-Remainder of (h) — This Agreement may not be modified or amended except in a writing signed by both Franchisor and Franchisee.~~

~~— (i) — In the event of war, government restrictions, strikes, fires, failure or shortage of any materials, or any other conditions beyond the control of parties to this Agreement shall prevent any party from performing the obligations under this Agreement; such party is hereby released from such performance during the course of any such conditions.~~

~~— (j) — Descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.~~

~~— (k) — **LITIGATION. WITH RESPECT TO ANY CONTROVERSIES, DISPUTES OR CLAIMS WHICH ARE NOT FINALLY RESOLVED THROUGH INFORMAL NEGOTIATIONS AMONG THE PARTIES HERETO, THE PARTIES IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF TULSA COUNTY, OKLAHOMA AND THE FEDERAL DISTRICT COURT FOR THE NORTHERN DISTRICT OF OKLAHOMA AND HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. YOU AND WE AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON THEM IN ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY OKLAHOMA OR FEDERAL LAW. YOU AND WE FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE TULSA COUNTY, OKLAHOMA.**~~

~~— (l) — **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 CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY AND INTERPRETED AND CONSTRUED UNDER OKLAHOMA LAW (EXCEPT FOR OKLAHOMA CONFLICT OF LAW RULES).**~~

~~— (m) — **PARTIES' ACKNOWLEDGMENTS. YOU AND WE ACKNOWLEDGE THAT THE AGREEMENTS REGARDING APPLICABLE STATE LAW AND FORUM SET FORTH ABOVE PROVIDE EACH OF US WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND ANY DISPUTE ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT. YOU AND WE FURTHER ACKNOWLEDGE THE RECEIPT AND SUFFICIENCY OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.**~~

~~— (n) — **WAIVER OF PUNITIVE DAMAGES. EXCEPT WITH RESPECT TO YOUR OBLIGATION TO INDEMNIFY US PURSUANT TO ARTICLE X.(d) OF THIS AGREEMENT AND CLAIMS WE BRING**~~

~~AGAINST YOU FOR YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, 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 YOU AND US, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.~~

~~(o) LIMITATIONS OF CLAIMS. EXCEPT FOR CLAIMS WE BRING WITH REGARD TO YOUR OBLIGATIONS TO INDEMNIFY US PURSUANT TO ARTICLE X(d) OF THIS AGREEMENT ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN YOU AND US PURSUANT TO THIS AGREEMENT WILL BE BARRED UNLESS AN ACTION IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED, OR ONE (1) YEAR FROM THE DATE ON WHICH YOU OR WE KNEW OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIMS, WHICHEVER OCCURS FIRST.~~

~~(p) JURY WAIVER. YOU AND WE HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY RIGHT TO A JURY TRIAL IN ANY ACTION ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, THE RELATIONSHIP CREATED BY THIS AGREEMENT, OR ANY OTHER AGREEMENTS BETWEEN YOU AND US OR YOUR AND OUR RESPECTIVE AFFILIATES. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS WRITTEN CONSENT TO A TRIAL BY THE COURT.~~

~~(q) NO CONSOLIDATION OR CLASS ACTIONS. YOU AGREE THAT ANY DISPUTE OR ACTION BETWEEN YOU AND US WILL BE OF OUR AND YOUR INDIVIDUAL CLAIMS. NONE OF YOUR CLAIMS WILL BE LITIGATED ON A CLASSWIDE BASIS OR OTHERWISE CONSOLIDATED WITH ANY CLAIMS OF ANY THIRD PARTIES.~~

~~(r) COSTS AND ATTORNEYS' FEES. IF WE INCUR EXPENSES IN CONNECTION WITH YOUR FAILURE TO PAY WHEN DUE AMOUNTS OWED TO US, OR TO SUBMIT WHEN DUE ANY REPORTS, INFORMATION OR SUPPORTING RECORDS, OR OTHERWISE TO COMPLY WITH THIS AGREEMENT, YOU AGREE TO REIMBURSE US FOR ANY OF THE COSTS AND EXPENSES WHICH WE INCUR, INCLUDING, WITHOUT LIMITATION, COURT COSTS AND ATTORNEYS' *page intentionally left blank-*~~

(Print Name)

FRANCHISEE (Principal):

PRINCIPAL:

(Print Name)

|

|

ATTACHMENT 1

TRADEMARKS

Service Marks –



TIPPI TOES

ATTACHMENT 2

**TERRITORY DESCRIPTION AND
FRANCHISED BUSINESS LOCATION**

****TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A TIPPI TOES PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE NON-EXCLUSIVE SITE SEARCH AREA OF _____.**

Territory (insert map and/or define by zip codes):

Franchised Business Address:

ATTACHMENT 3

GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____
_____ INITIAL FEE AND MINIMUM ROYALTY

Franchisee’s Tier: _____

Initial Franchise Fee: _____

<u>Territory Population (Approximately)</u>	<u>Minimum Royalties Months 1-6</u>	<u>Minimum Royalties Months 7-12</u>	<u>Minimum Royalties Months 13-24</u>	<u>Minimum Royalties Months 25+</u>
<u>Tier 1</u>	<u>\$250</u>	<u>\$500</u>	<u>\$750</u>	<u>\$1,000</u>
<u>Tier 2</u>	<u>\$333</u>	<u>\$666</u>	<u>\$1,000</u>	<u>\$1,333</u>
<u>Tier 3</u>	<u>\$416</u>	<u>\$832</u>	<u>\$1,250</u>	<u>\$1,666</u>
<u>Tier 4</u>	<u>\$500</u>	<u>\$1,000</u>	<u>\$1,500</u>	<u>\$2,000</u>
<u>Tier 5</u>	<u>\$583</u>	<u>\$1,166</u>	<u>\$1,750</u>	<u>\$2,333</u>
<u>Tier 6</u>	<u>\$666</u>	<u>\$1,332</u>	<u>\$2,000</u>	<u>\$2,666</u>
<u>Tier 7</u>	<u>\$750</u>	<u>\$1,500</u>	<u>\$2,250</u>	<u>\$3,000</u>
<u>Additional 50,000 people</u>	<u>+\$42</u>	<u>+\$83</u>	<u>+\$125</u>	<u>+\$166</u>
<u>Additional 100,000 people</u>	<u>+\$83</u>	<u>+\$166</u>	<u>+\$250</u>	<u>+\$333</u>

3373 Eslin Court
Murfreesboro, TN 37130

ATTACHMENT 5

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("Assignor") hereby assigns and transfers to Tippi Toes Inc., an Oklahoma limited liability company with a notice address of 3373 Eslin Court, Murfreesboro, Tennessee 37130 ("Assignee"), all of Assignor's right, title, and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Tippi Toes outlet between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment, or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place, and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: _____ By: _____

(Print Name, Title)

DATED: _____

DATED: _____

CONSENT AND AGREEMENT OF LANDLORD

to that Conditional Assignment of Lease from _____ (Assignor) to Tippi Toes Inc. (Assignee) dated _____ for the property known as _____.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the non-monetary defaults, if any, of Assignor under the Lease (Assignor will remain liable to Landlord for all monetary obligations incurred before the date Assignee takes possession);
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a Tippi Toes outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: _____ LANDLORD: _____

ATTACHMENT 6

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE ENTITY

<u>Name</u>	<u>Percentage of Ownership</u>
--------------------	---------------------------------------

ATTACHMENT 7

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on _____, (the "Effective Date") to Tippi Toes Inc., an Oklahoma Corporation limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated ~~of even date herewith~~ on or about the Effective Date hereof (the "Franchise Agreement") with _____, a(n) _____ and _____ (collectively "Franchisee").
_____, _____ and _____ (collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections ~~VI, VII~~ 19.2, 19.5, 19.6, 19.8 and ~~VIII~~ 19.9 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or

remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers, and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

IN WITNESS WHEREOF, Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

Address: _____

ATTACHMENT ~~2~~ TO FRANCHISE AGREEMENT8

~~PROTECTED TERRITORY~~

YOUR "PROTECTED TERRITORY" IS:

ATTACHMENT 3

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the "Agreement") is made and entered into this ___ day of _____, 20___, by _____, a(n) _____ ("Franchisee"), a franchisee of Tippi Toes, Inc., an Oklahoma corporation ("Franchisor"), and _____, an individual ("Covenantor") in connection with a Franchise Agreement dated _____.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____ (the "Franchise Agreement"), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademarks and design mark, and certain proprietary products, services, promotions and methods (the "System") for the establishment and operation of a Tippi Toes franchise (the "Franchised Business");

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Tippi Toes operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as "Confidential Information");

WHEREAS, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

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

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

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor's express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

d. Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

~~e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.~~

~~f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.~~

~~2. Covenants Not to Compete.~~

~~a. In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:~~

~~(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other Tippi Toes franchisees in the System to any competitor, by direct or indirect inducement or otherwise,~~

~~(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any dance studio business substantially similar to the System.~~

~~b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:~~

~~(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in the Tippi Toes System to any competitor, by direct or indirect inducement or otherwise,~~

~~(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any dance studio business within the within fifty (50) miles outside of the boundaries of the Franchisee's Territory or within fifty miles(50) miles of any Tippi Toes office location.~~

~~c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.~~

~~d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.~~

~~3. General.~~

~~a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.~~

~~b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.~~

~~c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.~~

~~d. Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.~~

~~e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OKLAHOMA. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF OKLAHOMA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE OF OKLAHOMA, PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.~~

~~f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.~~

~~g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.~~

~~h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.~~

~~i. All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:~~

~~If directed to Franchisee:~~

~~_____
_____~~

~~If directed to Covenantor:~~

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

~~j. Franchisor is an intended third party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.~~

~~k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.~~

~~The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.~~

FRANCHISEE:

By: _____
Name: _____
Title: _____

COVENANTOR:

Name: _____

ATTACHMENT 4

**INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND
TELEPHONE ACCOUNTLISTING AGREEMENT**

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNTLISTING AGREEMENT (the "Agreement") is made and entered into this day of _____ (the "Effective Date"), by and between Tippi Toes, Inc., an Oklahoma (the "Franchisor"), and _____, a _____ (the "Franchisee"). Inc., an Oklahoma limited liability company with its principal place of business at 3373 Eslin Court, Murfreesboro, Tennessee 37130 (the "Franchisor"), and _____, a(n) _____, with its principal place of business located at _____ and _____'s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ ("Principal(s)"). and Principal(s) shall be individually and collectively referred to as, and each is, the "Franchisee".

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an Tippi Toes business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Tippi Toes brand.

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

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

1. **Definitions**

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

2. **Internet Advertising and Telephone AccountsListings**

2.1 **Interest in WebsitesWeb Sites, Social Media Accountsand, Other Electronic Listings and Software.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet ~~websites, and~~ web sites, the right to hyperlink to certain ~~websitesweb sites~~ and listings on various internet search engines, and the right to use certain software (collectively, "Electronic Advertising and Software") related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone

numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, ~~social media companies, and~~ other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

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

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise

Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listing Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

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

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

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

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

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

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

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

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Oklahoma, without regard to the application of Oklahoma conflict of law rules.

~~Remainder of Page Intentionally Blank~~

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:
TIPPI TOES INC.
Tippi Toes, Inc

By: _____

Sarah Nuse _____, CEO

By: _____
(Print Name, Title)

FRANCHISEE: (Entity):

By: _____

(Print Name, Title)

PRINCIPAL: (Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

FRANCHISEE (Principal):

PRINCIPAL:

(Print Name)

ATTACHMENT 9

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this day of _____, by _____, a(n)

_____ (“Franchisee”), a franchisee of Tippi Toes Inc. an Oklahoma limited liability company (“Franchisor”), and an individual (“Covenantor”) in connection with a Franchise Agreement dated _____.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain of Franchisor’s trademarks and copyrights, including but not limited to, Tippi Toes trademarks and logo, website, documents, advertisements, photographs, social media content, promotional materials and operations manual (collectively referred to as the “Intellectual Property”) for the establishment and operation of a Tippi Toes franchised business;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the Intellectual Property and other confidential information, knowledge, know-how, techniques, training, and other materials used in or related to Tippi Toes brand and/or concerning the methods of operation of a Tippi Toes franchised business (collectively referred to as “Confidential Information”);

WHEREAS, the Intellectual Property and Confidential Information provide economic advantages to Franchisor and licensed users of Franchisor, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access, and dissemination of the Intellectual Property and Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Intellectual Property and Confidential Information and further protecting Tippi Toes brand against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Intellectual Property and Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

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

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use the Intellectual Property and such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Tippi Toes franchised business under the Franchise Agreement and in accordance with the requirements thereof.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Intellectual Property or Confidential Information, and shall not reproduce, in whole or in part, any of the Intellectual Property or Confidential Information, without Franchisor’s express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of Franchisee's Tippi Toes franchised business.

d. Covenantor shall surrender any material containing some or all of the Intellectual Property or Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with Tippi Toes brand.

f. Upon termination of employment or association with Franchisee, Covenantor shall immediately lose all rights to access and/or use of the Intellectual Property and Confidential Information for any purpose whatsoever.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of Tippi Toes brand, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Tippi Toes franchised business or of other franchisees in Tippi Toes system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, consultant, or agent or serve in any other capacity in any creative arts business substantially similar to the Franchisee's Tippi Toes franchised business ("Competitive Business").

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of Tippi Toes system, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Tippi Toes franchised business or of other franchisees in Tippi Toes system to any competitor, by direct or indirect inducement or otherwise, or

(ii) participate as an owner, partner, director, officer, employee, or consultant or serve in any other managerial, operational, or supervisory capacity in any Competitive Business within twenty (20) miles of Franchisee's Territory or the territory of any other Tippi Toes affiliate-owned or franchised business.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in

this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

a. Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

b. Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

c. Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

d. Any failure by Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

e. THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OKLAHOMA, WITHOUT REFERENCE TO OKLAHOMA CHOICE OF LAW PRINCIPLES. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE STATE OF OKLAHOMA. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY OKLAHOMA OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN OKLAHOMA; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

f. The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

g. Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

If directed to Covenantor:

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors, and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Name: _____

Title: _____

COVENANTOR:

Name: _____

EXHIBIT C
FINANCIAL STATEMENTS



TIPPI TOES, INC.

FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024, 2023 AND 2022



TIPPI TOES, INC.

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Independent Auditor's Report

To the Board of Directors of
Tippi Toes, Inc.
Murfreesboro, TN

Opinion

We have audited the accompanying financial statements of Tippi Toes, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tippi Toes, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The financial statements of Tippi Toes, Inc. as of December 31, 2022, were audited by other auditors whose report dated January 24, 2023, expressed an unqualified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Restrictions on Use

The use of this report is restricted to inclusion within the Company's Franchise Disclosure Document (FDD) and is not intended to be, and should not be, used or relied upon by anyone for any other use.

Kezas & Dunbar

St. George, Utah
March 19, 2025

TIPPI TOES, INC.
BALANCE SHEETS
As of December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 81,027	\$ 105,134	\$ 131,888
Restricted cash	-	37,525	-
Accounts receivable, net	61,418	8,390	13,197
Deferred contract costs	214,600	47,570	-
Other current assets	44,018	16,109	16,798
Total current assets	<u>401,063</u>	<u>214,728</u>	<u>161,883</u>
Non-current assets			
Property and equipment, net	-	-	58
Intangible assets, net	-	-	7,709
Total non-current assets	<u>-</u>	<u>-</u>	<u>7,767</u>
Total assets	<u>\$ 401,063</u>	<u>\$ 214,728</u>	<u>\$ 169,650</u>
Liabilities and Stockholders' Deficit			
Current liabilities			
Accrued expenses	\$ 85,231	\$ 35,744	\$ 6,190
Escrow liability	-	49,500	-
Credit cards payable	50,205	53,262	23,942
Notes payable	-	71,631	-
Deferred revenue	304,525	59,462	615,258
Line of credit	400,000	-	-
Total liabilities	<u>839,961</u>	<u>269,599</u>	<u>645,390</u>
Stockholders' deficit			
Common stock, \$1 par value; 100,000 shares authorized; 500 shares issued and outstanding as of 2024, 2023 and 2022	500	500	500
Accumulated deficit	<u>(439,398)</u>	<u>(55,371)</u>	<u>(476,240)</u>
Total stockholders' deficit	<u>(438,898)</u>	<u>(54,871)</u>	<u>(475,740)</u>
Total liabilities and stockholders' deficit	<u>\$ 401,063</u>	<u>\$ 214,728</u>	<u>\$ 169,650</u>

The accompanying notes are an integral part of these financial statements

TIPPI TOES, INC.
STATEMENTS OF OPERATIONS
For the Years Ended December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues			
Franchise fees	\$ 1,031,937	\$ 674,918	\$ 85,527
Royalty fees	824,326	649,144	551,676
Related party revenue	280,601	186,833	-
Classes, workshops and product sales	138,283	38,980	24,780
Rebates	38,573	-	-
Technology fees	29,992	7,008	-
Subscription revenue	23,398	-	-
Brand fund revenue	21,219	-	-
Other operating revenue	15,617	17,981	573
Total operating revenues	<u>2,403,946</u>	<u>1,574,864</u>	<u>662,556</u>
Cost of goods sold	<u>178,785</u>	<u>163,788</u>	<u>1,910</u>
Gross Profit	<u>2,225,161</u>	<u>1,411,076</u>	<u>660,646</u>
Operating expenses			
Professional fees	1,185,746	698,028	150,047
Salaries and wages	736,561	515,056	284,509
General and administrative	282,849	220,903	102,793
Contract labor	22,396	19,666	34,242
Brand fund expenses	19,782	-	-
Advertising expenses	15,814	84,126	43,913
Total operating expenses	<u>2,263,148</u>	<u>1,537,779</u>	<u>615,504</u>
Operating (loss) income	(37,987)	(126,703)	45,142
Other expense			
Interest expense	<u>9,323</u>	<u>-</u>	<u>-</u>
Total other expense			
Net (loss) income	<u>\$ (47,310)</u>	<u>\$ (126,703)</u>	<u>\$ 45,142</u>

The accompanying notes are an integral part of these financial statements

TIPPI TOES, INC.
STATEMENTS OF STOCKHOLDERS' DEFICIT
For the Years Ended December 31, 2024, 2023 and 2022

	Common Stock	Accumulated Deficit	Total
Balance at December 31, 2022	\$ 500	\$ (476,240)	\$ (475,740)
Cumulative affect of adoption of ASC 952-606	-	570,759	570,759
Stockholder distributions	-	(23,187)	(23,187)
Net loss	-	(126,703)	(126,703)
Balance at December 31, 2023	<u>500</u>	<u>(55,371)</u>	<u>(54,871)</u>
Stockholder distributions	-	(336,717)	(336,717)
Net loss	-	(47,310)	(47,310)
Balance at December 31, 2024	<u>\$ 500</u>	<u>\$ (439,398)</u>	<u>\$ (438,898)</u>

The accompanying notes are an integral part of these financial statements

TIPPI TOES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024, 2023 and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:			
Net (loss) income	\$ (47,310)	\$ (126,703)	\$ 45,142
Adjustments to reconcile net (loss) income to net cash (used in) provided by activities:			
Depreciation and amortization	-	7,766	2,337
Change in operating assets and liabilities:			
Accounts receivable, net	(53,028)	4,808	86,290
Deferred contract costs	(167,030)	(47,570)	-
Other current assets	(27,909)	688	19,927
Accrued expenses	49,487	29,554	1,795
Escrow liability	(49,500)	49,500	-
Credit cards payable	(3,057)	29,321	(22,713)
Notes payable	(71,631)	71,631	-
Deferred revenue	245,063	14,963	(10,526)
Net cash (used in) provided by operating activities	<u>(124,915)</u>	<u>33,958</u>	<u>122,252</u>
Cash flows from financing activities:			
Distributions to stockholders	(336,717)	(23,187)	(163,985)
Proceeds from line of credit	400,000	-	-
Net cash provided by (used in) financing activities	<u>63,283</u>	<u>(23,187)</u>	<u>(163,985)</u>
Net change in cash and cash equivalents	(61,632)	10,771	(41,733)
Cash and cash equivalents at beginning of period	142,659	131,888	173,621
Cash and cash equivalents at end of period	<u>\$ 81,027</u>	<u>\$ 142,659</u>	<u>\$ 131,888</u>
Supplemental disclosures of cash flow			
Cash paid for interest	<u>\$ 9,323</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

TIPPI TOES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

(1) Nature of Business and Summary of Significant Accounting Policies

(a) Nature of Business

Tippi Toes, Inc. (the "Company") is an Oklahoma based S Corporation, with operations in Kentucky, Oklahoma and Texas. Since 1999, the Company has offered ballet, tap, jazz, and hip-hop classes to preschools, day care centers, play groups, and various other after school programs.

In 2009, the Company also began selling franchises. Under the terms of its franchise agreements the Company provides initial training and continuing business consulting and marketing support to its franchises.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year.

(b) Accounting Standards Codification

The Financial Accounting Standards Board ("FASB") has issued the FASB Accounting Standards Codification ("ASC") that became the single official source of authoritative U.S. generally accepted accounting principles ("GAAP"), other than guidance issued by the Securities and Exchange Commission ("SEC"), superseding existing FASB, American Institute of Certified Public Accountants, emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) Reclassification

Certain amounts in the prior period financial statements have been reclassified for comparative purposes to conform to the presentation in the current period financial statements.

(e) Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2024, 2023 and 2022, the Company had cash and cash equivalents of \$81,027, \$105,134 and \$131,888, respectively.

(f) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts.

TIPPI TOES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. As of December 31, 2024, the Company had an allowance for uncollectible accounts of \$2,821. As of December 31, 2023 and 2022, the Company did not have an allowance for uncollectible accounts. As of December 31, 2024, 2023 and 2022, the Company had accounts receivable of \$61,418, \$8,390 and \$13,197, respectively.

(g) Prepaid expenses and Other Current Assets

As of December 31, 2024, 2023 and 2022, the Company had prepaid expenses and other current assets totaling \$44,018, \$16,109 and \$16,798, respectively. For the years ended December 31, 2023 and 2022, these consisted primarily of prepaid office expenses. Prepaid expenses represent future economic benefits that have been paid for in advance and are expected to be expensed over the subsequent accounting periods. For the year ended December 31, 2024, the balance consists of prepaid expenses totaling \$26,395 and inventory of \$17,623.

The Company evaluates prepaid expenses regularly to ensure they are appropriately recorded and accurately reflect the timing of economic benefits to be derived.

Inventory is substantially comprised of apparel for sale to customers. Inventory is stated at the lower of cost (using the weighted average cost method) or market. Inventory on hand is evaluated on an on-going basis to determine if any items are obsolete or in excess of future needs. As of December 31, 2024, no inventory reserve was deemed necessary by management.

(h) Property and Equipment

The Company has adopted ASC 360, *Property, Plant and Equipment*. Under ASC 360, property and equipment are stated at historical cost less accumulated depreciation. Maintenance and repair costs are expenses as incurred. Renewals and betterments are capitalized. The Company’s capitalization policy is to capitalize purchased property and equipment over \$5,000. The cost of assets sold or retired, as well as any accumulated depreciation, is removed from the accounts at the time of disposal and any resulting gain or loss is included in the results of operations.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective assets, which is generally 5 years.

(i) Intangible Assets

The Company has adopted ASC 350, *Intangibles – Goodwill and Other*, which requires that goodwill and intangible assets with indefinite lives (such as intellectual property) no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives (such as internal use software) are amortized over their estimated useful lives. The Company has established intangible assets for the cost of internal-use software.

The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Internal use software costs are amortized using the straight-line method over a period of five years.

TIPPI TOES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

(j) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company's performance obligations.

The Company's primary revenues consist of initial franchise fees, royalties and brand fund fees based on a percentage of gross revenues, monthly flat fees for technology fees, rebates and product sales.

Royalties, brand fund fees and technology fees

Upon evaluation of the five-step process, the Company has determined that royalties and brand fund fees are to be recognized in the same period as the underlying sales.

Rebate revenue

The Company receives rebates from various suppliers involved in supplying the franchise system. Rebate income is recognized when the Company has purchased merchandise meeting a specific threshold.

Product sales

Product sales are recognized when control transfers to the customer, which is generally upon shipment.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers* as of January 1, 2023. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company elected to adopt.

Prior to the adoption of ASC 952-606, the Company recognized franchise fees over the life of the underlying agreement. The Company has determined that the fair value of pre-opening services exceeds the initial fees received; as such, pursuant to the Adoption of ASC 952-606, commencing in 2023 the initial fees are allocated to the pre-opening services, which are recognized as revenue generally upon commencement of operations. The Company accounted for the change in accounting policy using the modified retrospective method which requires the cumulative effect of initially applying the new revenue standard to be recognized as an adjustment to the opening balance of retained earnings at the date of initial application.

These pre-opening services include the following services (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

TIPPI TOES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the standalone selling price of its pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to those pre-opening services. The franchise fees are then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations).

(k) Advertising Costs

Advertising costs are charged to operations when incurred. During the years ended December 31, 2024, 2023 and 2022, the Company spent \$15,814, \$84,126 and \$43,913, respectively on advertising and marketing.

(l) Income Taxes

The Company has elected to be treated as Subchapter S Corporation under the provisions of the Internal Revenue Code for income tax purposes. Accordingly, taxable income and losses of the Company are reported on the income tax returns of its stockholder(s) and no provision for federal or state income taxes has been recorded in the accompanying balance sheet.

The Company follows the guidance under ASC 740, *Accounting for Uncertainty in Income Taxes*. ASC 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the member rather than the Company. Accordingly, there would be no effect on the Company's financial statements. The Company's income tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed. As of December 31, 2024, the 2023, 2022 and 2021 tax years are subject to examination.

(m) Financial Instruments

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accrued expenses, the carrying amounts approximate fair value due to their short maturities.

(n) Concentration of Risk

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents. As of December 31, 2024, 2023 and 2022, there were no accounts with deposits over the FDIC limit.

(2) Restricted Cash

As of December 31, 2023, the Company had restricted cash totaling \$37,525, which is included in the accompanying balance sheet. This account includes a deposit from a potential customer to be held until the terms were certain. The restricted cash is not available for general corporate purposes and is required to be maintained in accordance with the respective agreement. This terms of this deposit were realized during the year ended December 31, 2024.

(3) Related party transactions

(a) Notes payable

The Company had a relationship with a related party entity in which they purchased merchandise and borrowed funds. The merchandise was paid half up front and half upon shipment. Depending on when shipment has occurred as of year-end, a payable or receivable may arise. As of December 31, 2023, the Company owed the related party entity \$71,631. This related entity was terminated operations during the year ended December 31, 2024, and there was no resulting receivable or payable at year-end.

TIPPI TOES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

(b) Related party revenue

The Company receives funds from a related party entity and fees consist of recital and costume fees, merchandise, and tuition. The amount received for the years ended December 31, 2024 and 2023 were \$280,601 and \$186,833, respectively. There was not any related party revenue for the year ended December 31, 2022.

(4) Property and Equipment

Property and equipment consist of the following as of December 31, 2024, 2023 and 2022:

	2024	2023	2022
Equipment and Furnishings	\$ 3,833	\$ 3,833	\$ 3,833
Less: Accumulated Depreciation	(3,833)	(3,833)	(3,775)
	\$ -	\$ -	\$ 58

The Company recognized depreciation expense in the amount of \$58 and \$66, respectively, for the years ended December 31, 2023 and 2022. As of December 31, 2023, the assets were fully depreciated so there was no depreciation expense for the year ended December 31, 2024.

(5) Intangible Assets

In October 2013, the Company launched a franchise-based website for use by the Company's franchisees. In March 2016, the Company completed the production of a dance video that will be used by the Company's franchisees. The website was updated in February 2017 and again in April 2018, and the related expenditures were capitalized. The cost of these intangibles is amortized over five years using the straight-line method.

Amortization expense for the years ended December 31, 2023 and 2022 was \$7,708 and \$2,271, respectively. There was not any amortization expense for the year ended December 31, 2024 as the assets were fully amortized as of December 31, 2023.

(6) Franchise Agreements

The Company's franchise agreements generally provide for a payment of initial franchise fees as well as continuing royalties and brand fund fees to the Company based on a percentage of sales. Under the franchise agreement, franchisees are granted the right to operate a location using the Tippi Toes franchise system for a period of ten years. Under the Company's revenue recognition policy, the Company allocates the initial franchise fee to the pre-opening-services obligation, which is recognized when the pre-opening-services obligation has been fulfilled (generally when the franchisee begins operations). In addition, the Company defers related contract costs such as broker commissions over the same period and records them as deferred contract costs. As of December 31, 2024, 2023, and 2022, the Company had the following contract assets and liabilities:

	2024	2023	2022
Deferred revenue	\$ 304,525	\$ 59,462	\$ 615,258
	2024	2023	2022
Deferred contract costs	\$ 214,600	\$ 47,570	\$ -

All deferred revenue and contact costs are classified as current.

TIPPI TOES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

(7) Accrued Expenses

Accrued expenses as of December 31, 2024, 2023 and 2022 consist of the following:

	2024	2023	2022
Accrued payroll	\$ 31,833	\$ 24,537	\$ -
Accounts payable and accrued expenses	53,398	-	-
	\$ 85,231	\$ 35,744	\$ 6,190

(8) Credit Cards Payable

As of December 31, 2024, 2023 and 2022, the Company had credit card balances payable totaling \$50,205, \$53,262 and \$23,942, respectively. These represent amounts owed to various credit card issuers for business-related transactions. These balances primarily consist of expenses incurred for purchases of supplies, services, and other operating expenses.

The Company closely monitors credit card balances and makes payments within the specified credit terms to avoid incurring additional costs such as interest charges or late payment penalties.

The Company recognizes credit card balances payable as liabilities on the balance sheet as their outstanding amounts. Any cash discounts or rebates received from credit card issuers are recorded as reductions to the respective expense accounts.

The Company did not have any significant concentrations of credit risk related to credit cards payable as of December 31, 2024. Additionally, there were no material uncertainties regarding the timing or amount of future cash outflows associated with credit card balances payable

(9) Line of Credit

The Company maintains a revolving line of credit agreement, which provides for borrowings up to \$400,000 as of December 31, 2024. The line of credit bears interest at a variable interest rate. The agreement is set to mature on August 26, 2025 unless renewed or extended.

As of December 31, 2024, the outstanding balance under the line of credit was \$400,000 and the available borrowing capacity was \$0. Interest expense related to the line of credit for the year ended December 31, 2024 was \$9,231.

(10) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC 450, *Contingencies*, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is “probable” and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is “probable” but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is “reasonably possible,” disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are “remote” are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

TIPPI TOES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

(11) Subsequent Events

Management has reviewed and evaluated subsequent events through March 19, 2025, the date on which the financial statements were issued.

EXHIBIT D

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Franchise Agreement

EXHIBIT C

List of State Administrators

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E 111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

State	State Agency	Agent for Service of Process
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 14 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733

State	State Agency	Agent for Service of Process
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT D

List of Current Franchisees
As of December 31, 2023

<p>Alabama</p> <p>Tippi Toes — Birmingham Penn Pals, LLC 5018 Applecross Rd Birmingham, AL 35242 (205) 547-0647 Contact: Vallie Pate</p> <p>Vallie Pate 413 Old Brook Circle Birmingham, AL 35242 205-907-0116</p>	<p>Arkansas</p> <p>Tippi Toes — Northwest Arkansas Britney Fox & Laura Teal 2601 McLeod Meadows Dr. Rogers, AR 72758 (479) 310-6634 Contact: Britney Fox or Laura Teal</p>
<p>Arizona</p> <p>Tippi Toes — Chandler, Arizona 2587 South Santa Rita way Chandler, AZ 85286 Contact: 208-724-7608 Contact: Kim Olsen</p>	<p>Colorado</p> <p>Tippi Toes — Southeast Aurora 22940 E Roxbury Dr Unit B Aurora, CO 80016 Contact: 720-934-6183 Contact: Kelly Delahanty and Kelsie Fulton</p>
<p>California</p> <p>Tippi Toes — Orange County Andrea Kennedy 919 S Western Ave #1 Anaheim, CA 92804 (714) 855-0554 Contact: Andrea Kennedy</p> <p>Tippi Toes — West San Gabriel Valley Jeanine Carr 1458 Star Ridge Drive Monterey Park, CA 91754 (626) 863-7863 Contact: Jeanine Carr</p> <p>Tippi Toes — Pleasanton, CA 7821 Kelly Canyon Pl. Dublin, CA 94568 Contact: 408-833-4935 Contact: Arezou Gol</p>	<p>DC</p> <p>Tippi Toes — D.C. Cresse Enterprises LLC 218 South Carolina Ave SE Washington DC 20003 (703) 966-4208 Contact: Claire Portolese</p>

<p>Tippi Toes—San Ramon, CA 7821 Kelly Canyon Pl. Dublin, CA 94568 Contact: 408-833-4935 Contact: Arezou Gol</p> <p>Tippi Toes—Walnut Creek, CA 7821 Kelly Canyon Pl. Dublin, CA 94568 Contact: 408-833-4935 Contact: Arezou Gol</p>	
<p>Iowa</p> <p>Tippi Toes—Burlington Kaylee Hanf 1709 S 15th Street Burlington, Iowa (913) 731-7424</p> <p>Tippi Toes—Des Moines Kaylee Hanf 350 SW 2nd St, Apt. 311 Des Moines, Iowa 50309 (515) 423-0644</p>	<p>Florida</p> <p>Tippi Toes—Daytona Beach Shannon Campbell 203 S Orchard St #5C Ormond Beach, FL 32174 (386) 846-2596 Contact: Shannon Campbell</p> <p>Tippi Toes—Broward County 5941 SW 16th St Plantation, FL 33317 Contact: Catie Delahanty (754) 400-0407</p> <p>Tippi Toes—Coral Springs 8924 Boca Vue Drive, Boca Raton, FL 33428 Contact: 954-638-0030 Contact: Ehud Taran</p>
<p>Kansas</p> <p>Tippi Toes—Wichita 300 Hanover Drive Edmond, Oklahoma 73034 (316) 247-2127</p>	
<p>Georgia</p> <p>Tippi Toes—East Atlanta 474 Patricia Circle Southwest Atlanta, GA 30311 Contact: 425-928-9098 Contact: Nana and Yusuf Ahmad</p>	<p>Kentucky</p> <p>Tippi Toes—Bowling Green, KY 327 Brookfield View Drive Louisville, KY Contact: 405-201-7142 Contact: Jensen Holmes</p> <p>Tippi Toes of the Bluegrass Tippi Toes Dance of the Bluegrass, LLC 311 Curtin Dr., Lexington, KY 40503 859-429-0760 Heather@TippiToesDance.com Contact: Heather Mullins</p>

<p>Maryland</p> <p>Tippi Toes—Annapolis Tippi Toes Montgomery County</p> <p>Cresse Enterprises LLC 302 South Carolina Ave SE Washington DC 20003 (703) 966 4208 Contact: Claire Portolese</p>	<p>Minnesota</p> <p>Tippi Toes—Minneapolis Ducka Dance Company 6353 Kingsview Lane Maple Grove, MN 55311 (612) 232 5578 Contact: Jessi Rustad</p> <p>Tippi Toes—St. Cloud 941 Cove Court NW Sauk Rapids, MN 56379 Contact: (612) 770 9070 Contact: Jamie Hoelscher</p>
<p>Missouri</p> <p>Tippi Toes—Kansas City Christi Coffey 4124 Campbell St Kansas City, MO 64110 (417) 321 3472 Contact: Christi Coffey</p> <p>Tippi Toes—St. Louis Jessica Eike 9840 Whitecomb Lane St. Louis, MO 63123 (314) 485 9730 Contact: Jess Eike</p>	<p>North Carolina</p> <p>Tippi Toes—Wilmington Contact: Michael Goldberg 620 Sticks St. Davenport FL 33896</p>
<p>Oklahoma</p> <p>Tippi Toes—OKC/Edmond Tracy Genheimer 300 Hanover Drive Edmond, OK 73034 (405) 361 3620 Contact: Tracy Genheimer</p> <p>Tippi Toes—Broken Arrow/Owasso/Tulsa 11120 S. Kingston Ave. Tulsa, Oklahoma 74137 (918) 892 4012 Contact: Laura Teal</p>	<p>Ohio</p> <p>Tippi Toes—Cincinnati Jen Marchal 313 Chalford Ct Franklin, TN 37069 615 866 8265 Contact: Jen Marchal</p> <p>Tippi Toes—Medina 2285 Greenwich Rd. Wadsworth, Ohio 44281 Contact: (845) 401 1380 Contact: Jill Combs</p>
<p>Oregon</p> <p>Tippi Toes—East Portland</p>	<p>Pennsylvania</p> <p>Tippi Toes—Pittsburgh SW</p>

<p>36570 Dubarko Road, Sandy OR 97055 Contact: (909) 843-0606 Contact: Stephen Griffin, Amber Pedersen</p>	<p>1320 Meridian Drive, Presto, PA 15142 Contact: 818-963-3142 Contact: Dana DeMarino, Georgine DeMarino, Katie Meehan</p>
<p>Texas</p> <p>Tippi Toes—Plano 1116 11th Street Argyle TX 76226 Contact: 469-980-9560 Contact: Helen Bagnall</p> <p>Tippi Toes Coastal Bend P.O. Box 6998 Corpus Christi, TX 78466 361/814 4307 Contact: Kasey Kelly & Kelly Keller</p> <p>Tippi Toes—Houston Pretty, Pink and Pirouettes, Inc. 4618 Thistlecroft Dr. Houston, TX 77084 (832) 677-2576 (Kasey) or (713) 835-0968 Kelly Contacts: Kasey Keller & Kelly Keller</p> <p>Tippi Toes—Corpus Christi & Surrounding Area The Sisters Dance Company P.O. Box 6998 Corpus Christi, TX 77084 (361) 814 4307 Contacts: Kasey Keller & Kelly Keller</p>	<p>Texas cont.</p> <p>Tippi Toes—Katy Christine Noah & Francisco Navarro 10122 Winding Creek Lane Brookshire, TX 77423 (281) 705-3273 Contact: Christine Noah</p> <p>Tippi Toes—Kingwood Katie Haines and Sara Miniutti 26869 Armor Oaks Drive Kingwood, Texas 77339 (832) 598-5009</p> <p>Tippi Toes—Sugar Land Kasey Pazdernik and Kelly Keller 4618 Thistlecroft Drive Houston, Texas 77084 (832) 513-3939</p>
<p>Tennessee</p> <p>Tippi Toes—Nashville Jennie Marchal 313 Chalford Court Franklin, TN 37069 (615) 866-8265</p> <p>Tippi Toes—North Tennessee 345 T. Elkins Road Smiths Grove, Ky 42171 Contact: (270) 202-9850 Contact: Deidre Allen Thomas</p>	<p>Virginia</p> <p>Tippi Toes—Virginia Cresse Enterprises LLC 4445 Corporation Lane STE 264 Virginia Beach, VA 23462 (703) 966-4208 Contact: Claire Portolese</p>

EXHIBIT E

~~Tippi Toes, Inc.~~
~~List of Company-owned Studios~~
As FRANCHISED OUTLETS
(as of December 31, 2023/2024)

~~Scottsdale, Arizona~~
~~623-252-1105~~

EXHIBIT F

<u>State</u>	<u>Name</u>	<u>Owner(s)</u>	<u>FO Email</u>	<u>Business Phone Number</u>
<u>AL</u>	<u>Birmingham</u>	<u>Vallie Pate</u>	<u>Vallie@TippiToesDance.com</u>	-
<u>AR</u>	<u>Arkansas NW</u>	<u>Brittney Fox</u> <u>Laura Teal</u>	<u>NWA@TippiToesDance.com</u>	<u>479-310-6634</u>
<u>AZ</u>	<u>Scottsdale</u>	<u>Corporate</u>	<u>scottsdale@tippitoesdance.com</u>	-
<u>AZ</u>	<u>Chandler</u>	<u>Kim Olsen</u> <u>Jason Olsen</u>	<u>Kim.Olsen@Tippitoesdance.com</u>	<u>480-933-2623</u>
<u>CA</u>	<u>South Bay San Diego</u>	<u>Brittany Mustybrook,</u> <u>Brett Deters</u>	<u>brittany.mustybrook@tippitoesdance.com;</u> <u>brett.deters@tippitoesdance.com</u>	<u>619-621-8611</u>
<u>CA</u>	<u>West San Gabriel Valley</u>	<u>Jeanine Carr</u>	<u>Jeanine@TippiToesDance.com</u>	<u>626-863-7863</u>
<u>CA</u>	<u>Huntington Beach</u>	<u>Jon P & Camille</u>	<u>jon.palmatier@tippitoesdance.com;</u> <u>camille.palmatier@tippitoesdance.com</u>	-
<u>CA</u>	<u>Pleasanton</u>	<u>Zoe Gol</u>	<u>zoe.gol@tippitoesdance.com</u>	<u>925-430-1129</u>
<u>CO</u>	<u>Lakewood</u>	<u>Josh Emison</u> <u>Choi Wong</u>	<u>josh.emison@tippitoesdance.com;</u> <u>choi.wong@tippitoesdance.com</u>	<u>720-330-3473</u>
<u>CO</u>	<u>Aurora SE</u>	<u>Kelly Delahanty</u> <u>Kelsie Fulton</u>	<u>kelly.delahanty@tippitoesdance.com;</u> <u>kelsie.fulton@tippitoesdance.com</u>	-
<u>DC</u>	<u>Washington</u>	<u>Claire Portolese</u>	<u>Claire@TippiToesDance.com</u>	<u>202-527-9089</u>
<u>FL</u>	<u>Palm Beach Gardens</u>	<u>Bryanna Rawe</u> <u>Dana DeMarino</u>	<u>bryanna.rawe@tippitoesdance.com;</u> <u>demarino@tippitoesdance.com</u>	-
<u>FL</u>	<u>Broward County</u>	<u>Caite Delahanty</u>	<u>Catie@tippitoesdance.com</u>	<u>754-400-0407</u>
<u>FL</u>	<u>Boca Raton</u>	<u>Caite Delahanty</u> <u>Shari Ferrito</u>	<u>Catie@tippitoesdance.com</u>	<u>754-400-0407</u>
<u>FL</u>	<u>Central Orlando</u>	<u>Joanna Durkin</u>	<u>joanna.durkin@tippitoesdance.com</u>	-
<u>FL</u>	<u>Boynton Beach</u>	<u>Leah Midcap</u> <u>Jordan Wyatt</u>	<u>jordan.wyatt@tippitoesdance.com;</u> <u>leah.midcap@tippitoesdance.com</u>	-
<u>FL</u>	<u>Lake Worth</u>	<u>Leah Midcap</u> <u>Jordan Wyatt</u>	<u>leah.midcap@tippitoesdance.com;</u> <u>jordan.wyatt@tippitoesdance.com</u>	-
<u>FL</u>	<u>Cape Coral</u>	<u>Olivia Zacarias</u> <u>Stephen Moore</u>	<u>olivia.zacarias@tippitoesdance.com</u>	-
<u>FL</u>	<u>Daytona Beach</u>	<u>Shannon Campbell</u>	<u>Shannon@TippiToesDance.com</u>	<u>386-320-6394</u>
<u>FL</u>	<u>New Tampa</u>	<u>Thandi Scotland</u> <u>Leslie Scotland</u>	<u>thandi.scotland@tippitoesdance.com</u>	-
<u>FL</u>	<u>Naples</u>	<u>Tiana Bell</u>	<u>tiana.bell@tippitoesdance.com</u>	-
<u>GA</u>	<u>Roswell</u>	<u>Elizabeth Minakev</u> <u>(Liza)</u>	<u>liza.minakev@tippitoesdance.com</u>	-
<u>GA</u>	<u>Atlanta East</u>	<u>Nana Ahmad</u> <u>Yusuf Ahmad</u>	<u>Available upon request</u>	

<u>State</u>	<u>Name</u>	<u>Owner(s)</u>	<u>FO Email</u>	<u>Business Phone Number</u>
<u>IA</u>	<u>Des Moines</u>	<u>Kaylee Hanf</u>	<u>Kaylee@TippiToesDance.com</u>	<u>515-650-8033</u>
<u>IA</u>	<u>Iowa City</u>	<u>Kaylee Hanf Roberts</u>	<u>Kaylee@TippiToesDance.com</u>	<u>319-853-8488</u>
<u>ID</u>	<u>Boise</u>	<u>Hanz Akbarzadeh</u> <u>Alejandra Alvarado</u>	<u>alejandra.alvarado@tippitoesdance.com</u>	<u>208-789-7475</u>
<u>IL</u>	<u>Naperville</u>	<u>Jamie Staab</u>	<u>jamie.staab@tippitoesdance.com</u>	-
<u>KY</u>	<u>Lexington</u>	<u>Heather Mullins</u>	<u>Heather@TippiToesDance.com</u>	<u>859-429-0760</u>
<u>KY</u>	<u>SOKY</u>	<u>Jensen Holmes</u>	<u>Jensen@TippiToesDance.com</u>	<u>270-883-1797</u>
<u>KY</u>	<u>Louisville</u>	<u>Morgan Sizemore</u>	<u>Morgan@TippiToesDance.com</u>	<u>502-709-8747</u>
<u>MD</u>	<u>Annapolis</u>	<u>Claire Portolese</u>	<u>Claire@TippiToesDance.com</u>	<u>202-527-9089</u>
<u>MD</u>	<u>Montgomery County</u>	<u>Claire Portolese</u>	<u>Claire@TippiToesDance.com</u>	<u>202-527-9089</u>
<u>MN</u>	<u>St. Cloud</u>	<u>Jamie Hoelscher</u> <u>Michael Hoelscher</u>	<u>jamie.hoelscher@tippitoesdance.com</u>	<u>320-247-5526</u>
<u>MN</u>	<u>Maple Grove</u>	<u>Jessie Rustad</u>	<u>Jessi@TippiToesDance.com</u>	<u>612-500-0864</u>
<u>MO</u>	<u>Kansas City</u>	<u>Christi Coffey</u>	<u>Christi@TippiToesDance.com</u>	<u>816-797-8961</u>
<u>MO</u>	<u>St. Louis</u>	<u>Jess Eike</u>	<u>Jess@TippiToesDance.com</u>	<u>314-485-9730</u>
<u>NY</u>	<u>Nassau County</u>	<u>Michael Goldberg</u>	<u>Michael@TippiToesDance.com</u>	<u>516-247-9136</u>
<u>OH</u>	<u>Cincinnati</u>	<u>Jen Marchal</u>	<u>Jen@TippiToesDance.com</u>	<u>513-399-7449</u>
<u>OH</u>	<u>West Chester</u>	<u>Tasha Morris</u>	<u>tasha.morris@tippitoesdance.com</u>	-
<u>OK</u>	<u>Tulsa</u>	<u>Laura Teal</u>	<u>Laura@TippiToesDance.com</u>	<u>918-361-4134</u>
<u>OK</u>	<u>Oklahoma City</u>	<u>Tracy Genheimer</u>	<u>Tracy@TippiToesDance.com</u>	<u>405-361-3620</u>
<u>OR</u>	<u>Portland East</u>	<u>Stephen Griffin</u> <u>Amber Pedersen</u>	<u>amber.pedersen@tippitoesdance.com</u>	<u>503-836-8806</u>
<u>TN</u>	<u>Tennessee North</u>	<u>Deidre Allen Thomas</u>	<u>deidre.thomas@tippitoesdance.com</u>	<u>270-202-9850</u>
<u>TN</u>	<u>Nashville</u>	<u>Jen Marchal</u>	<u>Jen@TippiToesDance.com</u>	<u>615-852-8184</u>
<u>TX</u>	<u>Cedar Park</u>	<u>Anya Amirapu</u>	<u>anya.amirapu@tippitoesdance.com</u>	-
<u>TX</u>	<u>Round Rock</u>	<u>Anya Amirapu</u>	<u>anya.amirapu@tippitoesdance.com</u>	-
<u>TX</u>	<u>North Dallas</u>	<u>Betsy Prieto and Dan Prieto</u>	<u>betsy.prieto@tippitoesdance.com;</u> <u>dan.prieto@tippitoesdance.com</u>	-
<u>TX</u>	<u>Cypress</u>	<u>Christine Navarro</u>	<u>Christine@TippiToesDance.com</u>	<u>281-705-3273</u>
<u>TX</u>	<u>Katy</u>	<u>Christine Navarro</u>	<u>Christine@TippiToesDance.com</u>	<u>281-705-3273</u>
<u>TX</u>	<u>Denton</u>	<u>Helen Bagnall</u>	<u>Helen@TippiToesDance.com</u>	<u>972-853-1579</u>
<u>TX</u>	<u>Plano</u>	<u>Helen Bagnall</u>	<u>Helen@TippiToesDance.com</u>	<u>972-853-1579</u>
<u>TX</u>	<u>Rockwall Wylie</u>	<u>Joni Robinson</u>	<u>joni.robinson@tippitoesdance.com</u>	<u>214-494-9683</u>
<u>TX</u>	<u>Amarillo</u>	<u>Karah Kellam</u>	<u>Karah@TippiToesDance.com</u>	-
<u>TX</u>	<u>Corpus Christi</u>	<u>Kasey Keller</u> <u>Kelly Keller</u>	<u>Thesisters@TippiToesDance.com</u>	<u>361-814-4307</u>
<u>TX</u>	<u>Houston</u>	<u>Kasey Keller</u> <u>Kelly Keller</u>	<u>Thesisters@TippiToesDance.com</u>	<u>713-291-2431</u>
<u>TX</u>	<u>Sugarland</u>	<u>Kasey Keller</u> <u>Kelly Keller</u>	<u>Thesisters@TippiToesDance.com</u>	<u>832-513-3939</u>
<u>TX</u>	<u>North Fort Worth</u>	<u>Maria & Nathan Brewster</u>	<u>nathan.brewster@tippitoesdance.com;</u> <u>maria.brewster@tippitoesdance.com</u>	-

<u>State</u>	<u>Name</u>	<u>Owner(s)</u>	<u>FO Email</u>	<u>Business Phone Number</u>
<u>TX</u>	<u>San Antonio North</u>	<u>Rosa Graciela Gomez</u> <u>Abraham Nunez</u>	<u>rosa.graciela@tippitoesdance.com</u>	-
<u>TX</u>	<u>Kingwood</u>	<u>Sara Lednicky</u>	<u>saral@tippitoesdance.com</u>	<u>832-598-5009</u>
<u>TX</u>	<u>Southlake</u>	<u>Shristi Shrestha</u>	<u>shristi.shrestha@tippitoesdance.com</u>	-
<u>VA</u>	<u>N Virginia</u>	<u>Claire Portolese</u>	<u>Claire@TippiToesDance.com</u>	-
<u>VA</u>	<u>Vienna</u>	<u>Meron Daniel</u>	<u>meron.daniel@tippitoesdance.com</u>	<u>703-340-0092</u>

FRANCHISEES WHO HAVE LEFT THE SYSTEM
(as of December 31, 2024)

Ohio:

Tippi Toes – Medina
Contact: Jill Combs
2285 Greenwich Rd Wadsworth, OH 44281
(closed)

Florida:

Tippi Toes, Inc. - Coral Springs
Franchisees Who Have Left the System in the Last 12 Months
As of December 31, 2023

Texas:

Tippi Toes – Denton
300 Hanover Dr.
Edmond, OK 73034
(405) 361-3620
Contact: Tracy Genheimer

Tippi Toes – North Dallas
300 Hanover Dr.
Edmond, OK 73034
(405) 361-3620
Contact: ~~Tracy Genheimer~~ Ehud Taran
(~~Transferred~~ transferred territory to corporate)

California:

Tippi Toes – ~~Plano~~ – Huntington Beach

Kentucky:

Tippi Toes – Bowling Green

~~Nikyas Tiny Tribe Dance LLC
Christina Kyleen Baptiste
127 Kelsey Circle
Russellville, KY 42276
(270) 883-1797
Contact: Kyleen Baptiste/Andrea Kennedy
(Transfer)~~

~~Kansas:~~

~~Tippi Toes—Wichita
Jensen Holmes and Tracy Genheimer
300 Hanover Drive
Edmond, Oklahoma 73034
(316) 247-2127
Contact: Tracy Genheimer
(reacquired by Franchisor) 919 S Western Ave #1 Anaheim, CA 92804
(transferred territory to a new owner)~~

Emails and Phone numbers available upon request.

—

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

Exhibit G to the Tippi Toes, Inc. Disclosure Document
GENERAL RELEASE

This release (the "Release") is given this day of _____ by _____
, a(n) _____, with its principal place of business located at _____
_____ ("Franchisee") and _____'s principals _____, an
individual residing at _____ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless Tippi Toes, Inc. ("Franchisor") and Franchisor's parent company, affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of _____ by:
FRANCHISEE (Entity): _____ FRANCHISEE (Principal): _____

By: _____ (Print Name)

(Print Name, Title)

FRANCHISEE (Principal): _____

EXHIBIT G
STATE SPECIFIC ADDENDA

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF CALIFORNIA

CALIFORNIA APPENDIX

1. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains provisions that are inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.).
3. The Franchise Agreement and contain covenants not to compete which extend beyond the termination of the agreements. These provisions may not be enforceable under California law.
4. Section 31125 of the California Corporation Code requires the franchisor to provide you with a disclosure document before asking you to agree to a material modification of an existing franchise.
5. Neither the franchisor, any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 79a et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement and requires application of the laws of Oklahoma. This provision may not be enforceable under California law.
7. **THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.**
8. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
9. The appropriate sections of the Franchise Agreement and are amended to state that the highest interest rate allowed under California law is 10% per annum.
10. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the commissioner.**
11. **OUR WEBSITE, www.tippitoesdance.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE**

MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

12. 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.

FRANCHISOR:

Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF ILLINOIS

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in the franchise agreement which designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Your right upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Illinois requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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.

FRANCHISOR:
Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF INDIANA

1. To be added to Item 3 of the Disclosure Document, is the following statement:

There are presently no arbitration proceedings to which the Franchisor is a party.
2. Item 17 of the Disclosure Document is amended to reflect the requirement under Indiana Code 23-2-2.7-1 (9), which states that any post term non-compete covenant must not extend beyond the franchisee’s exclusive territory.
3. Item 17 is amended to state that this is subject to Indiana Code 23-2-2.7-1 (10).
4. Under Indiana Code 23-2-2.7-1 (10), jurisdiction and venue must be in Indiana if the franchisee so requests. This amends Article 18 of the Franchise Agreement.
5. Under Indiana Code 23-2-2.7-1 (10), franchisee may not agree to waive any claims or rights.

FRANCHISOR:
Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF MARYLAND

The amendments to the Disclosure Document included in this addendum have been agreed to by the parties.

1. The provision contained in Item 17 may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 17 of the Franchise Disclosure Document shall be amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The Tippi Toes Acknowledgement Statement is amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Item 17 of the Franchise Disclosure Document is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

7. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

FRANCHISOR:

Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchises.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five (5) years, and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months' advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) Failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, franchisee has the right to request an escrow arrangement.

Any questions regarding this notice should be directed to:

Consumer Protection Division
Attn: Marilyn McEwen
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

FRANCHISOR:
Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF MINNESOTA

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. In the State of Minnesota, we will defer the payment of the initial franchise fee, development fee, and any other initial payment until all of our material pre-opening obligations have been satisfied and your business is open and operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

2. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

3. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) 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 this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Board and Brush Creative Studio.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J),

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

FRANCHISOR:

Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in

the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

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

7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:

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

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

—

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

FRANCHISOR:
Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

_____, _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF NORTH DAKOTA

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, NDCC § 51-19 *et seq.* (“NDFIL”). To the extent that (a) the jurisdictional requirements of the NDFIL are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

1. Covenants not to compete upon termination or expiration of the franchise agreement are subject to NDCC § 9-08-06.
2. To the extent required by the NDFIL, arbitration proceedings shall take place at a location mutually agreed upon by you and us.
3. Any requirement that you consent to liquidated damages or termination penalties shall not apply to the extent prohibited by the NDFIL;
4. Any requirement that you consent to (i) the jurisdiction of courts outside of North Dakota, (ii) the application of laws of a state other than North Dakota, (iii) waiver of jury trial or (iv) waiver of exemplary and punitive damages shall not apply to the extent prohibited by the NDFIL;
5. Any release required as a condition to a renewal of the franchise agreement shall not apply to the extent prohibited by the NDFIL;
6. Any requirement that you consent to a limitation of claims shall not apply to the extent prohibited by the NDFIL. As applicable, the statute of limitations under North Dakota law shall control.
7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.
8. 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.
9. The North Dakota Securities Commissioner requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

FRANCHISOR:

Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT REQUIRED BY THE STATE
OF VIRGINIA

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

FRANCHISOR:
Tippi Toes, Inc.

By: _____

Name: _____

Title: _____

FRANCHISEE:

By: _____

(Print Name, Title)

ADDENDUM TO THE TIPPI TOES, INC.
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND ANY RELATED AGREEMENTS REQUIRED BY THE
STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable

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

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

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

~~The release mentioned in Section XV(j)(i) of the Franchise Agreement does not apply to any claim under the Franchise Investment Protection Act of Washington.~~

—
~~Pursuant to RCW 19.100.220(2) Article IX of the Franchise Agreement does not apply to Washington franchisees.~~

~~Item 17(o) and the Franchise Agreement are modified to be consistent with RCW 19.100.180, including that the franchisor is required to purchase certain assets at fair market value (including goodwill in certain instances), at the time of expiration or termination of the franchise, offset by any amounts owed by the franchisee to the franchisor.~~

Use of

**AMENDMENT TO THE
TIPPI TOES, INC.
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON**

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

- 1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
- 2. Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
- 3. Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
- 4. General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
- 5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- 6. Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

- 7. Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
- 8. Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
- 9. Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
- 10. Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
- 11. Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
- 12. Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
- 13. Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
- 14. Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
- 15. Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions

contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

18. Advisory Regarding Franchise Brokers. ~~The franchisor uses the services of franchise brokers to assist it in selling~~Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Carefully~~If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by a the franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.~~

~~Pursuant to RCW 19.100.050 and WAC 460-80-400, the Division requires that the Franchisor defer collection of franchise fees until the Franchisor has provided all of its pre-opening obligations and the Franchisee is open for business.~~

The parties hereto have duly executed this Washington Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Tippi Toes, Inc.

_____ TIPPI TOES, INC.

By: _____

_____, _____ (Print

Name: _____

_____, _____ Title: _____

_____)

FRANCHISEE:

By: _____

(Print Name, Title)

-

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

NOT FOR USE IN WASHINGTON, CALIFORNIA, OR MARYLAND
EXHIBIT H
TIPPI TOES ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) 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. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

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4. Franchisee (or Developer) has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement (or Multi-Unit Development Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer's) Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee (or Developer) acknowledges that it has received the Tippi Toes, Inc. Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee (or Developer) acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee (or Developer) with respect to the Franchise Agreement (or Multi-Unit Development Agreement) or the relationship thereby created.

Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer's) advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE TIPPI TOES, INC., AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

Initial

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This statement will not be signed or used if the franchisee resides within or if the franchised business will be located within the State of California, Maryland, or Washington.

FRANCHISEE:

By: _____

(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

EXHIBIT I
STATE EFFECTIVE DATES

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

This ~~document~~Franchise Disclosure Document is ~~effective and may be used in the following states, where the document is filed, registered, on file or exempt from registration, as of the Effective Date stated below~~registrations in the following states having franchise disclosure laws, with the following effective dates:

State	Effective Date
California	Pending
Florida	June 19, 2024
Hawaii	
Illinois	Pending
Indiana	July 18, 2024
Maryland	Pending
Michigan	Pending
Minnesota	August 7, 2024
New York	Pending
North Dakota	June 24, 2024
Rhode Island	
South Dakota	
Virginia	July 24, 2024
Washington	
Wisconsin	May 2, 2024

STATE EFFECTIVE DATE

California	PENDING
Hawaii	PENDING
Illinois	PENDING
Indiana	PENDING

Maryland	PENDING
Michigan	PENDING
Minnesota	PENDING
New York	PENDING
North Dakota	PENDING
Rhode Island	PENDING
South Dakota	PENDING
Virginia	PENDING
Washington	PENDING
Wisconsin	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.

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RECEIPT

Receipt

This ~~disclosure document~~ Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. ~~Read this disclosure document~~ Franchise Disclosure Document and all ~~agreements~~ exhibits carefully.

If Tippi Toes, Inc. offers you a franchise, it must provide this ~~disclosure document~~ Disclosure Document to you ~~at least fourteen (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. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Tippi Toes, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

<u>Sarah Nuse</u> <u>3373 Eslin Court</u> <u>Murfreesboro, Tennessee</u> <u>37130</u> <u>(270) 779-0228</u>

Issuance Date: April 19, 2025

I received a Disclosure Document dated April 19, 2025, that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators/Agents for Service of Process
- EXHIBIT B: Franchise Agreement
- EXHIBIT C: Financial Statements
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Franchised Outlets
- EXHIBIT F: General Release
- EXHIBIT G: State Addenda
- EXHIBIT H: Franchisee Acknowledgement Statement
- EXHIBIT I: State Effective Dates

Receipt

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

(Signature of recipient)

KEEP FOR YOUR RECORDS

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Tippi Toes, Inc. 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. New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Tippi Toes, Inc. does not deliver this ~~disclosure document~~ Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC, 20580, and ~~the~~ to your state ~~agency~~ authority listed on Exhibit ~~C.A.~~

~~Our sales agent for this offering is Sarah Nuse, who can be reached at 5921 S. Marion Place, Tulsa, Oklahoma 74135 or (270) 779-0228.~~

The name and principal business address and telephone number of each franchise seller offering the franchise is:

<u>Sarah Nuse</u> <u>3373 Eslin Court</u> <u>Murfreesboro, Tennessee 37130</u> <u>(270) 779-0228</u>

Issuance Date: April ~~30, 2024~~ 19, 2025

I received a ~~Franchise~~ Disclosure Document dated April ~~30, 2024~~ 19, 2025, that included the following Exhibits:

- ~~Exhibit~~ EXHIBIT A—Financial Statements
- ~~Exhibit B—Franchise Agreement~~
- ~~Exhibit C—~~ List of State Franchise Administrators and /Agents for Service of Process
- ~~Exhibit D—List of Current Franchisees~~
- ~~Exhibit E—List of Current Company owned~~ EXHIBIT B: Franchise Agreement
- EXHIBIT C: Financial Statements
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Franchised Outlets
- ~~Exhibit F—List of Franchisees who have Left the System within the Past 12 Months~~
- ~~Exhibit~~ EXHIBIT F: General Release
- EXHIBIT G—: State Specific Addendum to Disclosure Document Addenda
- ~~Exhibit~~ EXHIBIT H—Tippi Toes: Franchisee Acknowledgement Statement
- EXHIBIT I: State Effective Dates
- Receipt

Date Received: _____ DATE: _____
(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

[Keep this copy for your files]

Receipt

~~This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.~~

~~If Tippi Toes, Inc. offers you a franchise, it must provide this disclosure document to you at least fourteen (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.~~

~~New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.~~

~~If Tippi Toes does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and the state agency listed on Exhibit D.~~

~~Our sales agent for this offering is Sarah Nuse, who can be reached at 5921 S. Marion Place, Tulsa, Oklahoma 74135 or (270) 779-0228.~~

Issuance Date: **April 30**, Print Name: _____

Print Address: _____

2024

I received a Franchise Disclosure Document dated **April 30, 2024**, that included the following Exhibits:

- ~~Exhibit A – Financial Statements~~
- ~~Exhibit B – Franchise Agreement~~
- ~~Exhibit C – List of State Administrators and Agents for Service of Process~~
- ~~Exhibit D – List of Current Franchisees~~
- ~~Exhibit E – List of Current Company owned Outlets~~
- ~~Exhibit F – List of Franchisees who have Left the System within the Past 12 Months~~
- ~~Exhibit G – State Specific Addendum to Disclosure Document~~
- ~~Exhibit H – Tippi Toes Acknowledgement Statement~~

Date Received: _____ DATE: _____

(If other than date signed)

(Signature of recipient)

(Printed name of recipient)

Legal residence address

{

Please return ~~this copy~~ signed receipt to Tippi Toes, Inc.,
3373 Eslin Court
Murfreesboro, Tennessee 37130