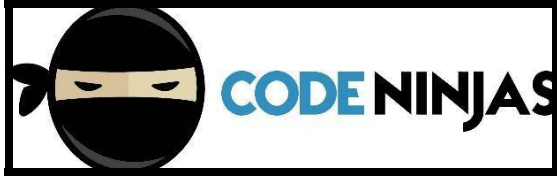
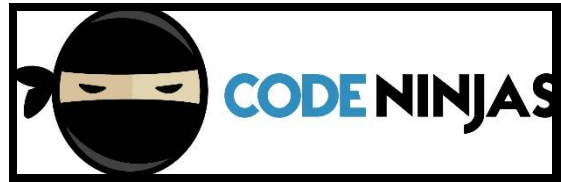


## FRANCHISE DISCLOSURE DOCUMENT



855.446.4652



**Code Ninjas, LLC**

(a Texas limited liability  
company)

3500 Parkway Lane, Suite 400  
Peachtree Corners, Georgia  
30092

30092 855.446.4652

info@codeninjas.com

www.codeninjas.com

A “Code Ninjas” franchisee will operate a learning center providing child focused educational programs, including subjects such as computer programming, coding, math, logic, and teamwork.

The total investment necessary to begin operation of a Code Ninjas Learning Center ranges from \$177,000 174,750 to \$385,500 298,250. This includes \$44,000 40,750 that must be paid to us or our affiliate. The total investment necessary to begin operation of a Code Ninjas Studio Center ranges from \$79,250 68,500 to \$116,500 104,250. This includes \$34,000 30,750 that must be paid to us or our affiliate.

If you wish to sign a development agreement, then the total investment needed to begin operation would be multiplied by the number of units that you agree to open, after applying a discounted initial franchise fee. (For example, for a 3-unit development agreement, the total investment would be \$227,000 224,750 to \$435,500 348,250, which includes \$94,000 80,750 that must be paid to the franchisor or an affiliate.) The minimum number of units you will be required to must develop under a development agreement is two.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Code Ninjas, LLC, 3500 Parkway Lane, Suite 400, Peachtree Corners, GA 30092 (legal@codeninjas.com). The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to

Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://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. The issuance date of this Franchise Disclosure Document is ~~July 17, 2024~~ March 27, 2025.

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit G includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only "Code Ninjas" business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a "Code Ninjas" franchisee?</b>	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the Table of Contents.

## What You Need to Know About Franchising Generally

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

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

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

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

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

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

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

## Some States Require Registration

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

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



Addenda.

## Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with us by mediation and litigation in Georgia. Out of state mediation and litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate and litigate in Georgia than in your own state.
2. **Financial Condition**. The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Mandatory minimum payments**. You must make minimum royalty or advertising fund payments for each month if you have not yet opened after the Opening Deadline. Your inability to make payments may result in termination of your franchise and loss of your investment.
4. **Turnover rate**. During the last 3 years, 67 outlets were terminated, not renewed, reacquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.
5. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

## NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the 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 terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 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 or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

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

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

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

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

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

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

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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**Item 1**  
**The Franchisor and any Parents, Predecessors, and Affiliates**

**The Franchisor**

The Franchisor is Code Ninjas, LLC. In this franchise disclosure document (“~~disclosure document~~” or “~~FDD~~”), we refer to “Code Ninjas, LLC” as “**we**”, “**us**”, or “**our**”. We were formed as a Texas limited liability company on August 17, 2016. We conduct business under our corporate name and the name “Code Ninjas.” We do not do business under any other name. Our principal place of business is 3500 Parkway Lane, Suite 400, Peachtree Corners, GA 30092 (855.446.4652). Our agents for service of process are listed on Exhibit D to this ~~disclosure document~~**FDD**.

We do not engage in business activities other than franchising “Code Ninjas” businesses. We began offering “Code Ninjas” franchises in November 2016. We have never offered franchises in any other lines of business.

**Our Parents, Our Predecessors, and Affiliates**

Our parent entities are described below. We do not have any predecessors. We also have affiliates that own and operate affiliate-owned Code-Ninjas Learning Centers in the states of California, Kansas, Massachusetts, and Texas. Except as indicated, each of our parents and affiliates have their principal business address at 3500 Parkway Lane, Suite 400, Peachtree Corners, Georgia 30092, and none of them has ever offered franchises in any line of business.

Code Ninjas Holdings LLC (“ <b><u>CN Holdings</u></b> ”)	CN Holdings is our immediate parent and our sole member.
EMP Ninja 2 LLC (“ <b><u>EMP 2</u></b> ”)	EMP 2 is CN Holdings’ immediate parent and owns the majority of its membership interests. EMP 2’s principal place of business is 3060 Peachtree Road, Suite 360, Atlanta, GA 30305.
Eagle Merchant Partners (“ <b><u>Eagle</u></b> ”)	Eagle is the ultimate manager of EMP 2 and EMP 1. Eagle’s principal place of business is 3060 Peachtree Road, Suite 360, Atlanta, GA 30305.

**Other Affiliate Franchise Offerings**

Through control with private equity funds managed by Eagle, we are affiliated with the following franchise programs (“Affiliated Programs”):

**AmeriSpec Inspection Services**

TCB AmeriSpec, LLC (“TCBA”) franchises the AmeriSpec Inspection Services franchise system. TCBA has offered AmeriSpec Inspection Services franchises since March 2021. As of December 31, 2023~~2024~~, TCBA had ~~157~~94 AmeriSpec franchises in the United States. TCBA has never offered Code Ninjas franchises and has never operated a Code Ninjas business. TCBA’s principal business address is 57 Germantown Court, Suite 201, Cordova, Tennessee 38018. ~~TCBA has never offered Code Ninjas franchises and has never operated a Code Ninjas business.~~

### Enviro-Master

Enviro-Master International Franchise, LLC ("EMIF") franchises the Enviro-Master franchise system. EMIF has offered Enviro-Master franchises since January 2014. As of December 31, ~~2023~~2024, EMIF has ~~94~~132 Enviro-Master franchises in the United States. EMIF has never offered Code Ninjas franchises and has never operated a Code Ninjas business. EMIF's principal business address is 5200 77 Center Drive, Suite 500, Charlotte, North Carolina 28217. EMIF has never offered Code Ninjas franchises and has never operated a Code Ninjas business.

### Furniture Medic

TCB Furniture Medic LLC ("TCBFM") franchises furniture, wood, and cabinet restoration, repair, fabrication, and refinishing businesses under the Furniture Medic trademark. TCBFM has offered Furniture Medic franchises since April 2023 and its predecessors offered Furniture Medic franchises since 1992. As of December 31, ~~2023~~2024, TCBFM has ~~424 franchise~~94 franchises in the United States. TCBFM has never operated a Code Ninjas business. TCBFM's principal address is 57 Germantown Court, Suite 201, Cordova, Tennessee 38018. TCBFM has never offered Code Ninjas franchises and has never operated a Code Ninjas business.

TCB Services Ltd. ("TCB Canada") offers franchises in Canada. The principal address for TCB Canada is 105 Victoria Street, Suite 1106, Toronto, Ontario, M5C, 3B4, Canada. As of December 31, ~~2023~~2024, there were about ~~88~~75 franchises in Canada under the AmeriSpec® and Furniture Medic® trade names and trademarks serving residential and commercial customers throughout Canada. TCB Canada has never offered Code Ninjas franchises and has never operated a Code Ninjas business.

TCB Group Holdings Limited ("TCB UK") offers franchises in Great Britain. The principal address for TCB UK is 10 Temple Back, Redcliffe, Bristol BS1 6FL, United Kingdom. As of December 31, ~~2023~~2024, there were about ~~44~~8 franchises in Great Britain that operate using the Furniture Medic® trade names and trademarks. TCB UK has never offered Code Ninjas franchises and has never operated a Code Ninjas business.

### Renew Medic

Renew Medic Franchising, LLC ("RMF") franchises businesses that provide primarily residential and commercial cabinet repair, restoration, renewal, transformation and manufacturing services under the Renew Medic™ service mark. RMF's principal business address is 57 Germantown Court, Suite 201, Cordova, Tennessee 38018. RMF began offering its franchises in April 2024 ~~and so does not yet have any.~~ As of December 31, 2024, RMF has 4 franchises in the United States. RMF has never offered Code Ninjas franchises and has never operated a Code Ninjas business.

### Sam The Concrete Man

Samco, LLC ("SCM") franchises businesses that provide concrete repairs and improvements to existing homes under the Sam The Concrete Man® trademark. SCM's principal business address is 6912 South Quentin Street, Suite 10, Centennial, Colorado 80112. SCM began offering its franchises in September 2013. As of December 31, 2024, SCM has 88 franchises in

the United States. SCM has never offered Code Ninjas franchises and has never operated a Code Ninjas business.

### The Learning Center Franchise

We offer franchises for the operation of “Code Ninjas” learning centers, that operate in buildings that feature our interior and/or exterior design, and that also feature our ~~Services~~services and our ~~Products~~products (each a “**Learning Center**”). The services that Learning Centers will provide include child-focused educational programs, including subjects such as computer programming, coding, math, logic, reasoning skills, teamwork and other STEM related activities as ~~approved by Code Ninjas~~we approve (the “**Services**”) and the products that Learning Centers offer generally include “Code Ninjas” branded merchandise (such as t-shirts, hoodies, wrist bands, and similar items) (the “**Products**”).

Learning Centers are characterized by our system (the “**System**”). Some of the features of our System include our distinctive ~~services and products~~ (“Services and Products”); signage; distinctive interior and exterior design and accessories; operational procedures; standards and specifications; quality of services and products offered; student materials, curriculum, course materials, and related educational offerings; management and inventory control procedures; software; training and assistance; business format, layouts and floor plans, methods, equipment lists and layouts; the Proprietary Marks (defined below); as well as advertising and promotional programs. We may periodically change parts of the System.

You must operate your Learning Center according to our standards and procedures, as stated in our confidential brand standards manual (the “**Brand Manual**”). We will lend you, or make available electronically, a copy of the Brand Manual for the duration of the Franchise Agreement. In addition, we will grant you the right to use our marks, including the mark “Code Ninjas” and any other trade names and marks that we designate in writing for use with the System (the “**Proprietary Marks**”).

Learning Centers will be operated from an indoor structure that need not be free-standing, in a target range of ~~about~~ 1,100 square feet to 1,700 square feet in size and are decorated to meet our specifications (including the use of our trade dress, trademark, and design).

We offer to enter into franchise agreements (“**Franchise Agreements**”) with qualified entities and persons that wish to establish and operate Learning Centers. (In this ~~disclosure document~~FDD, “**you**” means the person or legal entity with whom we enter into an ~~agreement~~Franchise Agreement. The term “you” also refers to the direct and indirect owners of a corporation, partnership, limited liability company, limited liability partnership, or other business entity that signs a Franchise Agreement as the “franchisee.”) We award franchises in our discretion, and to be qualified to become our franchisee, we ~~will~~ consider many factors that include, among other things, your financial resources, educational and work background, personality fit, and ability to work with our team. A copy of the form Franchise Agreement is attached to this FDD as Exhibit A.

### Studio Franchises

In certain circumstances, we may offer a smaller version of the Learning Center franchise that operates in a space less than 1,000 square feet or does not have its own premises, but instead operates at certain times in locations owned or operated by third parties such as shared or community spaces, schools, and other complimentary spaces as ~~approved by Code Ninjas~~we approve. These smaller Centers are referred to as Studio Centers. If we offer you a Studio Center franchise, you will sign ~~the standard~~our Franchise Agreement and also will sign a Studio



Center Rider that is attached to the Franchise Agreement as Exhibit ~~HG~~. For a Studio Center franchise, you must obtain a commitment from the third-party host location for at least 12 months.

In this ~~franchise disclosure document~~FDD, terms that apply only to Studio Centers are stated separately from the terms for Learning Centers. If a specific distinction is not made for Studio Centers, then the terms ~~applicable~~apply to Learning Centers ~~also apply to~~and Studio Centers.

### Development Rights Franchises

We may also offer area development agreements ("**Development Agreements**") to qualified parties ("**Developers**"). Our current form of Development Agreement is attached to this ~~disclosure document~~FDD as Exhibit B. If you sign a Development Agreement, we will grant you the right, and you will accept the responsibility, to establish an agreed-on number of Learning Centers within an agreed-on designated area (the "**Development Area**"), under an agreed-on timetable (the "**Development Schedule**"). Each Learning Center will be constructed and operated under a separate Franchise Agreement. The Franchise Agreement for the first Learning Center developed under the Development Agreement will be in the form attached to the Development Agreement. The Franchise Agreement for each additional Learning Center will be in the form of ~~the~~ Franchise Agreement that we generally offer to new franchisees at that time, which may differ materially from the version that is attached to this ~~disclosure document~~FDD or the Development Agreement.

### Applicable Regulations

You must comply with all local, state, and federal laws that apply to your Learning Center operations, including for example health, sanitation, no-smoking, EEOC, OSHA, discrimination, employment, and sexual harassment laws. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, seating, restrooms, drinking facilities, etc. For example, you must obtain real estate permits (e.g., zoning), real estate licenses, and operational licenses. There are also laws that require educators, learning center employees and others to obtain required background checks and fingerprinting. You must comply with all applicable federal, state, and local laws and regulations in the operation of your Learning Center. You must also follow the Payment Card Industry Data Security Standards and comply with applicable privacy laws relating to customer credit card transactions. We recommend that you examine and consider the impact of these and all applicable laws, regulations, and standards before entering into any agreement with us. The laws in your state or municipality may be more or less stringent, and there may be specific laws or regulations in your state or municipality regarding the operation of a Learning Center. You should consult with your attorney concerning those and other local laws and ordinances that may affect your Learning Center's operation.

### Competition

You can expect to compete in your market with locally-owned businesses, as well as with national and regional chains, that offer technology and coding based education services, and other services that may compete with the services offered at a Learning Center. The market for these items is well-established and very highly competitive. These businesses vigorously compete based on factors such as price, service, location, and product quality. These businesses are often affected by other factors as well, such as changes in consumer taste, economic conditions, seasonal population fluctuation, and travel patterns.

## **Item 2**

### **Business Experience**

Navin Gurnaney: Chief Executive Officer Mr. Gurnaney became our Chief Executive Officer on August 1, 2023. From July 2021 until May 2023, Mr. Gurnaney served as Chief Executive Officer of Tim Hortons India in Mumbai, India. From May 2021 until July 2021, Mr. Gurnaney was Chief Executive Officer, Reliance Foods, of Reliance Brands Limited in Mumbai, India. Mr. Gurnaney served as Chief Executive Officer of Starbucks India in Mumbai, India from October 2018 until April 2021. Mr. Gurnaney serves in his present position in Atlanta, Georgia.

Julie Longino: Chief Marketing Officer Ms. Longino became our Chief Marketing Officer in May 2024. From September 2023 to May 2024, Ms. Longino was a Senior Manager of Marketing Operations for Taxslayer in Augusta, Georgia. Ms. Longino was the Director, Marketing Operations and Technology for C2 Education in Duluth, Georgia from July 2017 to September 2023. Ms. Longino serves in her present position in Atlanta, Georgia.

Adam Patterson Chief Financial Officer Mr. Patterson became our Chief Financial Officer in December 2023. From September 2020 to September 2023, Mr. Patterson served as Vice President of Finance at BCJ Building Services in Atlanta, Georgia. From January 2013 to September 2020, Mr. Patterson held various positions with MCI USA in Washington, D.C. Mr. Patterson serves in his present position in Atlanta, Georgia.

Archana Singh Chief Technology Officer Ms. Singh became our Chief Technology Officer in November 2023. From May 2014 to December 2023, Ms. Singh served as Assistant Director at Ernst & Young in Atlanta, Georgia. Ms. Singh serves in her present position in Atlanta, Georgia.

Michael Rodrigues Vice President of Franchise Development Mr. Rodrigues became our Vice President of Franchise Development in July 2024. From June 2023 to July 2024, Mr. Rodrigues was a Vice President of Franchise Development for Franperform, which is based in Pearland, Texas. From October 2018 to April 2023, Mr. Rodrigues was our Franchise Development person and from November 2020 to April 2023, he also was our Director of Company Operations in Pearland, Texas. Mr. Rodrigues serves in his present position in Guilford, Connecticut.

Tim Klein Vice President of Operations Mr. Klein became our Vice President of Operations in October 2023. From January 2006 to October 2023, Mr. Klein served in various positions for Starbucks in Austin, Texas. Mr. Klein serves in his present position in Austin, Texas.

Edward Kim Vice President, Education & Training Mr. Kim became our Vice President of Education and Training in September 2023. From May 2023 to September 2023, Mr. Kim served as our Consultant (Leadership & Education Teams). From January 2023 to May 2023, Mr. Kim was between jobs. From October 2009 to January 2023, Mr. Kim served in various positions with C2 Education in Chicago, Illinois and Duluth, Georgia. Mr. Kim serves in his present position in Atlanta, Georgia.

~~E. Stockton Croft IV: Chair, Board of Directors~~  
~~Mr. Croft has served as chair of our Board of Directors since July 2020. Since September 2013, he has also served as a Partner with Eagle (EMP Management LLC) in Atlanta, Georgia.~~

~~William Arthur Lundstrom: Board of Directors~~  
~~Mr. Lundstrom has served on our Board of Directors since September 2021. Since September 2013, he has also served as a Partner with Eagle (EMP Management LLC) in Atlanta, Georgia.~~

~~Zachary Taylor: Board of Directors~~  
~~Mr. Taylor has served on our Board of Directors since September 2021. Since August 2017, he has also served as a Private Equity Vice President for Eagle Merchant Partners in Atlanta, Georgia.~~

~~David Kim: Board of Directors~~  
~~Mr. Kim served as our Interim Chief Executive Officer from May 2023 to August 2023. Mr. Kim was elected to our Board of Directors in October 2021. From September 2017 to August 2020, he served as Managing Director of Teen Ink in Newton, Massachusetts.~~

### **Item 3 Litigation**

*Code Ninjas, LLC v. Beyond Gravity Media, Inc. & Branden Scott Matalon*, No. 3:19-cv-00303, US District Court for the Southern District of Texas, filed September 9, 2019. *Code Ninjas, LLC v. Beyond Gravity Media, Inc. & Branden Scott Matalon*, American Arbitration Association, No. 01-19-0004-4568, filed December 11, 2019. We filed a lawsuit seeking to enjoin a franchisee and its owner (the “franchisees”) from establishing and operating a competitive business in violation of their obligations not to compete with us. The franchisees denied the allegations and asserted claims against us and David Graham, a former executive, seeking rescission of their various agreements based on allegations that we made misrepresentations relating to the sale of the franchise opportunity. We denied the allegations. In December 2019, we moved to dismiss the counterclaims and to compel the counterclaims to arbitration. We contemporaneously filed for arbitration. We reached a settlement in April 2020 under which the franchisees agreed to dismiss their claims and abide by their post-termination obligations, including their obligations not to compete, in exchange for our agreement to terminate the franchisees’ existing franchise and a franchise agreement for an unopened territory without any refund or exchange of money. We also dismissed our claims against the franchisees.

*Marlow Henry v. Wilmington Trust, N.A., et al.*, No. 1:19-cv-01925-UNA, U.S. District Court for the District of Delaware, filed October 10, 2019. This case involves an employee seeking to assert class action claims against Wilmington Trust and its shareholders, alleging violations of an employee retirement plan, employee stock option plan, and the Employee Retirement Income Security Act of 1974 (“ERISA”). Among the shareholders named in the suit is one of our Directors, ~~E.~~

~~E. Stockton Croft IV. The defendants filed motions to dismiss the case and to require that the claims be referred to arbitration as required under the ERISA plan documents. On September 10, 2021, the Court denied this motion. The defendants then appealed the decision to the Third Circuit Court of Appeals which, on June 30, 2023, affirmed the lower court’s decision. The defendants then filed a Petition for Writ of Certiorari with the U.S. Supreme Court, which denied the Petition on October 16, 2023. The case will be was returned to the U.S. District Court in Delaware for further proceedings where the case continues.~~

Other than these 2 actions, no litigation must be disclosed in this Item.

### **Item 4 Bankruptcy**

~~No~~No bankruptcy information must be disclosed in this Item.

### **Item 5 Initial Fees**

#### **Initial Franchise Fee – Learning Center**

The initial franchise fee for a Learning Center franchise is \$40,000 and is due when you sign the Franchise Agreement. The initial franchise fee is fully earned when paid, must be paid in one lump-sum amount, and is non-refundable. The initial franchise fee is uniform for new franchisees. In our last fiscal year ended December 31, ~~2023~~2024, the initial franchise fees we collected for Learning Center franchises ranged from \$30,000 to ~~\$35,000~~\$40,000.

We offer a 10% discount from the initial franchise fee for qualified U.S. military veterans and active-duty personnel. To qualify, you must be an active-duty member of the U.S. armed forces or an honorably discharged veteran of the U.S. armed forces (and provide us with a copy of your certificate or a form DD-214). (For a franchisee that is an entity, a person who owns 51% or more of the entity must be a qualified veteran or active-duty service member.) If the qualified veteran or active-duty service member transfers her or his interest in the franchise in the first 2 years of the term of the Franchise Agreement, then the amount of the discount will have to be repaid on the transfer.

#### **Initial Franchise Fee – Studio Center**

The initial franchise fee for a Studio Center franchise is \$30,000 and is due when you sign the Franchise Agreement and Studio Center Rider. The initial franchise fee is fully earned when paid, must be paid in one lump-sum amount, and is non-refundable. The initial franchise fee is uniform for new franchisees. ~~In our last fiscal year ended December 31, 2023, the initial franchise fees we collected for Learning Center franchises were \$20,000.~~

#### **New Franchisee Training Fee**

Before you attend the Initial Management Training, you agree to pay us a New Franchisee Training Fee, which is currently ~~\$4,000~~\$750 per attendee. The New Franchisee Training Fee is not refundable and is payable in consideration of the training services that we provide to you in connection with helping you to establish your new Learning Center.

#### **Pre-Opening Inspection Fee**

~~On completion of construction, we will inspect your Learning Center before your grand opening to ensure that all brand standards have been met. You must pay us a fee of \$3,000 for this inspection.~~

#### **Development Fee**

If you sign the Development Agreement, you must pay us a development fee of \$40,000 for the first Learning Center to be developed plus ~~\$25,000~~\$20,000 for each additional Learning Center that you agree to develop under the Development Agreement. The amount of the development fee will vary based on the number of Learning Centers you choose to develop under the Development Agreement (currently, we require you to develop at least 2 Learning Centers). The development fee must be paid in a lump sum and is non-refundable. In our fiscal year ended

December 31, ~~2023~~2024, we ~~did not sell any areas~~sold 6 franchises for development rights and the Development Fees.

If you are in compliance with your obligations under the Development Agreement, then at the time you enter into the Franchise Agreement with us for the first Learning Center, we will credit to you \$40,000 as full payment of the initial franchise fee due under the Franchise Agreement for that Learning Center. If you continue to be in compliance with your obligations under the Development Agreement, then at the time you enter into the Franchise Agreement for each additional Learning Center that you develop under the Development Schedule, we will credit to you ~~\$25,000~~20,000, which credit we will apply to the initial franchise fee due under the Franchise Agreement for that Learning Center (provided, that the total amount of the credits that we grant to you will not exceed the total Development Fee that you have actually paid to us).

If you sign a Development Agreement, we will discount the initial franchise fee for the franchises that you must open under the Development Agreement as follows:

Initial Franchise Fee	Explanation
\$40,000	For the 1st franchise under the Development Agreement
\$35,000	For the 2nd through 5th franchises under the Development Agreement
\$30,000	For the 6th and all additional franchises under the Development Agreement

#### Pre-Opening Minimum Royalty Fee

If you do not open your Learning Center by the agreed date in your Franchise Agreement (the "**Opening Deadline**"), then for each month (pro-rated) that you have not yet opened after the Opening Deadline, you must pay us a minimum royalty fee of \$500 per month until you open the Learning Center for business (however, we will retain all rights including the right to terminate the Franchise Agreement if you do not open on time).

#### **Item 6 Other Fees**

Type of Fee	Amount	Due Date	Remarks
Learning Center Royalty Fee (Note 1)	8.0% of Net Sales (Note 2)	At the time of the transaction (Note 3)	
Studio Center Royalty Fee (Note 1)	12.0% of Net Sales (Note 2)	At the time of the transaction (Note 3)	
Marketing Contribution (Note 1)	2.25% of Net Sales	Same as royalties	Marketing Contributions are contributed to the Brand Marketing Development Fund, as described in Item 11. Also see Item 11 for your local marketing spend obligation.

Technology Fee (Note 1)	Our then-current fee; Currently \$350/ month	Monthly (Note 3)	The Technology Fee covers the administrative costs of the technology services and licenses we provide to you. We have the right to increase the Technology Fee annually by 10% and/or change the method of payment by providing notice to you. <del>Any increase not taken in any year may be added to increases in later years.</del> You will pay additional fees to third party technology vendors.
Supplier/Vendor or Supplies Approval (Note 4)	Cost of inspection of supplier's facilities and/or test of supplier's samples, plus our reasonable related expenses	On demand	Only due if you propose a new supplier or vendor (or particular suppliers) that we have not previously approved.
Product and Equipment Purchases	Will vary	On delivery or as agreed	We charge you for products and equipment you purchase from or through us.
Additional and Repeat Initial Training	Our then-current fee (currently <del>\$500</del> <del>\$1,000</del> <u>\$750</u> per individual to be trained)	As incurred	You pay this fee only if you wish to send additional individuals to our initial training program (beyond those that we require or if any of your staff must complete replacement training.
Ongoing/Remedial Training	Our then-current fee (currently \$500 - \$1,000 per day per trainer), plus our reasonable related expenses	As incurred	You pay this fee only if we require you to repeat training programs or attend additional ongoing training that we periodically require.
Convention Fee	If we hold an annual convention, you must pay us a fee for each person who attends.  Our current annual convention fee is \$750	As incurred	If we hold a franchise convention, then the party holding a controlling interest in you and your Designated Principal (if different) must register

	<p>per attendee (based on early bird pricing).</p> <p>We reserve the right to increase this fee.</p>		<p>for and attend the convention.</p> <p>We will bill you for one registration fee before the convention, which will provide you with one registration. If you have 2 persons (for example, your Designated Principal) or more attend the convention, you must register those additional persons and pay the applicable registration fee in advance.</p> <p>You are responsible for all other costs of attending conventions, such as travel, room and board, and your employees' wages, benefits and other expenses.</p>
Inspection or Audit (Note 5)	<p><del>Cost of</del><u>All expenses we incur for the inspection or audit plus our (including travel, lodging and wages expenses, and reasonable related expenses accounting and legal costs</u></p>	On demand	<p><del>Only due</del><u>Due if we conduct an inspection or audit because you did not timely provide sales reports to us, or if an inspection discloses that information provided to us was materially inaccurate or misleading you understated your sales, in any report to us (and/or underpaid your Royalties), by 2% or more, or if you did not maintain and/or provide us with access to your records.</u></p>
Interest	Interest is 1.5% per month on missed, overdue, or insufficient payments	On demand	<p>Only due if you do not make proper payment on time. Interest begins to accrue when payment was initially due. If a maximum interest rate applies under your state's law, then interest will not exceed that maximum rate.</p>

Renewal Fee	\$3,500	Due on signing of Renewal Agreement	The renewal fee is due instead of a new initial franchise fee.
Controlling Ownership Interest Transfer Fee	\$5,000	At the time of transfer	Only due if you propose a transfer.  For a transfer on disability or death of the franchisee's principal, we will not charge a transfer fee (but ask <del>instead to be reimbursed</del> <u>you must reimburse us</u> for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting the transaction).
<u>Management Fee</u>	<u>\$275 per day</u>	<u>On demand</u>	<u>Payable if we take over temporary operation of your Learning Center on death or incapacity of your Designated Principal. This fee covers the cost of Center Director wages, travel and room and board only.</u>
Non-Controlling Ownership Interest Transfer Fee	\$2,500	At the time of transfer	Due for transfers of Non-Controlling Ownership Interests and transfers to your wholly owned entity.
Relocation Fee	\$5,000 plus our reasonable expenses	At the time of relocation	Only due if you propose to relocate your franchise.
Cost of Enforcement or Defense and Damages (Note 6)	Will vary under circumstances	On demand	See Note 6.
Insurance	<del>Actual costs</del> <u>premiums plus our expenses</u>	On demand	Only due if you fail to purchase the required business insurance, and we exercise our right to buy insurance for you (we are not obligated to do so).
Indemnification	All expenses, including attorneys' fees	On demand	Only due if the indemnification clause is invoked. You will defend



			suits at your own cost and hold us harmless against suits involving damages resulting from your operation of the Learning Center, <del>including related securities offerings.</del>
Administrative Fee	\$100 per occurrence	On demand	If you do not maintain a proper and sufficient balance in the account from which your ACH deductions are made to pay all of the fees that are due under this Agreement, we may charge this fee.
	10% of our expenses if we elect to cure your default	On demand	If we take any action to cure your default, you must pay us an administrative fee in addition to the reimbursements.
Reimbursements	Actual amount	On demand	You agree to pay us any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.
Non-Compliance Fee	\$500 per week for each week that the default remains uncured	On demand	We may charge this fee if you are in default of the Franchise Agreement.
Liquidated Damages	(a) the average of your monthly Royalty Fees and Marketing Contributions for the 24 months immediately before our notice of termination (or, if you have been operating for less than 24 months, the average of your monthly Royalty Fees and Marketing Contributions for the number of months you have operated the Learning Center); (b) multiplied by	On demand	Payable if we terminate the Franchise Agreement based on your default.

	the lesser of 24 or the number of months remaining in the then-current term of <del>this</del> <u>the Franchise Agreement</u>		
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Management Fee	\$275 per day	On-demand	Payable if we take over temporary operation of your Learning Center on death or incapacity of your Designated Principal. This fee covers the cost of Center Director wages, travel and room and board only.
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### Notes

1. **Fees.** The above fees are payable only to us or our affiliates ~~(except for the Additional Tech Vendor Fees, which may be paid to a vendor).~~ All fees due to us or our affiliates ~~(such as royalty fees, advertising contributions, amounts due for your purchases from us or our affiliates, and other amounts due under the Franchise Agreement)~~ must be paid through the electronic funds transfer protocols that we require (including using the ACH network). We may debit your designated account to collect these amounts. You must keep a sufficient balance in the account from which the deductions are made to pay all fees due under the Franchise Agreement. We have the right to change payment method requirements. All of the fees payable to us or our affiliates are uniformly imposed and collected, however, we may waive collection of some or all of these fees in certain circumstances. None of the fees payable to us or our affiliates are refundable.

We have the right to make inflation adjustments to the fixed-dollar amounts under the Franchise Agreement (but not the initial franchise fee) if there are changes in the Index from the year in which you signed the Franchise Agreement. "**Index**" means the Consumer Price Index published by the U.S. Bureau of Labor Statistics ("**BLS**") (1982-84=100; all items; CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we can designate a reasonable alternative measure of inflation.

2. **Net Sales.** "**Net Sales**" means all revenue from the sale of all Services and Products and all other income of every kind and nature related to, derived from, or originating from the Learning Center, including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit, but excluding sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; and refunds, discounts, and other payment accommodations that you reasonably provide to your customers.
3. **Due Dates and Accounting Periods.** Each time you make a sale through our portal, app, or otherwise through us, the customer's funds currently flow through the payment processor and are allocated accordingly (that is, fees to the processor, Royalty Fees are paid to us, Marketing Contributions are remitted to the Brand Fund, and the balance is remitted to the franchisees) with respect to that incremental transaction.

If for any reason the funds do not flow in that manner, or if we are unable to automatically withdraw the Royalty Fees and Marketing Contribution due when you

make a sale (for example, if a sale does not go through our portal or app, or otherwise), then you must pay us the Royalty Fees and Marketing Contribution relating to the transaction by the Due Date (defined below).

Payments for other fees and sales reports are due monthly, with each month starting on the first day of the calendar month at one instant before 12:00:01 am (local time) and ending at one instant before 11:59:59 pm on the last day of the calendar month. Payments are due in our account on the 15th day of each Periodmonth (although we may initiate debits earlier so that the funds reach our account on time) (the “**Due Date**”).

Certain reports (for example, P&L’s) will be due on a Period-by-Period basis. For this purpose, “**Period**” means a regular calendar month (but we reserve the right to switch to a four or five-week “retail calendar” for the purpose of organizing books and records (typically, a retail calendar is organized into 13 4- and 5-week Periods in a year)).

4. **Supplier/Vendor, Supplies Approval.** See Item 8 for additional information.
5. **Inspection or Audit.** If we conduct an inspection or audit of your records and find that any payments due to us have been understated or underpaid, you must immediately pay us, on demand, the understated or underpaid amount plus interest from the date any amount was due until paid. If an inspection or audit shows that the information provided to us was materially inaccurate or misleading (or it cannot be determined whether it was materially inaccurate or misleading because you did not maintain and preserve the required records), you also must reimburse our expenses, including accounting and attorneys’ fees connected with the inspection or audit. An understatement of Net Sales or underpayment of 2.0% or more in any report is deemed to be materially inaccurate and misleading.
6. **Cost of Enforcement or Defense.** If a claim for amounts you owe to us is asserted in any legal proceeding before a court of competent jurisdiction, or if we or you must enforce the Franchise Agreement or a related agreement (including non-compete agreements) in a judicial or arbitration proceeding, we are entitled to reimbursement of our costs, including reasonable accounting and attorneys’ fees, resulting from this proceeding. You also must pay us all damages that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and our respective affiliates).

You also will be responsible for our costs of enforcement if your personnel do not comply with their confidentiality or non-competition obligations. This fee will only become due if: (i)

(i) you are in default under the Franchise Agreement, in which case you must reimburse us for our expenses (including reasonable attorneys’ fees) in enforcing or terminating the agreement; (ii) we successfully defend claims from you regarding the Franchise Agreement; or (iii) we incur costs in your defense except where a court with competent jurisdiction determines the claim or expense was caused solely by our gross negligence or willful misconduct.

#### **Item 7 Estimated Initial Investment**

#### **YOUR ESTIMATED INITIAL INVESTMENT**

<b>Table A:</b>
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(A- <u>(A SINGLE LEARNING CENTER UNDER A FRANCHISE AGREEMENT)</u>					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is Made
	From	To			
Initial Franchise Fee (Note 1)	\$40,000	\$40,000	Lump Sum	On signing Franchise Agreement	Us
New Franchisee Training Fee	\$1,000 750	\$2,000 750	Lump Sum	Before Initial Management Training	Us

Pre-Opening Inspection Fee	\$3,000	\$3,000	Lump Sum	On completion of construction	Us
Lease (Note 2)	\$7,500	\$17,500	As incurred	Before opening, as incurred	Landlord
Utility Deposit (Note 3)	\$250	\$500	As incurred	Before opening, as incurred	Utility Providers
Architect Fees (Note 4)	\$1,500	\$7,500 5,000	As incurred	Before opening, as incurred	Third Parties
Construction Costs (Note 4)	\$60,000 5,000	\$200,000 110,000	As incurred	Before opening, as incurred	Third Parties
Expenses for Initial Training (Note 5)	\$1,500	\$1,500	As incurred	Before opening, as incurred	Third Parties
Business Licenses and Permits (Note 6)	\$250	\$1,000	As incurred	Before opening, as incurred	Licensing Authorities
Business Insurance (Note 7)	\$1,000	\$2,500	As incurred	Before opening, as incurred	Insurance Providers
Initial Inventory (Note 8)	\$2,500	\$5,000	As incurred	Before opening, as incurred	Approved Suppliers
Computer Hardware & Software (Note 9)	\$5,000 10,000	\$7,500 20,000	As incurred	Before opening, as incurred	Approved Vendor
<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is</u>

	<u>From</u>	<u>To</u>			<u>Made</u>
Furniture, Fixtures, and Equipment (Note 10)	\$15,000 <u>25,000</u>	\$35,000	As incurred	Before opening, as incurred	Approved Suppliers
Signage (Note 10)	\$2,500 <u>6,000</u>	\$10,000 <u>15,000</u>	As incurred	Before opening, as incurred	Approved Suppliers
Grand Opening Marketing Program (Note 11)	\$5,000 <u>8,000</u>	\$5,000 <u>12,000</u>	As incurred	Before and during opening	Various
Professional Fees (Note 12)	\$500	\$2,500	As incurred	Before opening, as incurred	Accountants, Attorneys, and Consultants
Additional Funds (3 months) (Note 13)	\$30,500 <u>20,000</u>	\$45,000 <u>30,000</u>	As incurred	After opening	Various
Total	\$177,000 177,000 <u>174,750</u> 0	\$385,500 385,500 <u>298,250</u>			

**Table B:**  
**(A SINGLE STUDIO CENTER UNDER A FRANCHISE AGREEMENT AND STUDIO CENTER RIDER)**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is Made
	From	To			
Initial Franchise Fee (Note 1)	\$30,000	\$30,000	Lump Sum	On signing Franchise Agreement	Us
New Franchisee Training Fee	\$1,000 <u>750</u>	\$2,000 <u>750</u>	Lump Sum	Before Initial Management Training	Us
Pre-Opening Inspection Fee	\$3,000	\$3,000	Lump Sum	On completion of construction	Us
Lease (Note 2)	\$0	\$2,500	As incurred	Before opening, as incurred	Landlord
Construction Costs (Note 4)	\$0	\$5,000	As incurred	Before opening, as incurred	Third Parties

**Table B:**  
**(A SINGLE STUDIO CENTER UNDER A FRANCHISE AGREEMENT**  
**AND STUDIO CENTER RIDER)**

<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is Made</u>
	<u>From</u>	<u>To</u>			
Expenses for Initial Training (Note 5)	\$1,500	\$1,500	As incurred	Before opening, as incurred	Third Parties
Business Licenses and Permits (Note 6)	\$250	\$1,000	As incurred	Before opening, as incurred	Licensing Authorities
Business Insurance (Note 7)	\$1,000	\$2,500	As incurred	Before opening, as incurred	Insurance Providers
Initial Inventory (Note 8)	\$2,500	\$5,000	As incurred	Before opening, as incurred	Approved Suppliers
Computer Hardware & Software (Note 9)	\$4,000	\$7,500	As incurred	Before opening, as incurred	Approved Vendor
Furniture, Fixtures, and Equipment (Note 10)	\$0	\$2,500	As incurred	Before opening, as incurred	Approved Suppliers
Signage (Note 10)	\$0	\$1,500	As incurred	Before opening, as incurred	Approved Suppliers
Grand Opening Marketing Program (Note 11)	<u>\$5,000<sup>8</sup></u> <u>000</u>	<u>\$5,000<sup>12</sup></u> <u>000</u>	As incurred	Before and during opening	Various
Professional Fees (Note 12)	\$500	\$2,500	As incurred	Before opening, as incurred	Accountants , Attorneys, and Consultants
Additional Funds (3 months) (Note 13)	<u>\$30,500<sup>2</sup></u> <u>0,000</u>	<u>\$45,000<sup>3</sup></u> <u>0,000</u>	As incurred	After opening	Various
Total	<u>\$79,250<sup>7</sup></u> <u>250<sup>6</sup></u> <u>0</u>	<u>\$116,500<sup>11</sup></u> <u>6,500<sup>10</sup></u> <u>250</u>			

**Table C: (FOR 3 LEARNING CENTERS UNDER A DEVELOPMENT AGREEMENT)**

	<u>Amount</u>	<u>Method</u>	<u>To Whom</u>
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Type of Expenditure	From	To	of Payment	When Due	Payment Is Made
Development Fee (Note 1)	\$50,000	\$50,000	Lump Sum	On signing Development Agreement	Us
Initial Investment for your first Learning Center	<del>\$177,000</del> 17,000 174,750	<del>\$385,500</del> 385,500 298,250 0	As incurred	Before opening, as incurred	Landlord
Totals	<del>\$50,000.00</del> 224,750	<del>\$50,000.00</del> 348,250			

We do not offer direct or indirect financing for any part of the initial investment. We do not guarantee your note, lease, or obligations. None of the fees payable to us or our affiliates is refundable. We cannot estimate whether and to what extent fees payable to third parties may be refunded.

**Table A** provides the estimates applicable if you were to open one franchised Learning Center under a Franchise Agreement.

**Table B** provides the estimates applicable if you were to open one franchised Studio Center under a Franchise Agreement and a Studio Center Rider.

**Table C** provides the estimates applicable if you sign a Development Agreement to open three Learning Centers (currently, we require you to develop at least two Learning Centers under a Development Agreement).

#### Notes to Tables:

- Initial Franchise Fee and Development Fee.** See Item 5. In Table C, the Development Fee includes the Initial Franchise Fee for Learning Centers 2 and 3 only, as the Initial Franchise Fee for the first Learning Center is included in the next row entitled "Initial Investment for your first Learning Center".
- Lease.** ~~For a Learning Center, you must purchase or lease a space from which to operate your Learning Center.~~ If you lease the premises for your Center, you may need to pay one month's rent plus security deposit. The estimates given are based on a sampling of our locations; your monthly costs will vary. This estimate is for lease payments covering four months' rent (rent for the first three months of operation and one your first month's rent and security deposit) only. Additional rent is in the Additional Funds section. The estimate assumes a Learning Center that is 1,100 square feet to 1,700 square feet in size, with rent at \$20 to \$30 per square foot per year, and no obligation to pay rent during the build-out period (before you actually open for business).

Learning Center locations include downtown store fronts, suburban centers, entertainment centers, and shopping centers.

For a Studio Center, you will either use a space similar to what is described above as a Learning Center, but with a footprint of less than 1,000 square feet, or you will partner with a local school, community center or church to use an existing space.

Rent varies considerably from market to market, and from location to location within each market. Rents may vary beyond the range that we have provided based on factors such as competition and market conditions in your area, the type and nature of improvements needed to the premises, the size of the Learning Center, the terms of the lease, and the desirability of the location. If you cannot negotiate a pre-opening rent abatement your costs will be higher. If you choose to buy (instead of leasing) the real estate for your Learning Center, you will incur additional costs that we cannot estimate.

- 3 **Utility Deposits.** You may be required to pay deposits before the installation or beginning of service of telephone, gas, electric and other utilities. This estimate excludes utility tap fees which are typically covered by the landlord.
- 4 **Architect's Fees and Construction Costs.** The cost of construction depends on the size and condition of the premises, the nature and extent of leasehold improvements required, including awning, general construction, permits, architectural fees and legal fees. The location, age and size of the Learning Center and the extent of landlord participation in the build-out significantly affect that cost. ~~The lower figure assumes that the cost of leasehold improvements is borne by the landlord through a tenant improvement allowance for leasehold improvements.~~ The range of figures in the table above includes the cost of reasonable renovation or leasehold improvements. The extent of the required leasehold improvements may vary widely depending on the existing facility and modifications required to accommodate a Learning Center operation. The estimates may change based on the amount of Tenant Improvement Allowance received from the Landlord. The architect's fee is not included in the total estimate for construction and is shown as a separate entry in the above chart. The estimate is based on space in the range of 1,100 to 1,700 square feet at a build-out cost of about \$85 to \$150 per square foot depending on your location. If you incur higher build-out costs, then your total expenditure will be higher as well.
- 5 **Initial Training Expenses.** You are responsible for making arrangements and paying the expenses for any persons attending the training program, including transportation, lodging, meals, and wages. The amount spent will depend, in part, on the distance you must travel and the type of accommodation you choose. The estimate provided contemplates the training of 1 person (the Designated Principal or Center Director) for about 4 days in accordance with the training schedule in Item 11. The estimate assumes a per diem cost and travel allowance of \$375 per person.
- 6 **Business Licenses and Permits.** This estimate includes costs relating to business license requirements, health, and safety regulations (including occupancy), employment regulations, music, and entertainment (including license fees to copyright and other intellectual property owners and vending licenses). You should not consider this list as comprehensive. The laws in your state, county or municipality may be more or less stringent. You are advised to examine these laws before purchasing a franchise from us. You may need to hire accountants and/or legal counsel to assist you in obtaining required licenses and permits and other legal compliance, which is shown as a separate entry in the above chart.
- 7 **Business Insurance.** The estimate is to pay for 12 months' insurance coverage under the required minimums under your Franchise Agreement, both before and after you



open your Learning Center. The cost of insurance will vary based on the type of policies procured, nature and value of physical assets, gross revenues, number of employees, square footage, geographical location, size, and contents of the business, and other factors bearing on risk exposure.

- 8 **Initial Inventory.** These amounts represent your initial inventory of certain items, including rank stickers and patches, laptop bags, pencils, pens, notepads, presentation folders, binders, among other items.
- 9 **Computer Hardware and Software.** The estimated initial investment includes costs related to the purchase of required POS System hardware and software as well as security cameras for the Learning Center. We reserve the right to implement as a part of our standards and specifications in the Brand Manual the requirement that you obtain approved accounting, reporting and operational software. This estimate includes student laptops and an android tablet. We do not currently anticipate that any required software will be customized and proprietary, thus the terms of any software license or other agreement that you must sign for the software are not currently known to us.
- 10 **Furniture, Fixtures, Equipment, and Signage.** You must furnish your Learning Center in accordance with our standards. This will include certain required equipment, furniture, and fixtures. These costs will vary depending on the size and condition of the Learning Center. Your required equipment will include desks, working stations, chairs, storage systems, coffee systems, lounge furniture, and various trade dress and décor items and all other equipment required to properly operate the Learning Center. ~~Signage~~Furniture, fixtures, equipment and signage must be obtained from our ~~approved or your pre-approved~~ supplier and conform to our standards, including standards related to the use of our trademarks as stated in the Brand Manual.
- 11 **Grand Opening Marketing Program.** ~~You~~The minimum that you must spend the amount stated in your ~~Franchise Agreement~~ for grand opening marketing and promotional programs for the initial launch of your Learning Center, ~~that we estimate will be \$5,000 is \$8,000.~~ These programs include marketing spanning from 60 days before opening to no later than 60 days post-opening, and may include giveaways, and related direct labor.
- 12 **Professional Fees.** The estimate is for legal, accounting, administrative, traffic studies, demographic studies, and miscellaneous other professional fees that you may incur before you open for business, including (among other things) to assist you in reviewing the Franchise Agreement. Your actual costs may vary, for example, depending on the degree to which you rely on your advisors, type of financing, lease negotiations, and the permitting process in your city. The hourly rates for advisors, accountants, and legal professionals will also vary.
- 13 **Additional Funds.** You will need capital to support on-going expenses, such as payroll utilities and marketing, to the extent that these costs are not covered by sales revenue. New businesses often generate a negative cash flow. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be 3 months. This is only an estimate. Our estimate is based on our own business experience and information and that of our affiliates.

~~Your credit history could impact the amount (and cost) of funds needed during the start-up phase. If you have no credit history or a weak credit history, suppliers may give you less favorable lending and payment terms, which might increase the amount of funds you will need during this period.~~

You will need to have staff on-hand before opening to prepare the Learning Center for opening, training, orientation, and related purposes. We estimate that you will need about 35 hours of staff time to get ready for your opening. Your staffing costs will depend on the prevailing wage rates in your area.

The figures in the chart and the explanatory notes are only estimates.

You should take into account the cash outlays and probable losses that you may incur while you are getting established. Extensive start-up costs may be involved, depending on your circumstances.

## **Item 8**

### **Restrictions on Sources of Services and Products**

#### **Required Purchases of Goods and Services**

You must operate the Learning Center in conformity with the methods, standards, and specifications that we require (whether issued in the Brand Manual or otherwise). Among other things, these standards require that you must:

- ~~▲~~sell or offer for sale only those Services and Products, using the equipment and other items, that we have approved in writing for you to offer and use at your Learning Center;
- ~~▲~~sell or offer for sale all those Services and Products, using the equipment and other items, and employing the techniques that we specify in writing;
- ~~▲~~not deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent;
- ~~▲~~stop using and offering for use any Services or Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time).

If you deviate (or propose to deviate) from our standards and specifications, whether or not we have approved, the deviation will become our exclusive property.

We have the right to designate ~~only one supplier~~suppliers for certain items used at the Learning Center in order to take advantage of marketplace efficiencies. We currently designate F.C. DadsonDadson, Inc. as our design firm, Wadsworth Design, and Signation Sign Group as our approved suppliers for the furniture, fixtures and signage for franchisees' Learning Centers. Your build-out of your location must be consistent with the approved design from our approved design firm. Neither we nor our affiliates are presently the only approved supplier for any items. None of our officers own any interest in any other approved or designated supplier for any product, good or service that you must purchase for the operation of your Learning Center.

You may choose a contractor to complete construction based on the design and plans from our approved design firm. ~~On~~Within six months of completion of construction, we will inspect your Learning Center before your grand opening onto ensure that all brand standards have been met. ~~You must pay us a fee of \$3,000 for this inspection.~~

The Franchise Agreement also provides that you may not use any item bearing our trademarks without our prior written approval as to those items.

We estimate that the cost of your purchases and leases from sources that we designate or approve, as well as purchases in accordance with our standards and specifications, will be about 25% to 50% of the total cost of establishing a Learning Center and about 70% to 80% of the cost of continued operation of the franchise.

You must allow us or our representatives, at any reasonable time, to inspect the Learning Center and to remove samples of items or products, without payment, in amounts reasonably necessary for inspection or testing by us or a third party to determine whether those samples meet our then- current standards and specifications. We may require you to bear the cost of that testing if we did not previously approve in writing the supplier of the item or if the sample that we take from your Learning Center fails to conform to our specifications.

#### Approval of Alternative Suppliers

If you want to buy any supplies, or any other items from an unapproved supplier, you first must submit to us a written request asking for our approval to do so. You may not purchase from any proposed new supplier until we have reviewed and, if we think it is appropriate, approved in writing the proposed new supplier. We will provide our decision within 60 days after we have received your proposal. When considering whether to approve any particular possible supplier, we will consider (among others) the following factors:

- whether the supplier can show, to our reasonable satisfaction, the ability to meet our then- current standards and specifications;
- whether the supplier has adequate quality controls, insurance, capability, and capacity to supply the System's needs promptly and reliably; and
- whether the supplier's approval would enable the System, in our sole opinion, to take advantage of marketplace efficiencies.

Among other things, we will have the right to require that our representatives be permitted to inspect the proposed new supplier's facilities, and that samples from that supplier be delivered either to us or to an independent laboratory that we designate for testing. Either you or the proposed new supplier must pay us a charge (which will not exceed the reasonable cost of the inspection and the actual cost of the tests). We also may require that the proposed new supplier comply with certain other requirements that we may deem appropriate, including for example payment of reasonable continuing inspection fees and administrative costs, or other payment to us by the supplier on account of their dealings with you or other franchisees, for use, without restriction (unless otherwise instructed by the supplier) and for services that we may render to our suppliers.

Our criteria for approving a proposed supplier include various quality related factors, including for example the supplier's history, its other production work, product quality, quality controls, and related benchmarks. We typically will provide you with our response to a proposed new supplier within 30 to 45 days, but that may vary depending on factors such as the nature of the item that is proposed for our consideration and the supplier's cooperation and response. We have the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then-current criteria (if we revoke our approval, we will notify you in writing). You may not buy items from any supplier that we do not approve in writing, and you must stop buying items from any supplier that we may have approved but later disapprove.

We have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments, or benefits (collectively, "**Allowances**") offered by suppliers

to you or to us (or our affiliates) based on franchisee purchases of Products, equipment, and other goods and services. These Allowances include those based on System-wide purchases of Products, equipment and other goods and services. We may either retain the credit ~~for~~ any volume discounts, rebates or incentives received as a result of your purchases or contribute all or a portion of them to the Brand Fund offset expenses related to franchisee activities such as regional meetings or an Annual Conference.

During our ~~2023~~2024 fiscal year, we ~~did not receive any revenue~~received \$103,707 from ~~our~~the sale of goods or services to our franchisees, representing 1.0% of our total revenues of \$10,255,083 million. (These figures reflect revenue from our entire franchise system, which includes franchisees located outside of the United States. About 75% (by unit count) of our franchise system is based in the United States).

We have no purchasing or distribution cooperatives at the current time. We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some Services or Products to some or all of the Learning Centers in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all Services and Products, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that action would be in the best interests of the System or the licensed network of Learning Centers.

We have the right to negotiate prices and terms with suppliers for the benefit of our franchisees. Currently, neither we nor our affiliates have negotiated arrangements with suppliers for the benefit of our franchisees.

We do not provide material benefits to franchisees based on a franchisee's purchase of particular Services or Products or use of a designated or approved supplier.

### Insurance

You must obtain and maintain, throughout the term of the Franchise Agreement, certain minimum insurance types and coverages, including:

- Commercial general liability insurance with limits of at least \$1,000,000 per occurrence, and \$2,000,000 general aggregate, and product liability insurance with limits of at least \$2,000,000 general aggregate including the following coverages: Employer's liability and abuse and molestation coverage; professional liability, personal injury (employee and contractual inclusion deleted); products/completed operation; assault and battery; terrorism; and tenant's legal liability with limits of at least \$300,000. This coverage will not exclude losses due to assault, battery, and/or the use or brandishing of firearms.
- Comprehensive liability insurance including owned (if applicable), non-owned, and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least \$1,000,000 combined single limit, and \$1,000,000 general aggregate limit.
- Excess liability coverage over general liability, auto liability, workers' compensation, and abuse/molestation, with at least \$2,000,000 per occurrence and in the aggregate.

- Statutory workers' compensation insurance and employer's liability insurance for a minimum limit of at least the greater of \$500,000, statutory requirements, and the amounts required as underlying by your umbrella carrier, as well as such other disability benefits type insurance as required by statute or rule of the state in which the Learning Center is located.
- Data theft and Cyber Liability Privacy Notification and Crisis Management First & Third Party coverage with limits of liability not less than \$500,000 combined single limit.
- Employment practices liability insurance with limits of liability not less than \$1,000,000 combined single limit.
- Any other insurance coverage that is required by federal, state, or municipal law.

These policies must all include us and any entity in which we have an interest, as well as our affiliates, and each of our respective members, managers, shareholders, directors, officers, partners, employees, servants, and agents, as additional insured parties.

**Item 9**  
**Franchisee's Obligations**

**FRANCHISEE'S OBLIGATIONS**

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

	Obligation	Section in Franchise Agreement	Section in Development Agreement	Disclosure Document FDD Item
a.	Site selection and acquisition/lease	1.2, 5; Studio Center Rider, 3	Not applicable	11, 12
b.	Pre-opening purchase/leases	5, 6, 7, and 14; Studio Center Rider, 3	Not applicable	11
c.	Site development and other pre-opening requirements	3.2, 3.3, 3.4, 3.8, and 5; Studio Center Rider, 3	1 and 2	5, 7, 11
d.	Initial and ongoing training	3.1 and 6	Not applicable	11

e.	Opening	3.4, 3.8, 5.1, 5.7 and 8.2; Studio Center Rider, 4	Not applicable	5, 6, 7, 11
f.	Fees	2.2.6, 3.8, 4, 5.9, 6.2.1, 6.2.3, 6.4, 6.5, 7.1.4, 12.6, 12.7, 14.1.3, 15.7, 16.5.9, and 18.13; Studio Center Rider, 5 and 6	4	5, 6
g.	Compliance with standards and policies/operating manual	1.5, 3.5, 5, 7, 8, and 10; Studio Center Rider, 7	Not applicable	8, 11, 15
h.	Trademarks and proprietary information	1.1 and 9; Studio Center Rider, 10	7	13, 14
i.	Restrictions on products/services offered	1.5 and 7	Not applicable	8, 16
j.	Warranty and customer service requirements	8	Not applicable	15
k.	Territorial development and sales quotas	1.3	2 and Exhibit A	12
l.	Ongoing product/service purchases	7	Not applicable	8
m.	Maintenance, appearance, and remodeling requirements	2.2.2, 5, 8.7, and 16.5.5; Studio Center Rider, 8	Not applicable	11
n.	Insurance	15; Studio Center Rider, 11	9.2	7, 8, 11
o.	Advertising	3.6 3.7 and 13	Not applicable	6, 11
p.	Indemnification	21.4 and Exhibit C	9.8, and 13	14
q.	Owner's participation/management/staffing	8.3.1, 19.1, 28.11.1, and 28.11.2	Not applicable	11, 15
r.	Records and reports	2.2.9, 4.2.1, 4.3.2.1, 8.6.1, 12, and 14.3	Not applicable	6, 11

s.	Inspections and audits	3.8, 6.4, 7.1.4, 8.6.1, and 12	Not applicable	6, 11
t.	Transfer	16 and 19.5	9.3 and 10	17
u.	Renewal	2.2	Not applicable	17
v.	Post-termination obligations	11.1.1, 12.1.2, 18, 19.3 and 19.5; Studio Center Rider, 13	9.3, 9.4, and 11	17
w.	Non-competition covenants	19	9.6	17
x.	Dispute resolution	27	9.14	17
y.	Taxes/permits	4.2.3.1, 5.5.1, 5.6.3, 8.6, and 20	9.7	9
z.	Other: Personal Guarantee	Exhibit B	Exhibit B	Not applicable

## **Item 10 Financing**

We do not generally offer, directly or indirectly, any financing to you to help you establish your business. We do not guarantee your notes, leases, or other obligations.

## **Item 11**

### **Franchisor's Assistance, Advertising, Computer Systems, and Training**

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

#### **Pre-Opening Assistance:**

Before you open your Learning Center, we will:

1. Provide services in connection with your site, including:
  - Site selection guidelines, counseling, and assistance as we deem advisable (Franchise Agreement, Sections 1.2 and 3.2 and Exhibit ~~FE~~ to Franchise Agreement, Site Selection Addendum);
  - One on-site evaluation without a separate charge on receipt of a completed site selection package submission (Franchise Agreement, Section 1.2 and Exhibit ~~FE~~ to Franchise Agreement, Site Selection Addendum);
  - Written notice of approval or disapproval of the proposed site within 30 days of receiving your completed site selection package submission (Franchise Agreement, Section 1.2 and Exhibit ~~FE~~ to Franchise Agreement, Site Selection Addendum); and
  - Review of design plans, and renovation plans for the Learning Center (Franchise Agreement, Section 3.3).

If you do not acquire or lease a site that we have accepted in writing within 180 days of signing the Site Selection Addendum (if we have not approved your site when the Franchise Agreement is signed), we have the right to terminate the Franchise Agreement and the Site Selection Addendum (Franchise Agreement, Section 17.2.1). For a Studio Center, you must open the Studio Center within 120 days of signing the Franchise Agreement (Studio Center Rider, Section 4).

2. Make available our standard layout, design and image specifications for a Learning Center, including:
  - Plans for exterior and interior design and layout (Franchise Agreement, Section 3.3); and
  - Written specifications for fixtures, furnishings, equipment, and signage (Franchise Agreement, Section 3.3), including the names of approved suppliers (however, we do not supply these items directly nor do we assist with delivery or installation).
3. Provide you with a copy of the Brand Manual (as more fully described below in this Item 11 of this FDD) (Franchise Agreement, Section 3.5);
4. Provide you with training (as more fully described below in this Item 11 of this FDD) (Franchise Agreement, Section 3.1);
5. Assist you in developing your Grand Opening Marketing Program (Franchise Agreement, Section 3.6); and
6. Inspect and evaluate your Learning Center before it first opens for business. ~~You must pay us an inspection fee of \$3,000 for this inspection~~ (Franchise Agreement, Section 3.8).

We are not required by the Franchise Agreement to furnish any other service or assistance to you before you open your Learning Center.

If you sign a Development Agreement, we will apply our then-current standards for site evaluation and approval to each Learning Center you open after your first Learning Center.

Continuing Assistance:

~~We are required by the~~ The Franchise Agreement requires us to provide certain assistance to you during the operation of your Learning Center:

1. Provide you periodic assistance in the marketing, management, and operation of the Learning Center at the times and in the manner that we determine (Franchise Agreement, Section 3.9);
2. Periodically offer you the services of certain of our representatives, such as field consultants, and these representatives will periodically visit your Learning Center and offer advice regarding your operations (Franchise Agreement, Section 3.9);
3. Provide ongoing training that we periodically deem appropriate, at places and times that we deem proper (Franchise Agreement, Section 6.4); and



4. Provide you suggested retail pricing periodically at the times and in the manner that we determine; however, you will always have the right to set your own prices provided that we may set reasonable restrictions on the maximum and minimum prices you may charge for Services and Products, subject to applicable law (Franchise Agreement, Section 8.11).

Neither the Franchise Agreement, nor any other agreement, requires us to provide any other assistance or services to you during the operation of the Learning Center.

#### Typical Length of Time Before Opening:

You must open your Learning Center within 8 months from when you sign the Franchise Agreement. ~~If you do not do so~~ We may agree to extend this timeframe by up to an additional 4 months, at our sole discretion. If the Learning Center does not open within 12 months, that is a default under the Franchise Agreement.

We estimate the length of time between the signing of the Franchise Agreement and the time you open your Learning Center to be 120 to 240 days. Factors that may affect this time period include your ability to acquire financing or permits, build out your location, have signs and equipment installed in your location, and complete the required training. ~~You must also obtain the minimum number of enrollments that we require (currently 40) before you open your Learning Center.~~ You should have a suitable location and signed lease within 120 days of signing the Franchise Agreement.

You must open your Studio Center within 120 days from when you sign the Franchise Agreement and Studio Center Rider.

We estimate the length of time between the signing of the Franchise Agreement and the time you open your Studio Center to be 60 to 120 days. Factors that may affect this time period include your ability to acquire financing or permits, build out your location, have signs and equipment installed in your location, and complete the required training. ~~You must also obtain the minimum number of enrollments that we require (currently 30) before you open your Studio Center.~~ You should have a suitable location and signed lease within 60 days of signing the Franchise Agreement.

#### Advertising:

Each Period during the Term, you must spend the below amounts on local advertising, marketing, and promotions within the area reasonably surrounding your Learning Center.

For the first 24 months after you open your Learning Center	\$2,000 to \$2,500 per month
For month 25 and all later months	4.0% of Net Sales

*The Brand Marketing Development Fund.* The following provisions (and others in the Franchise Agreement) apply to the brand marketing development fund ("**Brand Fund**"):

- (1) We have sole decision-making authority and direction over all marketing programs, and any concepts, materials, and media used in such programs.
- (2) The Brand Fund, all contributions to ~~that fund~~ the Fund, and the ~~fund~~ Fund's earnings, will be used exclusively to meet any and all costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations

and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System. We use a combination of in-house resources and national agencies to create marketing materials and marketing strategies and usually use television, print articles and Facebook/Google advertisements for media placement. We also use a combination of local, regional, and national coverage for the marketing.

- (3) The Brand Fund is not and will not be our asset.
- (4) Although the Brand Fund is intended to be of perpetual duration, ~~we will~~ have the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been spent for marketing purposes.
- (5) None of the amounts in the Brand Fund will be used for marketing that is principally a solicitation for the sale of franchises.
- (6) As to the Brand Fund: (a) ~~we will~~are not ~~be~~ required to spend any particular amount on marketing in the area where your Learning Center is located; and (b) if there are unspent amounts in the Brand Fund at fiscal year-end, those amounts are carried over by the Brand Fund for expenditure in the following year.
- (7) We will make an annual accounting of the Brand Fund available on request. The Brand Fund will not be audited.
- (8) Company- or affiliate-owned Learning Centers contribute to the Brand Fund based on the same calculations that apply to a new franchised Learning Center.
- (9) In fiscal year ~~2023~~2024, the Brand Fund was used for production of advertising and promotional materials (~~47~~16%), media placement (~~45~~40%), administrative expenses (~~23~~25%), and other items including publicity efforts (~~15~~19%).

*Local Marketing.* You must spend a certain amount on local marketing and promotion on a continuous basis throughout the term of your Franchise Agreement. This requirement is described in the Advertising section above.

- A. Local marketing and promotion includes only the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying.
- B. We will apply certain criteria in reviewing and evaluating the local marketing that you conduct. All of your local marketing must be dignified, must conform to our standards and requirements, and must be conducted in the media, type, and format that we have approved. You may not use any marketing, advertising, or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans. If we do not give our approval within 14 days, ~~we will have been deemed to disapprove~~ the plans or materials are disapproved. All copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you is our sole property.

- C. We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point-of-purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.
- D. The required contributions and expenditures are minimum requirements only, and you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Learning Center.

*Advertising Cooperatives.* Currently, we do not require franchisees to participate in a local or regional advertising cooperative, but we reserve the right to do so in the future.

*Grand Opening Marketing Program.* You must spend at least ~~\$5,000~~\$8,000 for grand opening marketing and promotional programs in conjunction with each Learning Center's initial grand opening, under a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program must begin 60 days before the scheduled opening date for your Learning Center and must be completed no later than 60 days after the Learning Center opens. Like all other marketing, your Grand Opening Marketing Program is subject to our prior approval, marketing standards, and requirements.

*Vehicles.* You may not wrap your vehicles in our Marks, or otherwise use a vehicle to promote the Learning Center, without our prior written approval. We have the right to condition our approval on those factors that we deem appropriate, including that your vehicle meets our then current standards for wrapping, insurance requirements, and other standards.

~~Except as expressly stated above, we~~We have no obligation to spend any amount on advertising in your Protected Area (as defined in Item 12) or elsewhere.

*Advisory Council.* We have formed an advisory council made up of franchisees and franchisor representatives. Franchisees are chosen to participate in the council based on, in part, performance and length of time in the system. The advisory council acts in an advisory capacity only and does not have decision-making authority. We reserve the right to change or dissolve it at any time.

#### Computer Requirements:

We require our franchisees to purchase a Computer System. You must meet our requirements concerning the Computer System, including: (a) back office and point of sale systems, data, audio, video (including managed video security surveillance), telephone, voice messaging, retrieval, and transmission systems for use at Learning Centers, between or among Learning Centers, and between and among the Learning Center, ~~and you, and us~~; (b) physical, electronic, and other security systems and measures; (c) printers and other peripheral devices; (d) archival back-up systems; (e) internet access mode (such as the telecommunications connection) and speed; ~~(f)~~ (f) technology used to enhance and evaluate the customer experience; (g) front-of-the-house WiFi and other internet service for customers; (h) in-Learning Center music systems; (i) hardware and Required Software (defined below); and (j) consumer-marketing oriented technology (including customer applications, affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites)

(collectively, all of the above are referred to as the “**Computer System**”). The Computer System will be used to access the technology platforms used for day-to-day operations. Leads, student data, the education curriculum, and all payment information will all be stored in the partner platforms (not stored locally on the Computer System).

The Code Ninjas Point of Sale (POS) system consists of a PC-based hardware platform (including PC processor and peripheral hardware devices such as touch screens, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) combined with POS software. You must be able to maintain a continuous cabled (not wireless) connection to the internet to send and receive POS system data to us. Wireless connections to the internet are not authorized or supported for the POS system. You must establish merchant accounts and internet-based credit card and gift card authorization accounts that we designate for use with online card authorizations.

We have the right to develop or have developed for us, or to designate: (a) programs, computer software, and accounting system software that you must use in connection with the Computer System (“**Required Software**”), which you must install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install; (c) the tangible media on which you must record data; and (d) the database file structure of your Computer System.

We rely on suppliers to provide support for the hardware and Required Software and we may require that you enter into service contracts directly with the hardware and Required Software suppliers and pay the suppliers directly for this support.

We estimate that the cost of purchasing the Computer System and Required Software will typically range from ~~\$5,000~~10,000 to ~~\$7,500~~20,000.

The estimated annual cost of Computer System maintenance, support, and upgrades is \$500 to \$2,000. Neither we nor any of our affiliates have an obligation to provide ongoing maintenance, repairs, upgrades, or updates to your computer hardware or software, although we recommend replacing about 1/3 of your hardware every 3 years.

You must be able to access information that is available on the internet, and be able to send and receive email. We may periodically require you to upgrade and update the hardware and Required Software used in connection with the Computer System. There are no contractual limitations on the frequency and cost of these upgrades and updates. We reserve the right to approve your email address or require you to use only an e-mail address that we provide for your Learning Center’s business e-mails.

You must afford us unimpeded access to your Computer System in the manner, form, and at the times we request. We will have the independent right at any time to retrieve and use this data and information from your Computer System in any manner we deem necessary or desirable.

We have the right to require you to use one or more designated telephone vendors. If we so require, you must use our designated telephone vendors for the phone service to your Learning Center. We may designate, and own, the telephone numbers for your Learning Center.

**Digital Sites.** Unless we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to your Learning Center or referring to the Proprietary Marks. We have the right, but not the obligation, to provide one or more references or webpage(s), as we periodically designate, within our

Digital Site. The term “**Digital Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to, internet, World Wide Web, webpages, microsites, social networking sites (e.g., Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.), blogs, vlogs, applications to be installed on mobile devices (for example, iOS or Android apps), and other applications, etc. However, if we approve a separate Digital Site for you (which we are not obligated to do), then each of the following provisions apply: (1) you may neither establish nor use any Digital Site without our prior written approval; (2) before establishing any Digital Site, you must submit to us, for our prior written approval, a sample of the proposed Digital Site, including its domain name, format, visible content (including, without limitation, proposed screen shots), and non-visible content (including meta tags), in the form and manner we require; (3) you must not use or modify a Digital Site without our prior written approval; (4) you must comply with the standards and specifications for Digital Sites that we periodically prescribe in the Brand Manual or otherwise in writing; (5) if we require, you must establish hyperlinks to our Digital Site and other Digital Sites; and (6) we may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf.

**Data.** All of the data that you collect, create, provide, or otherwise develop is owned exclusively by us, and we have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you. All other data that you create or collect in connection with the System, and in connection with operating the Learning Center (including customer and transaction data), is owned exclusively by us during the term of, and after termination or expiration of, the Franchise Agreement. You must transfer to us all data (in the digital machine-readable format that we specify, including printed copies and originals) promptly on our request, whether during the term of the Franchise Agreement, or on expiration, termination or transfer of the Franchise Agreement.

You must comply with all laws pertaining to the privacy of consumer, employee, and transactional information (“**Privacy Laws**”). You must also comply with our standards and policies concerning the privacy of consumer, employee, and transactional information.

#### Brand Manual:

We will loan you a copy of our Brand Manual (in any format as we deem appropriate) for your use during the term of the Franchise Agreement. The Brand Manual contains our standards and specifications for you to follow in the operation of your Learning Center. The Brand Manual at all times remains our sole property and you will agree under the Franchise Agreement to treat the Brand Manual as confidential and to promptly return all copies to us following termination or expiration of the Franchise Agreement.

We reserve the right to periodically update and modify the contents and format of the Brand Manual (which currently has 291 pages or digital screens). The Table of Contents of the current Brand Manual is found as Exhibit F to this FDD.

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Training:

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			(ATLAtlanta)
Core: Cash Flow Management & Finance	4	0	In-Person (ATLAtlanta)
Core: 3-Month Before, Soft Opening, Grand Opening	2	0	In-Person (ATLAtlanta)
Core: Center Operations	4	0	In-Person (ATLAtlanta)
Center Visit in ATLAtlanta - Check Out a Top Center	2	0	In-Person (ATLAtlanta)
<b>TOTAL</b>	<b>28</b>	<b>0</b>	

Training will consist of two components: remote, self-paced learning and in-person, group learning. Training will be conducted over 21 days and includes two weeks of self-paced learning through a variety of basic systems and organizational information. This self-paced learning will be completed using Moodle, our training site, and documentation available through ~~Sharepoint~~SharePoint, our knowledge hub. There is also a third week of in-person group learning to be held in Atlanta. Training is conducted as frequently as we determine it necessary to hold a training class.

Currently, our training program is led by Edward Kim, our Vice President of Education & Training. Our additional instructors generally have substantial operations experience, and a minimum of one year of experience in training and development. They have demonstrated successful operations and performance with our affiliate-owned operations.

The instructional materials for our training programs include the Brand Manual, lecture, discussions, and practice.

Under the Franchise Agreement, the Center Director, the Designated Principal, and any owners we require must attend and successfully complete, to our satisfaction, our Owner's Training Program. The Center Director (and your initial general manager and your initial assistant manager) must also attend and successfully complete, to our satisfaction, the Initial Training Program. You may send up to 3 additional individuals to the initial training program. Each attendee must pay the New Franchisee Training Fee. You must complete training at least 60 days before you open your Learning Center.

In certain circumstances, if you have already completed our initial training program to our satisfaction, then, we may permit you to conduct the initial training of your Designated Principal, your Center Director (if applicable), and any other managerial personnel, in accordance with our then-current System standards. If we determine that the training you provided does not satisfy our standards and requirements, or that any newly trained individual is not trained to our standards, then we may require that the newly trained individual(s) attend and complete an initial training program we provide before the opening of the Learning Center.

We may require that you and your Designated Principal, Center Director and additional trained personnel attend refresher courses, seminars, and other training programs as we reasonably require periodically. We also may require you to enroll each of your employees in web-based training programs relating to the Services and Products that will be offered to customers of the Learning Center.

~~For~~In addition to the ~~Initial~~New franchisee Training Program ~~Fee~~, you ~~must pay us a fee of \$1,000 per person.~~ You are responsible for making arrangements and paying all of the expenses, wages, and compensation for your staff that attends the training program.

All initial training required under the Franchise Agreement must be completed to our satisfaction before your Learning Center may open for business, which must occur within 8 months of the effective date of the Franchise Agreement.

## **Item 12 Territory**

### **Franchise Agreement**

Under the Franchise Agreement, you have the right to establish and operate one Learning Center at a specific approved location ("**Accepted Location**").

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

However, during the term of the Franchise Agreement, so long as you remain in compliance with the terms of the Franchise Agreement, we will not establish nor license anyone else to establish, another "Code Ninjas" Learning Center at any location within the "**Protected Area**" that is designated in your Franchise Agreement. A typical Protect Area will encompass a 1.5 to 2 mile radius around your Learning Center. We (and our affiliates) retain all other rights. Accordingly, we will have the right (among other things), on the conditions that we deem advisable, and without granting you any rights, to do any or all of the following:

- Establish, and franchise others to establish, Learning Centers anywhere outside the Protected Area.
- Establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks, even if those businesses offer or sell services and products that are the same as or similar to those offered from your Learning Center, no matter where those businesses are located. We have no current plans to do this.
- Acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a "Code Ninjas" Learning Center inside the Protected Area).

Additionally, we have the right to distribute or sell any of our Services and Products in other retailers, or otherwise, through any channel of distribution (including alternative distribution channels such as e-commerce), anywhere, except from a "Code Ninjas" Learning Center operating inside the Protected Area. The Franchise Agreement does not grant you any rights or any compensation with regard to these sales programs, whether they exist now or are developed later.



You may offer and sell services and products only: (a) according to the requirements of the Franchise Agreement and the procedures stated in the Brand Manual; and (b) to customers and clients of the Learning Center.

You may not offer or sell services or products through any means other than through the Learning Center at the Accepted Location; and therefore, for example, you may not offer or sell services or products from remote learning programs operated away from the Learning Center, other satellite or temporary locations, mobile vehicles or formats, carts, or kiosks, by use of catalogs, the Internet, or through any other electronic or print media.

The Accepted Location for the Learning Center will be stated in the Franchise Agreement. You may not relocate the Learning Center without our prior written approval. If you ask to relocate the Learning Center, we will evaluate your request on the basis of the same standards that we apply to reviewing the proposed location of a “Code Ninjas” Learning Center for a new franchisee.

You do not need to meet any particular sales or revenue volume in order to keep your Protected Area as described above so long as you stay in compliance with the terms of your Franchise Agreement.

We do not have the right to modify your Protected Area so long as you stay in compliance with the terms of your Franchise Agreement.

Under the Franchise Agreement you will not have any options, rights of first refusal, or similar rights to acquire additional franchises or other rights, whether inside the Protected Area or elsewhere.

#### Area Development Agreement

If you sign a Development Agreement, then we will award you a Development Area. The size of the Development Area will vary based on a number of factors, including the density of the area, the number of Learning Centers you must develop, demographics, competition, and location of any existing Learning Centers in the general area. As a result, the Development Area is likely to consist of a portion of the city, county, or designated market area. The agreed upon area for the Development Area will be identified in the Development Agreement.

If you are a Developer and you comply with your obligations under the Development Agreement, we will not establish or license anyone other than you to establish a Learning Center under the System in your Development Area, until the end of the period of time stated in the Development Schedule to your Area Development Agreement, except that we will reserve all of the rights described below.

As a result, you will not receive an exclusive territory under a Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We (and our affiliates) retain all rights not specifically granted to you. We have the right (among other things), on any terms that we deem advisable, and without granting you any rights, to do any or all of the following:

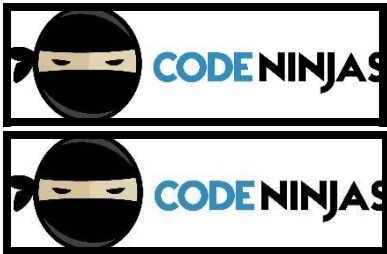
- use, and to license others to use, the System and the Proprietary Marks (defined below) for the operation of Learning Centers at any location outside the Development Area;

- acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Development Area (but we will not change those other businesses into “Code Ninjas” Learning Centers operated in the Development Area);
- use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses and marks may be the same as, similar to, or different from the Learning Center and Proprietary Marks (but these will not be “Code Ninjas” Learning Centers located in the Development Area); and
- sell or market the any Services or Products using the Proprietary Marks or other marks, to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a “Code Ninjas” Learning Center located in the Development Area.

Except for the requirement that you be in compliance with your obligations under the Development Agreement (including for example the development schedule), continuation of your rights under the Development Agreement, as described above, is not subject to achieving any particular sales volume, market penetration, quota, or other benchmark. We may not modify your territorial rights. We will approve sites for Learning Centers under a Development Agreement using our then- current site selection criteria.

### **Item 13 Trademarks**

We will license you under the Franchise Agreement the right to use certain Proprietary Marks, including the principal marks described below. The following principal marks have been registered on the United States Patent and Trademark Office (USPTO) Principal Register:

Mark	Registration or Application No.	Registration or Application Date
	U.S. Reg. 5303101	October 3, 2017
CODE NINJAS	U.S. Reg. 5325349	October 31, 2017
CODE NINJAS	U.S. Reg. 7311069	February 20, 2024

We ~~intend to have filed~~ and will file when due affidavits of use and affidavits of incontestability, as well as renewal applications, for the marks listed above.

There are no currently effective determinations of the USPTO, the trademark administrator of any state, or of any court, nor any pending interference, opposition, or cancellation proceedings, nor any pending material litigation involving the trademarks, service marks, trade names, logotypes, or other commercial symbols that is relevant to their use in any state in which the Learning Center is to be located. There are no agreements currently in effect that significantly limit our rights to use or license the use of the Proprietary Marks (including trademarks, service marks, trade names, logotypes, or other commercial symbols) that are in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of a trademark to protect the Proprietary Marks.

We have the right to substitute different Proprietary Marks for use in identifying the System if our currently owned Proprietary Marks can no longer be used or if we determine that updated or changed Proprietary Marks will be beneficial to the System. In these circumstances, you must adopt the new Proprietary Marks at your expense.

You must promptly notify us of any suspected infringement of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, or your right to use, the Proprietary Marks licensed under the Franchise Agreement.

Under the Franchise Agreement, we will have the sole right to initiate, direct, and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement of the action. We also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. If you used the Proprietary Marks in accordance with the Franchise Agreement, we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use. If you did not use the Proprietary Marks in accordance with the Franchise Agreement, we will have the right, but not the obligation, to defend you, at your expense, against those third party claims, suits, or demands.

If we undertake the defense or prosecution of any litigation concerning the Proprietary Marks, you must sign any documents and agree to do the things that, in our counsel's opinion, may be necessary to carry out the defense or prosecution, such as becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we agree to reimburse you for your out of pocket costs in doing these things, except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement. To the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, you must reimburse us for the cost of the litigation, including attorneys' fees, as well as the cost of any judgment or settlement.

#### **Item 14**

#### **Patents, Copyrights, and Proprietary Information**

##### **Copyrights**

We own common law copyrights in the Brand Manual, certain drawings, and advertising materials ("**Copyrighted Materials**"), and we will make these available to you. Copyrighted Materials are our proprietary property and must be returned to us on expiration or termination of

the Franchise Agreement. We have not registered these Copyrighted Materials with the United States Copyright Office but need not do so at this time in order to protect them.

You must notify us immediately of any apparent infringement or challenge to your use of any Copyrighted Materials or of any person's claim of any rights in any Copyrighted Materials ~~and your attorneys, regarding any infringement, challenge, or claim.~~ We and our affiliates may take the action we and they deem appropriate (including no action) and control exclusively any litigation or administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Copyrighted Materials. You must sign any documents and take any other reasonable actions that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or other proceeding or otherwise to protect and maintain our and our affiliates' interests in the Copyrighted Materials. We will reimburse your reasonable out-of-pocket costs for taking any requested action. We need not participate in your defense nor indemnify you for damages and expenses you incur if you are a party to any administrative or judicial proceeding involving any Copyrighted Materials or if the proceeding is resolved unfavorably to you.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue using any of the Copyrighted Materials and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you must immediately comply with our directions at your expense.

We will provide to you, under the terms of the Franchise Agreement, standard floor plans and specifications for construction of a Learning Center. You may be required to employ a licensed architect or engineer, who will be subject to our reasonable approval, to prepare plans and specifications for construction of your Learning Center, based on our standard plans. These revised plans will be subject to our approval. You may use the plans only for the construction of a single Learning Center at the site approved in the Franchise Agreement, and for no other purpose. We will require your architect and contractor to agree to maintain the confidentiality of our plans and to assign to us any copyright in the derivative plans they create.

There are no currently effective determinations of the U.S. Copyright Office or any court concerning any copyright. There are no currently effective agreements under which we derive our rights in the copyrights and that could limit your use of those copyrighted materials. The Franchise Agreement does not obligate us to protect any of the rights that you have to use any copyright, nor does the Franchise Agreement impose any other obligation on us concerning copyrights. We are not aware of any infringements that could materially affect your use of any copyright in any state. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of a patent or copyright that we believe infringes on our copyrights.

#### Confidential Brand Manual

To protect our reputation and goodwill and to maintain high standards of operation under our Proprietary Marks, you must conduct your business in accordance with the Brand Manual. We will lend you one set of our Brand Manual, which we have the right to provide in any format we choose (including paper or digital), for the term of the Franchise Agreement.

You must at all times accord confidential treatment to the Brand Manual, any other Brand Manual we create (or that we approve) for use with the Learning Center, and the information in the Brand Manual. You must use all reasonable efforts to maintain this information as secret and confidential. You may never copy, duplicate, record, or otherwise reproduce the Brand Manual and the related materials, in whole or in part (except for the parts of the Brand Manual that are meant for you to copy, which we will clearly mark as such), nor may you otherwise let

any unauthorized person have access to these materials. The Brand Manual will always be our sole property. You must always maintain the security of the Brand Manual.

We may periodically revise the contents of the Brand Manual, and you must consult the most current version and comply with each new or changed standard. If there is ever a dispute as to the contents of the Brand Manual, the version of the Brand Manual that we maintain ~~will be~~ is controlling.

#### Confidential Information

Except for the purpose of operating the Learning Center under the Franchise Agreement, you may never (during the Franchise Agreement's term or later) communicate, disclose, or use for any person's benefit any of the confidential information, knowledge, or know how concerning the operation of the Learning Center that may be communicated to you or that you may learn by virtue of your operation of a Learning Center. You may divulge confidential information only to those of your employees who must have access to it to operate the Learning Center. All information, knowledge, know how, and techniques that we designate as confidential will be deemed confidential for purposes of the Franchise Agreement. However, this will not include information that you can show came to your attention before we disclosed it to you; or that at any time became a part of the public domain, through publication or communication by others having the right to do so.

In addition, you must require each of your Principals and your Directors to sign confidentiality covenants. Every one of these covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Learning Center. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. ~~Once signed, we~~ We may ~~request~~ require that you provide us a copy of each signed confidentiality agreement.

#### Patents

No patents are material to the franchise. If it becomes advisable to us at any time to acquire a patent, you must use the acquired patent as we may require.

### **Item 15**

#### **Obligation to Participate in the Actual Operation of the Franchise Business**

The Franchise Agreement requires that you participate in the day-to-day management of your Learning Center. If you are an entity (a corporation, partnership, or LLC), then you must appoint an individual owner as your "**Designated Principal**." The Designated Principal must complete our training program, must have authority over all business decisions related to the Learning Center, and must have the power to bind you in all dealings with us. You may not change the Designated Principal without our prior approval. If you are an entity, your Designated Principal is required to hold at least a 10% equity interest in you.

The Franchise Agreement does not require you to participate personally in the direct daily operation of the Learning Center, although we encourage and recommend your active participation, and you or your Designated Principal must supervise the operation of the Learning Center. If you or the Designated Principal will not supervise the Learning Center on a full-time and daily basis, you must employ a full-time director (the "**Center Director**") with qualifications reasonably acceptable to us and who has successfully completed (to our satisfaction) our initial

training program (see Item 11 for details regarding our training requirements). We do not require that the Center Director have an equity interest in you.

If you are an entity (such as a corporation, partnership, or limited liability company), then all of your owners must sign a guarantee (in the form attached to the Franchise Agreement as Exhibit B) of the performance of your obligations under the Franchise Agreement. We require your Principals and your Directors to sign confidentiality covenants. These covenants must provide that the person signing will maintain the confidentiality of information that they receive in their employment or affiliation with you or the Learning Center. These agreements must be in a form that we find satisfactory, and must include, among other things, specific identification of our company as a third party beneficiary with the independent right to enforce the covenants. ~~Once signed, we~~We may request require that you provide us a copy of each signed confidentiality agreement. We do not impose any other restrictions on your managers. We do not require a guarantee from a spouse that does not own an interest in the franchisee entity.

**Item 16**  
**Restrictions on What Franchisee May Sell**

You must offer and sell only those goods and services that we have approved and must offer and sell all of the goods and services that we have approved. We may change the approved product offerings and any related merchandising and promotional materials at any time. You must use only displays, forms and other paper and plastic products imprinted with the Proprietary Marks, as we designate.

All services must be rendered only by personnel who have been properly trained in accordance with the Brand Manual. All items offered from the Learning Center will be sold only at retail to customers unless we otherwise approve.

We have the right to add other authorized Products and Services that you must offer. These changes also may include new, different, or modified equipment or fixtures necessary to offer such Products and Services. There are no limits on our right to make these changes.

**Item 17**  
**Renewal, Termination, Transfer and Dispute Resolution**

**THE FRANCHISE RELATIONSHIP**

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

FRANCHISE AGREEMENT			
	Provision	Section in Franchise Agreement	Summary
a.	Length of the franchise term	2.1	10 years
b.	Renewal or extension of the term	2.2	3 additional 10-year terms by signing our then-current franchise agreement (which may contain terms materially different from those in your original agreement), subject to contractual requirements

			described in "c" below
	<b><u>Provision</u></b>	<b><u>Section in Franchise Agreement</u></b>	<b><u>Summary</u></b>
c.	Requirements for you to renew or extend	2.2.1 o 2.2.10	Timely written notice of intent to renew; refurbishment to comply with our then-current standards; compliance with Franchise Agreement during term and at time of renewal; timely compliance with all financial obligations; signing of then-current franchise agreement (which may contain terms materially different from those in your original agreement); payment of renewal fee; signing of general release; compliance with then-current personnel and training requirements; provide financial reports we require; and demonstrated right to remain in Accepted Location.
d.	Termination by you	Not applicable	No Franchise Agreement provision, but you may terminate under any grounds permitted by law.
e.	Termination by us without cause	Not applicable	None.
f.	Termination by us with cause	17	<del>Default under Franchise Agreement, abandonment, and other grounds; see Section 17 of the Franchise Agreement. We may only terminate the franchise with cause.</del>
g.	"Cause" defined – curable defaults	17.3	All defaults not stated in Sections 17.1 and 17.2 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	17.1 to 17.2 Studio Center Rider, 12	Abandonment, conviction of felony, and others; see Section 17.2 of the Franchise Agreement.
i.	Your obligations on termination or non-renewal	18 to 19; Studio Center Rider, 13	Cease operating Learning Center, payment of amounts due, and others; see Sections 18 and 19.
j.	Assignment of contracts by	16.1	There are no limits on our right to assign

			indirect interest in: (a) the Franchise Agreement; (b) you; (c) any of your rights and/or obligations under the Franchise Agreement; and/or (d) all or substantially all of the assets of the Learning Center.
l.	Our approval of transfer by you	16.4 to 16.5	You may not make any transfers without our prior consent.
m.	Conditions for our approval of transfer	16.5	<del>Release</del> General release of us, signing of new franchise agreement ( <del>which that</del> may contain terms materially different from those in your original agreement), payment of transfer fee, and others; see Sections 16.5.1 to 16.5.10.
n.	Our right of first refusal to acquire your business	16.7	We have the right ( <u>but not the obligation</u> ) to match any bona fide offer.
o.	Our option to purchase your business	18.5 and 18.6	On termination or expiration of the Franchise Agreement, we can acquire any interest that you have in any lease or sublease for the premises and purchase your furnishings, equipment, material, or inventory at the lesser of cost or fair market value.
p.	Your death or disability	16.8	Representative must promptly apply for our approval to transfer interest and pay reasonable costs we incur in reviewing transfer. <u>If the deceased or incapacitated person is the Designated Principal, we have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.</u>
	<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
q.	Non-competition covenants during the franchise term	19	Prohibits engaging in “Competitive Business” (meaning any business offering technology and/or coding educational opportunities for children) during the Franchise Agreement term with no other



			transfer. <u>The Franchise Agreement provisions on non-competition covenants may be subject to state law.</u>
s.	Modification of the agreement	25.2	Only with mutual agreement and in writing.
t.	Integration/merger clause	25.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). No other representations, prior statements, or promises will be binding, and the terms of the Franchise Agreement supersede all prior agreements. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this <del>Franchise Disclosure Document</del> FDD.
	<b><u>Provision</u></b>	<b><u>Section in Franchise Agreement</u></b>	<b><u>Summary</u></b>
u.	Dispute resolution by arbitration or mediation	27	Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Franchise Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. See Section 27 of the Franchise Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this <del>disclosure document</del> FDD, which contain additional terms that may be required under applicable state law.
v.	Choice of forum	27.2	Any action you bring against us must be brought only <del>within</del> in courts with jurisdiction over where we then maintain
v.			

	<b>Obligation</b>	<b>Section in Development Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	3	The term of the Development Schedule will be discussed and agreed on by the parties before entering into the Development Agreement.
b.	Renewal or extension of the term	Not Applicable	
c.	Requirements for you to renew or extend	Not Applicable	
<b><u>DEVELOPMENT AGREEMENT</u></b>			
	<b><u>Obligation</u></b>	<b><u>Section in Development Agreement</u></b>	<b><u>Summary</u></b>
d.	Termination by you	Not Applicable	No Development Agreement provision, but you may terminate under any grounds permitted by law.
e.	Termination by us without cause	Not Applicable	None.
f.	Termination by us with cause	9.4 and 11	<p>Failure to meet the Development Schedule, default or termination under a Franchise Agreement, abandonment, and other grounds; see Section 17 of the Franchise Agreement. Termination of the Development Agreement does not constitute a default under any of your <del>Franchise Agreements</del> <u>existing franchise agreements</u>.</p> <p>This clause, like many of those in the Development Agreement, incorporate by reference the corresponding clauses in the Franchise Agreement. Please also see Section 9 of the Development Agreement.</p>
g.	"Cause" defined – curable defaults	9.4	Please see Section 17.3 of the Franchise Agreement.
h.	"Cause" defined – non-curable defaults	9.4 and 11	Failure to meet development schedule and/or termination of a <del>Franchise Agreement</del> <u>franchise agreement</u> , and others; please see Sections 17.1 and 17.2 of the Franchise Agreement.
i.	Your obligations on termination or non-renewal	9.5	Please see Sections 18 of the Franchise Agreement.
j.	Assignment of contracts by us	9.3	There are no limits on our right to assign the Development Agreement.
k.	"Transfer" by you – definition	9.3 and 10	Includes transfer of any interest in you or the Development Agreement.

l.	Our approval of transfer by you	9.3 and 10	We have the right to review and approve all proposed transfers.
m.	Conditions for our approval of transfer	9.3 and 10	Your compliance with the Development Agreement, sign a general release, the buyer's signature of a new Development Agreement, the payment of transfer fee, and others; see Sections 16.5.1 to 16.5.10 of the Franchise Agreement. We may also <del>withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights stated in the Development Agreement.</del>
<b><u>DEVELOPMENT AGREEMENT</u></b>			
	<b><u>Obligation</u></b>	<b><u>Section in Development Agreement</u></b>	<b><u>Summary</u></b>
			<u>withhold our consent to a transfer of some, but not all, of the franchise agreements separate from one another, and in any case, separate from the rights stated in the Development Agreement.</u>
n.	Our right of first refusal to acquire your business	9.3	We can match any offer, or the cash equivalent. See Franchise Agreement Sections 16.7.
o.	Our option to purchase your business	9.5	We can acquire your lease or sublease for the premises, and purchase your equipment, material, and inventory at cost or fair market value after termination or expiration. See Franchise Agreement Sections 18.5 and 18.6.
p.	Your death or disability	9.3	An interest in <u>the</u> Development Agreement must be transferred to a third-party we have approved within 6 months. See Franchise Agreement Section 16.8.
q.	Non-competition covenants during the franchise term	9.6	Prohibits engaging in "Competitive Business" (meaning any business offering technology and/or coding educational opportunities for children) during the Development Agreement term with no other temporal or geographical limitation.
r.	Non-competition covenants after the franchise is terminated or expires	9.6	Includes a 2-year prohibition similar to "q" (above), within the Development Area and within 7 miles of that area, and also within 7 miles of any other Learning Center then operating under the System.
s.	Modification of the agreement	12	Must be in writing signed by both parties.

t.	Integration/merger clause	12	Only the terms of the Development Agreement are binding. Notwithstanding, nothing in the Development Agreement is intended to disclaim the express representations made in this <del>Franchise Disclosure Document</del> FDD.
u.	<u>Dispute resolution by arbitration or mediation</u>	<u>9.14</u>	<u>Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Development</u>
<b><u>DEVELOPMENT AGREEMENT</u></b>			
	<b><u>Obligation</u></b>	<b><u>Section in Development Agreement</u></b>	<b><u>Summary</u></b>
<del>u.</del>	<del>Dispute resolution by arbitration or mediation</del>	<del>9.14</del>	<del>Before bringing an action in court, the parties must first submit the dispute to non-binding mediation (except for injunctive relief). The Development</del> Agreement contains provisions that may affect your legal rights, including a waiver of jury trial, waiver of punitive or exemplary damages, and limitations on when claims may be raised. Please also see Section 27 of the Franchise Agreement, which is incorporated by reference into the Development Agreement. Please also see the various state disclosure addenda and agreement amendments attached to this <del>Franchise Disclosure Document</del> FDD, which contain additional terms that may be required under applicable state law.
<del>v.</del>	Choice of forum	9.14	Any action you bring against us must be brought only <del>within</del> in courts with jurisdiction over where we then maintain our principal place of business. Any action we bring against you may be brought in the jurisdiction where we then maintain our principal place of business. Your state law may impact this provision.
<u>v.</u>			
w.	Choice of law	9.14	Georgia law governs the Development Agreement. Your state law may impact this provision.

**Item 18**  
**Public Figures**

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

**Item 19**

## **Financial Performance Representations**

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

We provide ~~below~~ in the 2 tables below historical data relating to the monthly Gross Sales and monthly Active Students for franchised Learning Centers and Studio Centers for ~~the years provided~~2024. These tables should be read together with all of the related information about the factual bases and material assumptions underlying them.

The results in the below tables include the franchised Learning Centers and Studio Centers that were open and operational at least 12 months before the calendar year 2024 start date, and do not include Learning Centers or Studio Centers that opened or closed during ~~that year~~2024. Of the 244 Centers that were open at the end of 2024, 17 Centers were excluded because they opened during 2024 and 41 Centers were excluded because they closed during 2024. There are therefore 227 Centers in the below tables.

**Table 1 – Average Annual Gross Yearly Sales by Calendar Year and Performance Group  
Quartile and Location Type**

Location Type	Year		Number of Centers Operating	Number of Centers in Subset	Average Gross Sales	Max Gross Sales	Min Gross Sales	Max Gross Sales
Learning Center	2021	Overall	268	175 <sup>1</sup>	\$203,198	\$675,157	\$40,297	\$1,000,000
		Top 25%		44	\$344,919	\$675,157	\$263,108	\$3,000,000
		Top 50%		88	\$278,255	\$675,157	\$183,090	\$2,000,000
		Mid-Upper 25%		44	\$211,591	\$256,760	\$183,090	\$2,000,000
		Mid-Lower 25%		43	\$156,566	\$182,180	\$132,223	\$1,000,000
		Bottom 50%		87	\$127,279	\$182,180	\$40,297	\$1,000,000
		Bottom 25%		44	\$98,657	\$131,763	\$40,297	\$1,000,000
Center	2022	Overall	268	217 <sup>2</sup>	\$237,947	\$763,554	\$53,014	\$2,000,000
		Top 25%		55	\$389,839	\$763,554	\$298,217	\$3,000,000
		Top 50%		109	\$325,282	\$763,554	\$215,356	\$2,000,000
		Center Overall				\$296,229	\$215,356	\$260,995
		Top 25%	\$241,242			694,995	225,536	0,400,000
		Mid-Upper 25%	\$381,693			694,995	349,947	301,700
		Mid-Lower 25%	\$264,738			298,660	266,712	225,900
Studio	2023	Lower 25%	\$192,721			225,133	195,822	161,300
			\$125,353			159,881	128,882	50,400
		Mid-Lower 25%		54	\$259,528			
		Bottom 50%		108	\$149,804	\$214,527	\$53,014	\$1,000,000
		Bottom 25%		54	\$115,327	\$152,914	\$53,014	\$1,000,000
		Studio Overall	248		\$767,33	\$35,096	\$227,553	\$6 (46%)
			\$187,848		9332,585	182,502	106,256	
		Top 25%	220 <sup>3</sup>	55	\$241,943	\$393,531	\$767,339	\$304,040
		Top 50%		110		\$329,454	\$767,339	\$227,747
		Mid-Upper 25%		55		\$265,377	\$303,308	\$227,747
		Mid-Lower 25%		55		\$191,566	\$227,358	\$157,980
		Bottom 50%		110		\$154,433	\$227,358	\$35,096

<sup>1</sup> For 2021, data for 93 Centers was excluded because the Centers had not been open for at least 12 months by December 31, 2021.

<sup>2</sup> For 2022, data for 51 Centers was excluded because the Centers had not been open for at least 12 months by December 31, 2022.

<sup>3</sup> For 2023, data for 28 Centers was excluded because the Centers had not been open for at least 12 months by December 31, 2023.

		Bottom 25%		55	\$117,300	\$157,441	\$35,096	\$127,324	30 / 55%		
Location Type	Year	Performance Group / Sample		Number of Centers Operating	Number of Centers in Subset	Average Gross Sales	Max Gross Sales	Min Gross Sales	Median Gross Sales	Centers Meeting or Exceeding Average	
Studio Center		Overall		15	12 <sup>4</sup>	\$166,456	\$341,941	\$42,694	\$167,589	6 / 50%	
		Top 25%			3	\$255,684	\$341,941	\$206,509	\$218,603	1 / 33%	
		Top 50%			6	\$219,901	\$341,941	\$169,246	\$206,402	1 / 17%	
		Mid-Upper 25%			3	\$184,117	\$206,294	\$169,246	\$176,812	1 / 33%	
Studio	2023		Top 25%			\$142,351	\$165,933		\$138,565	1 / (33%)	3
			Mid-Upper 25%	\$269,422		332,585	251,923		3,757	1 (33%)	3
			Mid-Lower 25%	\$200,215		\$207,604	\$199,532		\$193,509	2 (67%)	3
			Lower 25%	\$175,319		\$182,502	\$180,251		\$163,203	2 (50%)	4
				\$126,789	3	\$142,573	\$129,162	\$122,555	\$106,256		
All Locations		Overall		\$238,184	\$694,995	\$220,751	\$50,469	100 (44%)	227		
		Bottom 50%		6	\$113,012	\$165,933	\$42,694	\$120,065	4 / 67%		
		Bottom 25%		3	\$83,673	\$117,574	\$42,694	\$90,752	2 / 67%		

Table 2 – Average-Monthly Active Students by Calendar Year and Performance Group Sales Quartile and Location Type

Location Type		Year	Number of Centers Operating		Number of Centers in Subset	Average Monthly Active Students	Max Monthly Active Students	Min-Monthly Active Students	Median Monthly Active Students	Min Monthly Active Students	or Average	Location in State
Learning Center	2021	Center Overall	268				10	84	11	79	21	
		Top 25%	87				223	125	43	102 (48%)	5	
		Mid-Upper 25%	129				223	96	54	23 (43%)	5	
		Mid-Lower 25%	98				181	71	17	24 (45%)	5	
		Lower 25%	73				167	49	11	23 (43%)	5	
		49	175	78	261	97		26 (48%)				
		Top 25%	44	127	261	61	125	21 (48%)				
		Top 50%	88	105	261	40	99	37 (42%)				
		Mid-Upper 25%	44	83	166	40	82	23 (52%)				
		Mid-Lower 25%	43	62	107	24	62	26 (60%)				
		Bottom 50%	87	51	107	10	51	44 (51%)				
		Bottom 25%	44	41	80	10	41	22 (50%)				
	2022	Studio Overall	26867	217	88	276	12117	8266	36	7 (54%)	98	

<sup>4</sup> For 2023, data for 3 Studios was excluded because the Studios had not been open for at least 12 months by December 31, 2023.

		Top 25%	55	136	276	51	
		Top 50%	109	117	276	39	
		Mid-Upper 25%	54	97	176	39	
		Mid-Lower 25%	54	71	118	13	
		Bottom 50%	108	59	118	12	
		Bottom 25%	54	47	96	12	
		Overall	248	220	88	261	1
		Top 25%		55	135	261	51
		Top 50%		110	116	261	41
		Mid-Upper 25%		55	97	160	41
		Mid-Lower 25%		55	71	136	1
		Bottom 50%		110	60	136	1
		Bottom 25%		55	49	100	11
Location Type	Year	Performance Group / Sample	Number of Centers Operating	Number of Centers in Subset	Average Monthly Active Students	Max Monthly Active Students	Min Monthly Active Students
2023		Overall	15	12	65	161	23
		Top 25%		3	100	161	61
		Top 50%		6	83	161	48
Studio		Top 25%				85	88
		Mid-Upper 25%				69	74
		Mid-Lower 25%				66	66
		Lower 25%				52	53
			3	65			
All Locations		Overall		86	223	82	11
		Mid-Lower 25%		3	57	86	42
		Bottom 50%		6	46	86	23
		Bottom 25%		3	36	50	23



Notes to Tables 1-2:

1. **~~“Performance Group / Sample~~Sales Quartile**” means the subset of locations being represented. ~~Performance groups~~Sales quartiles other than ‘Overall’ are determined by individual ~~yearly~~annual gross sales rankings. Groupings for both tables are based on ~~yearly~~annual gross sales.

2. **“Gross Sales”** means all revenue related to the operations of the Learning Center or Studio Center (excluding customer refunds made in good faith and sales taxes collected and remitted to the proper authorities).

**“Average Gross Sales”** means the mean average Gross Sales, which is calculated as the sum of the Gross Sales at each Learning Center or Studio Center divided by the number of Learning Centers or Studio Centers included in the results.

**“Median Gross Sales”** means the Gross Sales at the Learning Center or Studio Center that represents the middle of the Learning Centers or Studio Centers (or if two Learning Centers or Studio Centers, or the middle two Learning Centers or Studio Centers if an even number, the mean average of those two) included in the results.

3. **“Monthly Active Students”** means all students with active subscriptions for Core programs at the Learning Center or Studio Center.

**“Active”** means a student (1) has a subscription start before or during the defined period, and (2) the subscription does not end or ends during or after the defined period.

**“Subscription”** means either (1) a scheduled, recurring payment plan, often initiated automatically on a single day every month, or (2) a paid in full payment plan, often initiated ad hoc and covers an extended timeframe.

**“Core programs”** mean any program related to Code Ninjas’ scheduled or drop- in services: Code Ninjas CREATE, Code Ninjas JR, and Code Ninjas After School Program.

**“Average Monthly Active Students”** means the average monthly active students, which is calculated as the sum of monthly active students at

Studio Centers, or the middle two Learning Centers or Studio Centers if an even number, the average of those two) included in the results.

4. In both tables, the periods referred to are the calendar years indicated.
5. Both tables share the ~~exact~~ same sample of locations by year, sales quartile and ~~performance group~~ location type.
6. Costs are not included in the data presented in these tables. You will incur costs in the operation of your Learning Center including, for example, employee wages and benefits, rent and related occupancy costs (such as utilities), furniture, fixture and equipment costs, marketing expenses, computer hardware and software upgrades, renovations, improvements, and repair/maintenance expenses, legal and professional fees, insurance, income and other non-real estate taxes, as well as royalty fees, marketing contributions, and various other expenses. You should determine and account for yourself the costs that you will incur in the operation of your Learning Center.

**Some Code Ninjas Learning Centers and Studio Centers have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**

Written substantiation of the data used in preparing the information in this Item 19 is on file at our offices and will be made available to you on reasonable request. The information in this Item 19 is a compilation of financial information that has not been audited.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Navin Gurnaney at Code Ninjas, LLC, 3500 Parkway Lane, Suite 400, Peachtree Corners, GA 30092 (phone: 855.446.4652), the Federal Trade Commission, and the appropriate state regulatory agencies.

## Item 20 Outlets and Franchisee Information

Table No. 1: Systemwide Outlet Summary for ~~2024~~2022 to ~~2023~~2024 (Notes 1 and 2)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2024</del>	<del>244</del>	<del>283</del>	<del>+39</del>
	2022	283	284	+1
	2023	284	<del>263</del>	<del>-21</del> <u>-22</u>

			<u>2</u> <u>62</u>	
	<u>2024</u>	<u>262</u>	<u>239</u>	<u>-23</u>
Company-Owned	2021	4	4	0
	2022	4	5	+1
	2023	5	7	+2
	<u>2024</u>	<u>7</u>	<u>5</u>	<u>-2</u>
Total Outlets	<b>2021</b>	<b>248</b>	<b>287</b>	<b>+39</b>
	<b>2022</b>	<b>287</b>	<b>289</b>	<b>+2</b>
	<b>2023</b>	<b>289</b>	<b>270</b> <u>2</u> <u>69</u>	<b>-19-20</b>
	<u>2024</u>	<u>269</u>	<u>244</u>	<u>-25</u>

Notes for Tables 1-5 in this Item 20:

- (1) All numbers are as of the fiscal year end. Our fiscal year end is December 31st.
- (2) States not listed had no activity.
- (3) The tables do not include outlets operated outside the United States.

Table No. 2: Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for 20212022 to 20232024  
(Note 1)

State (Note 2)	Year	Number of Transfers
Arizona	<u>2021</u>	0
	2022	3
	2023	0
	<u>2024</u>	<u>0</u>
California	<u>2021</u>	3
	2022	0
	2023	3
	<u>2024</u>	<u>4</u>
Colorado	<u>2021</u>	4
	2022	0
	2023	0 <u>1</u>
	<u>2024</u>	<u>3</u>
	<u>2021</u>	4
	2022	3

Florida	2023	1
	<u>2024</u>	<u>0</u>
Georgia	<del>2021</del>	4
	2022	2
	2023	3
	<u>2024</u>	<u>0</u>
<u>Illinois</u>	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>1</u>
Kansas	<del>2021</del>	0
	2022	0
	2023	<del>3</del> 2
	<u>2024</u>	<u>0</u>
Maryland	<del>2021</del>	0
	2022	0
	2023	1
	<u>2024</u>	<u>0</u>
Massachusetts	<del>2021</del>	0
	2022	1
	2023	1
	<u>2024</u>	<u>0</u>
Missouri	<del>2021</del>	4
	2022	0
	2023	<del>0</del> 1
	<u>2024</u>	<u>0</u>
Nevada	<del>2021</del>	0
	2022	1
	2023	1
	<u>2024</u>	<u>0</u>
New Jersey	<del>2021</del>	<del>3</del>
	2022	3
	2023	<del>2</del> 1
	<u>2024</u>	<u>2</u>
North Carolina	<del>2021</del>	1
	<del>2022</del>	
	<u>2023</u>	<u>4</u>
	<u>2024</u>	<u>0</u>

<u>North Dakota</u>	2022	<u>40</u>
	2023	<u>20</u>
	<u>2024</u>	<u>1</u>
Ohio	2021	0
	2022	0
	2023	1
	<u>2024</u>	<u>0</u>
Pennsylvania	2021	4
	2022	0
	2023	2
	<u>2024</u>	<u>0</u>
<u>South Carolina</u>	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>1</u>
Texas	2021	5
	2022	2
	2023	<u>56</u>
	<u>2024</u>	<u>7</u>
Virginia	2021	0
	2022	1
	2023	1
	<u>2024</u>	<u>3</u>

<u>Utah</u>	2021	4
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<u>Utah</u>	2022	0
	2023	0
	<u>2024</u>	<u>3</u>
Washington	2021	0
	2022	0
	2023	1
	<u>2024</u>	<u>0</u>

<b>Total</b>	<b>2021</b>	<b>18</b>
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<u>Total</u>	<b>2022</b>	<b>17</b>
	<b>2023</b>	<b>27</b>
		<b>30</b>
	<u>2024</u>	<u>25</u>

Table No. 3: Status of Franchised Outlets For ~~2021~~2022 to ~~2023~~2024 (Note 1)

State (Note 2)	Year	Outlets at Start of Year	Outlets Opened	Termina- tions	Non- Renewal s	Re- acquired by Franchiso r	Ceased Opera- tions Other Reason s	Outlets at End of the Year
Arizona	<del>2021</del>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<del>2022</del>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<del>2023</del>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Arkansas	<del>2021</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<del>2022</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<del>2023</del>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
California	<del>2021</del>	<u>33</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>0</u>	<u>39</u>
	<del>2022</del>	<u>39</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>45</u>
	<del>2023</del>	<u>45</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>49</u>
	<u>2024</u>	<u>49</u>	<u>5</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>51</u>
Colorado	<del>2021</del>	<u>8</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>10</u>
	<del>2022</del>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	<del>2023</del>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	<u>2024</u>	<u>10</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>5</u>
Connecticut	<del>2021</del>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<del>2022</del>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<del>2023</del>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2024</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Delaware	<del>2021</del>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<del>2022</del>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<del>2023</del>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Florida	<del>2021</del>	<u>44</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>20</u>
	<del>2022</del>	<u>20</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22</u>
	<del>2023</del>	<u>22</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>21</u>
	<u>2024</u>	<u>21</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>22</u>
Georgia	<del>2021</del>	<u>10</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
	<del>2022</del>	<u>12</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
	<del>2023</del>	<u>11</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12</u>
	<u>2024</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>11</u>
Idaho	<del>2021</del>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<del>2022</del>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<del>2023</del>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>

Illinois	2021	18	0	0	0	0	4	17
	2022	17	0	2	0	0	0	15
	2023	15	0	0	2	0	0	13
	2024	13	0	0	1	0	1	11
Indiana	2021	2	4	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Iowa	2021	14	10	01	0	0	01	2
Iowa	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Kansas	2021	3	4	0	0	0	0	4
Kansas	2022	4	0	2	0	0	0	2
	2023	2	0	0	0	2	0	0
	2024	0	0	0	0	0	0	0
Louisiana	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	1	0	0	0	0	5
	2024	5	0	0	1	0	1	3
Maryland	2021	6	0	0	0	0	0	6
	2022	6	0	1	0	0	0	5
	2023	5	0	0	1	0	0	4
	2024	4	0	0	1	0	0	3
Massachusetts	2021	8	0	0	0	0	2	6
	2022	6	1	0	0	1	0	6
	2023	6	0	0	0	0	0	6
	2024	6	0	0	1	0	0	5
Michigan	2021	4	4	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	1	2
	2024	2	0	0	1	0	0	1
Minnesota	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	1	4
	2024	4	1	0	0	0	0	5
Missouri	2021	4	2	0	0	0	0	6
	2022	6	0	3	0	0	0	3
	2023	3	0	0	0	1	1	1
	2024	1	1	0	0	0	0	2
Nebraska	2021	3	0	0	0	0	0	3
	2022	3	0	1	0	0	0	2
	2023	2	0	0	0	0	0	2

	<u>2024</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Nevada	2021	2	2	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	1	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
New Jersey	2021	17	4	0	0	0	0	18
	2022	18	3	1	0	0	0	20
	2023	20	1	1	1	0	0	19
	<u>2024</u>	<u>19</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>3</u>	<u>16</u>
New York	2021	6	0	0	0	0	0	6
	2022	6	1	0	0	0	0	7
	2023	7	0	1	1	0	0	5
	<u>2024</u>	<u>5</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>3</u>
North Carolina	2021	7	2	0	0	0	0	9
	2022	9	1	0	0	0	0	10
	2023	10	0	0	0	0	2	8
	<u>2024</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>7</u>
North Dakota	2021	4	0	0	0	0	0	4
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Ohio	2021	4	4	0	0	0	0	8
Ohio	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	2	6
	<u>2024</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>6</u>
Oklahoma	2021	4	0	0	0	0	0	4
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Oregon	2021	3	4	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	<u>2024</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>3</u>
Pennsylvania	2021	7	2	0	0	0	0	9
	2022	9	1	2	0	0	0	8
	2023	8	0	0	0	0	1	7
	<u>2024</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
South Carolina	2021	3	4	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	1	0	0	1	2
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
South Dakota	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	1	0	0	1



	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
Tennessee	<u>2021</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2022</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Texas	<u>2021</u>	<u>36</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>4</u>	<u>3</u>	<u>38</u>
<u>Texas</u>	<u>2022</u>	<u>38</u>	<u>3</u>	<u>4</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>35</u>
	<u>2023</u>	<u>35</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>	<u>31</u>
	<u>2024</u>	<u>31</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>29</u>
Utah	<u>2021</u>	<u>4</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<u>Utah</u>	<u>2022</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	<u>2023</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
	<u>2024</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>5</u>
Virginia	<u>2021</u>	<u>11</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
<u>Virginia</u>	<u>2022</u>	<u>13</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
	<u>2023</u>	<u>13</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>12</u>
	<u>2024</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>10</u>
Washington	<u>2021</u>	<u>3</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2022</u>	<u>4</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2023</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
	<u>2024</u>	<u>5</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>6</u>
<u>West Virginia</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Wisconsin	<u>2021</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2022</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>
	<u>2024</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Wyoming	<u>2021</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
	<u>2022</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>2021</u>	<u>244</u>	<u>48</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>7</u>	<u>283</u>
<u>Totals</u>	<u>2022</u>	<u>283</u>	<u>24</u>	<u>19</u>	<u>0</u>	<u>3</u>	<u>1</u>	<u>284</u>
	<u>2023</u>	<u>284</u>	<u>14</u>	<u>5</u>	<u>7</u>	<u>3</u>	<u>2021</u>	<u>263</u>
	<u>2024</u>	<u>262</u>	<u>18</u>	<u>8</u>	<u>20</u>	<u>0</u>	<u>13</u>	<u>239</u>

Table No. 4:  
Status of Company-Owned Outlets for 20212022 to 20232024 (Notes 1 and 2)

State		Outlets at	Outlets	Outlets Reacquire	Outlet	Outlets	Outlets at
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(Note 3)	Year	Start of the Year	Opened	Reacquired From Franchisee	S Closed	Sold to Franchisee	End of the Year
California	2021	0	0	4	0	0	4
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Florida	2021	4	0	0	4	0	
	2022	0	0	0	0	0	
	2023	0	0	0	0	0	
Kansas	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	2	0	0	2
	2024	2	0	0	1	0	1
Massachusetts	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Missouri	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
Pennsylvania	2021	1	0	0	1	4	00
Texas	2021	2	0	4	0	0	3
	2022	3	0	2	1	0	4
	2023	4	0	0	1	0	3
Totals	2021	4	0	2	0	2	4
	2022	4	0	3	2	0	5
	2023	5	0	3	1	0	7
	2024	7	0	0	2	0	5

Table No. 5: Projected Openings as of December 31, 20232024  
for 20242025

State (Note 1)	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal	Projected New Company-Owned Outlet In The Next Year
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		Year		
Arizona	2	2		<u>0</u>
California	<u>126</u>	8		<u>0</u>
Connecticut	<u>0</u>	1		4
Delaware	<u>0</u>	<u>1</u>		<u>0</u>
Florida	<u>23</u>	2		<u>0</u>
Georgia	<u>0</u>	<u>1</u>		<u>0</u>
Idaho	<u>0</u>	<u>1</u>		<u>0</u>
Illinois	<u>1</u>	<u>2</u>		<u>0</u>
Iowa	<u>0</u>	<u>1</u>		<u>0</u>
Louisiana	<u>0</u>	<u>1</u>		<u>0</u>
Maryland	<u>0</u>	1		0
Massachusetts	<u>0</u>	<u>1</u>		<u>0</u>
Michigan	<u>0</u>	<u>1</u>		<u>0</u>
Minnesota	<u>0</u>	<u>1</u>		<u>0</u>
Missouri	1	4		<u>0</u>
Nebraska	<u>0</u>	<u>1</u>		<u>0</u>
Nevada	<u>0</u>	<u>1</u>		<u>0</u>
New Jersey	1	4		<u>0</u>
New Mexico	<u>0</u>	<u>1</u>		<u>0</u>
New York	<u>0</u>	1		4
North Carolina	<u>42</u>	0		<u>0</u>
Ohio	<u>0</u>	1		4
Oklahoma	<u>0</u>	1		0
Oregon	<u>1</u>	<u>1</u>		<u>0</u>
Pennsylvania	<u>20</u>	0	<u>01</u>	<u>0</u>
South Carolina	<u>0</u>	<u>1</u>		<u>0</u>
Tennessee	<u>0</u>	<u>1</u>		<u>0</u>
Texas	<u>0</u>	1		<u>02</u>
Utah	1	0	<u>02</u>	<u>0</u>
Virginia	<u>0</u>	<u>1</u>		<u>0</u>
Washington	1	4	<u>02</u>	<u>0</u>
<b>Total</b>	<b>28</b>	<b>1</b> <b>9</b>	<b>43</b>	<b>02</b>

The names, addresses, and telephone numbers of our franchisees and developers as of our fiscal year ending December 31, ~~2023~~2024 are listed in Exhibit I.

The name and last known home address and telephone number of every one of our franchisees and developers who has had an agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under an agreement during ~~one calendar year period ending December 31, 2023, 2024~~ or who has not communicated with us within ten weeks of the date of this ~~disclosure document~~FDD, are also listed in Exhibit I.

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

The following independent franchisee organization has asked to be included in this ~~disclosure document~~FDD: IACNF, an Independent Association of Code Ninjas Franchisees, ~~an Affiliated Chapter of American Association of Franchisees and Dealers; P.O. Box 10158, Palm Desert, California 92255-1058~~276 Hazard Avenue, Suite 11, Enfield, CT, 06082; Phone: 619-209-3775; e-mail: [iacnf@aafdchapters.org](mailto:iacnf@aafdchapters.org); ~~Website: iacnf.aafdchapters.org~~.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all of those franchisees will be able to communicate with you.

**Item 21**  
**Financial**  
**Statements**

Our audited financial statements for our fiscal years ending December 31, ~~2023~~2024, December 31, ~~2022~~2023, and December 31, ~~2021~~2022, are attached as Exhibit G.

~~Also included in Exhibit G are our unaudited financial statements for 2024 as of June 30, 2024.~~

*[Remainder of page intentionally left blank]*

**Item 22 Contracts**

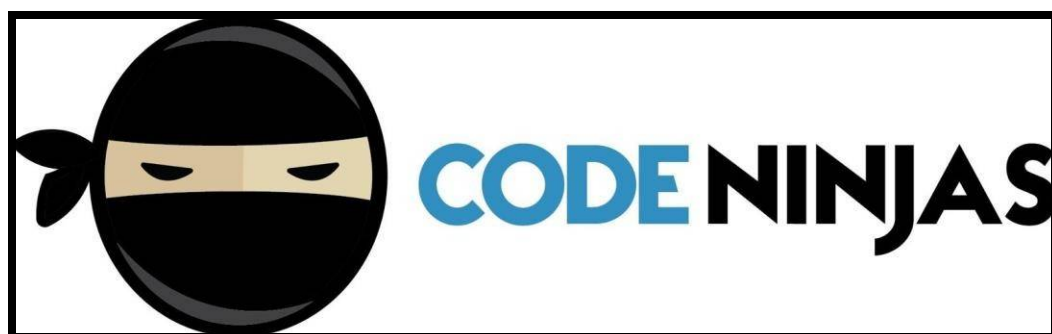
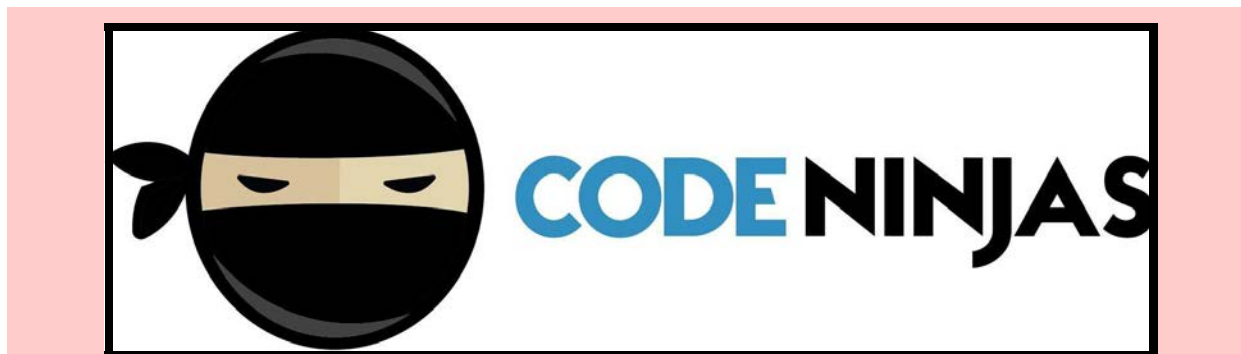
Exhibit A	Franchise Agreement with Exhibits A. Data Sheet B. Guarantee, Indemnification, & Acknowledgements C. List of Principals D. ACH – Authorization Agreement for Direct Debit
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	E. ADA Certification F. Site Selection Addendum G. Lease Rider H. Studio Center Rider
Exhibit B	Development Agreement with Exhibits A. Data Sheet B. Guarantee, Indemnification, & Acknowledgements C. List of Principals D. Form of Franchise Agreement
Exhibit E	Form of General Release
Exhibit H	State-Specific Addenda
Exhibit K	Pre-Closing Franchisee Questionnaire

### **Item 23 Receipts**

The last two pages of this ~~disclosure document~~FDD (Exhibit M) are identical pages acknowledging receipt of this entire document (including the exhibits). Please sign and return to us one copy of the receipt page and please keep the other copy together with this ~~disclosure document~~FDD.





## Code Ninjas<sub>2</sub> LLC Franchise Agreement

## Code Ninjas Franchise Agreement

Section

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Exhibits:

- A Data Sheet
- B Guarantee, Indemnification, and Acknowledgement
- C List of Principals



D ACH - Authorization Agreement for Prearranged  
Payments (Direct Debits) E ADA Certification

F Site Selection Addendum

~~G~~ G Lease

Rider

~~H~~ H Studio Center Rider

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## Code Ninjas Franchise Agreement

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is entered into as of the date that we have indicated on the signature page of this Agreement (the “**Effective Date**”) between:

CODE NINJAS, LLC, a Texas limited liability company with its principal place of business at 3500 Parkway Lane, Suite 400, Peachtree Corners, GA 30094 (“**we**”, “**us**”, or “**our**”); and

\_\_\_\_\_, a [state] [entity type] having offices at [principal business address] **you**” or “**your**”).

### Introduction

We operate and grant franchises for “Code Ninjas” learning centers, that operate in buildings that feature our interior and/or exterior design, and that also feature our Services and our Products (each a “**Learning Center**”). The services that Learning Centers will provide include child-focused educational programs, including subjects such as computer programming, coding, math, logic, reasoning skills and teamwork (the “**Services**”) and the products that Learning Centers offer generally include “Code Ninjas” branded merchandise (such as t-shirts, hoodies, wrist bands, and similar items) (the “**Products**”).

Among the distinguishing characteristics of a Learning Center are that it operates under our “Code Ninjas” System. Our System includes (among other things): Services, Products; signage; distinctive interior and exterior design and accessories; opening hours; operational procedures; standards and specifications; quality and uniformity of Services and Products offered; student materials, curriculum, course materials, and related educational offerings, management and inventory control procedures; software; training and assistance; business format, layouts and floor plans, methods, equipment lists and layouts, the Proprietary Marks (defined below), as well as advertising and promotional programs (together, the “**System**”).

We identify the System by means of our proprietary marks. Our proprietary marks include certain trade names (for example, the mark “Code Ninjas”), service marks, trademarks, logos, emblems, and indicia of origin (for example, the “Code Ninjas” mark and logo), and other trade names, service marks, and trademarks that we periodically specify in writing for use in the System (all of these are referred to as our “**Proprietary Marks**”). We and our affiliates continue to develop, use, and control the use of our Proprietary Marks to identify for the public the source of Services and Products marketed under those marks and under the System, and to represent the System’s standards of quality, cleanliness, appearance, and service.

We are in the business of developing, programming and awarding franchise rights to third party franchisees, such as you. You will be in the business of operating a Learning Center, using the same brand and Proprietary Marks as

other independent businesses that operate other Learning Centers under the System (including some operated by our affiliates). We will not operate your Learning Center for you, although we have (and will continue) to set standards for Learning Centers that you will have chosen to adopt as yours by signing this Agreement and by your day- to-day management of your Learning Center according to our brand standards.

You have asked to enter into the business of operating a Learning Center under our System and wish to obtain a franchise from us for that purpose, as well as to receive the training and other assistance we provide as described in this Agreement. You also ~~understand and~~ acknowledge the importance of our standards of quality, cleanliness, appearance, and service and the necessity of operating the business franchised under this Agreement in conformity with our standards and specifications.

In recognition of all of the details noted above, the parties have chosen to enter into this Agreement, taking into account all of the promises and commitments that they are each making to one another in this Agreement, and for other good and valuable consideration (the sufficiency and receipt of which they acknowledge) and they agree as follows:

## **1 GRANT**

1.1 *Rights and Obligations.* We grant you the right, and you accept the obligation, all under the terms ~~(and subject to the conditions)~~ of this Agreement:

- 1.1.1 To operate one Learning Center under the System (also referred to as the **"Franchised Business"**);
- 1.1.2 To use the Proprietary Marks and the System, but only in connection with the Franchised Business (recognizing that we may periodically change or improve the Proprietary Marks and the System); and
- 1.1.3 To do all of those things only at the Accepted Location (as defined in Section 1.2 ~~below~~).

1.2 *Accepted Location.* The street address of the location for the Franchised Business approved under this Agreement is ~~specified~~stated in Exhibit A to this Agreement, and is referred to as the **"Accepted Location."**

1.2.1 When this Agreement is signed, if you have not yet obtained (and we have not yet approved in writing) a location for the Franchised Business, then:

- 1.2.1.1 you agree to enter into the site selection addendum (the **"Site Selection Addendum,"** attached as Exhibit ~~FE~~ to this Agreement) at the same time as you sign this Agreement; and

1.2.1.2 you will then find a site which will become the Accepted Location after we have given you our written acceptance for that site and you have obtained the right to occupy the premises, by lease, sublease, or acquisition of the property, all subject to our prior written acceptance and in accordance with the Site Selection Addendum.

1.2.2 We have the right to grant, condition, and/or to withhold acceptance of the Accepted Location under this Section 1.2. You agree that our review and acceptance of your proposed location, under this Section 1.2 or ~~pursuant to under~~ the Site Selection Addendum, does not constitute our assurance, representation, or warranty of any kind that your Franchised Business at the Accepted Location will be profitable or successful (as further described in Section 5 of the Site Selection Addendum).

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~~1.2.3 You agree not to relocate the Franchised Business except as otherwise provided in Section 5.9 below~~

1.3 *Protected Area.* During the term of this Agreement, we will not operate, nor will we grant to any other party the right to operate, another Learning Center that is physically located within the **“Protected Area”** that is ~~specified~~stated in the Data Addendum (Exhibit A), so long as you comply with the terms of this Agreement (and also subject to Sections 1.4 through 1.6 ~~below~~).

1.4 *Our Reserved Rights.* We and our affiliates reserve all rights that are not expressly granted to you under this Agreement. Among other things, we have the sole right to do any or all of the following (despite proximity to your Protected Area and/or Franchised Business as well as any actual or ~~threatened~~potential impact on sales at your Franchised Business):

1.4.1 We have the right to establish, and franchise others to establish, Learning Centers anywhere outside the Protected Area;

1.4.2 We have the right to establish, and license others to establish, businesses that do not operate under the System and that do not use the Proprietary Marks licensed under this Agreement, even if those businesses offer or sell Services and Products that are the same as or similar to those offered from the Franchised Business, no matter where those businesses are located (but not to be operated as a “Code Ninjas” Learning Center inside the Protected Area);

1.4.3 We have the right to acquire (or be acquired) and then operate any business of any kind, anywhere (but not to be operated as a “Code Ninjas” Learning Center inside the Protected Area); and

1.4.4 We have the right to market and sell our Services and Products through alternate distribution channels and any channel of distribution (including e-commerce), anywhere (but not from a “Code Ninjas” Learning Center that is physically located inside the Protected Area).

1.5 Limits on Where You May Operate.

1.5.1 You agree to offer, provide, and sell Services and Products only: **(a)** to customers of the Franchised Business; **(b)** at the Approved Location; and **(c)** in accordance with the requirements of this Agreement and the procedures stated in the Brand Manual (defined below).

1.5.2 You agree not to offer or sell any services or products (including the Services as well as the Products) through any means other than through the Franchised Business at the Accepted Location (so for example, you agree not to offer or sell Services or Products from remote learning programs operated away from the Franchised Business, other satellite or temporary locations, mobile vehicles or formats, carts or kiosks, by use of catalogs, the Internet, through other businesses, and/or through any other electronic or print media).

1.6 *Other Brands.* You ~~understand and agree~~ that we may operate (or be affiliated with companies that operate) businesses under brand names ~~(whether as company-owned concepts, as a franchisor, as a franchisee, or otherwise)~~ in addition to the “Code Ninjas” brand) and that we may acquire and operate businesses and other brands (or be acquired by a company that operates other brands) (collectively, **“Other Brands”**). You ~~understand and agree~~ that this Agreement does not grant you any rights with respect to any ~~such~~ Other Brands.

**2 TERM AND RENEWAL**

2.1 *Term.* The term of this Agreement starts on the Effective Date and, unless this Agreement is earlier terminated in accordance with its provisions, ~~will expire~~ expires 10 years after the Effective Date.

2.2 *Renewal.* You ~~will~~ have the right to renew your rights to operate the Franchise Business for 3 additional consecutive successor terms of 10 years each, if you have satisfied all of the following conditions:

2.2.1 You ~~agree to~~ must give us written notice of your intent to renew at least 9 months before the end of the term of this Agreement (but not more than 12 months before the term expires).

2.2.2 You ~~agree to~~ must remodel and refurbish the Franchised Business to comply with our then-current standards in effect

for new Learning Centers (and the provisions of Section 8.7.3 ~~below~~).

- 2.2.3 At the time of renewal: **(a)** you must be in compliance with the provisions of this Agreement (including any amendment to this Agreement), any successor to this Agreement, and/or any other contract between you (and your affiliates) and us (and our affiliates) and **(b)** in our sole discretion, you must have been in compliance during the entire term of this Agreement, even if we did not issue a notice of default or exercise our right to terminate this Agreement if you were not in compliance.
- 2.2.4 You must have timely met all of your financial obligations to us, our affiliates, the Brand Fund, ~~as well as~~ and your vendors (including your lessors, lenders, suppliers, staff, and all other parties with whom you do business), throughout the term of this Agreement (even if we did not issue a notice of default or exercise our right to terminate this Agreement if you did not meet your obligations). You must be current with respect to your financial and other obligations to your lessor, lenders, suppliers, and all other parties with whom you do business.
- 2.2.5 You must sign our then-current form of franchise agreement, which will supersede this Agreement in all respects (except with respect to the number of renewal terms remaining, which will not supersede this Section 2), and which you agree may contain terms that are substantially and materially different from those ~~stated~~ in this Agreement (including, for example, a higher percentage Royalty Fee and Marketing Contribution). Your direct and indirect owners must also sign and deliver to us a personal guarantee of your obligations under the renewal form of franchise agreement. (In this Agreement, the term “**entity**” includes a corporation, a limited liability company, a partnership, and/or a limited liability partnership.)
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- 2.2.6 Instead of a new initial franchise fee, you ~~agree to~~ must pay ~~to us~~ a renewal fee of \$3,500.
- 2.2.7 You ~~agree to~~ must sign and deliver to us a renewal agreement that will include a general release (that will be effective when signed and as of the date of renewal), in a form that we will provide, that will release all claims against us and our affiliates, and our respective officers, directors, members, managers, agents, and employees. Your affiliates and your respective direct and indirect owners (and any other parties that we reasonably request) must also sign and deliver that release to us.
- 2.2.8 You and your personnel must meet our then-current qualification and training requirements.

2.2.9 You must provide us with the financial reports concerning your Franchised Business that we ~~may~~ require, including a current balance sheet and the other information required under Section 12.2 ~~below~~.

2.2.10 You ~~agree to~~ must present to us satisfactory evidence that you have the right to remain in possession of the Accepted Location for the entire renewal term of this Agreement.

### 3 OUR DUTIES

3.1 *Training.* We will provide you with the training stated in Section 6 ~~below~~.

3.2 *Site Selection.* We will provide the site selection assistance that we think is needed, but you retain the sole responsibility for choosing a viable site.

3.3 *Standard Layout and Equipping of a Learning Center.* We will make available to you, at no additional charge, our standard layout, design and image specifications for a Learning Center, including the exterior and interior design and layout, fixtures, furnishings, equipment, and signs. We have the right to modify our standard layout plans and specifications as we deem appropriate periodically (however, once we have provided those plans and specifications to you, we will not further modify the layout plans and specifications for the initial construction of your Learning Center). We will also provide the site selection assistance called for under Exhibit ~~FE~~, Site Selection Addendum.

3.4 *Opening and Additional Assistance.* We may, but are not obligated to, provide a representative to be present at the grand opening of your Learning Center. We will provide additional on--site pre--opening and opening supervision and assistance that we think is advisable, and as may be described in the Brand Manual (defined below).

3.5 *Brand Manual.* We will lend to you (or provide you with access to) 1 copy of our confidential brand manuals and other written instructions relating to the operation of a Learning Center (the "**Brand Manual**"), in the manner and as described in Section 10 ~~below~~, for your use solely in connection with the Learning Center during the term of this Agreement.

3.6 *Marketing Materials.* We will assist you in developing the Grand Opening Marketing Program (defined below). We have the right to approve or disapprove all marketing and promotional materials that you propose to use, under Section 13 ~~below~~.

3.7 *Brand Fund.* We will administer the Brand Fund (as defined in Section 13.2 ~~below~~) in the manner stated in Section 13.2 ~~below~~.

3.8 *Inspection Before Opening.* We will evaluate the Franchised Business before it first opens for business. ~~You must pay us an inspection fee of \$3,000 for this inspection.~~ You agree to not open the Franchised

Business to customers or otherwise start operation until you have received our written consent to do so. Among other things, you agree to comply with all pre-opening requirements in the Brand Manual, ~~including obtaining the minimum number of required enrollments~~ before your planned opening date. You agree to provide us with written notice of the date that you intend to start operating at least 45 days in advance of the planned opening date.

- 3.9 *Assistance.* We will provide you with assistance in the marketing, management, and operation of the Franchised Business at the times and in the manner that we determine. We will periodically offer you the services of certain of our representatives, such as a field consultant, and these representatives will periodically visit your Franchised Business and offer advice regarding your operations, as we deem necessary to meet our own standards.
- 3.10 *Services Performed.* You agree that any of our designees, employees, agents, or independent contractors (such as an “area representative”) may perform any obligation imposed on us by the Agreement, as we may direct (if so, we will, nonetheless, remain responsible to you for the performance of these obligations).
- 3.11 *Our Decision-Making.* In fulfilling our obligations under this Agreement, and in conducting any activities or exercising our rights under this Agreement, we (and our affiliates) will always have the right: **(a)** to take into account, as we see fit, the effect on, and the interests of, other franchised and company-owned or affiliated businesses and systems; **(b)** to share market and product research, and other proprietary and non-proprietary business information, with other franchised businesses and systems in which we (or our affiliates) have an interest, and/or with our affiliates; **(c)** to test market various items in some or all parts of the System; **(d)** to introduce new Proprietary Items (as defined in Section 7.2), products that are not Proprietary Items, and operational equipment; and/or **(e)** to allocate resources and new developments between and among systems, and/or our affiliates, as we see fit. You agree that all of our obligations under this Agreement are subject to this Section, and that nothing in this Section will in any way affect your obligations under this Agreement.
- 3.12 *Confirmation of Performance.* After we have performed our pre-opening obligations to you under this Agreement, we may ask that you sign and deliver to us a confirmation (the “**Confirmation of Performance**”), in a form we reasonably request, confirming that we have performed those obligations. If we ask you to provide us with such a certificate, you agree to sign and deliver the Confirmation of Performance to us within 1 week after our request. However, if you do not reasonably believe that we have performed all of our pre-opening obligations, you must, within that same 1 week period, provide us with written notice specifically describing the obligations that we have not performed. Not later than 1 week after we complete all the obligations stated in that notice that we agree were unperformed, you agree to sign and deliver the Confirmation



of Performance to us. You agree to do so even if we performed the obligations after the time performance was due under this Agreement. The term "pre-opening obligations" means the obligations we have to you under this Agreement that must be performed before you open your Learning Center.

#### **4 FEES; SALES REPORTING**

##### **4.1 Initial Fees.**

4.1.1 When you sign this Agreement, you must pay us an initial franchise fee of \$40,000 (the "**Initial Franchise Fee**"). The Initial Franchise Fee is not refundable.

4.1.2 Before you attend the Initial Management Training, you must pay us our then- current new franchisee training fee ("**New Franchisee Training Fee**") for each of your attendees. The New Franchisee Training Fee is not refundable.

##### **4.2 Monthly Fees and Sales Reports.**

4.2.1 You agree to: (a) pay us a continuing royalty fee ~~equal to~~ 8.0% of the Net Sales of the Franchised Business ("**Royalty Fees**" or "**Royalties**"); and (b) report to us your Net Sales, in the form and manner that we specify (a "**Sales Report**"), by the Due Date (defined in Section 4.3 ~~below~~).

4.2.2 You agree to pay us a Brand Fund marketing contribution ("**Marketing Contribution**") ~~equal to~~ 2.25% of the Net Sales of the Franchised Business by the Due Date (defined in Section 4.3 ~~below~~).

4.2.3 As used in this Agreement:

4.2.3.1 The term "**Net Sales**" means all revenue from the sale of all Services and Products and all other income of every kind and nature related to, derived from, or originating from the Franchised Business (whether or not permitted under this Agreement), including barter and the proceeds of any business interruption insurance policies, whether for cash or credit, and regardless of theft, or of collection in the case of credit, but excluding: (a) sales taxes and other taxes that you collect from your customers and actually pay to the appropriate taxing authorities; and ~~(b)~~ (b) refunds, discounts, and other payment accommodations that you reasonably provide to your customers.

4.2.3.2 The term "**Period**" means a calendar month, or, at our election, a 4 or 5-week retail accounting interval

during the year for the purpose of organizing books and records (typically, with 13 Periods in about one year). We have the right to establish the schedule for Periods with reasonable advance notice to you.

4.2.3.3 The term “**Month**” means a calendar month, starting on the first day of the calendar month at one instant before 12:00:01 am (local time) and ending at one instant after 11:59:59 pm on the last day of the calendar month.

4.2.4 For each Period during the term of this Agreement, you agree to pay us our then- current technology fee to cover the administrative costs of the technology services and licenses we provide to you (“**Technology Fee**”). The Technology Fee will be due on the Due Date and is payable in the manner stated in Section

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~~4.3.2 below.~~ We have the right to increase the Technology Fee annually by 10% and/or change the method of payment by providing notice to you. ~~Any increase not taken in any year may be added to increases in later years.~~ As of the Effective Date, the Technology Fee is \$350 per month.

4.2.5 If you do not open the Franchised Business by the date required in Section 5.1-~~below~~, then for each month (pro-rated) that you have not yet opened after that date, you agree to pay us a minimum royalty fee of \$500 per month until you open the Franchised Business for business. This requirement is in addition to and not in place of our other remedies, including our right to terminate this Agreement if you have not opened the Franchised Business by the date required under Section 5.1-~~below~~.

4.3 Due Date and Payment Method. The parties agree that:

4.3.1 Each time you make a sale through our portal, app, or otherwise through us, we will remit the funds due to you but first will withdraw the Royalty Fees and Marketing Contribution due with respect to that incremental transaction. If we are unable to automatically withdraw the Royalty Fees and Marketing Contribution due to us when you make a sale (for example, if a sale does not go through our portal or app, or otherwise), you must pay us the Royalty Fees and Marketing Contribution relating to the transaction by the Due Date and as stated in Section 4.3.2-~~below~~.

4.3.2 All other payments required by this Section 4 and Section 13 ~~below~~ must be made by the Due Date by ACH (as stated below), or by other method of electronic funds transfer that we then require based on your Net Sales during the previous

Period, unless otherwise provided in this Agreement. As used in this Agreement, "**Due Date**" means the 15th day of each Period; however, if the Due Date falls on a federal holiday, then the Due Date will instead be the next business day. In addition, you agree to all of the following:

- 4.3.2.1 You agree to deliver to us all of the reports, statements, and/or other information that is required under Section 12~~below~~, at the time and in the format that we reasonably request. You also agree to deliver the Sales Report to us by the Due Date based on the sales of the previous Period.
- 4.3.2.2 You agree to establish an arrangement for electronic funds transfer to us, or electronic deposit to us of any payments required under this Agreement. Among other things, to implement this point, you agree to sign and return to us our current form of "ACH -- Authorization Agreement for Prearranged Payments (Direct Debits)," a copy of which is attached to this Agreement as Exhibit D (and any replacements for that form and process that we deem to be periodically needed to implement this Section 4.3.2), and you agree to: **(a)** comply with the payment and reporting procedures that we~~may~~ specify in the Brand Manual or otherwise in writing; and **(b)** maintain an adequate balance in your bank account at all times to pay by electronic means the charges that you owe under this Agreement. If we elect to use ACH withdrawal to ~~sweep payment of fees, then you will not be required~~ to submit a separate payment to us unless you do not maintain sufficient funds to pay the full amount due. Accordingly: **(i)** you agree to maintain a proper and sufficient balance in the account from which your ACH deductions are made to pay all of the fees that are due under this Agreement; and ~~**(ii)**~~ **(ii)** if you do not do so, then you agree to pay us ~~upon~~on demand the amounts due and also reimburse us for the bank fees (if any) that we incur as well as a reasonable additional administrative fee that we~~will~~ have the right to impose. You also agree that we may initiate an ACH withdrawal earlier than the Due Date so that the funds are actually transferred by the bank into our account on the Due Date.
- 4.3.2.3 You agree that your obligations to make full and timely payment of Royalty Fees and Marketing Contributions (and all other sums due to us) are absolute, unconditional, fully-earned by us, and due as soon as you are first open to the public.

4.3.2.4 You agree not to, for any reason, delay or withhold the payment of any amount due to us under this Agreement; put into escrow any payment due to us; set-off payments due to us against any claims or alleged claims that you may allege against us, the Brand Fund, our affiliates, suppliers, or others.

4.3.2.5 You agree that if you do not provide us, as requested, with access to your Computer System to obtain sales information or, if we require under Section 12.1.4 ~~below~~ or otherwise, printed and signed sales reports, then we will have the right to impute your sales for any period using (among other things) your sales figures from any Period(s) that we choose (which may be those with your highest grossing sales), and that you agree to pay the Royalties on that amount by our deduction of that amount from your direct debit account.

4.4 *No Subordination.* You agree: **(a)** not to subordinate to any other obligation your obligation to pay us the Royalty Fee or Marketing Contribution and/or any other amount payable to us, whether under this Agreement or otherwise; and **(b)** that any such subordination commitment that you may give without our prior written consent ~~will be~~ is null and void.

4.5 *Late Payment.* If we do not receive any payment due under this Agreement (and if the appropriate Brand Fund does not receive payment due) on or before the Due Date, then that amount will be deemed overdue. If any payment is late, then you agree to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of 1.5% per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). Our entitlement to ~~such~~ interest is in addition to any other remedies we ~~may~~ have. Any report that we do not receive on or before the due date ~~will also be~~ is deemed overdue.

4.6 *Other Funds Due.* You agree to pay us, within 10 days of our written request (which is accompanied by reasonable substantiating material), any amounts that we have paid, that we have become obligated to pay, and/or that we choose to pay on your behalf.

4.7 *Index.* We have the right to adjust, for inflation, the fixed-dollar amounts (that is, those expressed in a numeral and not as a percentage of Net Sales) under this Agreement (except for the Initial Franchise Fee) once a year to reflect changes in the Index from the year in which you signed this Agreement. For the purpose of this Section 4.7, the term

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~~"Index" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("BLS") (1982-84=100)~~ "Index" means the Consumer Price Index as published by the U.S. Bureau of Labor Statistics ("BLS") (1982-84=100); all items;

CPI-U; all urban consumers). If the BLS no longer publishes the Index, then we will have the right to designate a reasonable alternative measure of inflation.

- 4.8 *Funds.* You agree to make all payments to us in U.S. Dollars to the bank account we periodically designate in writing (or as we otherwise direct in writing).

## **5 FRANCHISED BUSINESS LOCATION, CONSTRUCTION AND RENOVATION**

- 5.1 *Opening Deadline.* You are responsible for purchasing, leasing, or subleasing a suitable site for the Franchised Business. You agree to establish the Franchised Business and have it open and in operation by the 8-month anniversary of the Effective Date of this Agreement.

- 5.2 *Site for the Learning Center.* As provided in Section 1.2~~above~~, if you do not have (and we have not approved in writing) a location for the Learning Center as of the Effective Date, then you must find and obtain the right to occupy (by lease, sublease, or acquisition of the property) premises that we find acceptable to serve as your Learning Center, all in accordance with the Site Selection Addendum.

- 5.3 *Our Review and Your Responsibilities.* Any reviews that we conduct of the proposed site, lease, and other details concerning your site are for our benefit only, and to evaluate the proposed site against our internal standards. In addition:

5.3.1 You agree that our review, comments about, and even our acceptance of a proposed site, lease, sublease, design plans, and/or renovation plans for the Learning Center is not (and will not be deemed) our recommendation, endorsement, and/or guarantee of the suitability of that location or the terms of the lease, sublease, and/or purchase agreement for the premises of your Learning Center.

5.3.2 You agree to take all steps necessary to determine for yourself whether a particular location and the terms of any lease, sublease, and/or purchase agreement for the site are beneficial and acceptable to you (including retaining your own legal counsel to review the lease). You will always have complete and total decision-making authority over the terms of any lease, sublease, and/or purchase agreement for the site, even if we provide comments, advice, guidance, edits, or any other assistance in any lease, sublease, and/or purchase negotiations, discussions with the landlords, and/or otherwise in connection with reviewing the lease, sublease and/or purchase agreement. You agree that: (a) you must decide whether or not the proposed contract is sensible for your business, (b) the final decision as to whether or not to sign the lease, sublease, and/or purchase agreement is yours, and (c)

we will not be responsible for the terms of your lease, sublease, and/or purchase agreement.

5.3.3 You agree that: **(a)** any standard layout and equipment plans that we provide to you, as well as any review and comments that we provide to the plans that you develop for your Learning Center, are not meant to address the requirements of any Operating Codes (as defined in Section 8.6~~below~~); **(b)** our standard plans or comments to your modified plans, will not reflect the requirements of, nor may

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they be used for, construction drawings or other documentation that you will need to obtain permits or authorization to build a specific Learning Center; **(c)** you will be solely responsible to comply with all local laws, requirements, architectural needs, and similar design and construction obligations associated with the site, at your expense; and **(d)** our review, comment, and acceptance of your plans will be limited to reviewing those plans to assess compliance with our standards (including issues such as trade dress, presentation of Proprietary Marks, and the provision to the potential customer of certain Services and Products that are central to the purpose, atmosphere, and functioning of Learning Centers).

5.3.4 You agree that our acceptance of the Accepted Site indicates only that we believe that the Accepted Site falls within the acceptable criteria for sites and premises that we have established as of the time of our acceptance of the Accepted Site.

5.3.5 We will not review nor may our acceptance be deemed to address whether or not you have complied with any of the Operating Codes, including ~~provisions of the Americans with Disabilities Act (the "ADA"); and you agree that compliance with such these laws is and will be your sole responsibility.~~

5.3.6 You ~~acknowledge~~ agree that we will have no liability to you or any regulatory authority if you fail to obtain and/or maintain any necessary licenses or approvals required for the operation of the Franchised Business.

5.4 *Lease Review.* You agree to provide us with a copy of the proposed lease, sublease, or purchase agreement for the Accepted Location, and you agree not to enter into that lease, sublease, or purchase agreement until you have received our written acceptance (subject to Section 5.3.2 ~~above~~). We have the right to condition our acceptance of the lease, sublease, or purchase agreement (subject to Section 5.3.2 ~~above~~) on the inclusion of terms that are consistent with our rights and your responsibilities under this Agreement, including, that you and the

landlord sign a lease rider in the form attached to this Agreement as Exhibit GF. You also agree:

- 5.4.1 to provide us with a copy of the fully signed lease and/or sublease, including a signed lease rider (in the form attached as Exhibit GF), before you begin construction or renovations as the Accepted Location;
- 5.4.2 that our acceptance of the proposed lease, sublease, or purchase agreement for the Accepted Location indicates only that we believe that the lease, sublease, or purchase agreement falls within the acceptable criteria for sites and premises that we have established as of the time of our acceptance of the lease, sublease, or purchase agreement for the Accepted Location;
- 5.4.3 that our acceptance of the proposed site as well as your proposed lease, sublease, or purchase agreement for the Accepted Site does not constitute any guarantee or warranty, express or implied, of the successful operation or profitability of your Learning Center operated at the Accepted Site (and that our acceptance indicates only that we believe that the Accepted Site and the terms of the lease, sublease, or purchase agreement fall within our own internal criteria); and
- ~~5.4.4 that we have advised that you have your own attorney review and evaluate the lease, sublease, or purchase agreement.~~

5.5 *Preparing the Site.* You agree that promptly after obtaining possession of the Accepted Location, you will do all of the following:

- 5.5.1 obtain all required zoning permits, all required building, utility, health, sign permits and licenses, and any other required permits and licenses;
- 5.5.2 purchase or lease equipment, fixtures, furniture and signs as required under this Agreement (including the specifications we have provided in writing, whether in the Brand Manual or otherwise);
- 5.5.3 complete the construction and/or remodeling as described in Section 8.7 ~~below~~, and installation of all equipment, fixtures, furniture and signs and decorating of the Franchised Business in full and strict compliance with plans and specifications for the Franchised Business that we have approved in writing, as well as all applicable ordinances, building codes and permit requirements;
- 5.5.4 obtain all customary contractors' partial and final waivers of lien for construction, remodeling, decorating and installation services; and

5.5.5 purchase an opening inventory of Products and other materials and supplies.

5.6 *Construction or Renovation.* For any construction or renovation of the Franchised Business (and before you start any construction or renovation) you agree to comply, at your expense, with all of the following requirements, which you agree to satisfy to our reasonable satisfaction:

5.6.1 You agree to employ a qualified, licensed architect or engineer who is reasonably acceptable to us to prepare, for our acceptance, preliminary architectural drawings and equipment layout and specifications for site improvement and construction of the Franchised Business based on standard layout, design and image specifications we will furnish in the Brand Manual (depending on whether, for example, your Franchised Business will be operated in a stand-alone facility, and end-cap, or as a retro-fit of an existing building). The materials that you submit to us must include a description of any modifications to our specifications (including requirements for dimensions, interior and exterior design and layout, equipment, fixtures, furnishings, signs, and decorating materials) required for the development of a Franchised Business. Our acceptance will be limited to conformance with our standard image specifications and layout, and will not relate to your obligations with respect to any applicable Operating Codes, including the ADA. After we have responded to your preliminary plans and you have obtained any permits and certifications, you agree to submit to us, for our prior written acceptance, final architectural drawings, plans and specifications. We have the right to request changes and approve, but we will not supervise or otherwise oversee your project. We will not unreasonably withhold our acceptance of your adapted plans, provided that the plans and specifications conform to our general criteria. Once we have approved those final plans, you cannot later change or modify the plans without our prior written consent.

5.6.2 You agree to comply with all Operating Codes, including, the applicable provisions of the ADA regarding the construction and design of the Franchised Business. Additionally, before opening the Franchised Business, and after any renovation, you agree to sign and deliver to us an ADA Certification in the form attached to this Agreement as Exhibit E, to certify that the Franchised Business and any proposed renovations comply with the ADA.

5.6.3 You are solely responsible for obtaining (and maintaining) all permits and certifications (including, zoning permits, licenses, construction, building, utility, health, sign permits and licenses) that are required by state or local laws, ordinances, or



regulations (or that are necessary or advisable due to any restrictive covenants relating to your location) for the lawful construction and operation of the Franchised Business. You must certify in writing to us that you have obtained all required permits and certifications.

5.6.4 You agree to employ a qualified licensed general contractor who is reasonably acceptable to us to construct the Franchised Business and to complete all improvements.

5.6.5 You agree to obtain (and maintain) during the entire period of construction the insurance required under Section 15—below; and you agree to deliver to us proof of insurance as we reasonably require.

5.7 *Pre-Opening.* Before opening for business, you agree to meet all of the preopening requirements stated in this Agreement, the Brand Manual, and/or that we otherwise specify in writing.

5.8 *Reporting Development Costs.* Within 90 days after the Franchised Business first opens for business, you agree to give us a full written breakdown of all costs associated with the development and construction of the Franchised Business, in the form that we reasonably find acceptable or that we otherwise require.

5.9 *Relocation.* You agree not to relocate the Franchised Business without our prior written consent. Any proposed relocation will be subject to our review of the proposed new site under our then-current standards for site selection, and we will also have the right to take into consideration commitments that we have made to other franchisees, licensees, landlords, real estate developers, and other parties relating to the proximity of a new Learning Center to their establishment. If you wish to relocate, then you agree to: (a) pay us a relocation fee of \$5,000; and (b) reimburse us (in advance) for the expenses that we reasonably expect to incur (including, if we deem necessary to visit the proposed new location, the costs of travel, lodging and meals for our representatives to visit the proposed location), and our legal fees and related expenses incurred in reviewing, approving, and documenting your relocation of the Franchised Business to a new site (the "**Relocation Expenses**"). The parties must also sign an agreement to memorialize and implement the relocation, which will include, among other things, general releases. The parties will also reconcile the Relocation Expenses within 30 days after you have reopened your Learning Center at the new location, based on a statement of our actual Relocation Expenses, at which time: (a) we will refund to you the unused balance of the funds that you have advanced as compared to our actual Relocation Expenses; or (b) you will pay us the additional amount necessary to fully reimburse us for our actual Relocation Expenses.

## **6 DESIGNATED PRINCIPAL, PERSONNEL, AND TRAINING**

## 6.1 Designated Principal and Management.

- 6.1.1 One of the parties that owns an interest in you must serve as your “**Designated Principal**.” The Designated Principal must supervise the operation of the Franchised Business and must own at least 10% or more of the voting and ownership interests in the franchisee entity. The Designated Principal (and any replacement for that individual) must have qualifications reasonably acceptable to us to serve in this capacity, complete our training program as described below, must have authority over all business decisions related to the Franchised Business, must have the power to bind you in all dealings with us, and must have signed and delivered to us the Guarantee, Indemnification, and Acknowledgement attached as Exhibit B.
- 6.1.2 You must inform us in writing whether the Designated Principal will assume full- time responsibility for the daily supervision and operation of the Franchised Business. If not, then you must employ a full-time director (a “**Center Director**”) with qualifications reasonably acceptable to us, who will assume responsibility for the daily operation of the Franchised Business.
- 6.1.3 The Franchised Business must at all times be under the active full-time management of either your Designated Principal or Center Director (who must have successfully completed our initial training program to our satisfaction).
- 6.1.4 The term “**Additional Trained Personnel**” means Learning Center personnel, in addition to the Designated Principal and Center Director, who have successfully completed our initial and ongoing training requirements and possess the qualifications necessary to the management and/or service roles that each person will perform in operating the Franchised Business.

## 6.2 Initial Management Training.

- 6.2.1 *Owners Training.* The Center Director and any Owners we require must attend and successfully complete, to our satisfaction, the training program that we offer in the Atlanta metropolitan area or another location that we specify (“**Initial Training**”). The Designated Principal must also attend and successfully complete, to our satisfaction, the owner’s training program. You must pay us the New Franchisee Training Fee for each attendee.
- 6.2.2 If you already have completed Initial Training to our satisfaction, then, at our option, and at our sole discretion, you

may be permitted to conduct the initial training of your Designated Principal, your Center Director (if applicable), and any other managerial personnel, in accordance with the requirements and conditions as we from time to time establish for this training. Our requirements for initial training by you are stated in the Brand Manual or other written materials and include, but are not limited to, the requirement that all training activities be conducted: (a) by the Designated Principal(s) or your personnel (or your affiliate) who have completed our initial training program to our satisfaction, and who remain acceptable to us to provide initial training; and (b) following the procedures and conditions we established. If we determine that the training you provide does not satisfy our standards and requirements, or that any newly trained individual is not trained to our standards, then we may require that the newly trained individual(s) attend and complete an initial training program we provide before the opening of the Franchised Business.

#### 6.2.3 Brand Management Training.

6.2.3.1 The Center Director (and your initial general manager and your initial assistant manager) must also attend and successfully complete, to our satisfaction, the brand management training program that we offer at our headquarters or another location that we specify on payment of the New Franchisee Training Fee for each attendee. (Your Center Director will train your subsequently hired managers and staff members.)

6.2.3.2 You may send up to 3 additional individuals to the initial training program to our designated training facilities (which may be in the Atlanta metropolitan area or elsewhere) on payment of the New Franchisee Training Fee for each attendee.

#### 6.3 Additional Obligations and Terms Regarding Training.

6.3.1 If for any reason your Designated Principal and/or Center Director cease active management or employment at the Franchised Business, or if we revoke the certification of your Designated Principal or your Center Director to serve in that capacity, then you agree to enroll a qualified replacement (who must be reasonably acceptable to us to serve in that capacity) in our initial training program within 30 days after the former individual ended his/her full time employment and/or management responsibilities. The replacement must attend and successfully complete the Initial Training and/or Brand Management Training, to our reasonable satisfaction, as soon as it is practical to do so, and you agree that you will first pay us our New Franchisee Training Fee for each attendee.

6.3.2 We may require that you and your Designated Principal, Center Director and Additional Trained Personnel attend refresher courses, new product launches, seminars, and other training programs as we reasonably require periodically.

6.3.3 We may require you to enroll each of your employees in web-based training programs relating to the Services and Products that will be offered to customers of the Learning Center.

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6.3.4 ~~Training Costs and Expenses.~~

6.3.4.1 We agree to cover the cost of providing the instruction and required materials, except as otherwise provided in Sections 6.2, 6.3, 6.4, and 6.5 of this Agreement.

6.3.4.2 You agree to pay all expenses incurred in connection with any training, including the costs of transportation, lodging, meals, wages, benefits, and worker's compensation insurance for you and your employees. Training may take place at one or more locations that we designate, including the Atlanta metropolitan area or elsewhere.

6.3.4.3 You also agree to cover all of your employees at all times (including the pre-opening period, and including those attending training) under the insurance policies required in Section 15 ~~below~~.

6.3.4.4 We have the right to reduce the duration or content of the training program for any trainee who has prior experience with our System or in similar businesses.

6.4 *Additional On-Site Training.* You may ask us to provide on-site training in addition to that which we will provide to you in connection with the initial training program and/or the opening of the Franchised Business, and if we are able to do so, then you agree to pay us our then-current per diem training charges and our out-of-pocket expenses. Additionally, if you do not pass one or more inspections, then we have the right to determine that you are not operating your Learning Center in accordance with our brand standards, and we may place you in default of this Agreement and/or require you and/or your employees to complete additional training at the Franchised Business or a location that we designate, at your expense, which will include our then-current per diem training charges and our out-of-pocket expenses for any training conducted at your Franchised Business.

6.5 *Convention.* If we hold a franchise convention, then the party holding a controlling interest in you and your Designated Principal (if different) must register for and attend the convention annually in accordance with

our then-current policies. We will bill you for one registration fee before the convention, which will provide you with one registration. You may also have additional representatives attend the conference, as long as those representatives are registered and pay the registration fee for their attendance. You are also responsible for all travel and living expenses that you and your representatives incur in connection with attending the convention.

## **7 PURCHASING AND SUPPLY**

The requirements of this Section 7 apply to Proprietary Items (Section 7.2), Input Items that you must purchase or otherwise source from approved suppliers (Section 7.1), and Input Items that you must otherwise purchase or source in accordance with our standards and specifications (Section 7.3).

**7.1 *Input Items.*** You agree to buy all learning materials, curriculum-related items, equipment, furniture, supplies, t-shirts, and other apparel, materials, and all other Services and Products used (or offered for sale) at the Learning Center (together, “**Input Items**”) only

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~~from suppliers as to whom we have given our prior written approval (and whom we have not subsequently disapproved).~~ (The term Input Items also includes any pre-packaged Products that you buy from approved suppliers.) In this regard, the parties further agree:

7.1.1 In determining whether we will approve any particular supplier for an Input Item, we will consider various factors, including: **(a)** whether the supplier can demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards and specifications for the items; **(b)** whether the supplier has adequate quality controls and capacity to supply your needs promptly and reliably; **(c)** whether approval of the supplier would enable the System, in our sole opinion, to take advantage of marketplace efficiencies; and/or **(d)** whether the supplier will sign a confidentiality agreement and a license agreement in the form that we require (which may include a royalty fee for the right to use our Proprietary Marks and any other proprietary rights, intellectual property, etc.).

7.1.2 For the purpose of this Agreement, the term “**supplier**” includes, but is not limited to, manufacturers, distributors, resellers, and other vendors. You agree that we have the right to appoint only one supplier for any particular product, or item (which may be us or one of our affiliates).

7.1.3 You agree that:

7.1.3.1 you will offer and sell all of the Services and Products that we require and that we have approved in writing; and

7.1.3.2 you will not offer or sell any Services and/or Products that we have not approved, disapproved, or that are otherwise not permitted under this Agreement.

7.1.4 If you want to buy any Input Item from an unapproved supplier (except for Proprietary Items, which are addressed in Section 7.2~~below~~), then you must first submit to us a written request asking for our prior written approval. You agree not to buy from any supplier unless and until we have given you our prior written consent to do so. We have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory that we have ~~designated~~designated for testing. You (or the supplier) may be required to pay a charge, not to exceed the reasonable cost of the inspection, as well as the actual cost of the test. We have the right to also require that the supplier comply with other requirements that we have the right to designate, including payment of reasonable continuing inspection fees and administrative costs and/or other payment to us by the supplier on account of their dealings with you or other franchisees, for use of our trademarks, and for services that we may render to the suppliers. We also reserve the right, at our option, to periodically re~~inspect~~ the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our then~~current~~ criteria. We are not required to approve any particular supplier, nor to make ~~available our standards, specifications, or formulas to~~ prospective suppliers, which we have the right to deem confidential.

7.1.5 You agree we have the right to establish one or more strategic alliances or preferred vendor programs with one or more nationally or regionally-known suppliers that are willing to supply all or some Learning Centers with some or all of the Services and/or Products that we require for use and/or sale in the development and/or operation of Learning Centers, notwithstanding anything to the contrary in this Agreement. In this event, we may limit the number of approved suppliers with whom you may deal, designate sources that you must use for some or all Input Items, and/or refuse any of your requests if we believe that this action is in the best interests of the System or the network of Learning Centers. We have the right to approve or disapprove of the suppliers who may be permitted to sell Input Items to you. Any of our affiliates that sell Input Items to you will do so at our direction. If you are in default of this Agreement, we reserve the right to direct our affiliates not to sell Input Items to you, or to withhold certain discounts that might otherwise be available to you.

7.1.6 You agree that we have the right to collect and retain all manufacturing allowances, marketing allowances, rebates, credits, monies, payments or benefits (collectively, "**Allowances**") offered by suppliers to you or to us (or our affiliates) based on your purchases of Input Items. These Allowances include those based on purchases of products, and other items (such as packaging). You assign to us or our designee all of your right, title and interest in and to any and all Allowances and authorize us (or our designee) to collect and retain any or all Allowances without restriction.

7.1.7 If we require you to offer and sell items that bear our Proprietary Marks, or to use items that bear our Proprietary Marks, then you must buy, use, and sell only the items that we require, and you must buy those items only from our approved suppliers.

7.2 *Proprietary Items.* You agree that: **(a)** we have the right to require that certain Products that you offer at the Franchised Business must be produced in accordance with our proprietary standards and specifications (and/or those of our affiliates), and that these items are our proprietary products ("**Proprietary Items**"); **(b)** we have the right to require that you purchase and offer Proprietary Items (and any packaging bearing the Proprietary Marks) only from us, our affiliates, and/or our designated suppliers, and not to offer or sell any other products at or from the Franchised Business; and **(c)** we have the right to determine whether any particular item (now or in the future) is or will be deemed a "Proprietary Item."

7.3 *Specifications.* In addition to the provisions of Sections 7.1 and 7.2 ~~above~~, as to those Input Items that we do not require you to buy or otherwise source from approved suppliers and that are not proprietary items (as specified in Section 7.2 ~~above~~), you agree to purchase or otherwise source those Input Items only in accordance with the standards and specifications that we specify in the Brand Manual or otherwise in writing (for example, number two pencils).

7.4 *Use of the Marks.* You agree to use all Logo Items that we require and not to use any items that are a substitute for a Logo Item without our prior written consent. The term "**Logo Items**" is agreed to mean all marketing materials, signs, decorations, paper goods (including and all forms and stationery used in the Franchised Business). You agree that all Logo Items that you use will bear the Proprietary Marks in the form, color, location, and

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manner we prescribe (and that all Logo Items will ~~bear~~ be subject to our prior written approval as provided in Section 13.8 ~~below~~).

7.5 *Suppliers.* You agree that in connection with purchasing, leasing, licensing, or otherwise obtaining any service or item from a third-party supplier (including those that we have approved, required, or otherwise):

(a) we have no responsibility (and you expressly disclaim any recovery against us) for those suppliers' services, items, contract terms, or otherwise in connection with those suppliers' performance; (b) if there are any shortcomings in the services, items, or terms of purchase, lease, or license from those suppliers, that you will seek recovery and/or compensation only from the supplier that sold, leased, licensed, or otherwise provided that service and/or item to you (and not from us or our affiliates).

## **8     YOUR DUTIES**

In addition to all of the other duties stated in this Agreement, for the sake of brand enhancement and protection, you agree to all of the following:

8.1     *Importance of Following Standards.* You ~~understand~~ and acknowledge that every detail of the Franchised Business is important to you, to us, and to other "Code Ninjas" franchisees to develop and maintain our brand and operating standards, to provide customer service to customers and participants, to increase the demand for the Services and Products sold, by all franchisees, and to protect and enhance the reputation and goodwill associated with our brand.

8.2     *Opening.* ~~In the opening of the Franchised Business:~~

8.2.1     You agree to conduct, at your expense, all promotional and marketing activities as we require.

8.2.2     You agree to open the Franchised Business by the date stated in Section 5.1 ~~above~~. Subject to availability and scheduling, we may send a representative to attend the opening (however, we have no obligation to do so).

8.2.3     You will not open the Franchised Business until we have determined that all construction has been substantially completed, and that the construction conforms to our standards (including those pertaining to materials, quality of work, signage, decor, paint, and equipment) and we have accepted in writing your proposal to open, which we will not unreasonably withhold.

8.2.4     You agree not to open the Franchised Business until the Designated Principal, Center Director, and Additional Trained Personnel have successfully completed all training that we require, and not until you have hired and trained to our standards a sufficient number of employees to service the anticipated level of the Franchised Business's customers.

8.2.5     In addition, you agree not to open the Franchised Business until the Initial Franchise Fee and any other amounts due to us (and our affiliates) under this Agreement or any other agreements have been paid.



8.3 *Operate According to Our Standards.* To ensure that the highest degree of quality and service is maintained, you agree to operate your Franchised Business in strict conformity with the methods, standards, and specifications that we periodically require in the Brand Manual or otherwise in writing. In this regard, you agree to do all of the following:

- 8.3.1 You agree to maintain a staff that is able to meet our brand standards and other requirements related to your operation of the Learning Center.
- 8.3.2 You agree, at all times, to cooperate with us and with our representatives, and conduct the operation of the business in a first-class and professional manner in terms of dealing with customers, vendors, and our staff as well.
- 8.3.3 You agree to maintain in sufficient supply, and to use at all times only the items, products, equipment, services, materials, and supplies that meet our written standards and specifications, and you also agree not to deviate from our standards and specifications by using or offering any non-conforming items without our specific prior written consent.
- 8.3.4 You agree: **(a)** to sell or offer for sale only those Services, items, and Products using the standards and techniques that we have approved in writing for you to offer and use at your Franchised Business; **(b)** to sell or offer for sale all Services, items, and Products using the standards and techniques that we specify in writing; **(c)** not to deviate from our standards and specifications; **(d)** to stop using and offering for use any Services or Products that we at any time disapprove in writing (recognizing that we have the right to do so at any time); and **(e)** that if you propose to deviate (or if you do deviate) from our standards and specifications, whether or not we have approved the deviation, that deviation will become our property.
- 8.3.5 You agree to permit us, or our agents, at any reasonable time, to inspect the Products, equipment and to remove samples of items or Products, without payment, in amounts reasonably necessary for testing by us or an independent third party to determine whether the Products, equipment, or samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of this testing if we had not previously approved the supplier of the item or if the sample fails to conform to our specifications.
- 8.3.6 You agree to buy and install, at your expense, all fixtures, furnishings, equipment, decor, and signs as we specify, and to

periodically make upgrades and other changes to these items at your expense as we reasonably request in writing. Without limiting the above, you agree that changes in our System standards may require you to purchase new and/or additional equipment for use in the Franchised Business.

8.3.7 You agree not to install or permit to be installed on or about the premises of the Franchised Business, without our prior written consent, any fixtures, furnishings, equipment, machines, décor, signs, or other items that we have not previously in writing approved as meeting our standards and specifications.

8.3.8 You agree to immediately notify us in writing if you or any of your Principals are convicted of a felony, a crime involving moral turpitude, or any other crime or offense that is likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interests in them.

8.3.9 You agree to purchase or lease, and use, the music system and playlist that we require, and pay fees to the licensing organization associated with playing that music.

8.4 *Use of the Premises.* You may use the Accepted Location only for the purpose of operating the Franchised Business and for no other purpose. You agree not to co-brand or permit any other business to operate at the Accepted Location.

8.5 *Hours and Days of Operation.* You agree to keep the Franchised Business open and in normal operation for the hours and days we periodically specify in the Brand Manual or as we otherwise approve in writing.

8.6 *Health Standards and Operating Codes.* You agree to meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. You agree to fully and faithfully comply with all Operating Codes applicable to your Franchised Business. You will have the sole responsibility to fully and faithfully comply with any Operating Codes, and we will not review whether you are in compliance with any Operating Codes. As used in this Agreement, "**Operating Codes**" means all applicable laws, codes, ordinances, and/or regulations (whether federal, state, municipal, and/or local) that apply to the Services, Products, construction and design of the Learning Center, health, safety, instructor qualification, and/or other aspects of operating the Franchised Business (including the ADA, laws pertaining to employment, etc.), as well as requirements pertaining to educators, learning center employees, and others to obtain permits, licensure, background checks, and fingerprinting, and other requirements.

8.6.1 You agree to send us, within 2 days of your receipt, a copy of all inspection reports, warnings, citations, certificates, and/or ratings resulting from inspections conducted by any federal, state or municipal agency with jurisdiction over the Franchised Business.

8.6.2 You must also obtain and maintain during the term of this Agreement all licenses and approvals from any governmental or regulatory agency required for the operation of the Franchised Business ~~or~~ provision of the Services, or sale of the Products you will offer, sell, and provide. Where required, you must obtain the approval of any regulatory authority with jurisdiction over the operation of your Franchised Business.

8.6.3 You ~~acknowledge~~ agree that we will have no liability to you or any regulatory authority for your failure to obtain or maintain during the term of this Agreement any necessary licenses or approvals required for the operation of the Franchised Business.

8.7 Your Franchised Business:

8.7.1 *Franchised Business Condition, Maintenance.* You agree that at all times, you will maintain the Franchised Business in a high degree of sanitation, repair, and condition. In addition, you agree to make repairs and replacements to the ~~Learning Center as may be required for that purpose (but no~~ others without our prior written consent), including the periodic repainting or replacement of obsolete signs, furnishings, equipment, and decor (a "Minor Refurbishment") that we reasonably require. You also agree to obtain maintenance services from qualified vendors for any equipment ~~as we~~ specify and maintain those service agreements at all times. Your maintenance and upkeep obligations under this Section 8.7.1 are separate from those with respect to periodic upgrades that we may require regarding fixtures, furnishings, equipment, decor, and signs, and Section 8.7.3 ~~below~~ with respect to Major Remodeling.

8.7.2 You also agree to complete a Minor Refurbishment as we ~~may~~ reasonably require, which will not be more than once every 3 years.

8.7.3 *Major Remodeling.* In addition to the maintenance and upkeep obligations requirements under Section 8.7.1 ~~above~~, you agree to refurbish the Franchised Business at your expense to conform to our then-current building design, exterior facade, trade dress, signage, furnishings, decor, color schemes, and presentation of the Proprietary Marks in a manner consistent with the then- current image for new Learning Centers,

including remodeling, redecoration, and modifications to existing improvements, all of which we may require in writing (collectively, "**Major Remodeling**").

8.7.3.1 You will not have to conduct a Major Remodeling more often than once every 5 years during the term of this Agreement (and not in an economically unreasonable amount); provided, however, that we may require Major Remodeling more often if a Major Remodeling is required as a precondition to renewal (as described in Section 2.2.2-~~above~~); and

8.7.3.2 You will have one year after you receive our written notice within which to complete a Major Remodeling (but, in the case of a renewal, the Major Remodeling must be completed before you may renew).

8.8 *Use of the Marks.* You agree to follow all of our instructions and requirements regarding any marketing and promotional materials, signs, decorations, merchandise, all replacement trade dress products, and other items that we may designate to bear our then-current Proprietary Marks and logos (including our requirements as to the form, color, location, and manner for making use of those marks).

8.9 Depending on your type of Entity:

8.9.1 *Corporation.* If you are a corporation, then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** maintain stop transfer instructions on your records against the transfer of any equity securities and will only issue securities on the face of which a legend, in a form satisfactory to us, appears that references the transfer restrictions imposed by this Agreement; **(c)** not issue any additional shares (whether voting securities or securities convertible into voting securities); and **(d)** maintain a current list of all owners of record and all beneficial owners of any class of voting stock of your company and furnish the list to us on request.

8.9.2 *Partnership/LLP.* If you are a general partnership, a limited partnership, or a limited liability partnership (LLP), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your partnership agreement and all other documents we reasonably request, and any amendments to them; **(c)** prepare and furnish to us, on request, a current list of all of your general and limited partners; and **(d)** consistent with the transfer restrictions ~~set~~ outlined in this Agreement, maintain instructions against the

transfer of any partnership interests without our prior written approval.

8.9.3 *LLC.* If you are a limited liability company (LLC), then you agree to: **(a)** confine your activities, and your governing documents will at all times provide that your activities are confined, exclusively to operating the Franchised Business; **(b)** furnish us with a copy of your articles of organization and operating agreement, and all other documents we reasonably request, and any amendments to them; ~~**(c)**~~ **(c)** prepare and furnish to us, on request, a current list of all members and managers in your LLC; and **(d)** maintain stop transfer instructions on your records against the transfer of equity securities and will only issue securities on the face of which bear a legend, in a form satisfactory to us, that references the transfer restrictions imposed by this Agreement.

8.9.4 *Guarantees.* If you are an entity, then you agree to obtain, and deliver to us, a guarantee of your performance under this Agreement and covenant concerning confidentiality and competition, in the form attached as Exhibit B, from each current and future direct and indirect: **(a)** shareholder of a corporate Franchisee; ~~**(b)**~~ **(b)** member of a limited liability company Franchisee; **(c)** partner of a partnership Franchisee; and/or **(d)** partner of a limited liability partnership Franchisee.

8.10 *Quality-Control and Customer Survey Programs.* We may periodically designate an independent evaluation service to conduct a “mystery shopper,” “customer survey,” and/or similar quality-control and evaluation programs with respect to some or all of the Learning Centers in our System. You agree to participate in these programs as we require, and promptly pay the then-current charges of the evaluation service. If you receive an unsatisfactory or failing report under any such program, then you agree to: **(a)** immediately implement any remedial actions we require; and **(b)** reimburse us for the expenses we incur as a result thereof (including the cost of having the evaluation service re-evaluate the Franchised Business, our inspections of the Franchised Business, and other costs or incidental expenses). In addition to the above, we may solicit feedback from students and/or their guardians or share information related and beneficial to the business.

8.11 *Prices.*

8.11.1 We may periodically provide suggested retail pricing, however (subject to Section 8.11.2 ~~below~~), you will always have the right to set your own prices.

8.11.2 You agree that to the extent permitted by law we may set reasonable restrictions on the maximum and minimum prices

you may charge for the Services and Products offered and sold at the Learning Center under this Agreement. You have the right to set the prices that you charge to your customers; provided, however, that (subject to applicable law): **(a)** if we have established a maximum price for a particular item, then you may charge any price for that item up to and including the maximum price we have established; and **(b)** if we have established a minimum price for a particular item, then you may charge any price for that item that is equal to or above the minimum price we have established.

- 8.12 *Environmental Matters.* Both parties recognize and agree that there are changing standards in this area in terms of applicable law, competitors' actions, consumer expectations, obtaining a market advantage, available and affordable solutions, and other relevant considerations. In view of those and other considerations, as well as the long- term nature of this Agreement, you agree that we have the right to periodically set reasonable standards with respect to environmental, sustainability, and energy for the System through the Brand Manual, and you agree to abide by those standards.
- 8.13 *Innovations.* You agree to disclose to us all ideas, concepts, methods, techniques and products conceived or developed by you, your affiliates, owners and/or employees during the term of this Agreement relating to the development and/or operation of the Learning Center. All these products, services, concepts, methods, techniques, and new information will be deemed to be our sole and exclusive property and works made-for-hire for us. You grant to us (and agree to obtain from your affiliates, owners, employees, and/or contractors), a perpetual, non-exclusive, and worldwide right to use any these ideas, concepts, methods, techniques and products in any businesses that we and/or our affiliates, franchisees and designees operate. We have the right to use those ideas, concepts, methods, techniques, and/or products without compensation to you. You agree not to use or allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.
- 8.14 *Suspending Operation.* You agree to immediately suspend operating the Franchised Business and promptly notify us in writing if: **(a)** any equipment used, or Services or Products sold, at the Franchised Business deviate from our standards; **(b)** any equipment used, or Services or Products sold, at the Franchised Business fail to comply with applicable laws or regulations; **(c)** you fail to maintain the equipment, Franchised Business premises, personnel, or operation of the Franchised Business in accordance with any applicable law or regulations; and/or **(d)** if you are in material default of your obligations under this Agreement. ~~In the event of~~ On such a suspension of operations, you agree to immediately notify us, in writing, and also remedy the unsafe, or other condition or other violation of the applicable law or regulation. You agree not to reopen the Franchised Business until

after we have inspected the Franchised Business premises (physically or otherwise), and we have determined that you have corrected the condition and that all equipment used, or Services or Products to be sold, at the Franchised Business comply with our standards. This Section does not limit or restrict our other rights under this Agreement.

## **9 PROPRIETARY MARKS**

- 9.1 *Our Representations.* We represent to you that we own (and/or have an appropriate license to) all right, title, and interest in and to the Proprietary Marks.
- 9.2 *Your Agreement.* With respect to your use of the Proprietary Marks, you agree that:
- 9.2.1 You will use only the Proprietary Marks that we have designated in writing, and you will use them only in the manner we have authorized and permitted in writing; and all items bearing the Proprietary Marks must bear the then-current logo.
  - 9.2.2 You will use the Proprietary Marks only for the operation of the ~~business franchised under this Agreement and only at the~~ location authorized under this Agreement, or in franchisor approved marketing for the business conducted at or from that location (subject to the other provisions of this Agreement).
  - 9.2.3 Unless we otherwise direct you in writing to do so, you agree to operate and advertise the Franchised Business only under the name "Code Ninjas" without prefix or suffix (except with our prior written approval).
  - 9.2.4 During the term of this Agreement and any renewal of this Agreement, you agree to identify yourself (in a manner reasonably acceptable to us) as the owner of the Franchised Business in conjunction with any use of the Proprietary Marks, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in content and form and at conspicuous locations on the premises of the Franchised Business (visible to customers, visible only to your staff, and otherwise as we designate in writing).
  - 9.2.5 Your right to use the Proprietary Marks is limited to uses authorized under this Agreement, and any unauthorized use thereof is an infringement of our rights.
  - 9.2.6 You agree not to use the Proprietary Marks to incur any obligation or indebtedness on our behalf.
  - 9.2.7 You agree not to use the Proprietary Marks: **(a)** as part of your corporate or other legal name; **(b)** as part of any e-mail

address, domain name, social networking site page, or other identification of you in any electronic medium (except as otherwise provided in Section 14.11); and/or (c) in any human relations (HR) document or materials, including job applications, employment agreements, pay checks, pay stubs, and the like.

9.2.8 You agree to: (a) comply with our instructions in filing and maintaining requisite trade name or fictitious name registrations; and (b) sign all documents that we (or our affiliates) deem necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability, including any additional license agreements we require for use of the Proprietary Marks on the Internet or in other marketing.

9.2.9 With respect to litigation involving the Proprietary Marks, the parties agree that:

9.2.9.1 You agree to promptly notify us of any suspected infringement of the Proprietary Marks, any known challenge to the validity of the Proprietary Marks, or any known challenge to our ownership of, or your right to use, the Proprietary Marks licensed under this Agreement. You agree to communicate only with us, our affiliates, our counsel, or your counsel regarding any infringement or challenge. You agree that we have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. We will also have the sole right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks.

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9.2.9.2 *Defense and Costs:*

- a. *If You Used the Marks in Accordance with this Agreement:* If you have used the Proprietary Marks in accordance with this Agreement, then we will defend you at our expense against any third party claim, suit, or demand involving the Proprietary Marks arising out of your use thereof, and we agree to reimburse you for your out-of-pocket litigation costs in assisting us in our defense (except that you will bear the salary costs of your employees, and we will bear the costs of any judgment or settlement).
- b. *If You Used the Marks But Not in Accordance with this Agreement:* If you used the Proprietary Marks in any manner that was not in accordance with this



Agreement (including our instructions), then we ~~will still have the right, but not the obligation, to defend you,~~ but at your expense, against third party claims, suits, or demands (including all of the costs of defense and the cost of any judgment or settlement). You agree to reimburse us for the cost of the litigation (or, on our written request, pay our legal fees directly), including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses, and the cost of any judgment or settlement.

9.2.9.3 If we undertake the defense or prosecution of any litigation or other similar proceeding relating to the Proprietary Marks, then you agree to sign all documents, and do all acts and things that may, in our counsel's opinion, be necessary to carry out the defense or prosecution of that matter (including becoming a nominal party to any legal action).

9.3 *Your Acknowledgements.* You agree that:

9.3.1 We own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them.

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

9.3.3 Neither you nor any of your owners, principals, or other persons acting on your behalf will directly or indirectly contest the validity or our ownership of the Proprietary Marks, nor will you, directly or indirectly, seek to register the Proprietary Marks with any government agency (unless we have given you our express prior written consent to do so).

9.3.4 Your use of the Proprietary Marks does not give you any ownership interest or other interest in or to the Proprietary Marks, except the license granted by this Agreement.

9.3.5 All goodwill arising from your use of the Proprietary Marks inures solely and exclusively to our benefit, and on expiration or termination of this Agreement and the license granted as part of this Agreement, there will be no monetary amount assigned as attributable to any goodwill associated with your use of our System or of our Proprietary Marks.

~~9.3.6 The license that we have granted to you under this Agreement~~  
to use our Proprietary Marks is not exclusive, and therefore we have the right, among other things:

- 9.3.6.1 To use the Proprietary Marks ourselves in connection with selling Services and Products;
  - 9.3.6.2 To grant other licenses for the Proprietary Marks, in addition to licenses we have already granted to you and other licensees; and
  - 9.3.6.3 To develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises for those other marks without giving you any rights to those other marks.
- 9.4 *Change to Marks.* We reserve the right to substitute different Proprietary Marks for use in identifying the System and the businesses operating as part of the System if our currently owned Proprietary Marks no longer can be used, or if we determine, exercising our right to do so, that substitution of different, updated, or changed Proprietary Marks will be beneficial to the System. In these circumstances, you agree to adopt the new Proprietary Marks and that your right to use the substituted proprietary marks is governed by (and under) the terms of this Agreement.

## **10 CONFIDENTIAL BRAND MANUAL**

- 10.1 *You Agree to Abide by the Brand Manual.* To protect our reputation and goodwill and to maintain our standards of operation under our Proprietary Marks, you agree to conduct your business in accordance with the written instructions that we provide, including the Brand Manual. We will lend to you (or permit you to have access to) one copy of our Brand Manual, only for the term of this Agreement, and only for your use in operating the Franchised Business during the term of this Agreement.
- 10.2 *Format of the Brand Manual.* We have the right to provide the Brand Manual in any one or more formats that we determine are appropriate (including making some or all of the Brand Manual available to you only in digital form and/or in other written or printed form), and we may change how we provide the Brand Manual from time to time. If at any time we choose to provide some or all of the Brand Manual electronically, you agree to immediately return to us all physical copies of the portions of the Brand Manual that we previously provided to you.
- 10.3 *We Own the Brand Manual.* The Brand Manual at all times remains our sole property and you agree to promptly return the Brand Manual (including all copies of some or all of the Brand Manual) when this Agreement expires and/or is terminated.
- 10.4 Confidentiality and Use of the Brand Manual.

10.4.1 The Brand Manual contains our proprietary information and you agree to keep the Brand Manual confidential both during the term of this Agreement and after this Agreement expires and/or is terminated. You agree that, at all times, you will ensure that your copy of the Brand Manual is available at the Franchised Business premises in a current and up-to-date manner. Whenever the Brand

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Manual is not in use by authorized personnel, you agree to maintain secure access to the Brand Manual at the premises of the Franchised Business, and you agree to grant only authorized personnel (as defined in the Brand Manual) with access to the security protocols for the Brand Manual.

10.4.2 You agree to never make any unauthorized use, disclosure, and/or duplication of the Brand Manual in whole or in part.

10.5 *You Agree to Treat Brand Manual as Confidential.* You agree that at all times, you will treat the Brand Manual, any other manuals that we create (or approve) for use in the operation of the Franchised Business, and the information in those materials, as confidential, and you also agree to use your best efforts to maintain this information as secret and confidential. You agree that you will never copy, duplicate, record, or otherwise reproduce those materials, in whole or in part, nor will you otherwise make those materials available to any unauthorized person.

10.6 *Which Copy of the Brand Manual Controls.* You agree to keep your copy of the Brand Manual only at the Franchised Business (and as provided in Section 10.4 ~~above~~) and also to ensure that the Brand Manual is kept current and up to date. If there is any dispute as to the contents of the Brand Manual, the terms of the master copy of the Brand Manual that we maintain in our head office is controlling. Access to any electronic version of the Brand Manual will also be subject to our reasonable requirements with respect to security and other matters, as described in Section 14 ~~below~~.

10.7 *Revisions to the Brand Manual.* We have the right to revise the contents of the Brand Manual whenever we deem it appropriate to do so, and you agree to make corresponding revisions to your copy of the Brand Manual and to comply with each new or changed standard.

10.8 *Modifications to the System.* You agree that we may periodically change or modify the System and you agree to accept and use for the purpose of this Agreement any change in the System (which may include, among other things, new or modified trade names, service marks, trademarks or copyrighted materials, new products, new equipment or new techniques) as if they were part of this Agreement at the time when you and we signed this Agreement. You agree to make expenditures and changes or modifications we reasonably require under this Section and otherwise in this Agreement.

## 11 CONFIDENTIAL INFORMATION

### 11.1 *Confidentiality.*

11.1.1 You agree that you will not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use (for yourself and/or for the benefit of any other person, ~~persons~~, partnership, entity, association, or corporation) any Confidential Information that may be communicated to you or of which you may be apprised by virtue of your operation under the terms of this Agreement. You agree that you will divulge our Confidential Information only to those of your employees as must have access to it to operate the Franchised Business.

11.1.2 All information, knowledge, know-how, and techniques that we designate as confidential ~~is~~are deemed Confidential Information ~~for purposes of this Agreement, except information~~ that you can demonstrate came to your attention before our disclosure of that information; or that, at or after the time of our disclosure to you, had become or later becomes a part of the public domain, through publication or communication by another party that has the right to publish or communicate that information.

11.1.3 Any employee who may have access to any Confidential Information regarding the Franchised Business must sign a covenant that s/he will maintain the confidentiality of information they receive in connection with their association with you. These covenants must be on a form that we approve, which form will, among other things, designate us as a third-party beneficiary of the covenants with an independent right to enforce them.

11.1.4 As used in this Agreement, the term "**Confidential Information**" includes, without limitation, our business concepts and plans, business model, financial model, curriculum, methods, equipment, printing and digital document management methods, operating techniques, marketing methods, processes, formulae, manufacturing and vendor information, results of operations and quality control information, financial information, sales, royalty rates, accounting chart, demographic and trade area information, prospective site locations, market penetration techniques, plans, ~~or~~and schedules, the Brand Manual, customer profiles, preferences, or statistics, information about our offerings, itemized costs, franchisee composition, territories, and development plans, this Agreement and other agreements related to the Franchised Business, and all related trade secrets or other confidential or proprietary information treated as such by us, whether by course of conduct, by letter or report, or by the use of any appropriate proprietary stamp or

legend designating the information or item to be confidential or proprietary, by any communication to that effect made before or at the time any Confidential Information is disclosed to you.

- 11.2 *Consequences of Breach.* You agree that any failure to comply with the requirements of this Section 11 will cause us irreparable injury, and you agree to pay all costs (including, reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in obtaining specific performance of, or an injunction against violation of, the requirements of this Section 11.

## **12 ACCOUNTING, FINANCIAL AND OTHER RECORDS, AND INSPECTIONS**

### **12.1 *Accounting Records and Sales Reports.***

- 12.1.1 With respect to the operation and financial condition of the Franchised Business, we have the right to designate, and you agree to adopt, the fiscal year and interim fiscal periods that we decide are appropriate for the System.

- 12.1.2 With respect to the Franchised Business, you agree to maintain for at least 5 years during (and after) the term of this Agreement (and also after any termination and/or transfer), full, complete, and accurate books, records, and accounts prepared in accordance with generally accepted accounting principles and in the form and manner we have prescribed periodically in the Brand Manual

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or otherwise in writing, including: **(a)** daily cash reports; **(b)** cash receipts journal and general ledger; **(c)** cash disbursements and weekly payroll journal and schedule; **(d)** monthly bank statements, bank reconciliations, daily deposit slips, and cancelled checks; **(e)** all tax returns; **(f)** supplier's invoices (paid and unpaid); ~~**(g)**~~ **(g)** dated daily and weekly cash register journals and POS reports in accordance with our standards; **(h)** periodic balance sheets, periodic profit and loss statements, and periodic trial balances; **(i)** operational schedules and weekly inventory records; **(j)** records of promotion and coupon redemption; and **(k)** all other records we periodically and reasonably request. You agree to allow us access to review all of these records as stated ~~below~~ in Section 12.6.

- 12.1.3 We have the right to specify the accounting software and a common chart of accounts, and, if we do so, you agree to use that software and chart of accounts (and require your bookkeeper and accountant to do so) in preparing and submitting your financial statements to us.

- 12.1.3.1 We have the right (among other things) to require that you use only an approved (a) bookkeeping service;

(b) payroll processing vendor; and/or (c) an approved independent certified public accountant.

12.1.3.2 All of the records required under this Section 12.1 and in Sections 12.2 and 12.3 ~~below~~ must be maintained in digital form, accessible to us and/or ~~our~~ our designee (for example, our accountants) remotely and in that digital form, and using a software program or online site (such as "QuickBooks") that we approve, so that the data can be reviewed and/or downloaded to our computer system in a compatible and comparable manner.

12.1.3.3 You agree to provide to the accounting service provider complete and accurate information that we or the accounting service provider require, and agree that we will have full access to the data and information that you provide to the accounting service provider or through the designated program.

12.1.3.4 Nothing in this Agreement requires your CPA to share with us its advice or guidance to you.

12.1.4 You agree to permit us at all times to independently access your Computer System so that we may, among other things, review the Net Sales information for your Franchised Business. You further agree to submit to us each Month, in the form we specify and/or using our Required Software (as that term is defined in Section 14.1.2 ~~below~~), the Sales Report for the immediately preceding Month. You agree to submit the report to us by whatever method that we reasonably require (whether electronically through your use of our Required Software or otherwise, and in a manner that we designate so that it is compatible with our computer systems) for our receipt no later than the times required under Section 4.3 ~~above~~. You agree that if you do not submit those reports to us in a timely manner, and/or if you do not permit us to access your Computer System as provided, we have the right to charge you for the costs that we incur in auditing your records. We may modify the frequency in which we require you to submit Sales Reports to us.

## 12.2 *Financial Statements.*

12.2.1 You agree to provide us, at your expense, and in a format that we reasonably specify, ~~a~~ complete annual financial statements ~~statements~~ within 90 days after the end of each fiscal year of the Franchised Business during the term of this Agreement. Your financial ~~statement~~ statements must be prepared according to generally accepted accounting principles, include a fiscal year-end balance sheet, an income

statement of the Franchised Business for that fiscal year reflecting all year-end adjustments, and a statement of changes in your cash flow reflecting the results of operations of the Franchised Business during the most recently completed fiscal year.

12.2.2 In addition, during the term of this Agreement after the opening of the Franchised Business, you agree to submit to us, in a format acceptable to us (or, at our election, in a form that we have specified): **(a)** a fiscal period and fiscal year-to-date profit and loss statement and a periodic balance sheet (which may be unaudited) for the Franchised Business and a periodic trial balance through the end of each Period; **(b)** reports of those income and expense items of the Franchised Business for the Period that we periodically specify for use in any revenue, earnings, and/or cost summary we choose to furnish to prospective franchisees (provided that we will not identify to prospective franchisees the specific financial results of the Franchised Business); **(c)** copies of all state sales tax returns for the Franchised Business; and **(d)** copies of withholding remittances. You agree to provide to us the materials required by (a) and (b) ~~above~~ within 15 days after the end of each fiscal quarter; and the materials required by ~~(c)~~ (c) and (d) within 10 days after you have filed those returns with the appropriate taxing authorities.

12.2.3 You must certify as correct and true all reports and information that you submit to us under this Section 12.2. You also agree to provide us with copies of your federal, state, and local income tax returns within 10 days after you file those but not more than 180 days after each fiscal year end. If you do not meet your obligation to provide us with access to your books and records, ~~as well as and~~ copies of required accounting records and financial statements, as ~~specified~~ stated in this Section 12, or if you fail to provide us with required reports (such as sales reports), then we ~~will~~ have the right to require you to have your annual financial statement prepared on a review basis by an independent certified public accountant that is reasonably satisfactory to us.

12.2.4 You agree that on our request, and for a limited period of time, you will provide us (and/or our agents, such as our auditors) with passwords and pass codes necessary for the limited purpose of accessing your Computer System to conduct the inspections specified in this Section 12. You also agree that you will change all passwords and pass codes after the inspection is completed.

12.3 *Additional Information.* You also agree to submit to us (in addition to the sales reports required under Section 12.1.4 ~~above~~), for review or auditing, all other forms, reports, records, information, and data as and

when we reasonably designate, in the form and format, and at the times and places we reasonably require, on request and as stated periodically in the Brand Manual or otherwise in writing, including: **(a)** information in electronic format; ~~(b)~~

(b) restated in accordance with our financial reporting periods; **(c)** consistent with our then- current financial reporting periods and accounting practices and standards; and/or **(d)** as necessary so that we can comply with reporting obligations imposed ~~upon~~on us by tax authorities with jurisdiction over the Franchised Business and/or our company. The reporting requirements of this Section ~~will be~~are in addition to, and not in lieu of, the electronic reporting required under Section 14~~-below~~.

12.4 *PCI Compliance and Credit Cards.* With respect to processing customer payments by credit and debit cards, you agree to do all of the following:

12.4.1 You agree to comply with all of our policies regarding customer payment by credit and/or debit cards, including for example the required use of credit and/or debit cards and other payment methods offered by Payment Vendors, minimum purchase requirements for a customer's use of a credit and/or debit card, and other requirements that we ~~may~~ set out in the Brand Manual.

12.4.2 You agree to maintain, at all times, credit-card relationships with the credit- and debit-card issuers or sponsors, check or credit verification services, financial- center services, merchant service providers, and electronic-fund-transfer systems (together, "**Payment Vendors**") that we periodically designate as mandatory. The term "Payment Vendors" includes, among other things, companies that provide services for electronic payment, such as near field communication vendors (for example, "Apple Pay" and "Google Wallet").

12.4.3 You agree not to use any ~~Credit Card Vendor~~credit card vendor for which we have not given you our prior written approval or as to which we have revoked our earlier approval.

12.4.4 We have the right to modify our requirements and designate additional approved or required methods of payment and vendors for processing payments, and to revoke our approval of any service provider.

12.4.5 In addition to the other requirements of this Agreement to provide us with various information and reports, you agree to provide us with the information that we reasonably require concerning your compliance with data and cybersecurity requirements.

12.4.6 You agree to comply with our requirements concerning data collection and protection, as stated in Section 14.3~~-below~~.



12.4.7 You agree to comply with the then-current Payment Card Industry Data Security Standards as those standards may be revised and modified by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)), or any successor organization or standards that we reasonably specify. Among other things, you agree to implement the enhancements, security requirements, and other standards that the PCI Security Standards Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards.

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12.5 *Gift Cards and Incentive Programs.* You agree to offer for sale, participate in, and honor for purchases by customers, all gift cards and other incentive or convenience programs that we periodically institute (including loyalty programs that we or a third party vendor operate, as well as mobile apps, mobile payment, and/or other customer affinity applications; together, "**Customer Apps**"); and you agree to do all of those things in compliance with our standards and procedures for these programs (which may be ~~set out~~stated in the Brand Manual or otherwise in writing). You agree to abide by our written standards with respect to gift card residual value. For this purpose, you must purchase the software, hardware, and other items needed to participate in, sell, and process Customer Apps, and to contact with Customer App vendors (including suppliers of gift cards and gift card processing services), we specify in writing in the Brand Manual or otherwise. You must also pay transaction fees as required by the vendors of the gift card system. You agree not to sell, issue, or redeem coupons, gift certificates and gift cards other than gift cards that we have approved in writing.

12.6 *Our Right to Inspect Your Books and Records.* We have the right at all reasonable times to examine, copy, and/or personally review or audit (at our expense) all of your sales receipts, books, records, and sales and income tax returns in person or through electronic access (at our option). We also have the right, at any time, to have an independent audit made of your books and records and we ~~will~~may randomly audit a subset of Franchised Businesses each year. If an inspection reveals that you have understated any payments in any report to us, this ~~will constitute~~is a default under this Agreement, and you agree to immediately pay us the amount understated on demand, in addition to interest from the date the amount was due until paid, at the rate of 1.5% per month (but if there is a legal maximum interest rate that applies to you in your jurisdiction, not more than that maximum rate). If we conduct an inspection because you did not timely provide sales reports to us, or if an inspection discloses that you understated your sales, in any report to us (and/or underpaid your Royalties), by 2% or more, or if you did not maintain and/or provide us with access to your records, then you agree (in addition to paying us the overdue amount and interest) to reimburse us for all expenses we incur in connection with the inspection (including travel, lodging and wages expenses, and reasonable accounting and legal costs). These remedies are in addition to any other remedies we ~~may~~ have. We may exercise our rights under this Section 12 directly or

by engaging outside professional advisors (for example, a CPA) to represent us.

- 12.7 *Operational Inspections.* In addition to the provisions of Section 12.6 ~~above~~, you also grant to us and our agents the right to enter on the Franchised Business premises at any reasonable time for the purpose of conducting inspections, for among other purposes, preserving the validity of the Proprietary Marks, and verifying your compliance with this Agreement and the policies and procedures outlined in the Brand Manual. You agree to cooperate with our representatives in inspections by rendering assistance as they reasonably request; and, on notice from us or from our agents (and without limiting our other rights under this Agreement), you agree to take all steps necessary to correct immediately any deficiencies detected during any inspection. You further agree to pay us our then-current per diem fee for our representative(s) and to reimburse us for our reasonable travel expenses if additional inspections at the Franchised Business are required when a violation has occurred and you have not corrected the violation, or if you did not provide us with your records or access to your records on reasonable request that is permitted under this Agreement.

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### 13 MARKETING

- 13.1 *Local Marketing Spend.* Each Period during the Term, you must spend the below amounts on local advertising, marketing, and promotions within the area reasonably surrounding your Franchised Business. In addition to this local marketing spend, you agree to conduct the Grand Opening Marketing Program (as further described in Section 13.4 ~~below~~).

For the first 24 months after you open you Franchised Business	\$2,000 to \$2,500 per month
For month 24 and all later months	4.0% of Net Sales

- 13.2 *Brand Marketing Development Fund.* We have established, and will maintain and administer, the brand marketing development fund ("**Brand Fund**"). The following provisions apply to the Brand Fund:

- 13.2.1 We (or our designee) have the right to direct all marketing programs, with sole discretion over the concepts, materials, and media used in these programs and the placement and allocation thereof. You agree that the Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and that we and our designee are not obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from the Brand Fund's expenditures.

13.2.2 The Brand Fund, all contributions to ~~that fund~~the Fund, and any of ~~that fund~~the Fund's earnings, will be used exclusively to meet costs of maintaining, administering, staffing, directing, conducting, preparing advertising, marketing, public relations and/or promotional programs and materials, and any other activities that we believe will enhance the image of the System (including, among other things, the costs of preparing and conducting marketing and media advertising campaigns on radio, television, cable, and other media; direct mail advertising; developing, implementing, and maintaining website, social networking/media, geo-targeting, SEO and other search optimization, and other electronic marketing strategies; marketing surveys and other public relations activities; employing marketing personnel (including allocating our employees' salaries and our overhead expenses to the ~~fund~~Fund to the extent that any employee performs services for the ~~fund~~Fund or overhead expenses benefit the Brand Fund), advertising and/or public relations agencies to assist with these endeavors; purchasing and distributing promotional items, conducting and administering visual merchandising, point of sale, and other merchandising programs; engaging individuals as spokespersons and celebrity endorsers; purchasing creative content for local sales materials; reviewing locally-produced ads; preparing, purchasing and distributing door hangers, free-standing inserts, coupons, brochures, and trademarked apparel; market research; conducting sponsorships, sweepstakes and competitions; engaging mystery shoppers for Learning Centers and their competitors; ~~guest response programs, manager/employee recognition programs, quality assurance programs, paying association dues (including the International Franchise Association), establishing third-party facilities for customizing local advertising; purchasing and installing signage; and providing promotional and other marketing materials and services to the Learning Centers operated under the System).~~

13.2.3 The Brand Fund may also be used to provide rebates or reimbursements to franchisees for local expenditures on products, services, or improvements, approved in advance by us, which products, services, or improvements we deem, in our sole discretion, will promote general public awareness and favorable support for the System. All sums you pay to the Brand Fund will be maintained in ~~ana~~ a bookkeeping account separate from our other monies and will not be used to defray any of our expenses, except for reasonable costs and overhead, if any, we incur in activities reasonably related to the direction and implementation of the Brand Fund and marketing programs for franchisees and the System. The Brand Fund and its earnings will not otherwise inure to our benefit. We or our designee will maintain separate bookkeeping accounts for the Brand Fund.

13.2.4 The Brand Fund is not and will not be our asset. We will prepare and make available to you on reasonable request an annual statement of the operations of the Brand Fund.

13.2.5 Although once established the Brand Fund is intended to be of perpetual duration, we maintain the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been spent for marketing purposes.

13.3 *Local Marketing and Promotion.* You must spend the amounts on local marketing and promotion as ~~we stated~~<sup>stated</sup> in Section 13.1 ~~above~~ on a continuous basis. If you fail to spend the required amounts on local marketing and promotion, we may make the expenditures on your behalf, and you agree to promptly reimburse us on our request for those expenditures ~~as well as~~<sup>and</sup> our expenses of doing so. As used in this Agreement, the term "local marketing and promotion" will consist only of the direct costs of purchasing and producing marketing materials (including camera ready advertising and point of sale materials), media (space or time), and those direct out of pocket expenses related to costs of marketing and sales promotion that you spend in your local market or area, advertising agency fees and expenses, postage, shipping, telephone, and photocopying; however, the parties agree that local marketing may not include expenses that you incur or that are spent on your behalf in connection with any of the following:

13.3.1 Salaries and expenses of your employees, including salaries or expenses for attendance at marketing meetings or activities, or incentives provided or offered to your employees, including discount coupons (however, you may also include within local marketing and promotion giveaways, but only the wholesale cost plus direct labor associated with those giveaways);

13.3.2 Charitable, political, or other contributions or donations; and/or

13.3.3 The value of discounts provided to consumers.

13.4 *Grand Opening Marketing Program.* In addition to the local marketing spend, you agree to spend at least ~~\$5,000~~<sup>\$8,000</sup> for grand opening marketing and promotional programs in conjunction with the Franchised Business's initial grand opening, under a grand opening marketing plan that you develop and that we approve in writing (the "**Grand Opening Marketing Program**"). The Grand Opening Marketing Program must begin 60 days before the scheduled opening date for the Franchised Business and be completed within 60 days

after the Franchised Business begins operation, and is subject to the provisions of Section 13.7 ~~below~~. You may include giveaways in the Grand Opening Marketing Program (but only the wholesale cost plus direct labor associated with those giveaways).

- 13.5 *Vehicles.* You may not wrap your vehicles in our Marks, or otherwise use a vehicle to promote the Franchised Business, without our prior written approval. We have the right to condition our approval on those factors that we deem appropriate, including that your vehicle meets our then current standards for wrapping, insurance requirements, and other standards.
- 13.6 *Materials Available for Purchase.* We may periodically make available to you for purchase marketing plans and promotional materials, including newspaper mats, coupons, merchandising materials, sales aids, point of purchase materials, special promotions, direct mail materials, community relations programs, and similar marketing and promotional materials for use in local marketing.
- 13.7 *Standards.* All of your local marketing and promotion must: (a) be in the media, and of the type and format, that we approve; (b) be conducted in a dignified manner; and (c) conform to the standards and requirements that we may specify. You agree not to use any advertising, marketing materials, and/or promotional plans unless and until you have received our prior written approval, as stated in Section 13.8 ~~below~~.
- 13.8 *Our Review and Right to Approve All Proposed Marketing.* For all proposed local marketing and promotion, advertising, and promotional plans, you must submit to us samples of the plans and materials (by means described in Section 24 ~~below~~), for our review and prior written approval. If you have not received our written approval within 14 days after we have received those proposed ads, samples, and/or other marketing materials, ~~then we the items are deemed to have disapproved them.~~ You agree that all copyright in and to advertising, marketing materials, and promotional plans developed by or on behalf of you will be our sole property, and you agree to sign all documents (and, if necessary, require your employees and independent contractors to sign all documents) that we deem reasonably necessary to give effect to this provision.
- 13.9 *Rebates.* You agree that periodic rebates, give aways and other promotions and programs will, if and when we adopt them, be an integral part of the System. Accordingly, you agree to honor and participate (at your expense) in reasonable rebates, give aways, marketing programs, and other promotions that we establish and/or that other franchisees sponsor, so long as they do not violate regulations and laws of appropriate governmental authorities.
- 13.10 *Considerations as to Charitable Efforts.* You agree that certain associations between you and/or the Franchised Business and/or the Proprietary Marks and/or the System, on the one hand, and certain political, religious, cultural or other types of groups, organizations, causes, or activities, on the other, however well-intentioned and/or legal, may create an unwelcome, unfair, or unpopular association with, and/or an adverse effect on, our reputation and/or the ~~good will~~ goodwill

associated with the Proprietary Marks. Accordingly, you agree that you will not, without our prior written consent, take any actions, positions, and/or make statements that are (or that may be perceived by the public to be) taken in the name of, in connection or association with you, the Proprietary Marks, the Franchised Business, us, and/or the System involving the donation of any money, products, services, goods, or other items to, any charitable, political or religious organization, group, or activity.

13.11 *Additional Marketing Expenditure Encouraged.* The required contributions and expenditures are minimum requirements only, and you may (and we encourage you to) spend additional funds for local marketing and promotion, which will focus on disseminating marketing directly related to your Franchised Business.

13.12 *Promotions.* You agree to participate in promotional programs that we periodically develop, in the manner that we direct, which may include providing ~~services~~Services and ~~products~~Products to frequent customers, including discounted and/or complimentary ~~products~~Products or ~~services~~Services.

13.13 *Advisory Councils.* If we form or require the formation of a franchisee advisory council or association ("**Advisory Council**") with respect to advertising, marketing, and other matters relating to franchised Learning Centers, you may be required to become a member of the Advisory Council. If so, you agree that you will become a member of and maintain your membership in that Advisory Council, pay to the Advisory Council all dues and assessments authorized by the Advisory Council, and otherwise abide by the Advisory Council's rules and regulations.

## **14 TECHNOLOGY PLATFORM**

14.1 *Computer Systems and Required Software.* With respect to computer systems and required software:

14.1.1 We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Learning Centers, and in accordance with our standards, including:

a. back office and point of sale systems, data, audio, video (including managed video security surveillance, which we have the right to monitor to the extent permitted by law), telephone, voice messaging, retrieval, and transmission systems for use at Learning Centers, between or among Learning Centers, and between and among the Franchised Business, and you, and us;

b. point-of-sale (POS) (defined in Section 14.6 ~~below~~);

- c. physical, electronic, and other security systems and measures;
- d. printers and other peripheral devices;
- e. archival back-up systems;
- f. internet access mode (such as form of telecommunications connection) and speed;
- g. technology used to enhance and evaluate the customer experience (including digital ordering devices, kiosk, touchpads, and the like);
- h. digital and virtual display boards and related technology, hardware, software, and firmware;
- i. front-of-the-house WiFi and other connectivity service for customers;

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j. cloud-based back-end management systems and storage sites;

k. ~~in-shop~~ Center music systems under Section 8.3.9 ~~above~~; and

l. consumer-marketing oriented technology (including Customer Apps, affinity and rewards hardware and software, facial and other customer-recognition technology, and approved social media/networking sites)

(collectively, all of the above in this Section 14.1.1 are referred to as the **“Computer System”**).

14.1.2 We have the right, but not the obligation, to develop or have developed for us, or to designate: **(a)** programs, computer software, and other software (e.g., accounting system software) that you must use in connection with the Computer System (including applications, technology platforms, and other solutions) (**“Required Software”**), ~~which that~~ you must install and maintain; **(b)** updates, supplements, modifications, or enhancements to the Required Software, ~~which that~~ you must install and maintain; **(c)** the media on which you must record data; and ~~(d)~~ **(d)** the database file structure of your Computer System. If we require you to use any or all of the above items, then you ~~that you~~ will do so. The term “Required Software” also includes the affinity program cards and related items that are required under Section 12.5 ~~above~~.

- 14.1.3 You agree to install, use, maintain, update, and replace (as needed) all elements of the Computer System and Required Software at your expense. We recommend replacing about one-third of your hardware every 3 years. You agree to pay us or third-party vendors, as the case may be, initial and ongoing fees to install, maintain, and continue to use the Required Software, hardware, and other elements of the Computer System.
- 14.1.4 You agree to implement and periodically make upgrades and other changes at your expense to the Computer System and Required Software as we reasonably request in writing (collectively, "**Computer Upgrades**") (which may be in conjunction with a Minor Refurbishment or as-is otherwise needed).
- 14.1.5 You agree to comply with all specifications that we issue with respect to the Computer System and the Required Software, and with respect to Computer Upgrades, at your expense. You agree to afford us unimpeded access to your Computer System and Required Software, including all information and data maintained thereon, in the manner, form, and at the times that we request.
- 14.1.6 We have the right to approve or disapprove your use of any other technology solutions (including beacons and other tracking methodologies).

## 14.2 Data.

- 14.2.1 You agree that all data relating to the Franchised Business that you collect, create, provide, or otherwise develop on your ~~Computer System (whether or not uploaded to our system from your system and/or downloaded from your system to our system)~~ ~~is and~~ is owned exclusively by us, and that we have the right to access, download, and use that data in any manner that we deem appropriate without compensation to you.
- 14.2.2 You agree that all other data that you create or collect in connection with the System, and in connection with your operation of the Franchised Business (including customer and transaction data), is owned exclusively by us during the term of, and after termination or expiration of, this Agreement.
- 14.2.3 To operate your Franchised Business under this Agreement, we license use of this data back to you, at no additional cost, solely for the term of this Agreement and for your use in operating the Franchised Business. You agree that except for the right to use the data under this clause, you will not develop or have any ownership rights in or to the data.



14.2.4 You agree to transfer to us all data (in the digital machine-readable format that we specify, and/or printed copies, and/or originals) promptly on our request when made, whether periodically during the term of this Agreement, on termination and/or expiration of this Agreement, or at the time of any transfer of an interest in you and/or of the Franchised Business.

14.2.5 For the limited purpose of this Section 14.2, references to "data" exclude consumers' credit card and/or other payment information.

14.3 *Data Requirements and Usage.* We periodically specify in the Brand Manual or otherwise in writing the information that you agree to collect and maintain on the Computer System installed at the Franchised Business, and you agree to provide to us reports we reasonably request from the data so collected and maintained. In addition:

14.3.1 You agree to abide by all applicable laws pertaining to the data (including those pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information) ("**Privacy Laws**").

14.3.2 You agree to ~~also~~ comply with any standards and policies that we ~~may~~ issue (without any obligation to do so) pertaining to the collection, use, maintenance, disposition, and/or privacy of consumer, employee, vendor, and transactional information. If you become aware (and/or if you should be aware) that there is a conflict between our standards and policies and Privacy Laws, then you agree to: (a) comply with the requirements of the Privacy Laws; (b) immediately give us written notice of that conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our standards and policies pertaining to privacy within the bounds of Privacy Laws.

14.3.3 You agree to not publish, disseminate, implement, revise, or rescind a data privacy policy without our prior written consent as to that policy.

14.3.4 You agree to implement at all times appropriate physical and ~~electronic security as is necessary to secure your Computer~~ System, including complex passwords that you change periodically, and to comply with any standards and policies that we issue (without obligation to do so) in this regard.

14.4 *Extranet.* You agree to comply with our requirements (as stated in the Brand Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet and/or other computer systems we reasonably require. The term "**Extranet**" means a private network based on Internet

protocols that will allow users inside and outside of our headquarters to access certain parts of our computer network via the Internet. We may establish an Extranet (but are not required to do so or to maintain an Extranet). The Extranet may include, among other things, the Brand Manual, training and other assistance materials, and management reporting solutions (both upstream and downstream, as we direct). You agree to purchase and maintain computer software and hardware (including telecommunications capacity) as required to connect to and use the Extranet. You agree to sign and deliver to us documents we deem reasonably necessary to permit you to access the Extranet.

- 14.5 *No Separate Digital Sites.* Except to the extent that we have otherwise approved in writing, you agree to neither establish nor permit any other party to establish a Digital Site relating in any manner whatsoever to the Franchised Business or referring to the Proprietary Marks. We have the right, but not the obligation, to provide one or more references or webpage(s), as we periodically designate, within our Digital Site. The term “**Digital Site**” means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including the Internet, World Wide Web, webpages, microsites, social media and networking sites (including Facebook, Twitter, LinkedIn, ~~You Tube~~ YouTube, Snapchat, Pinterest, Instagram, etc.), blogs, vlogs, podcasts, applications to be used on mobile devices (e.g., iOS or Android apps), and other applications, etc. (whether they are now in existence or developed at some point in the future). However, if we give you our prior written consent to have some form of separate Digital Site (which we are not obligated to approve), then each of the following provisions apply:

- 14.5.1 You agree that you will not establish or use any Digital Site without our prior written approval.
- 14.5.2 Any Digital Site that you own or that is maintained by or for your benefit will be deemed “marketing” under this Agreement and will be subject to (among other things) our right of review and prior approval under Section 13.8-~~above~~.
- 14.5.3 Before establishing any Digital Site, you agree to submit to us, for our prior written approval, a sample of the proposed Digital Site domain name, format, visible content (including, proposed screen shots, links, and other content), and non-visible content (including, meta tags, cookies, and other electronic tags) in the form and manner we reasonably require.
- 14.5.4 You may not use or modify the Digital Site without our prior written approval as to the proposed use or modification.
- 14.5.5 In addition to any other applicable requirements, you agree to comply with the standards and specifications for Digital Sites that we periodically prescribe in the Brand Manual or otherwise in writing (including requirements pertaining to designating us

as the sole administrator or co-administrator of the Digital Site).

14.5.6 If we require, you agree to establish hyperlinks to our Digital Site and others as we request in writing.

14.5.7 If we require you to do so, you agree to make weekly or other periodic updates to the Digital Site to reflect information regarding specials and other promotions at your Franchised Business.

14.5.8 We may require you to make us the sole administrator (or co-administrator) of any social networking pages that you maintain or that are maintained on your behalf, and we have the right (but not the obligation) to exercise all of the rights and privileges that an administrator may exercise.

14.6 *POS Systems.* You agree to record all sales on integrated computer-based point of sale systems we approve or on other types of cash registers and other devices (such as iPads, touch screens, printers, bar code readers, card readers, cash drawers, battery back-up, etc.) that we designate in the Brand Manual or otherwise in writing (taken together, "**POS Systems**"), which is considered part of your Computer System. You agree to use POS Systems that are fully compatible with any program, software program, and/or system that we, in our discretion, may employ (including mobile or remote device, application and payment systems), and you agree to record all Net Sales and all sales information on this equipment. We may designate one or more third party suppliers or servicers to provide installation, maintenance, and/or support for the POS System, and you agree to enter into and maintain agreements (including making payments) as we or the third party suppliers and/or servicers require in connection with the installation, maintenance, and/or support for the POS System. You agree to at all times maintain a continuous high-speed connection to the Internet to send and receive POS data to us, in accordance with any standards for that internal connection that we establish.

14.7 *E-Mail.* You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, text message, and/or other electronic method without obtaining our prior written consent as to the use of our Proprietary Marks. In addition to any other provision of this Agreement, you are solely responsible for compliance with any laws pertaining to sending electronic communication including, the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003"), the Federal Telephone Consumer Protection Act, and the Canada Anti-Spam Law (known as "CASL"). (As used in this Agreement, the term "**electronic communication**" includes all methods for sending communication electronically, whether or not currently invented or used, including e-mails, text messages, app- and/or internet-based communication, and faxes.)

- 14.8 *Outsourcing.* You agree not to hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, and/or any other of your obligations, without our prior written approval. Our consideration of any proposed outsourcing vendors may be conditioned on, among other things, the third party or outside vendor's entry into a confidentiality agreement with us and you in a form that we reasonably provide and the third party or outside vendor's agreement to pay for all
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initial and ongoing costs related to interfaces with our computer systems. The provisions of this Section are in addition to and not instead of any other provision of this Agreement. You agree not to install (and/or remove) any software or firmware from the Computer System without our prior written consent. You also agree not to implement, use, or otherwise engage with AI Sources without our prior written consent. The term "**AI Source**" means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology, including ChatGPT and other sources.

- 14.9 *Telephone Service.* You agree to use the telephone service for the Learning Center that we require, which may be one or more centralized vendors that we designate for that purpose. You agree that we may designate, and own, the telephone numbers for your Franchised Business, and you agree to sign the forms necessary to implement this clause.
- 14.10 *Changes.* You agree that changes to technology are dynamic and likely to occur during the term of this Agreement. To provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree to abide by those new standards as if this Section 14 were periodically revised by us for that purpose, and you also agree to pay vendors' charges for those new items and services.
- 14.11 *Electronic Communication – Including E-Mail, Texts, and other Messaging.* You agree that exchanging information with us by electronic communication methods is an important way to enable quick, effective, and efficient communication, and that we are entitled to rely on your use of electronic communications as part of the economic bargain underlying this Agreement. To facilitate the use of electronic communication to exchange information, you authorize the transmission of those electronic communications by us and our employees, vendors, and affiliates (on matters pertaining to the business contemplated under this Agreement) (together, "**Official Senders**") to you during the term of this Agreement.

14.11.1 In order to implement the terms of this Section 14.11, you agree that: (a) Official Senders are authorized to send

electronic communications to those of your employees as you occasionally designate for the purpose of communicating with us and others; (b) you will cause your officers, directors, members, managers, and employees (as a condition of their employment or position with you) to give their consent (in an electronic communication or in a pen-and-paper writing, as we reasonably require) to Official Senders' transmission of electronic communication to those persons, and that these persons may not opt-out, or otherwise ask to no longer receive electronic communication, from Official Senders during the time that the person works for or is affiliated with you; and ~~(e)~~ (c) you will not opt-out, or otherwise ask to no longer receive electronic communications, from Official Senders during the term of this Agreement.

14.11.2 The consent given in this Section 14.11 will not apply to the provision of notices by either party under this Agreement using e-mail unless the parties otherwise agree in a pen-and-paper writing signed by both parties.

14.11.3 We may permit or require you to use a specific e-mail address (or address using another communications method) (for example, one that will contain a Top Level Domain

Name that

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## 15 INSURANCE

15.1 *Required Insurance Coverage.* Before starting any activities or operations under this Agreement, you agree to procure and maintain in full force and effect during the term of this Agreement (and for the period thereafter as is necessary to provide the coverages required under this Agreement for events having occurred during the ~~Term~~term of this Agreement), at your expense, at least the following insurance policy or policies in connection with the Franchised Business or other facilities on premises, or by reason of the construction, operation, or occupancy of the Franchised Business or other facilities on premises. The policy or policies must be written by an insurance company or companies we have approved, having at all times a rating of at least "A-" in the most recent Key Rating Guide published by the A.M. Best Company (or another rating that we reasonably designate if A.M. Best Company no longer publishes the Key Rating Guide) and licensed and admitted to do business in the state in which the Franchised Business is located, and must include, at a minimum (however, you agree that we may reasonably specify additional coverages and higher policy limits in the Brand Manual or otherwise in writing to reflect inflation, identification of new risks, changes in the law or standards of liability, higher damage awards, and/or other relevant changes in circumstances), the following (all subject to the additional requirements of this Section 15):

15.1.1 Commercial general liability insurance with limits of at least \$1,000,000 per occurrence, and \$2,000,000 general aggregate, and product liability insurance with limits of at least

\$2,000,000 general aggregate including the following coverages: ~~Employer~~~~employer's~~ liability and abuse and molestation coverage; professional liability, personal injury (employee and contractual inclusion deleted); products/completed operation; assault and battery; terrorism; and tenant's legal liability with limits of at least \$300,000. All coverages insuring us and you against all claims, suits, obligations, liabilities and damages, including attorneys' fees, based on or arising out of actual or alleged personal injuries or property damage resulting from, or occurring in the course of, or on or about or otherwise relating to the Franchised Business. This coverage will not exclude losses due to assault, battery, and/or the use or brandishing of firearms.

15.1.2 Comprehensive liability insurance including owned (if applicable), non-owned, and hired vehicle coverage (mandatory), and property damage liability, including owned, non-owned, and hired vehicle coverage, with at least \$1,000,000 combined single limit, and \$1,000,000 general aggregate limit.

15.1.3 Excess liability coverage over general liability, auto liability, worker's compensation, and abuse/molestation, with at least \$2,000,000 per occurrence and in the aggregate.

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15.1.4 Statutory workers' compensation insurance and employer's liability insurance (all subject to Section 15.2~~below~~) for a minimum limit ~~equal to or~~ at least the greater of \$500,000, statutory requirements, and the amounts required as underlying by your umbrella carrier, and other disability benefits type insurance as required by statute or rule of the state in which the Learning Center is located.

15.1.5 Data theft and Cyber Liability Privacy Notification and Crisis Management First & Third Party (subject to Section 15.2~~below~~) with limits of liability not less than \$500,000 combined single limit.

15.1.6 Employment practices liability insurance (subject to Section 15.2~~below~~) with limits of liability not less than \$1,000,000 combined single limit.

15.1.7 Any other insurance coverage that is required by federal, state, or municipal law (subject to Section 15.2~~below~~).

15.1.8 All coverages must be written with no coinsurance penalty.

15.2 *Additional Terms Applicable to All Policies.* In addition to the other provisions of this Section 15~~(above and those below)~~, you agree that:

15.2.1 All policies listed in Section 15.1~~above~~ (unless otherwise noted below) must contain the endorsements we periodically specify in the Brand Manual.

15.2.2 All policies must waive subrogation as between us (and our insurance carriers) and you (and your insurance carriers).

15.2.3 All public liability and property damage policies must: **(a)** list as additional insureds, us and any other entities in which we have an interest (and all other entities affiliated with us), and each of those parties' respective members, managers, shareholders, directors, officers, partners, joint venturers, employees, servants, and agents, and their successors and assigns; and **(b)** contain a provision that we, although named as an additional insured, will nevertheless be entitled to recover under the policies on any loss occasioned to us or our servants, agents, or employees by reason of the negligence of you or your servants, agents, or employees, including as additional insureds.

15.2.4 You agree to provide us with 60 days' advance written notice of cancellation, change, and/or non~~renewal~~ of any policy, in the manner provided in Section 24~~below~~.

15.3 *Construction Coverages.* In connection with all significant construction, reconstruction, or remodeling of the Franchised Business during the term of this Agreement, you agree to require the general contractor, its subcontractors, and any other contractor, to effect and maintain at general contractor's and all other contractor's own expense, the insurance policies and bonds with endorsements as are stated in the Brand Manual, all written by insurance or bonding companies that we have approved, having a rating as stated in Section 15.1~~above~~.

~~15.4 *Other Insurance Does Not Impact your Obligation.* Your obligation to obtain and maintain the foregoing policy or policies in the amounts stated will not be limited in any way by reason of any insurance that we maintain, nor will your performance of that obligation relieve you of liability under the indemnity provisions in Section 21.4~~below~~. Additionally, the requirements of this Section 15 will not be reduced, diminished, eroded, or otherwise affected by insurance that you carry (and/or claims made under that insurance) for other businesses, including other Learning Centers that you (and/or your affiliates) operate under the System.~~

15.5 *Certificates of Insurance.* At least 30 days before the time you are first required to carry any insurance under this Agreement, and from then on, at least 30 days before the expiration of any policy (and also~~on the first anniversary of the Effective Date, and on each subsequent anniversary of the Effective Date~~), you agree to deliver to us certificates of insurance evidencing the proper coverage with limits not less than those required under this Agreement. All certificates must expressly provide that we will

receive at least 30 days' (10 days for non-payment of premiums) prior written notice if there is a material alteration to, cancellation, or non-renewal of the coverages evidenced by the certificates. Additional certificates evidencing the insurance required by Section 15.1 above must name us, and each of our affiliates, directors, agents, and employees, as additional insured parties, and must expressly provide that those parties' interests will not be affected by any breach by you of any policy provisions for which the certificates evidence coverage.

15.6 *Required Coverages are Minimums.* You agree that the specifications and coverage requirements in this Section 15 are minimums only, and that we recommend that you review these with your own insurance advisors to determine whether additional coverage is warranted in the operation of your Franchised Business.

15.7 *Obtaining Coverage.* If you fail to maintain or acquire insurance, we will have the right (but not the obligation) to obtain insurance coverage on your behalf, in which case we will invoice you for the insurance premiums plus our reasonable expenses, and you agree to pay those invoices within 5 days after we send them to you.

## 16 TRANSFER OF INTEREST

16.1 *By Us.* We have the right to transfer or assign this Agreement and/or all or any part of our rights or obligations under this Agreement to any person or legal entity, and any assignee of us, which assignee will become solely responsible for all of our obligations under this Agreement from the date of assignment.

16.2 *Your Principals.* Each party that holds any interest whatsoever in you (whether directly, indirectly, and/or beneficially) (each, a "**Principal**"), and the interest that each Principal holds in you (directly, indirectly, and/or beneficially) is identified in Exhibit C to this Agreement. You represent and warrant to us, and agree, that your owners are accurately stated on Exhibit C to this Agreement, and you also agree not to permit the identity of those owners, and/or their respective interests in you, to change without complying with this Agreement.

16.3 *Principals.* We have a continuing right to designate any person or entity that owns a direct or indirect interest in you as a Principal, and Exhibit C will be so amended automatically on written notice to you.

16.4 *By You.* You agree that your rights and duties in this Agreement are personal to you, and that we have granted this franchise in reliance on your (or your Principals') business skill, financial capacity, and personal character. Accordingly:

16.4.1 You agree not to make a transfer (and not to permit any other party to make a transfer) without our prior written consent.



16.4.1.1 As used in this Agreement, the term “**transfer**” is agreed to mean any sale, assignment, conveyance, pledge, encumbrance, merger, creation of a security interest in, and/or giving away of any direct or indirect interest in: **(a)** this Agreement; **(b)** you; **(c)** any or all of your rights and/or obligations under this Agreement; and/or **(d)** all or substantially all of the assets of the Franchised Business.

16.4.1.2 Any purported assignment or transfer that does not have our prior written consent as required by this Section 16 is null and void and also is a material breach of this Agreement, for which we may immediately terminate this Agreement without opportunity to cure, under Section 17.2.5 ~~below~~.

16.4.2 You agree (unless you are a partnership) that: **(a)** without our prior written approval, you will not issue any voting securities or interests, or securities or interests convertible into voting securities; and **(b)** the recipient of any such security or other interest will become a Principal under this Agreement, if we designate them as such. If you are a general partnership, limited partnership, or limited liability partnership, then the partners of that partnership will not, without our prior written consent, admit additional limited or general partners, remove a general partner, or otherwise materially alter the powers of any general partner. Each general partner in such a partnership is deemed to be a Principal.

16.4.3 Principals must not, without our prior written consent, transfer, pledge, and/or otherwise encumber their interest in you. Any such transaction also is a “transfer” under this Agreement.

16.4.4 You agree that in the case of any proposed transfer, you authorize us to truthfully answer questions posed to us by the proposed transferee, including providing that party with information relating to your Learning Center (such as sales reports) (although we have the right not to provide any or all information).

16.5 *Transfer Conditions.* We will not unreasonably withhold our consent required by Section 16.4 ~~above~~; provided, that if you propose to transfer your obligations under this Agreement or any material asset, or if any party proposes to transfer any direct or indirect interest in you, then we have the right to require that you satisfy any or all of the following conditions before we grant our approval to the proposed transfer:

16.5.1 The transferor must have signed a general release, in a form satisfactory to us, of all claims against us and our affiliates, successors, and assigns, and their respective officers, directors, members, managers, shareholders, partners,

agents, representatives, servants, and employees in their corporate and individual capacities including, claims arising under this Agreement, any other agreement between you and us, and/or your affiliates, our affiliates, and federal, state, and local laws and rules.

- 16.5.2 The transferee of a Principal will be designated as a Principal and each transferee who is designated a Principal must enter into a written agreement, in a form satisfactory to us, agreeing to be bound as a Principal under the terms of this Agreement as long as that person or entity owns any interest in you; and, if your obligations were guaranteed by the transferor, the Principal must guarantee the performance of all your obligations in writing in a form satisfactory to us.
- 16.5.3 The proposed new Principals (after the transfer) must meet our educational, managerial, and business standards; each must possess a good moral character, business reputation, and credit rating; have the aptitude and ability to operate the Franchised Business, as evidenced by prior related business experience or otherwise; and have adequate financial resources and capital to operate the Franchised Business.
- 16.5.4 We have the right to require that your transferee sign, for a term ending on the expiration date of this Agreement, the form of franchise agreement that we are then offering to new System franchisees, and other ancillary agreements that we require for the business franchised under this Agreement, and those agreements will supersede this Agreement and its ancillary documents in all respects, and the terms of which may differ from the terms of this Agreement including, higher Royalties and marketing fees.
- 16.5.5 If we request, then you must conduct Major Remodeling and purchase new equipment to conform to the then-current standards and specifications of new Learning Centers then-being established in the System, and you agree to complete the upgrading and other requirements stated ~~above~~ in Section 8.7.3 within the time period that we specify.
- 16.5.6 You agree to pay in full all of your monetary obligations to us and our affiliates, and to all vendors (whether arising under this Agreement or otherwise), and you must not be otherwise in default of any of your obligations under this Agreement (including your reporting obligations).
- 16.5.7 The transferor must remain liable for all of the obligations to us in connection with the Franchised Business that arose before the effective date of the transfer, and any covenants that survive the termination or expiration of this Agreement, and

must sign all instruments that we reasonably request to confirm this liability.

- 16.5.8 A Principal of the transferee whom we designate to be a new Designated Principal, and those of the transferee's Designated Principal, Center Director, and Additional Trained Personnel as we require, must successfully complete (to our satisfaction) all training programs that we require on the terms we reasonably require (The transferee must pay us our then-current New Franchisee Training
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Fee for each person that attends the training programs and the transferee is responsible for the salary and all expenses of the person(s) that attend training).

- 16.5.9 You pay us a transfer fee to compensate us for our legal, accounting, training, and other expenses incurred in connection with the transfer. The transfer fee is \$5,000 if the transfer is of a controlling ownership interest. If the transfer is not of a controlling ownership interest, the transfer fee is \$2,500. A "**Controlling Ownership Interest**" in you means either (i) 20% or more of your direct or indirect legal or beneficial ownership interests in your entity or (ii) an interest, the acquisition of which, grants the power (whether directly or indirectly) to direct or cause the direction of management and policies of you or the Franchised Business to any individual or entity, or group of individuals or entities, that did not have that power before that acquisition.

- 16.5.10 The transferor must agree that the transferor will remain bound by the covenants in Sections 19.3, 19.4, and 19.5 ~~below~~.

- 16.6 *Transfer to Your Entity.* If you are an individual and desire to assign your rights in this Agreement to an entity, and if all of the following conditions are met, we will consent to the transfer for a reduced transfer fee of \$2,500, and the assignment will not be subject to our right of first refusal in Section 16.7:

- 16.6.1 The entity is newly organized and its activities are confined to operating the Center;
- 16.6.2 You are, and at all times remain, the owner of 100% of the equity in the entity;
- 16.6.3 The entity agrees in writing to assume all of your obligations under this Agreement; and
- 16.6.4 All equity holders of the entity sign the Guarantee, Indemnification, and Acknowledgment attached as Exhibit B.

- 16.7 *Right of First Refusal.* If you or any of your Principals wish to accept any *bona fide* offer from a third party to purchase you, any of your material

assets, or any direct or indirect interest in you, then all of the following will apply:

- 16.7.1 You (or the Principal who proposes to sell his/her interest) must promptly notify us in writing of the offer and provide to us the information and documentation relating to the offer that we require. We have the right and option, exercisable within 30 days after we have received all information that we have requested, to send written notice to the seller that we intend to purchase the seller's interest on the same economic terms offered by the third party. After exercising our right, we have the right to conduct additional reasonable due diligence and to require the seller to enter into a purchase agreement in a form mutually acceptable to us and to the seller. If we elect to purchase the seller's interest, then the closing on the purchase will occur within 30 days from the date of notice to the seller of our election to purchase.
- 16.7.2 Any material change in the terms of the offer before closing ~~constitutes a new offer subject to our same rights of first refusal~~ (as stated in this Section 16.7) as in the case of the third party's initial offer. If we do not exercise the option afforded by this Section 16.7, that does not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 16, with respect to a proposed transfer.
- 16.7.3 If the consideration or terms offered by a third party are such that we may not reasonably be required to furnish the same consideration or terms, then we may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within a reasonable time on the reasonable equivalent in cash of the consideration or terms offered by the third party, they must attempt to appoint a mutually acceptable independent appraiser to make a binding determination. If the parties are unable to agree on one independent appraiser, then we will promptly designate an independent appraiser and you will promptly designate another independent appraiser and those two appraisers will, in turn, promptly designate a third appraiser; and all three appraisers will promptly confer and reach a single determination (or, if unable to reach a single determination, a valuation determined by a majority vote of those appraisers), which determination is binding on both you and us. Both parties will equally share the cost of any appraisal.
- 16.7.4 If we exercise our rights under this Section 16.7, then we have the right to set off all amounts due from you (including one-half of the cost of an appraisal, if any, conducted under Section 16.7.3 ~~above~~) against any payment to you.

16.8 *Death or Incapacity.* If you or any Principal dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must promptly notify us of the circumstances, and apply to us in writing within 6 months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to transfer the person's interest. The transfer is subject to the provisions of this Section 16; however, we will not impose a transfer fee for the transfer if you reimburse us for our reasonable out-of-pocket expenses incurred in reviewing, approving, and documenting your proposed transaction, including our attorneys' fees.

16.8.1 In addition, if the deceased or incapacitated person is the Designated Principal, we have the right (but not the obligation) to take over operation of the Franchised Business until the transfer is completed and to charge a reasonable management fee for our services.

16.8.2 For purposes of this Section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement: **(a)** for 30 or more consecutive days; or **(b)** for 60 or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 16.4, the executor may transfer the decedent's interest to another successor that we have approved, subject to the terms for transfers in this Agreement.

16.8.3 If an interest is not disposed of under this Section within 6 months after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 17.2.8 below.

16.9 *Consent to Transfer.* Our consent to a transfer that is the subject of this Section 16 is not a waiver of any claims that we may have against the transferring party, nor is it a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16.9.1 *No Transfers to a Non-Franchisee Party to Operate a Similar Learning Center.* You agree that neither you nor any Principal of yours will transfer or attempt to transfer any or all of your Franchised Business to a third party who will operate a similar business at the Accepted Location but not under the System and the Proprietary Marks, and not under a franchise agreement with us.

16.10 *Bankruptcy Issues.* If you or any person holding any interest (direct or indirect) in you become a debtor in an insolvency proceeding under the U.S. Bankruptcy Code or any similar law in the U.S. or elsewhere, any transfer by you, your obligations, and/or rights under this Agreement, any material assets of yours, and/or any indirect or direct interest in you

are and remain subject to all of the terms of this Section 16 and this Agreement.

## 17 DEFAULT AND TERMINATION

17.1 *Automatic termination with no notice and no opportunity to cure.* If any one or more of the following events take place, then you will be in default under this Agreement, and all rights granted in this Agreement will automatically terminate without notice to you: **(a)** if you become insolvent, meaning you are unable to pay your debts and all debts related to your Franchised Business as they come due, or make a general assignment for the benefit of creditors; **(b)** if a bill in equity or other proceeding for the appointment of a receiver for you, a Principal of your Franchised Business, or relating to the assets of your Franchised Business is filed or consented to by you; **(c)** if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court or applicable state or federal law; **(d)** if proceedings for a composition with creditors under any state or federal law is instituted by or against you or the assets of your Franchised Business; **(e)** if you are dissolved; **(f)** if execution is levied against any business or property related to the Franchised Business; **(g)** if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against you and not dismissed within 30 days; **(h)** if the real or personal property of your Franchised Business is sold or otherwise disposed of after levy ~~thereupon~~ thereon by any sheriff, marshal, constable, or creditor; and/or **(i)** if any petition in bankruptcy or other insolvency proceedings ~~shall be~~ is filed by or against you or any Principal.

17.2 *With Notice and no opportunity to cure.* If any one or more of the following events occur (collectively, an “**Event of Default**”), then you will be in default under this Agreement, and we may terminate this Agreement and all rights granted under this Agreement, without affording you any opportunity to cure the default, effective immediately on our written notice to you (in the manner provided in Section 24 ~~below~~):

17.2.1 If you do not obtain an Accepted Location for the Franchised Business, or if you do not construct and open the Franchised Business within the time limits stated in this Agreement.

17.2.2 If at any time you: **(a)** cease to operate or otherwise abandon ~~the Franchised Business for 2 or more consecutive business days and/or 27 or more business days within any week (during which you are otherwise required to be open, and without our prior written consent otherwise, unless necessary due to an event of force majeure as defined in Section 22-below);~~ **(b)** receive a notice from your landlord or a court terminating your right to possession of the premises of the Franchised Business or you otherwise lose your right to possess the premises of the Franchised Business; **(c)** forfeit the right to do or transact

business in the jurisdiction where the Franchised Business is located. Notwithstanding the foregoing, if through no fault of yours, the premises are damaged or destroyed by an event such that you cannot complete repairs or reconstruction within 90 days thereafter, then you have 30 days after the event in which to apply for our consent to relocate and/or reconstruct the premises, which we will not unreasonably withhold, subject to Sections 1.2.3 and 5.9-~~above~~.

- 17.2.3 If you or any of your Principals are charged with and/or convicted of a felony, a crime involving dishonesty or moral turpitude, or any other crime or offense that we believe is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or our interests in them.
- 17.2.4 If a threat or danger to public health or safety results from the construction, maintenance, or operation of the Franchised Business and/or if you fail to comply with the requirements of Section 8.14-~~above~~.
- 17.2.5 If you or any of your Principals purport to transfer any rights or obligations under this Agreement or any interest to any third party in a manner that is contrary to the terms of Section 16 ~~above~~.
- 17.2.6 If you fail to comply with the requirements of Section 19-~~below~~.
- 17.2.7 If, contrary to the terms of Sections 10 or 11-~~above~~, you disclose or divulge the contents of the Brand Manual or other confidential information that we provide to you.
- 17.2.8 If an approved transfer of an interest in you is not completed within a reasonable time, as required by Section 16.8-~~above~~.
- 17.2.9 If you maintain false books or records, or submit any false reports (including information provided as part of your application for this franchise) to us.
- 17.2.10 If you commit 3 or more defaults under this Agreement in any one year period, whether or not each default has been cured after notice.
- 17.2.11 If, after receipt of notice from us of a violation of Sections 7.1 and/or 8.3-~~above~~, you continue to purchase any Input Items from an unapproved supplier, or if you sell anything from the Learning Center that is not a ~~Retail~~-Product or a Service.
- 17.2.12 If you engage in any conduct or practice that is fraudulent, unfair, unethical, or deceptive.

17.2.13 If you make any unauthorized or improper use of the Proprietary Marks, or if you or any of your Principals use the Proprietary Marks in a manner that we do not permit (whether under this Agreement and/or otherwise) or that is inconsistent with our direction, or if you or any of your Principals directly or indirectly contest the validity of our ownership of the Proprietary Marks, our right to use and to license others to use the Proprietary Marks, or seek to (or actually do) register any of our Proprietary Marks with any agency (public or private) for any purpose without our prior written consent to do so.

17.2.14 If you engage in conduct that is detrimental to or reflects unfavorably on you or the System or conduct that exhibits a reckless disregard for the well-being of employees, customers, our representatives or the public at large or other forms of threatening, outrageous or unacceptable behavior as we determine in our sole discretion.

17.2.15 You or your affiliates default under any agreements with any vendor, supplier, landlord, lender, or mortgage holder or under any other agreement with us or our affiliates and fail to cure the default within the time permitted under that agreement, if there is a permitted cure period.

17.3 *With Notice and Opportunity to Cure.* If any one or more of the following events occur (also an “**Event of Default**”), and you fail to cure the Event of Default within the time period ~~set forth~~stated below, ~~then will we~~we have the right to terminate this Agreement and all rights granted under this Agreement, effective immediately on our written notice to you:

17.3.1 You fail, refuse, or neglect promptly to pay any monies owing to us or our affiliates when due and you fail to cure the default within 10 days after our notice of default.

17.3.2 You fail, refuse, or neglect promptly to communicate with us or our affiliates in response to our communication efforts and you fail to cure the default within 10 days after our notice of default.

17.3.3 You fail, refuse or neglect to meet any other obligation or covenant under this Agreement and you fail to cure the default within 30 days after our notice of default.

17.4 *Other Remedies ~~Upon~~On Default.* On the occurrence of any Event of Default, and subject to any applicable cure period, we may in our sole discretion, immediately exercise any or all of the following remedies, in addition to or in lieu of all other rights and remedies available to us under this Agreement or the law, including without limitation, the right to terminate the Franchise Agreement:

17.4.1 Reduce the size of the Protected Area;



- 17.4.2 Terminate your protected rights in all or part of the Protected Area for the remainder of the term of this Agreement or any other time period we determine in our sole discretion, without refunding any fee paid for these rights;
- 17.4.3 Suspend your access to the intranet provided that you remain responsible for all costs of participation;
- 17.4.4 Suspend your access to any advertising or marketing materials or assistance provided for franchisees;
- 17.4.5 Remove you from the Code Ninjas website;
- 17.4.6 Remove you from any advertising materials;
- 17.4.7 Suspend or terminate any fee reductions that we might have agreed to during the term of this Agreement;
- 17.4.8 Require you, your managers, or your other employees to participate in additional training at your cost;
- 17.4.9 Suspend the provision of any operational support that this Agreement otherwise requires us to provide;
- 17.4.10 Suspend the provision or supply of any Services or Products for which we are an approved supplier;
- 17.4.11 Take any action to cure a breach or default on your behalf and require you to reimburse we for all expenses (including the allocation of any internal costs) for our action, plus a 10% administrative fee;
- 17.4.12 Charge you a non-compliance fee up to \$500 for each time you default and \$500 per week for each week the default remains uncured;
- 17.4.13 Eliminate any remaining renewal rights that you may have; or
- 17.4.14 Reduce, modify, suspend, or otherwise terminate any other of your rights under this Agreement while the Event of Default continues or for any other period of time that we, in our sole discretion deem appropriate, provided that you remain responsible for all fees and obligations under this Agreement.

17.5 *Bankruptcy.* In addition to all requirements under this Agreement and applicable law, if, for any reason, this Agreement is not terminated under this Section 17 ~~prior to~~ before any insolvency or bankruptcy proceeding by you or your Principals, and this Agreement is assumed, or assignment of same to any person or entity who has made a *bona fide* offer to accept an assignment of this Agreement is contemplated, under the U.S. Bankruptcy Code or other applicable insolvency law, then

notice of the proposed assignment or assumption, setting forth: **(a)** the name and address of the proposed assignee; and **(b)** all of the terms of the proposed assignment and assumption; must be given to us within 20 days after receipt of the proposed assignee's offer to accept assignment or assumption of the Agreement; and, in any event, within 10 days before the date application is made to the court or appointed receiver for authority and approval to enter into the assignment and assumption. In addition to all rights in this Agreement and applicable law, we have the prior right and option, to be exercised by notice given at any time before the effective date of any proposed assignment and assumption, to accept an assignment of the Agreement to us on the same terms, and for the same consideration, if any, as in the *bona fide* offer made by the proposed assignee, except that our proposed consideration or purchase price, at our sole election, may include a credit bid of any amounts owed by you to us and

any brokerage commissions that may be payable by you in connection with the proposed assignment or assumption of this Agreement.

17.6 *Reservation of Rights under Section 17.4.* If any rights, options, arrangements, or areas are terminated or modified in accordance with Section 17.4—~~above~~, that action is without prejudice to our right to terminate this Agreement in accordance with Sections 17.2 or 17.3 ~~above~~, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

17.7 *Damages.* You agree to pay us all damages, costs, and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of any default by you under this Agreement and any other agreement between the parties (and their respective affiliates) (in addition to other remedies that we have).

## **18 OBLIGATIONS ON TERMINATION OR EXPIRATION**

On termination or expiration of this Agreement, all rights granted under this Agreement to you ~~will forthwith~~ terminate, and all of the following will take effect (except to the extent otherwise permitted under a separate valid franchise agreement between you and/or one of your affiliates and us):

18.1 *Cease Operation.* You must: **(a)** immediately and permanently stop operating the Franchised Business; and **(b)** never directly or indirectly represent to the public that you are a present or former franchisee of ours, or otherwise previously affiliated with us.

18.2 *Stop Using Marks and Intellectual Property.* You must immediately and permanently cease to use, in any manner whatsoever, all aspects of the System, including any confidential methods, procedures and techniques associated with the System, the marks "Code Ninjas" and any other current and former Proprietary Marks, distinctive forms, slogans, signs,

symbols, and devices associated with the System, and all other intellectual property associated with the System. Without limiting the above, you agree to stop making any further use of all signs, marketing materials, displays, stationery, forms, and any other articles that display the Proprietary Marks.

- 18.3 *Stop Using Related Social Media and Online Business Directories.* You must immediately cease operating all social media pages within your control associated with, or previously associated at any time with, the Learning Center or Code Ninjas, including but not limited to, Facebook, Instagram, YouTube, TikTok and X (Twitter). You must also immediately cease operating all online business directory listings within your control associated with, or previously associated with, the Learning Center or Code Ninjas, including but not limited to, Yelp, Nextdoor, LinkedIn, Google, YP (Yellow Pages), and Angi. You must promptly provide us with all login credentials or other information necessary for us to assume exclusive control over each social media and business directory account, page, or listing. To the extent that you are aware of or become aware of any social media or business directory account, page, or listing associated with the Learning Center that is not within your control, you must promptly notify us thereof in writing.

18.3.1 Notwithstanding the foregoing, we may in our exclusive discretion demand that you delete, deactivate, or otherwise modify each social media or business directory account or listing at any time. You must comply with our demand immediately on receipt.

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~~18.3.2~~ You agree that all consumer or other published reviews of the Learning Center and/or any goods or services provided by the Learning Center, are the exclusive property of Code Ninjas, LLC. Your right to use these reviews in any manner terminates with the expiration or termination of this Agreement. You are prohibited from advertising, promoting, quoting, or otherwise referring to the reviews in connection with any business or offer to conduct business on expiration or termination of this Agreement.

18.3.3 You agree that any violation of this Section 18.3 constitutes trademark infringement, service mark infringement, unfair competition, false advertising, and/or deceptive trade practices under federal, state, and common law, that this violation encroaches on the goodwill associated with our brand, and that violation is likely to cause confusion among reasonably prudent consumers.

- 18.4 *Cancel Assumed Names.* You must take all action necessary to cancel any assumed name or equivalent registration that contains the marks "Code Ninjas" or any other Proprietary Marks, and/or any other service mark or trademark of ours, and you must give us evidence that we

deem satisfactory that you have complied with this obligation within 5 days after termination or expiration of this Agreement.

18.5 *Premises.* We have the right (but not the obligation) to require you to assign to us any interest that you (and/or your affiliates) have in the lease or sublease for the premises ~~whereon~~ whereon which the Learning Center is operated and/or for the building in which the Learning Center is operated.

18.5.1 If we do not elect or if we are unable to exercise any option we have to acquire the lease or sublease for the premises of the Franchised Business, or otherwise acquire the right to occupy the premises, you will make all modifications or alterations to the premises operated under this Agreement (including, the changing of the telephone number) immediately on termination or expiration of this Agreement as ~~may be~~ necessary to distinguish the appearance of the premises from that of other Learning Centers, and must make specific additional changes to the premises that we reasonably request for that purpose. In addition, you must cease use of all telephone numbers and any domain names, websites, e-mail addresses, social media accounts, and any other print and online identifiers, whether or not authorized by us, that you have while operating the Franchised Business, and must promptly sign all documents or take all steps necessary to remove reference to the Franchised Business from all trade or business directories, including online directories, or at our request transfer these to us.

18.5.2 If you fail or refuse to comply with all of the requirements of this Section 18.5, then we (or our designee) have the right to enter on the premises of the Franchised Business, without being guilty of trespass or any other tort, for the purpose of making or causing to be made all required changes, at your cost, which expense you must pay on demand.

18.6 *Our Option to Buy Your Assets.* We have the right (but not the obligation), which we may exercise at any time within 30 days after expiration, termination, or default under this Agreement and/or default under your lease/sublease for the premises, to buy from you (and/or your affiliates) any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of the Franchised Business, ~~at the lesser of your cost~~

or fair market value. The parties agree that "fair market value" will be determined based on a 5 year straight-line depreciation of original costs. For equipment and fixtures that are 5 or more years old, the parties agree that fair market value is deemed to be 10% of the equipment's original cost. If we elect to exercise any option to purchase provided in this Section, we have the right to set off all amounts due from you.

- 18.7 *No Use of the Marks in Other Businesses.* You agree, if you continue to operate or subsequently begin to operate any other business, that you will not use any reproduction, counterfeit copy, and/or colorable imitation of the Proprietary Marks, either in connection with the other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute our rights in and to the Proprietary Marks. You further agree not to use, in any manner whatsoever, any designation of origin, description, trademark, service mark, or representation that suggests or implies a past or present association or connection with us, the System, the equipment, and/or the Proprietary Marks.
- 18.8 *Pay All Sums Due.* You must promptly pay all sums owing to us and our affiliates (regardless whether those obligations arise under this Agreement or otherwise). On termination for any of your defaults, those sums include all damages and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses), that we incur as a result of the default.
- 18.9 *Pay Damages.* You agree to pay us all damages and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur as a result of your default under this Agreement and/or subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Section 18, which will be in addition to amounts due to us under Section 18.13 ~~below~~.
- 18.10 *Return Confidential Information.* You must immediately return to us the Brand Manual and all other manuals, records, and instructions containing confidential information (including, any copies of some or all of those items, even if the copies were made in violation of this Agreement), all of which are acknowledged to be our property.
- 18.11 *Right to Enter and Continue Operations.* To preserve the goodwill of the System following termination, we (or our designee) have the right to enter the Franchised Business (without liability to you, your Principals, or otherwise) for the purpose of continuing the Franchised Business's operation and maintaining the goodwill of the business.
- 18.12 *Our Rights.* You agree not to do anything that would potentially interfere with or impede the exercise of our rights under this Section 18.
- 18.13 *Liquidated Damages.* If we terminate this Agreement based on your default, then, in addition to all other amounts due to us under this Agreement, you agree to pay to us, as liquidated damages, an amount calculated as follows: **(a)** the average of your monthly Royalty Fees and Marketing Contributions that are due under this Agreement for the 24 months immediately before the earlier of your abandonment of the Franchised Business or our delivery of the notice of termination (or, if you have been operating for less than 24 months, the average of your monthly Royalty Fees and Marketing Contributions for the number of

months you have operated the Learning Center); **(b)** multiplied by the lesser of

24 or the number of months remaining in the then-current term of this Agreement under Section 2 ~~above~~.

- 18.14 *Offsets.* We have the right to offset amounts that you owe to us against any payment that we must make under this Agreement.

## 19 **COVENANTS**

- 19.1 *Full Time Efforts.* You agree that during the term of this Agreement, except as we have otherwise approved in writing, you (or the Designated Principal and/or General Manager) will devote full time, energy, and best efforts to the management and operation of the Franchised Business.

- 19.2 *Understandings.*

- 19.2.1 You agree that: **(a)** under this Agreement, you have access to valuable trade secrets, specialized training and Confidential Information from us and our affiliates regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; **(b)** the System and the opportunities, associations and experience we have established and that you have access to under this Agreement are of substantial and material value; **(c)** in developing the System, we and our affiliates have made and continue to make substantial investments of time, technical and commercial research, and money; ~~**(d)**~~ **(d)** we would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information among franchisees in our System if franchisees were permitted to hold interests in Competitive Businesses (as defined below); and **(e)** restrictions on your right to hold interests in, or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder your activities.

- 19.2.2 As used in this Section 19, the term “**Competitive Business**” means any **(a)** business offering technology and/or coding educational opportunities for children; or **(b)** business that is otherwise the same as or similar to a Code Ninjas Learning Center.

- 19.3 *Covenant Not to Compete or Engage in Injurious Conduct.* You ~~covenant and~~ agree that, during the term of this Agreement and for 2 years after the expiration or termination of this Agreement, or a transfer as contemplated in Section 16 ~~above~~, you will not directly, indirectly, for

yourself, or through, on behalf of, or in conjunction with any party, in any manner whatsoever, do any of the following:

- 19.3.1 Divert or attempt to divert any actual or potential business or customer of any Learning Center to any competitor or otherwise take any action injurious or prejudicial to the goodwill associated with the Marks and the System.
  - 19.3.2 Own, maintain, develop, operate, engage in, assist, franchise or license, make loans to, lease real or personal property to, and/or have any ~~interest whatsoever~~ interest in, or render services or give advice to, any Competitive Business.
  - 19.3.3 Solicit customers of the Franchised Business for any commercial purpose other than the operation of the ~~Franchised Business under this Agreement.~~
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19.4 *Where Restrictions Apply.* During the term of this Agreement, there is no geographical limitation on the restrictions stated in Section 19.3 ~~above~~. During the two-year period following the expiration or earlier termination of this Agreement, or a transfer as contemplated under Section 16 ~~above~~, these restrictions apply only (a) at the Accepted Location; (b) within 7 miles of the Accepted Location; and (c) within 7 miles of any other "Code Ninjas" Learning Center business that is then-currently operated, was operated (within the past year), and/or is then under active development elsewhere in the United States. These restrictions do not apply to businesses that you operate that we (or our affiliates) have franchised to you (or your affiliates) under a franchise agreement in good standing with us or one of our affiliates.

19.5 *Post-Term.* You further covenant and agree that, for a continuous period of 2 years after the expiration or termination of this Agreement, or a transfer as contemplated in Section 16 ~~above~~:

- 19.5.1 You will not directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person, firm, partnership, corporation, or other entity, sell, assign, lease, and/or transfer the Accepted Location to any person, firm, partnership, corporation, or other entity that you know, or have reason to know, intends to operate a Competitive Business at the Accepted Location; and
- 19.5.2 You also agree that, by the terms of any conveyance, selling, assigning, leasing or transferring your interest in the Accepted Location, you will include these restrictive covenants as necessary to ensure that a Competitive Business that would violate this Section is not operated at the Accepted Location for this two- year period, and you will take all steps necessary to ensure that these restrictive covenants become a matter of public record.

- 19.6 *Non-Compliance.* The {2}-year restrictive period set forth in this Section 19 will be extended by any amount of time during which you are not in compliance with the terms of this Section 19, provided that we initiate legal action to compel ~~such~~ compliance during the {2}-year restrictive period.
- 19.7 *Publicly-Held Entities.* Section 19.3.2~~above~~ does not apply to your ownership of less than 5% beneficial interest in the outstanding equity securities of any publicly ~~held~~ corporation. As used in this Agreement, the term “**publicly ~~held~~ corporation**” refers to an entity that has securities that have been registered under the Securities Exchange Act of 1934.
- 19.8 *Construction.* Each of the foregoing covenants are construed as independent of any other covenant or provision of this Agreement. We have the right to reduce the scope of any part of this Section 19 and, if we do so, you agree to comply with the obligations as we have reduced them. ~~In the event~~ If a court finds any of the restrictive covenants, or any portion thereof, in this Section 19 to be unreasonable, unenforceable, or invalid, then ~~such that~~ covenant ~~shall~~will be amended to provide the maximum protection to us as permitted by law.
- 19.9 *Claims Not a Defense.* You agree that the existence of any claims you have against us, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants in this Section 19. You agree to pay all expenses (including
- 
- ~~reasonable attorneys’ fees, court costs, discovery costs, and all other~~  
related expenses) that we incur in connection with the enforcement of this Section 19.
- 19.10 *Covenant as to Anti-Terrorism Laws.* You and the owners of your business (“**Owners**”) agree to comply with and/or to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (as defined below). In connection with this compliance, you and the Owners certify, represent, and warrant that none of their respective property or interests are “blocked” under any of the Anti-Terrorism Laws and that neither you nor any of the Owners are in violation of any of the Anti-Terrorism Laws. You also agree not to knowingly hire or do business with (or continue to employ or do business with) any party who is blocked under any of the Anti-Terrorism Laws. The term “**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States, as supplemented, the USA PATRIOT Act, and all other laws and regulations addressing or relating to terrorist acts and/or acts of war.
- 19.11 *Defaults.* You agree that if you violate this Section 19, that would result in irreparable injury to us for which no adequate remedy at law may be available, and accordingly, you consent to the issuance of an injunction prohibiting any conduct in violation of this Section 19.



## **20 TAXES, PERMITS, AND INDEBTEDNESS**

- 20.1 *Payment of Taxes.* You agree to promptly pay when due all taxes levied or assessed, including, unemployment and sales taxes, and all accounts and other indebtedness of every kind that you incur in the conduct of the business franchised under this Agreement. You agree to pay us an amount equal to any sales tax, gross receipts tax, or similar tax imposed on us with respect to any payments that you make to us as required under this Agreement, unless the tax is credited against income tax that we otherwise pay to a state or federal authority.
- 20.2 *Payment of Trade Creditors.* You agree to promptly pay when due all trade creditors and vendors (including any that are affiliated with us) that supply goods or services to you and/or the Franchised Business (including for example the landlord for the premises of your Learning Center).
- 20.3 *Your Right to Contest Liabilities.* If there is a bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law; however, in no event will you permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the premises of the Franchised Business, or any improvements thereon.
- 20.4 *Compliance with Law.* You agree to comply with all Operating Codes and to timely obtain all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, licenses to do business, health certificates, fictitious name registrations, sales tax permits, and fire clearances. To the extent that the requirements of any Operating Codes are in conflict with the terms of this Agreement, the Brand Manual, or our other instructions, you agree to: **(a)** comply with the laws; **(b)** immediately provide us with written notice describing the nature of the conflict; and **(c)** cooperate with us and our counsel in developing a way to comply with the terms of this Agreement and applicable law, to the extent that it is possible to do so.
- ~~20.5 *Notice of Violations and Actions.* You agree to notify us in writing within 2 days after you receive notice of any health or safety violation, the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, or within 2 days occurrence of any accident or injury which may adversely affect the operation of the Franchised Business or your financial condition, or give rise to liability or a claim against either party to this Agreement.~~

## **21 INDEPENDENT CONTRACTOR AND INDEMNIFICATION**

- 21.1 *Independent Contractor Relationship.* The parties agree that:

21.1.1 this Agreement does not create a fiduciary relationship between them;

- 21.1.2 you are the only party that will be in day-to-day control of your Learning Center, even though we will share the brand and Proprietary Marks as stated in this Agreement, and neither this Agreement nor any of the systems, guidance, computer programs, processes, or requirements under which you operate alter that basic fact;
- 21.1.3 nothing in this Agreement and nothing in our course of conduct is intended to make either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever; and
- 21.1.4 neither this Agreement nor our course of conduct is intended, nor may anything in this Agreement (nor our course of conduct) be construed, to state or imply that we are the employer of your employees and/or independent contractors, nor vice versa.
- 21.2 *Notice of Status.* At all times during the term of this Agreement and any extensions hereof, you will hold yourself out as an independent contractor operating the business under a franchise from us both to the public and also to your staff. You agree to take all action necessary to do so, including exhibiting a notice of that fact in conspicuous places at the Accepted Location, the content and placement of which we reserve the right to specify in the Brand Manual or otherwise.
- 21.3 *No Contracts in ~~our~~Our Name.* Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf, or to incur any debt or other obligation in our name; and that we will not assume liability for, or be deemed liable under this Agreement as a result of, any such action; nor will we be liable by reason of any act or omission in your conduct of the Franchised Business or for any claim or judgment arising therefrom against either party to this Agreement.
- 21.4 *Indemnification.*
- 21.4.1 You agree to indemnify, defend, and hold harmless each of the Franchisor Parties (as defined below) harmless against all Expenses arising directly or indirectly from any Claim, as well as from any claimed breach by you of this Agreement. Your indemnity obligations: **(a)** survive the expiration or termination of this Agreement and are not affected by any insurance coverage that you and/or any Franchisor Party maintain; and **(b)** exclude any Claim and/or

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Expense that a court with competent jurisdiction determines was caused solely by a Franchisor Party's gross negligence and/or willful misconduct.

21.4.2 *Procedure.* We will give you notice of any Claim and/or Expense for which the Franchisor Parties intend to seek indemnification; however, if we do not give that notice, it will not relieve you of any obligation (except to the extent of any actual prejudice to you). You will have the opportunity to assume the defense of the Claim, at your expense and through legal counsel reasonably acceptable to us, provided that in our judgment, you proceed in good faith, expeditiously, and diligently, and that the defense you undertake does not jeopardize any defenses of the Franchisor Parties or otherwise present an actual or potential conflict of interest as ~~determined by us~~ we determine. We have the right: **(a)** to participate in any defense that you undertake with counsel of our own choosing, at our expense; and **(b)** to undertake, direct, and control the defense and settlement of the Claim (at your expense) if in our sole judgment you fail to properly and competently assume defense of the Claim within a reasonable time and/or if, in our sole judgment, there would be a conflict of interest between your interest and that of any Franchisor Party.

21.4.3 *Definitions.* As used in this Section 21.4, the parties agree that the following terms ~~will~~ have the following meanings:

21.4.3.1 **“Claim”** means any demand, allegation, cause of action, and/or complaint asserted by a third party that is the result of, or in connection with, your exercise of your rights and/or carrying out of your obligations under this Agreement (including any claim associated with your operation of the Learning Center, sale of Services or Products, events occurring at the Learning Center, data theft or other data-related event, or otherwise, whether asserted by a customer, vendor, employee, or otherwise), a violation of any Operating Code, and/or any default by you under this Agreement (including all claims, demands, causes of action, suits, damages, settlement costs, liabilities, fines, penalties, assessments, judgments, losses, and Expenses). For the sake of clarity, the parties confirm that the indemnification obligations under Sections 9.2.9.2.b. and 16.6.4 are included within this definition of a Claim.

21.4.3.2 **“Expenses”** includes interest charges; fees for accountants, attorneys and their staff, arbitrators, and expert witnesses; costs of investigation and proof of facts; court costs; travel and living expenses; and other expenses associated with litigation, investigative hearings, or alternative

dispute resolution, whether or not a proceeding is formally begun.

21.4.3.3 “**Franchisor Parties**” means us and our shareholders, parents, subsidiaries, and affiliates, and their respective officers, directors, members, managers, agents, and employees.

21.4.4 We agree to indemnify you with respect to your use of the Proprietary Marks as provided in Section 9.2.9.2.a. ~~above.~~

## **22 FORCE MAJEURE**

~~22.1~~ ~~*Impact.*~~ Neither party is responsible to the other for non-performance or delay in performance occasioned by causes reasonably beyond its control including: **(a)** acts of nature; **(b)** acts of war, terrorism, or insurrection; **(c)** public health emergencies, epidemics, pandemics, hurricanes, tornadoes, environmental emergencies, strikes, lockouts, labor actions, boycotts, floods, fires, and/or other casualties; and/or **(d)** our inability (and that of our affiliates and/or suppliers) to manufacture, purchase, and/or cause delivery of any services or products used in the operation of the Franchised Business. You agree to abide by any brand standards that we establish in connection with continuing to operate, reopening, and other matters relating to operations that are impacted by a Force Majeure event. Notwithstanding anything to the contrary in this paragraph, no Force Majeure event will relieve you of your obligation to pay amounts required to be paid under this Agreement. If any such delay occurs, any applicable time period will be automatically extended for a period equal to the time lost; provided, however, that the party affected makes reasonable efforts to correct the reason for the delay and gives to the other party prompt notice of any delay; and further provided, however, that you remain obligated to promptly pay all fees owing and due to us under this Agreement, without any delay or extension.

22.2 *Transmittal of Funds.* The inability of either party to obtain and/or remit funds is considered within control of that party for the purpose of Section 22.1 ~~above.~~

## **23 APPROVALS AND WAIVERS**

23.1 *Request for Approval.* Whenever this Agreement requires our prior approval, acceptance, and/or consent, you agree to make a timely written request to us, and in each instance, our approval, acceptance, or consent will be valid only if it is provided in writing.

23.2 *No Warranties or Guarantees.* You agree that we make no warranties or guarantees on which you may rely, and that we assume no liability or obligation to you, by providing any waiver, approval, consent, or suggestion to you in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

- 23.3 *No Waivers.* The parties agree that: (a) no delay, waiver, omission, or forbearance on our part to exercise any right, option, duty, or power arising out of any breach or default by you or any other franchisee under any of the terms of this Agreement; (b) no custom or practice by the parties at variance with the terms of this Agreement, constitutes our waiver of our right to enforce any right, option, duty, or power as against you, or as to subsequent breach or default by you; (c) if we accept late payments from you or any payments due, that is not our waiver of any earlier or later breach by you of any terms of this Agreement; and (d) no course of dealings or course of conduct will be effective to amend the terms of this Agreement.

## **24 NOTICES**

- 24.1 All notices required or permitted under this Agreement must be in writing and must be personally delivered, sent by certified U.S. mail, or by other means that provides the sender with evidence of delivery, rejected delivery, and/or attempted delivery. Any notice by a means that gives the sender evidence of delivery, rejected delivery, or delivery that is not possible because the recipient moved and left no forwarding address will be deemed to have been given at the date and time of receipt, rejected, and/or attempted delivery.
- 24.2 Notices must be sent to the address designated on the signature page of this Agreement (unless a party changes its address for those notices by giving prior written notice to the other party in the manner stated above). If the parties have designated a specific e-mail address, then notices sent to that e-mail address (which may be changed as noted above) will be considered as having been sent at the time they are delivered into that e-mail address.
- 24.3 The Brand Manual, any changes that we make to the Brand Manual, and/or any other written instructions that we provide relating to operational matters, are not considered to be “notices” for the purpose of the delivery requirements in this Section 24.

## **25 ENTIRE AGREEMENT AND AMENDMENT**

- 25.1 *Entire Agreement.* This Agreement and the exhibits referred to in this Agreement constitute the entire, full, and complete Agreement between the parties to this Agreement concerning the subject matter hereof, and supersede all prior agreements, communications, statements, and representations (however, if this Agreement is to renew a previous franchise agreement, then the parties’ original agreement on the number of renewal terms apply during the term of this Agreement notwithstanding Section 2.2 above). ~~However, nothing~~ Nothing in this Agreement or in any other document related agreement, however, is ~~meant intended to (or has disclaim the effect of) disclaiming any representation that we made in our Franchise Disclosure Document~~

~~(“FDD”) (including its exhibits)~~ representations we made in the franchise disclosure document that we furnished to you.

- 25.2 *Amendment.* Except for those changes that we are permitted to make unilaterally under this Agreement, no amendment, change, or variance from this Agreement is binding on either party unless mutually agreed to by the parties and signed by their authorized officers or agents in writing.

## **26 SEVERABILITY AND CONSTRUCTION**

- 26.1 *Introductory Paragraphs.* The parties agree that the introductory paragraphs of this Agreement, under the heading “Introduction,” are accurate, and the parties agree to incorporate those paragraphs into the text of this Agreement as if they were printed here in full.

- 26.2 *Severability.* Except as expressly provided to the contrary in this Agreement, each portion, section, part, term, and/or provision of this Agreement is considered severable; and if, for any reason, any portion, section, part, term, and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this will not impair the operation of, or have any other effect ~~upon~~, any other portions, sections, parts, terms, and/or provisions of this Agreement as remain otherwise intelligible; and the latter ~~will~~ continue to be given full force and effect and bind the parties to this Agreement; and the invalid portions, sections, parts, terms, and/or provisions will be deemed not to be a part of this Agreement.

- 26.3 *No Third-Party Rights.* Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor will be deemed, to confer on any person or legal entity other than you, we, and ~~such of our respective successors and assigns as contemplated (and,~~ as to you, permitted) by Section 16.4 ~~above~~, any rights or remedies under or by reason of this Agreement.

- 26.4 *Captions Don’t Amend Terms.* All captions in this Agreement are intended solely for the convenience of the parties, and no caption will affect the meaning or construction of any provision hereof.

- 26.5 *Including.* The parties agree that when the terms “include”, “includes”, and “including” are used in this Agreement, those terms are understood to mean “including but not limited to”.

- 26.6 *Survival.* All provisions of this Agreement that, by their terms or intent, are designed to survive the expiration or termination of this Agreement, survive the expiration and/or termination of this Agreement.

- 26.7 *Expenses.* Each party agrees to bear all of the costs of exercising its rights and carrying out its responsibilities under this Agreement, except as otherwise provided.

- 26.8 *Counterparts.* This Agreement may be signed in counterparts, and signature pages may be exchanged by electronic means, each counterpart, when taken together with all other identical copies of this Agreement also signed in counterpart, is considered one complete Agreement.

## **27 APPLICABLE LAW AND DISPUTE RESOLUTION**

- 27.1 *Choice of Law.* This Agreement takes effect when we accept and sign this document. This Agreement will be interpreted and construed exclusively under the laws of the State of Georgia, which laws will prevail in the event of any conflict of law (without regard to, and without giving effect to, Georgia choice-of-law rules). Nothing in this Section 27.1 is intended by the parties to invoke the application of any franchise, business opportunity, antitrust, implied covenant, unfair competition, fiduciary, and/or other doctrine of law of the State of Georgia (or any other state) that would not otherwise apply if the words in this Section 27.1 were not included in this Agreement.

- 27.2 *Choice of Venue.* Subject to Section 27.3 ~~below~~, the parties agree that any action that you bring against us, whether in federal or state court, must be brought only within the courts that have jurisdiction over where we then currently have our principal place of business (currently, in Peachtree Corners, Georgia). Any action that we bring against you whether in federal or state court, may be brought within the state and judicial district in which we maintain our principal place of business. In addition, the parties agree that:

27.2.1 This Section 27.2 will not be construed as preventing either party from removing an action from state to federal court; provided, however, venue will be as stated above;

27.2.2 You consent to the personal jurisdiction and venue in the courts set forth in this Section 27.2 and waive all objections to the same including, without limitation, objections and efforts to dismiss or transfer based on forum nonconviens; and

27.2.3 Any action will be conducted on an individual basis, and not as ~~part of a consolidated, common, or class action.~~

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- 27.3 *Mediation.* Unless we are bringing a claim that includes injunctive relief, before any party may bring an action in court against the other, the parties agree that they must first meet to mediate the dispute. Mediation is non-binding and is conducted in accordance with the then-current rules for mediation of commercial disputes of JAMS, Inc. (formerly, "Judicial Arbitration and Mediation Services, Inc."). The mediation will take place in the city or county of our then-current principal place of business (currently, in Peachtree Corners, Georgia).

- 27.4 *Parties' Rights Are Cumulative.* No right or remedy conferred on or reserved to us or you by this Agreement is intended to be, nor will be deemed, exclusive of any other right or remedy under this Agreement, by law, and/or equity provided or permitted, but each will be cumulative of every other right or remedy.
- 27.5 *Injunctions.* Nothing in this Agreement bars our right to obtain injunctive relief including restraining orders and preliminary injunctions in a court of competent jurisdiction against threatened conduct that will cause us irreparable harm . If we seek an injunction, you agree that we will not be required to post a bond.
- 27.6 ~~**WAIVER OF JURY TRIALS**~~**WAIVER OF JURY TRIALS.** Each party to this Agreement irrevocably waives trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of them against the other, whether or not there are other parties in the action or proceeding.
- 27.7 ~~**MUST BRING CLAIMS WITHIN ONE YEAR**~~**MUST BRING CLAIMS WITHIN ONE YEAR.** Each party to this Agreement agrees that all claims and actions arising out of or relating to this Agreement, the sale of the franchise rights provided hereunder, the parties' relationship, and/or your operation of the Franchised Business, brought by any party to this Agreement against the other (excluding claims seeking indemnification), must be filed within one year from the occurrence of the facts giving rise to the claim or action; otherwise, it is expressly agreed by all parties, the claim or action is irrevocably barred.
- 27.8 ~~**WAIVER OF PUNITIVE DAMAGES**~~**WAIVER OF PUNITIVE DAMAGES.** Each party to this Agreement waives to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other, and agree that in the event of a dispute between them each is limited to the recovery of any actual damages it has sustained (including lost future royalties).
- 27.9 *Payment of Legal Fees.* You agree to pay us all damages and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) that we incur in: **(a)** seeking damages arising from or related to your breach of this Agreement or obtaining injunctive or other relief for the enforcement of any provisions of this Agreement; or **(b)** successfully defending any claim brought by you.

## **28 ACKNOWLEDGMENTS**

- 28.1 *No Waivers.* Nothing in this Agreement is meant as, or may be construed, or otherwise interpreted: **(a)** as a waiver of any state law that may apply to you; nor **(b)** as a disclaimer of any statement or representation that we have made in our FDD.



- 28.2 *Your Investigation.* We—have recommended that you conduct an independent investigation of the business franchised under this Agreement.
- 28.3 *No Warranties or Guarantees.* We do not make (and do not permit anyone speaking on our behalf) to make any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business contemplated by this Agreement.
- 28.4 *Your Advisors.* We recommended that you seek advice from advisors of your own choosing (including a lawyer and an accountant) about the potential benefits and risks of entering into this Agreement.
- 28.5 *No Conflicting Obligations.* Each party represents and warrants to the other party that there are no other agreements, court orders, or any other legal obligations that would preclude or in any manner restrict that party from: **(a)** negotiating and entering into this Agreement; **(b)** exercising its rights under this Agreement; and/or **(c)** fulfilling its obligations and responsibilities under this Agreement.
- 28.6 *Your Responsibility for the Choice of the Accepted Location.* You agree that you have sole and complete responsibility for the choice of the Accepted Location; that we have not (and will not be deemed to have, even by our requirement that you use a location service and/or our approval of the site that is the Accepted Location) given any representation, promise, or guarantee of your success at the Accepted Location; and that you are solely responsible for your own success at the Accepted Location.
- 28.7 *Your Responsibility for Operation of the Franchised Business.* Although we retain the right to establish and periodically modify System standards, which you have agreed to maintain in the operation of your Learning Center, you retain the right and sole responsibility for the day-to-day management and operation of the Franchised Business and the implementation and maintenance of system standards at the Franchised Business.
- 28.8 *Different Franchise Offerings to Others.* We may modify the terms under which we offer franchises to other parties (which may differ from the terms in this Agreement).
- 28.9 *Our Advice.* You agree that our advice is only that; that our advice is not a guarantee of success; and that you must reach and implement your own decisions about how to operate your Franchised Business on a day-to-day basis under the System.
- 28.10 *Your Designated Principal and Center Director.* You agree that we have the right to rely on either one or both of the Designated Principal or Center Director as having responsibility and decision-making authority regarding the Franchised Business's operation and your business.

28.11 *Your Independence.* You agree that:

28.11.1 you are the only party that employs your staff (even though we may provide you with advice, guidance, and training);

28.11.2 we are not your employer nor are we the employer of any of your staff, and even if we express an opinion or provide advice, we will play no role in your decisions regarding their employment (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal);

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28.11.3 the guidance that we provide, and requirements under which you will operate, are intended to promote and protect the value of the brand and the Proprietary Marks;

28.11.4 when forming and in operating your business, you had to adopt standards to operate that business, and that instead of developing and implementing your own standards (or those of another party), you chose to adopt and implement our standards for your business (including our System and the requirements under this Agreement); and

28.11.5 you have made (and will remain always responsible for) all of the organizational and basic decisions about establishing and forming your entity, operating your business (including adopting our standards as your standards), and hiring employees and employment matters (including matters such as recruitment, hiring, compensation, scheduling, employee relations, labor matters, review, discipline, and/or dismissal), engaging professional advisors, and all other facets of your operation.

28.12 *Success Depends on You.* You agree that the success of the business venture contemplated under this Agreement is speculative and depends, to a large extent, on your ability as an independent businessperson, your active participation in the daily affairs of the business, market conditions, area competition, availability of product, quality of services provided by you and your staff, as well as other factors. We do not make any representation or warranty express or implied as to the potential success of the business venture contemplated hereby.

28.13 *General Release.* If this Agreement is not the first contract between you (and your affiliates) and us (and our affiliates), then you agree to the following:

You (on behalf of yourself and your parent, subsidiaries and affiliates and their respective past and present members, officers, directors, members, managers, shareholders, agents and employees, in their corporate and individual capacities) and all guarantors of your

obligations under this Agreement (collectively, “**Releasors**”) freely and without any influence forever release (and covenant not to sue) us, our parent, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively “**Releasees**”), with respect to all claims, demands, liabilities and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “**claims**”), that any Releasor now owns or holds or may at any time have owned or held, including, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to this Agreement and all other agreements between any Releasor and any Releasee, the sale of any franchise to any Releasor, the development and operation of the Learning Centers and the development and operation of all other businesses operated by any Releasor that are franchised by any Releasee. You understand that you may later learn of new or different facts, but still, it is your intention to fully, finally, and forever release all of the claims that are released above. This includes your waiver of state laws that may otherwise limit a release (for example, Calif. Civil Code Section 1542, which states that “[a] general release does not extend to claims that the

creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”). You agree that fair consideration has been given by us for this General Release and you fully understand that this is a negotiated, complete and final release of all claims. This General Release does not release any claims arising from representations made in our Franchise Disclosure Document and its exhibits or otherwise affect any claims arising after the date of this Agreement.

*[Signatures on next page]*

**IN WITNESS WHEREOF**, intending to be legally bound by this Agreement, the parties have duly signed and delivered this Agreement as of the Effective Date (as written below).

**CODE NINJAS, LLC**  
Franchisor

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_

e: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address for Notices: \_\_\_\_\_ Address for Notices: \_\_\_\_\_

Code Ninjas, LLC

3500 Parkway Lane, Suite 400

Peachtree Corners, GA 30094

Attn: Compliance Officer

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

~~Address for Notices:~~

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

Attn: \_\_\_\_\_

E-mail: \_\_\_\_\_

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT A  
DATA  
SHEET

¶	Section Cross- Referenc e	Item
1	1.2	<p>The Accepted Location under this Agreement is:</p> <p>_____</p> <p>_____</p> <p>_____.</p>
2	1.3	<p>Subject to Section 1.3 of this Agreement, the Protected Area under this Agreement is:</p> <p><input type="checkbox"/> A circle with a radius of _____ miles and its center at the front door of the Center (subject to 1.3 of this Agreement) (but not including areas that are on the other side of a natural boundary and away from the Center, such as a river).</p> <p><i>or</i></p> <p><input type="checkbox"/> The area within the following boundaries:</p> <p>To the east: _____</p> <p>To the south: _____</p> <p>To the west: _____</p> <p>To the north: _____</p>

Initials

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisor

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT B  
GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

To induce Code Ninjas, LLC ("**Franchisor**") to sign the Code Ninjas Franchise Agreement between Franchisor and \_\_\_\_\_ ("**Franchisee**"), dated \_\_\_\_\_, to which this Guarantee is attached (the "**Agreement**"), each of the undersigned parties, jointly and severally, unconditionally guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations (monetary and otherwise) under the Agreement and any other contract between Franchisee and Franchisor (and/or Franchisor's affiliates) will be punctually paid and performed.

Each person signing this Personal Guarantee acknowledges and agrees, jointly and severally, that:

1. On Franchisor's demand, s/he will immediately make each payment required of Franchisee under the Agreement and/or any other contract (including another franchise agreement) with Franchisor and/or its affiliates.
2. S/he waives any right to require Franchisor to: **(a)** proceed against Franchisee for any payment required under the Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Franchisee; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee; and/or **(d)** give notice of demand for payment by Franchisee.
3. Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. Each of the undersigned persons waive notice of amendment of the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and notice of demand for payment by Franchisee and agree to be bound by all amendments and changes to the Agreement (and any other contract with Franchisor and Franchisor's affiliates).
4. S/he will defend, indemnify and hold Franchisor harmless against all losses, damages, liabilities and expenses (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with Franchisee's failure to perform any obligation of Franchisee under the Agreement (and any other contract with Franchisor and Franchisor's affiliates) and/or any amendment to the Agreement.
5. S/he agrees to be personally bound by all of Franchisee's covenants, obligations, and promises in the Agreement, which include, but are not limited to, the covenants in the following Sections of the Agreement: **Section 9.3** (generally regarding trademarks), **Section 11** (generally regarding confidentiality), **Section 16** (generally regarding Transfers), **Section 18** (generally regarding obligations on termination or expiration of this Agreement), **Section 19** (generally regarding covenants against competition) of the Agreement, and **Section 27** (generally regarding applicable law, jurisdiction, venue and dispute resolution).

6. S/he understands that: **(a)** this Guarantee does not grant her/him any rights under the Agreement (including but not limited to the right to use any of Franchisor's marks such as the "Code Ninjas" marks) or the system licensed to Franchisee under the Agreement; **(b)** s/he has read, in full, and understands, all of the provisions of the Agreement that are referred to above in this paragraph, and that s/he intends to fully comply with those provisions of the Agreement as if they were printed here in full; and **(c)** s/he has had the opportunity to consult with a lawyer of her/his own choosing in deciding whether to sign this Guarantee.

This Guarantee will be interpreted and construed in accordance with **Section 27** of the Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, and agreement not to engage in class or common actions). Among other things, that means that this Guarantee is interpreted and construed exclusively under the laws of the State of Georgia, and that in the event of any conflict of law, Georgia law will prevail (without applying Georgia conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

\_\_\_\_\_  
(signed in his/her personal

\_\_\_\_\_  
(signed in his/her personal  
capacity)

Printed Name:\_\_\_\_\_

Date:\_\_\_

Home Address:

\_\_\_\_\_

\_\_\_\_\_

(signed in his/her personal capacity)

Printed Name:\_\_\_\_\_

Date:\_\_\_

Home Address:

\_\_\_\_\_

\_\_\_\_\_

(signed in his/her personal capacity)

Printed Name:\_\_\_\_\_

Date:\_\_\_\_\_

Date:\_\_\_\_\_

Date:\_\_\_\_\_

Home Address:



Home Address:

Home Address:



Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT C LIST OF  
PRINCIPALS

Name of Principal	Home Address	Percentage Interest Held in Franchisee

Initials

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisor

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT D

**AUTHORIZATION AGREEMENT FOR ACH PAYMENTS  
(DIRECT DEBITS FOR ROYALTY, MARKETING CONTRIBUTION, AND OTHER FEES)**

\_\_\_\_\_ (Name of Person or Legal Entity)

\_\_\_\_\_ (Tax ID Number (FEIN))

The undersigned depositor ("**Depositor**" or "**Franchisee**") authorizes Code Ninjas, LLC ("**Franchisor**") to initiate debit entries and/or credit correction entries to the undersigned's checking and/or savings account(s) indicated below and the depository designated below ("**Depository**" or "**Bank**") to debit or credit the account(s) pursuant to our instructions.

\_\_\_\_\_  
Depository/Bank Name                      Branch Name

City                      State                      Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number                      Account Number

This authorization remains in full and force and effect until 60 days after we have received written notification from Franchisee of its termination.

Printed Name of Depositor: \_\_\_\_\_

Signed By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT E  
ADA CERTIFICATION

Code Ninjas LLC ("**Franchisor**" or "**us**") and \_\_\_\_\_ ("**Franchisee**" or "**you**") are parties to a franchise agreement dated \_\_\_\_\_ (the "**Franchise Agreement**") for the operation of a Franchised Business at (the "**Franchised Business**").

- ~~In accordance with Section 5.6.2 of the Franchise Agreement, you certify to us that, to the best of your knowledge, the Franchised Business and its adjacent areas comply with all applicable federal, state, and local accessibility laws, statutes, codes, rules, regulations, and standards, including but not limited to the Americans with Disabilities Act.~~
- ~~You acknowledge that you are an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control, leasing, or operation of the Franchised Business.~~
- ~~You acknowledge that we have relied on the information in this certification.~~
- ~~You agree to indemnify us and our officers, directors, members, managers, shareholders, and employees in connection with all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with your compliance with the Americans with Disabilities Act, and the costs (including reasonable attorneys' fees, court costs, discovery costs, and all other related expenses) related to the same.~~

Acknowledged and Agreed:

\_\_\_\_\_  
Franchisee:

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

~~Code Ninjas~~  
FRANCHISE AGREEMENT  
EXHIBIT F

**SITE SELECTION ADDENDUM**

Code Ninjas, LLC (“**Franchisor**” or “**us**” or “**we**”) and \_\_\_\_\_ (“**Franchisee**” or “**you**”) have on \_\_\_\_\_ entered into a Code Ninjas Franchise Agreement (“**Franchise Agreement**”) and wish to supplement its terms as stated below in this Site Selection Addendum (the “**Addendum**”). The parties agree as follows:

**AGREEMENT**

1. **Time to Locate Site:** Within 120 days after the date of this Addendum, you agree to acquire or enter into a binding lease/sublease (collectively, a “**lease**”), at your own expense, for commercial real estate that is properly zoned for the use of the business that you will conduct under the Franchise Agreement (the “**Franchised Business**”) at a site that we have approved in writing as provided below. You must provide us with a copy of the signed purchase agreement or lease/sublease (and you need to close/settle on the property if purchasing).

a. The location must be within the following area: \_\_\_\_\_

(the “**Site Selection Area**”).

b. The only reason that the Site Selection Area is described is for the purpose of selecting a site for the Franchised Business.

c. We will not establish, nor franchise another party to establish, a “Code Ninjas” business operating under the System within the Site Selection Area until the end of the Search Period. For purposes of this Addendum, the term “**Search Period**” means 90 days from the date of this Addendum, or the period from the date of this Addendum until we have approved of a location for your Franchised Business, whichever event first occurs. On expiration of the Search Period, the protections of this paragraph 1.c expire and you will have no further rights in and to the Site Selection Area other than as provided in the Franchise Agreement.

d. If you do not acquire or lease a site (that we have accepted in writing) for the Franchised Business in accordance with this Addendum within 180 days after the date of this Addendum, that will be a default under Section 17.2 of the Franchise Agreement and also under this Addendum, and we have the right to terminate the Franchise Agreement and this Addendum under Section 17.2 of the Franchise Agreement.

2. **Site Evaluation Services:** We will provide you with our site selection guidelines, including our minimum standards for a location for the Franchised Business, and site selection counseling and assistance as we deem advisable. We will perform one on-site evaluation as we deem advisable in response to your requests for site approval without a separate charge. If we perform any additional on-site evaluations, you must reimburse, as applicable, us for all reasonable expenses that we incur in connection with on-site evaluation, including, without limitation, the cost of travel, lodging and meals. We will not provide on-site evaluation for any proposed site before we have received from you a completed site approval form for the site (prepared as stated in Section 3-below).

3. **Site Selection Package Submission and Approval:** You must submit to us, in the form that we specify: **(a)** a completed site approval form (in the form that we require); **(b)** all other information or materials that we reasonably require; and **(c)** an option contract, letter of intent, or other evidence satisfactory to us that confirms your favorable prospects for obtaining the site. You acknowledge that time is of the essence. We will have 30 days after receipt of all information and materials from you to approve or disapprove the proposed site as the location for the Franchised Business. We have the right to approve or disapprove any site to serve as the Accepted Location for the Franchised Business. If we do not approve a proposed site by giving you written notice within the 30-day period, then we ~~are deemed to have disapproved the~~ site.

4. **Lease Responsibilities:** After we have approved a site and before the expiration of the Search Period, you must sign a lease, which must be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Our approval of any lease is conditioned on inclusion in the lease of the lease rider attached to the Franchise Agreement as Exhibit ~~GF~~. However, even if we examine the lease, we are not responsible for review of the lease for any terms other than those in the lease rider.

5. **Accepted Location:** After we have approved the location for the Franchised Business and you have leased or acquired that location, the location will constitute the **Accepted Location** described in Section 1.2 of the Franchise Agreement. The Accepted Location will be stated on Exhibit A to the Franchise Agreement, and will become a part the Franchise Agreement.

a. You agree that our approval of a site does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Our approval of the site indicates only that we believe the site complies with our minimum acceptable criteria solely for our own purposes as of the time of the evaluation. The parties each ~~acknowledge~~ agree that application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, after our approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from criteria that we used could change, thereby altering the potential of a site. These factors are unpredictable and are beyond our control.

b. We will not be responsible for the failure of a site (even if we have approved that site) to meet your expectations as to revenue or operational criteria.

c. You agree that your acceptance of a franchise for the operation of the Franchised Business at the site is based on your own independent investigation of the suitability of the site.

6. **Construction:** This Addendum is considered an integral part of the Franchise Agreement between the parties to this Addendum, and the terms of this Addendum are controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined in this Addendum have the same meaning as stated in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are ratified and confirmed.

IN WITNESS WHEREOF, each party to this Addendum intending to be legally bound has caused its duly authorized representative to duly sign and deliver this Addendum on the date first above written.

Franchisor

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
Franchisee

By: \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_



Code Ninjas  
LEASE AGREEMENT  
EXHIBIT G  
LEASE RIDER

**THIS ADDENDUM** (the "**Addendum**") was signed on \_\_\_\_\_,  
between ("**Franchisee**") and \_\_\_\_\_ ("**Landlord**"), as an  
addendum to the lease, as modified, amended, supplemented, renewed and/or extended from  
time to time as contemplated in this Addendum ("**Lease**") dated as of \_\_\_\_\_  
for the premises located at \_\_\_\_\_  
\_\_\_\_\_  
("**Premises**").

Franchisee has also entered (or will also enter) into a Franchise Agreement ("**Franchise Agreement**") with Code Ninjas, LLC ("**Franchisor**") for the development and operation of a "Code Ninjas" business at the Premises, and as a condition to obtaining Franchisor's approval of the Lease, the Lease for the Premises must contain the terms in this Addendum.

**NOW THEREFORE**, in consideration of mutual covenants stated below, the signing and delivery of the Lease, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Landlord and Franchisee agree as follows:

1. Landlord agrees to deliver to Franchisor a copy of any notice of default by Franchisee or termination of the Lease at the same time the notice is delivered to Franchisee. ~~Franchisor agrees to deliver to Landlord a copy of any notice of termination under the Franchise Agreement.~~ Franchisee consents to that exchange of information by Landlord and Franchisor.
2. Franchisee assigns to Franchisor, with Landlord's irrevocable and unconditional consent, all of Franchisee's rights, title and interests to and under the Lease on any termination or non-renewal of the Franchise Agreement, but no assignment will be effective unless and until: **(a)** the Franchise Agreement is terminated or expires without renewal; and **(b)** Franchisor has notified Franchisee and Landlord in writing that Franchisor assumes Franchisee's obligations under the Lease.
3. Franchisor will have the right, but not the obligation, to cure any breach of the Lease (within 15 business days after the expiration of the period in which Franchisee had to cure the breach, should Franchisee fail to do so) on giving written notice of its election to Franchisee and Landlord, and, if so stated in the notice, to also succeed to Franchisee's rights, title and interests under the Lease. The Lease may not be modified, amended, supplemented, renewed, extended or assigned by Franchisee without Franchisor's prior written consent.
4. Franchisee and Landlord agree that Franchisor will have no liability or obligation whatsoever under the Lease unless and until Franchisor assumes the Lease in writing under Section 2 or Section 3, ~~above~~.
5. If Franchisor assumes the Lease, as provided above, Franchisor may, without Landlord's prior consent, sublet and/or assign the Lease to another franchisee of Franchisor to operate a "Code Ninjas" business at the Premises provided that the proposed franchisee has met all of Franchisor's applicable criteria and requirements and

has signed a franchise agreement with Franchisor. Landlord agrees to sign further documentation to confirm its consent to an assignment permitted under this Addendum as Franchisor reasonably

requests. On assignment to a franchisee of Franchisor, Franchisor is released from any further liability under the Lease.

6. Landlord and Franchisee acknowledge that Franchisee has agreed under the Franchise Agreement that Franchisor and its employees or agents have the right to enter the Premises for certain purposes. Landlord agrees not to interfere with or prevent entry by Franchisor, its employees or agents. Landlord and Franchisee ~~acknowledge~~agree that if the Franchise Agreement expires (without renewal) or is terminated, Franchisee is obligated to take certain steps under the Franchise Agreement to de-identify the Premises as a "Code Ninjas" business (unless Franchisor takes an assignment of the lease, as provided above). Landlord agrees to permit Franchisor, its employees or agent, to enter the Premises and remove signs (both interior and exterior), décor and materials displaying any marks, designs or logos owned by Franchisor, provided that Franchisor will bear the expense of repairing any damage to the Premises as a result thereof.
7. If Landlord is an affiliate or an owner of Franchisee, Landlord and Franchisee agree that if Landlord proposes to sell the Premises, before the sale of the Premises, on the request of Franchisor the Lease will be amended to reflect a rental rate and other terms that are the reasonable and customary rental rates and terms prevailing in the community where the "Code Ninjas" business is located.
8. Landlord agrees that during and after the term of the Lease, it will not disclose or use Franchisor's Confidential Information (as defined below) for any purpose other than for the purpose of fulfilling Landlord's obligations under the Lease. "**Confidential Information**" as used in this Addendum means all non-public information and tangible things, whether written, oral, electronic or in other form, provided or disclosed by or on behalf of Franchisee to Landlord, or otherwise obtained by Landlord, regarding the design and operations of the business located at the Premises, including, without limitation, all information identifying or describing the floor plan and layout, furnishings, equipment, fixtures, wall coverings, flooring materials, shelving, decorations, trade secrets, techniques, trade dress, "look and feel," design, manner of operation, suppliers, vendors, and all other products, goods, and services used, useful or provided by or for Franchisee on the Premises. Landlord ~~acknowledges~~agrees that all Confidential Information belongs exclusively to Franchisor.
9. Landlord agrees that: **(a)** Franchisor has granted to only one party, the Franchisee, the right to use Franchisor's proprietary trade name, trademarks, service marks logos, insignias, slogans, emblems, symbols, designs and indicia of origin (collectively the "**Marks**") at the Premises under the terms of the Franchise Agreement; and **(b)** Franchisor has not granted any rights or privileges to use the Marks to Landlord.
10. Landlord and Franchisee agree that the Premises will be used solely for the operation of a "Code Ninjas" business.
11. Landlord and Franchisee agree that Franchisee's default under the Lease also constitutes a default under the Franchise Agreement, and Franchisee's default under the Franchise Agreement also constitutes a default by Franchisee under the Lease.

12. Landlord and Franchisee agree that the terms in this Addendum supersede any contrary terms in the Lease and that they will not later amend the lease in a manner that supersedes the terms in this Addendum.
13. Franchisor, along with its successors and assigns, is an intended third party beneficiary of the provisions of this Addendum.
14. Landlord and Franchisee agree that copies of all notices required or permitted under this Addendum, or under the Lease, will also be sent to Franchisor at 3500 Parkway Lane, Suite 400, Peachtree Corners, GA 30094 (attention Compliance Officer), or to any other address Franchisor specifies by giving written notice to Landlord.

WITNESS the execution hereof under seal.

Landlord:

Franchisor\* Franchisee:

Date:

Date:

Date:

Subscribed and sworn to  
before me on

Notary Public

My Commission expires:

Subscribed and sworn to  
before me on

Subscribed and  
sworn to before me  
on

Notary Public

My Commission expires:

Notary Public

My Commission expires:

Notary Public

My Commission expires:

\* The Franchisor has  
signed this lease rider

only to acknowledge its  
terms and not to accept  
any obligations under the  
lease.

Subscribed and sworn to before me on \_\_\_\_\_.

\_\_\_\_\_  
Notary Public

My Commission expires:

\_\_\_\_\_

Code Ninjas  
FRANCHISE AGREEMENT  
EXHIBIT ~~HG~~ CODE NINJAS STUDIO CENTER RIDER

THIS RIDER (this "Rider") is entered into as of \_\_\_\_\_ between CODE NINJAS, LLC ("we," "us" or "our") and \_\_\_\_\_ ("you" or "your") to amend that certain Franchise Agreement signed by the parties on even date herewith (the "Franchise Agreement").

You have requested that your Learning Center be designated as a Code Ninjas Studio center, and we have agreed on the terms in this Rider.

NOW, THEREFORE, we and you agree that the Franchise Agreement is amended as follows:

1) Capitalized Terms; Conflict with Franchise Agreement. Capitalized terms not otherwise defined in this Rider have the meaning ascribed to them in the Franchise Agreement. The term "Learning Center" refers to your Code Ninjas Studio center. References to Code Ninjas Centers also apply to Code Ninjas Studio centers. On a conflict between the terms of this Rider and the Franchise Agreement, this Rider will control.

2) Optional Designation. You agree that you have elected to have your Learning Center designated as a Code Ninjas Studio center, and that you will comply with all requirements we adopt from time to time with respect to the operation of a Code Ninjas Studio center during the term of the Franchise Agreement.

3) Nature of Code Ninjas Studio Center; Approved Location. Due to the nature of a Code Ninjas Studio center and your ability to operate the Learning Center in shared or community spaces that may change from time to time, an "Approved Location" means a location within the Territory that meets our then-current requirements, as stated in the Brand Manual, and that we have approved in writing following your submission of required information about the location. Our approval of a location is conditioned on your signing an agreement that (a) evidences your right to use the location for at least one year on terms that meet our then-current requirements, as stated in the Manuals, and (b) you have submitted to us and we have approved in writing before you sign it. The initial Approved Location is described in Exhibit A after you and we sign the Franchise Agreement. For the avoidance of doubt, you will not relocate the Code Ninjas Studio center without our prior written consent. Sections 1.2.3, 2.2.2, 2.2.10, 3.3, 5.2, 5.3, 5.4, 5.5, 5.6, 5.9, 8.5, 8.7.2, 8.7.3, and 8.12, of the Franchise Agreement will not apply to you. Section 8.3.3 of the Franchise Agreement will apply only to the extent it relates to supplies, materials and other items necessary to operate a Code Ninjas Studio center. Section 8.3.6 of the Franchise Agreement applies only to the extent the equipment, fixtures, furnishings, signs, décor, supplies, services, and products are required for the establishment and operation of a Code Ninjas Studio center. Under Section 8.5, the Code Ninjas Studio center is not required to be open during all normal business hours, but instead must operate during the times that customers have selected for access through a reservation system and in accordance with the Manuals.

4) Required Opening Date. The Required Opening Date under Section 5.1 is on or before 120 days after the Effective Date.

5) Franchisee Fee. The Franchise Fee under Section 4.1 of the Franchise Agreement is \$30,000. If the Code Ninjas Studio center is not open and operating within 120

days following the Effective Date, we may, at our option, terminate the Franchise Agreement without providing any refund to you.

6) Royalty Fee. The Royalty Fee under Section 4.2.1 of the Franchise Agreement is 12% of Net Sales. Your obligation to pay the Royalty Fee applies for any Net Sales generated or collected during the term of the Franchise Agreement, provided that if you have not opened the Code Ninjas Studio center on or before the Required Opening Date, in addition to the standard Royalty Fee for amounts collected as Net Sales, you must pay a minimum royalty fee of \$500 per month to us until you open the Code Ninjas Studio center for business.

7) Compliance. In addition to your compliance obligations listed in Section 8.6 of the Franchise Agreement, you must also ensure your operations meet the requirements of the location in which the Code Ninjas Studio center is operating, whether imposed by a lease, other agreement, or rules imposed by the landlord or other party controlling the space.

8) Maintenance of Premises. Due to the nature of a Code Ninjas Studio center, to the extent you control the Code Ninjas Studio center and Premises, you must maintain the Code Ninjas Studio center and Premises in a clean and orderly condition. You are not obligated to make repairs and replacements to the Code Ninjas Studio center and Premises under Section 8.7.1 of the Franchise Agreement, but if you are aware of any repairs or replacements that should be made, you must request of the landlord or other party controlling the space that the repairs or replacement be made.

9) Video Feed. Notwithstanding Section 14.1.1.a. of the Franchise Agreement, you will not be required to install video cameras in the Code Ninjas Studio center nor provide us with access to video feed of the Code Ninjas Studio center.

10) Trademark. Under Section 9.2.3 of the Franchise Agreement, you must operate and advertise the Code Ninjas Studio center only under the name(s) "Code Ninjas" and/or "Code Ninjas Studio," as we direct, and use the Proprietary Marks without prefix or suffix, unless we otherwise authorize or require.

11) Insurance. Notwithstanding Section 15 of the Franchise Agreement, insurance policies must include coverages, umbrella coverages, and policy limits specific to Code Ninjas Studio centers as we reasonably specify from time to time in the Manuals or otherwise in writing.

12) Termination. Notwithstanding Section 17.2.2. of the Franchise Agreement, you are deemed to be in default and we may, at our option, terminate the Franchise Agreement and all rights granted under the Franchise Agreement, without affording you any opportunity to cure the default, effective immediately by giving written notice to you (in the manner provided under Section 24 of the Franchise Agreement), if your action or inaction, at any time, results in the loss of the right to access or use the space in which the Code Ninjas Studio center operates, or forfeiture of the right to do or transact business in the jurisdiction where the Code Ninjas Studio center is located.

13) Approved Location On Termination or Expiration. Section 18.5 of the Franchise Agreement applies only to the extent that you, at our option, assign to us any right or interest that you have to the space in which the Code Ninjas Studio center operates.

14) Construction. This Addendum is considered an integral part of the Franchise Agreement between the parties to this Addendum, and the terms of this Addendum are controlling with respect to the subject matter hereof. All capitalized terms not otherwise defined

~~in this Addendum have the same meaning as stated in the Franchise Agreement. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are ratified and confirmed.~~

In witness of their agreement, authorized representatives of the parties have signed this Rider on the date(s) stated below, to be effective as of the effective date first stated above.

**CODE NINJAS, LLC**  
Franchisor

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

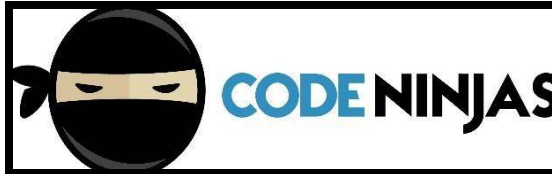
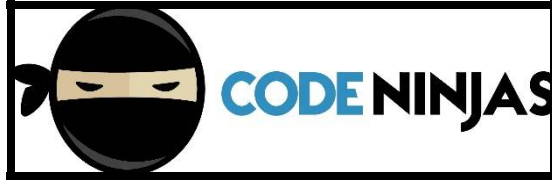
~~Effective Date:~~ \_\_\_\_\_

\_\_\_\_\_  
Franchisee Entity

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_







\_\_\_\_\_, 202\_\_

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Re: Area Development Agreement

Dear \_\_\_\_\_:

We are pleased to be entering into this Area Development Agreement (the "**Agreement**") with you today. As used in this Agreement, the terms "**you**" or "**your**" mean \_\_\_\_\_, and the terms

1. **Development.** This Agreement relates to the terms under which you will develop "Code Ninjas" learning center locations ("**Learning Centers**") within the Development Area that is specified on the attached Data Sheet (Exhibit A). Each Learning Center will be established under the terms of a separate Franchise Agreement (the "**Franchise Agreement**") for that Learning Center, which will specify, among other things, the approved location of that Learning Center.
2. **Development Schedule.** You agree to establish each of the Learning Centers in the Development Area according to the development schedule that is specified on the attached Data Sheet (Exhibit A). That schedule is referred to as the "**Development Schedule.**"
3. **Term.** The term of this Agreement starts on the Effective Date listed on the signature page to this Agreement and will end on the last date

specified in the Development Schedule (the "**Term**"), unless this Agreement is sooner terminated.

4. ***Fees and Credits.*** In consideration of the development rights granted under this Agreement, you agree to pay us a development fee of \$40,000 for the first Learning Center to be developed plus \$25,000 for each additional Learning Center to be developed under this Agreement in order to comply with the Development Schedule, the aggregate amount of which is specified in Exhibit A to this Agreement (the "**Development Fee**"), which you agree to pay to us when you sign this Agreement.

- 4.1 For each Franchise Agreement signed under this Agreement, you agree to pay to us an initial franchise fee in the following amounts:

- 4.1.1 \$40,000 under the first Franchise Agreement entered into under the Development Schedule;
- 4.1.2 \$35,000 per Franchise Agreement for the second through fifth Franchise Agreements entered into under the Development Schedule; and
- 4.1.3 \$30,000 per Franchise Agreement for the sixth and each additional Franchise Agreement entered into under the Development Schedule.

- 4.2 If you are in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement with us for the first Learning Center that you develop under the Development Schedule, we will credit to you \$40,000 as full payment of the initial franchise fee due under the Franchise Agreement for that Learning Center. If you continue to be in compliance with your obligations under this Agreement, then at the time you enter into the Franchise Agreement for each additional Learning Center that you develop under the Development Schedule, we will credit to you \$25,000, which credit we will apply to the initial franchise fee due under the Franchise Agreement for that Learning Center (provided, that the total amount of the credits that we grant to you under this Section 4.2 will not exceed the total Development Fee that you have actually paid to us).

- 4.3 The Development Fee is fully earned when we receive it from you and is non-refundable in consideration of administrative and other expenses we incur and for the development opportunities lost or deferred as a result of the rights we have granted to you under this Agreement.

5. ***Protected Development Area.*** We will not establish, nor license anyone other than you to establish, a Learning Center in the Development Area during the ~~Term~~term of this Agreement (except as otherwise provided

under Section 6~~below~~ so long as you (and your affiliates) are in compliance with this Agreement and all of the Franchise Agreements between you (and your affiliates) and us (and our affiliates).

6. *Reservation of Rights.* Except as otherwise specifically provided~~above~~ in Section 5, we retain all other rights, and therefore we have the sole right (among others), and on any terms we deem advisable, and without granting you any rights therein, to do any or all of the following (and, in each case, despite their proximity to the Development Area, and despite their actual or threatened impact on sales at any Learning Center):
  - 6.1 use, and to license others to use, the System and the Proprietary Marks (defined below) for the operation of Learning Centers at any location outside the Development Area;
  - 6.2 acquire and operate (or be acquired by) any business or program of any kind, whether located within or outside the Development Area (but we will not change those other businesses into "Code Ninjas" Learning Centers operated in the Development Area);
  - 6.3 use and license the use of the Proprietary Marks and other marks in connection with the operation of businesses or programs at any location, which businesses and marks may be the same as, similar to, or different from the Learning Center and Proprietary Marks (but these will not be "Code Ninjas" Learning Centers located in the Development Area);
  - 6.4 sell or market any products or services using the Proprietary Marks or other marks, to purchasers who live or operate businesses in the Development Area by electronic media (such as the Internet and mobile applications), phone sales, catalogs, and/or direct mail, but we will not do so from a "Code Ninjas" Learning Center located in the Development Area.
7. *No License to Use the Proprietary Marks or System.* This Agreement does not grant you any license to use, in any manner whatsoever, our proprietary marks and trade names (for example, the mark "Code Ninjas" or corresponding logo), service marks, trademarks, logos, emblems, and indicia of origin, as well as other trade names, service marks, and trademarks that we~~may~~ periodically specify in writing for use in connection with our system (the "**Proprietary Marks**") or system. To the extent that we are licensing those rights to you, that license is set out under each of the Franchise Agreements.
8. *Signing of the Franchise Agreement.* You must sign a Franchise Agreement for each Learning Center. Each Learning Center must be located at a site that we have approved, within the Development Area, as provided below (the "**Accepted Location**"). The Franchise Agreement for the first Learning Center developed under this Agreement is in the form of the Franchise Agreement that is attached as Exhibit D. The Franchise Agreement for each additional Learning Center

that you develop will be the form of Franchise Agreement that we are then generally offering at the time each Franchise Agreement is signed, which may differ materially from the version that is attached to this Development Agreement. You must sign the Franchise Agreement for each Learning Center and submit that Franchise Agreement to us for countersignature within 15 days after you sign the lease for that Learning Center, and in any case not more than 30 days before the Learning Center is reasonably expected to open for business.

9. *Provisions of the Franchise Agreement Incorporated By Reference.* The parties agree that the following sections of the Franchise Agreement are incorporated by reference into this Agreement as if they were printed in this Agreement (here, and in full text), except that reference to the “Franchisee” in those provisions refers to you, as the Area Developer, under this Agreement:
- 9.1 Section 11 – Confidential Information;
  - 9.2 Section 15 – Insurance;
  - 9.3 Section 16 – Transfer of Interest (and also see Section 10-~~below~~);
  - 9.4 Section 17 – Default and Termination (and also see Section 11-~~below~~);
  - 9.5 Section 18 - Obligations on Termination or Expiration;
  - 9.6 Section 19 – Covenants;
  - 9.7 Section 20 – Taxes, Permits, and Indebtedness;
  - 9.8 Section 21 – Independent Contractor and Indemnification (and also see Section 13-~~below~~);
  - 9.9 Section 22 – Force Majeure;
  - 9.10 Section 23 – Approvals and Waivers;
  - 9.11 Section 24 – Notices;
  - 9.12 Section 26 – Severability and Construction;
  - 9.13 Section 27 – Applicable Law and Dispute Resolution; and
  - 9.14 Section 28 – Acknowledgments.
10. *Transfers.* In addition to the provisions of Section 9.3-~~above~~, you understand and agree that we have entered into this Agreement in reliance on your promise and commitment to establish and operate an agreed-on number of Learning Centers, and that as a result, you agree that it would not be unreasonable for us to withhold our consent to a transfer of some, but not all, of the Franchise Agreements separate from one another, and in any case, separate from the rights stated

under this Agreement (if this Agreement has not at the time of a proposed transfer either expired or terminated).

11. Defaults.

11.1 In addition to the provisions of Section 9.4—~~above~~, you understand and agree that you would be in default under this Agreement if you:

11.1.1 do not meet your obligations under the Development Schedule and/or any other agreement between you (and/or your affiliates) and us is terminated; and/or

11.1.2 fail to provide us with any information or documents we have the right to request under this Agreement or any other agreement between you (and/or your affiliates) and us (and/or our affiliates).

11.2 If you are in default under this Agreement, then we have the right to: (i) terminate this Agreement by giving you written notice of termination, which will take effect immediately (unless otherwise required under applicable law); or (ii) take any lesser action instead of terminating this Agreement, including but not limited to suspending or eliminating your rights to the Development Area.

11.3 A default under this Agreement is not a default under any Franchise Agreement between the parties.

12. Entire Agreement and Amendment. This Agreement, together with the provisions that are incorporated by reference under Section 9—~~above~~, and the Exhibits that are attached to this Agreement, together constitute the entire, full, and complete agreement between the parties concerning the subject matter of this Agreement, and supersede all prior agreements, representations, and other communications. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. Except for those changes permitted to be made unilaterally by us under this Agreement, no amendment, change, or variance from this Agreement is binding on either party unless mutually agreed to by the parties and signed by their authorized officers or agents in writing.

13. Indemnity. In addition to the provisions of Section 9.8—~~above~~, you agree to indemnify, defend, and hold harmless us, our owners and affiliates, and our (and our affiliates') officers, directors, members, managers, employees, and agents against all claims arising directly or indirectly from, as a result of, or in connection with your conduct and/or operation of the business contemplated under this Agreement, as well as the costs of defending against them (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, court costs, and arbitration fees and expenses).

14. Confirmation that You Read and Understand the Franchise Agreement. You agree that you have read and understand the Franchise Agreement attached to this Agreement as Exhibit D (including but not limited to the provisions of the Franchise Agreement that are referenced (and/or incorporated by reference) into this Agreement in Section 9 ~~above~~ (including but not limited to the waiver of jury trial, the waiver of punitive damages, the mediation and venue clauses, and the provision waiving participation in a common or class action)).
15. Captions. The headings and captions in this Agreement are merely for the sake of convenience and are not meant (and will not be deemed) to change or have any effect on the meaning of this Agreement.

**IN WITNESS WHEREOF**, intending to be legally bound by this Agreement, the parties have duly signed sealed, and delivered this Agreement to one another as of the Effective Date noted ~~below~~.

**Code Ninjas, LLC** \_\_\_\_\_

\_\_\_\_\_  
Area Developer Party

By: \_\_\_\_\_ By: \_\_\_\_\_

Name: \_\_\_\_\_ Name: \_\_\_\_\_

Title: \_\_\_\_\_ Title: \_\_\_\_\_

Effective Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address for Notices: \_\_\_\_\_ Address for Notices: \_\_\_\_\_

Code Ninjas, LLC  
3500 Parkway Lane, Suite 400  
Norcross, Georgia 30092  
Attn: \_\_\_\_\_  
E-mail: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

~~Address for Notices:~~

Attn: \_\_\_\_\_

E-mail: \_\_\_\_\_

Exhibits (4): A – Data Sheet B – Guarantee, Indemnification and Acknowledgement C – List of Principals in Area Developer D – Form of Franchise Agreement

Exhibit A - Data Sheet  
***The Development Area under this Agreement is:***

The present political boundaries of (subject to Section 6 of this Agreement).

Initialed

Franchisor  
Area Developer

***The Development Fee under this Agreement is:***

***The Development Fee under this Agreement is:***

How Development Fee Calculated	Total Development Fee
\$40,000 for the first franchised Learning Center; plus \$25,000 multiplied by the number of Learning Centers that you must develop under the Development Schedule	Initialed

Initialed

Franchisor

Area Developer

***The Development Schedule under this Agreement is:***

By this anniversary of the date of this Agreement	Cumulative Total Number of Learning Centers That You Agree To Have Open and in Operation in the Development Area
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]
[number (#)] months	[number (#)]

Initialed

Franchisor

Area Developer



### Exhibit B – Guarantee, Indemnification, and Acknowledgment

To induce Code Ninjas, LLC (“**Franchisor**”) to sign the Code Ninjas Area Development Agreement between Franchisor and \_\_\_\_\_ (“**Area Developer**”), dated \_\_\_\_\_ to which this Guarantee is attached (the “**Development Agreement**”), each of the undersigned parties, jointly and severally, unconditionally guarantee to Franchisor and its successors and assigns that all of Area Developer’s obligations (monetary and otherwise) under the Development Agreement and any other contract between Area Developer and Franchisor (and/or Franchisor’s affiliates) are punctually paid and performed.

Each person signing this Personal Guarantee agrees, jointly and severally, that:

- On Franchisor’s demand, s/he will immediately make each payment required of Area Developer under the Development Agreement and/or any other contract with Franchisor and/or its affiliates.
- S/he waives any right to require Franchisor to: **(a)** proceed against Area Developer for any payment required under the Development Agreement (and/or any other contract with Franchisor and/or its affiliates); **(b)** proceed against or exhaust any security from Area Developer; **(c)** pursue or exhaust any remedy, including any legal or equitable relief, against Area Developer; and/or **(d)** give notice of demand for payment by Area Developer.
- Without affecting the obligations of the undersigned persons under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Area Developer, or settle, adjust, or compromise any claims against Area Developer. Each of the undersigned persons waive notice of amendment of the Development Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and notice of demand for payment by Area Developer and agree to be bound by all amendments and changes to the Development Agreement (and any other contract with Franchisor and Franchisor’s affiliates).
- S/he will defend, indemnify and hold Franchisor harmless against all losses, damages, liabilities, costs, and expenses (including without limitation reasonable attorneys’ fees, court costs, discovery costs, and all other related expenses) resulting from, consisting of, or arising out of or in connection with Area Developer’s failure to perform any obligation of Area Developer under the Development Agreement (and any other contract with Franchisor and Franchisor’s affiliates) and/or any amendment to the Development Agreement.
- S/he agrees to be personally bound by all of Area Developer’s covenants and obligations in the Development Agreement, which include, but are not limited to, those found in the following Sections of the Development Agreement: **Section 7** (generally regarding trademarks), **Section 9.1** (generally regarding confidentiality), **Sections 9.3 and 10** (generally regarding Transfers), **Section 9.5** (generally regarding obligations on termination or expiration of the Development Agreement), and **Section 9.6** (generally regarding covenants against competition) of the Development Agreement.
- S/he understands that: **(a)** this Guarantee does not grant them any rights under the Development Agreement (including but not limited to the right to use any of Franchisor’s

marks such as the “Code Ninjas” mark and logo); **(b)** that they have read, in full, and understand, all of the provisions of the Development Agreement that are referred to above in this paragraph (including the corresponding provisions of the franchise agreement that are incorporated into the Development Agreement), and that they intend to fully comply with those provisions of the Agreement as if they were printed here; and **(c)** that they have had the opportunity to consult with a lawyer of their own choosing in deciding whether to sign this Guarantee.

This Guarantee is interpreted and construed in accordance with **Section 9.14** of the Development Agreement (including but not limited to the waiver of punitive damages, waiver of jury trial, agreement to bring claims within one year, choice of venue, choice of law, payment of legal fees and agreement not to engage in class or common actions) that are incorporated by reference there from Section 27 of the attached franchise agreement. Among other things, that means that this Guarantee is interpreted and construed exclusively under the laws of the State of Georgia, and that on any conflict of law, Georgia law will prevail (without applying Georgia conflict of law rules).

IN WITNESS WHEREOF, each of the undersigned persons has signed this Guarantee as of the date of the Agreement.

\_\_\_\_\_  
(signed in his/her personal capacity) (signed in his/her personal capacity)

Printed Name:\_\_\_\_\_

Date:\_\_\_

Home Address:

\_\_\_\_\_

\_\_\_\_\_

(signed in his/her personal capacity)

Printed Name:\_\_\_\_\_

Date:\_\_\_

Home Address:

\_\_\_\_\_

\_\_\_\_\_

(signed in his/her personal capacity)

Printed Name:\_\_\_\_\_

|      Date:\_\_\_\_\_      Date:\_\_\_\_\_      Date:\_\_\_\_\_

|      Home Address:      Home Address:      Home Address:

=====

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Exhibit C – List of Principals

<b>Name of Principal</b>	<b>Home Address</b>	<b>Percentage Interest Held in Area Developer</b>

Initials

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Franchisor

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Area Developer

Exhibit D – Form of Franchise Agreement

See Exhibit A of this Franchise  
~~Disclosure Document~~FDD

**EXHIBIT C****List of State Administrators**

We intend to register this FDD as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

~~We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:~~

<b>CALIFORNIA</b> Dep’t of Financial Protection & Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	<b>NEW YORK</b> Dep’t of Law Investor Protection Bureau 28 Liberty St., 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8236
<b>HAWAII</b> Commissioner of Securities Dep’t of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 (808) 586-2722	<b>NORTH DAKOTA</b> Securities Dep’t State Capitol – Dep’t 414 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
<b>ILLINOIS</b> Office of the Attorney General Franchise Bureau 500 South Second St. Springfield, IL 62706 (217) 782-4465	<b>RHODE ISLAND</b> Dep’t of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681	<b>SOUTH DAKOTA</b> Div. of Insurance Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563
<b>MARYLAND</b> Office of the Attorney General Securities Div. 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	<b>VIRGINIA</b> State Corporation Commission Div. of Securities and Retail Franchising 1300 East Main St., 9th Floor Richmond, VA 23219 (804) 371-9051
<b>MICHIGAN</b> Attorney General’s Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913 (517) 335-7567	<b>WASHINGTON</b> Securities Division Department of Financial Institutions PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760
<b>MINNESOTA</b> Dep’t of Commerce	<b>WISCONSIN</b> Div. of Securities

85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139
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**EXHIBIT D****List of Agents for Service of Process**

We intend to register this FDD as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:

~~We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states:~~

<b>CALIFORNIA</b> Commissioner of Financial Protection & Innovation 320 West Fourth St., Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677	<b>NEW YORK</b> Secretary of State One Commerce Plz 99 Washington Av., 6 <sup>th</sup> Fl. Albany, NY 12231-0001 (518) 473-2492
<b>HAWAII</b> Commissioner of Securities of the State of Hawaii Dep’t of Commerce & Consumer Affairs Bus. Reg. Div., Securities Compliance Branch 335 Merchant St., Room 205 Honolulu, HI 96813 (808) 586-2722	<b>NORTH DAKOTA</b> Securities Commissioner State Capitol 600 East Boulevard Av., Fifth Floor Bismarck, ND 58505-0510 (701) 328-4712
<b>ILLINOIS</b> Attorney General 500 South Second St. Springfield, IL 62706 (217) 782-4465	<b>RHODE ISLAND</b> Director of Dep’t of Business Regulation Securities Div., Building 69, First Floor John O. Pastore Center - 1511 Pontiac Av. Cranston, RI 02920 (401) 462-9527
<b>INDIANA</b> Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, IN 46204 (317) 232-6681	<b>SOUTH DAKOTA</b> Div. of Insurance Director of the Securities Regulation 124 South Euclid Av., Suite 104 Pierre, SD 57501 (605) 773-3563
<b>MARYLAND</b> Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	<b>VIRGINIA</b> Clerk of the State Corporation Commission 1300 East Main St., 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
<b>MICHIGAN</b> Attorney General’s Office Corporate Oversight Div., Franchise Section 525 West Ottawa St., 1st Floor Lansing, MI 48913	<b>WASHINGTON</b> Director of Dep’t of Financial Institutions Securities Div. – 3rd Floor 150 Israel Road, Southwest Tumwater, WA 98501



(517) 335-7567	(360) 902-8760
<b>MINNESOTA</b> Commissioner of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101 (651) 539-1600	<b>WISCONSIN</b> Div. of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-2139

The following is our current general release language that we expect to include in a release that a franchisee and/or transferor may sign as part of a renewal or an approved transfer. We have the right to periodically modify the release.

Franchisee, its officers and directors, its owners, and their respective agents, heirs, administrators, successors, and assigns (the "Franchisee Group"), ~~hereby~~ forever release and discharge, and forever hold harmless Code Ninjas, LLC, its current and former affiliates and predecessors, and their respective shareholders, partners, members, directors, officers, agents, representatives, heirs, administrators, successors, and assigns (the "Franchisor Group"), from any and all claims, demands, debts, liabilities, actions or causes of action, costs, agreements, promises, and expenses of every kind and nature whatsoever, at law or in equity, whether known or unknown, foreseen and unforeseen, liquidated or unliquidated, which the Franchisee Group and/or its owners had, have, or may have against any member of the Franchisor Group, including, without limitation, any claims or causes of action arising from, in connection with or in any way related or pertaining, directly or indirectly, to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of the Learning Center ("Demands").

Each party represents and warrants to the others, and agrees, that it may later learn of new or different facts, but that still, it is that party's intention to fully, finally, and forever release all of the Demands that are released above. This includes the parties' waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.") The Franchisee Group further indemnifies and holds the Franchisor Group harmless against, and agrees to reimburse them for any loss, liability, expense, or damages (actual or consequential) including, without limitation, reasonable attorneys', accountants', and expert witness fees, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which any member of the Franchisor Group may suffer with respect to any claims or causes of action which any customer, creditor, or other third party now has, ever had, or hereafter would or could have, as a result of, arising from, or under the Franchise Agreement or the Learning Center. The Franchisee Group and its owners represent and warrant that they have not asserted (nor made an assignment or any other transfer of any interest in) the claims, causes of action, suits, debts, agreements, or promises described above.

This release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

<b>(1) Introduction (Pages 1-37)</b>
<b>(2) Policies and Guidelines (Pages 38- 88)</b>
<b>(3) Phase 1 Real Estate, Construction, Center start up (Pages 89-137)</b>
3.1 Site Selection
3.2 Legal
3.3 Financial
3.4 Center Construction
3.5 Marketing
3.6 New Franchisee Training
<b>(4) Phase 2 Pre-Sales (Pages 138-180)</b>
4.1 Customer Onboarding
4.2 Telephone Inquiries
4.3 Center Hiring
4.4 Building A Team
4.5 Employee Dojo
4.6 OS Usage/CRM
4.7 Pre-Operational
<b>(5) Phase 3 Breaking Even (Pages 182-230)</b>
5.1 Scheduling A Tour
5.2 Curriculum
5.3 Programs
5.4 Code Combat
5.5 Belt Certificates
5.6 Employee Dojo
5.7 Student Dojo
5.8 The Parent Portal
5.9 Marketing Campaigns
<b>(6) Phase 4 Profitability (Pages 231-239)</b>
6.1 Team Performance
6.2 Customer Service
6.3 Feedback
<b>(7) Phase 5 Multi-Unit (Pages 240 – 245)</b>
7.1 Strategy
7.2 Scalability
7.3 Finances
<b>(8) Frequently Asked Questions (Pages 246-291)</b>



# **Code Ninjas, LLC and Subsidiaries**

## **Independent Auditor's Report and Consolidated Financial Statements**

December 31, 2023 and 2022

**Code Ninjas, LLC and Subsidiaries**  
**Contents**  
**December 31, 2023 and 2022**

<b>Independent Auditor's Report</b> .....	1
<b>Consolidated Financial Statements</b>	
Balance Sheets .....	3
Statements of Comprehensive Income (Loss) .....	4
Statements of Changes in Members' Equity (Deficit) .....	5
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7

## **Independent Auditor's Report**

Members and Board of Members  
Code Ninjas, LLC and Subsidiaries  
Pearland, Texas

We have audited the consolidated financial statements of Code Ninjas, LLC and Subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Code Ninjas, LLC and Subsidiaries as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Forvis Mazars, LLP**

Birmingham, Alabama  
July 16, 2024



**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,016,369	\$ 425,992
Accounts receivable, net	35,331	126,302
Prepaid expense and other current assets	360,008	421,232
	<u>1,411,708</u>	<u>973,526</u>
Total current assets	1,411,708	973,526
Property and equipment, net	102,106	136,138
Right-of-use operating assets, net	692,496	595,432
Capitalized curriculum development costs, net	884,332	699,029
Prepaid expenses and other assets	532,582	34,888
	<u>3,623,224</u>	<u>2,439,013</u>
Total assets	\$ 3,623,224	\$ 2,439,013
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,874,381	\$ 1,763,990
Related party payable	469,500	229,500
Current portion of operating lease liabilities	174,402	204,461
Deferred franchise revenue	75,522	383,294
	<u>2,593,805</u>	<u>2,581,245</u>
Total current liabilities	2,593,805	2,581,245
<b>Long-Term Liabilities</b>		
Operating lease liabilities, non-current portion	507,031	357,319
Notes payable	1,750,000	1,000,000
	<u>4,850,836</u>	<u>3,938,564</u>
Total liabilities	4,850,836	3,938,564
<b>Members' Deficit</b>		
	<u>(1,227,612)</u>	<u>(1,499,551)</u>
Total liabilities and members' deficit	\$ 3,623,224	\$ 2,439,013

See Notes to Consolidated Financial Statements

2

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Comprehensive Income (Loss)**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenue</b>		
Franchise revenue	\$ 859,333	\$ 689,944
Royalty revenue	6,594,649	6,314,606
Administrative revenue	1,488,991	1,465,861
Other revenue	<u>2,132,722</u>	<u>1,757,116</u>
Total revenue	<u>11,075,695</u>	<u>10,227,527</u>
<b>Operating Costs and Expenses</b>		
Inventory costs	14,624	122,944
Selling, general, and administrative	5,597,608	6,234,668
Salaries and wages	4,983,740	5,760,295
Depreciation and amortization	<u>278,832</u>	<u>60,923</u>
Total operating costs and expenses	<u>10,874,804</u>	<u>12,178,830</u>
<b>Income (Loss) from Operations</b>	<u>200,891</u>	<u>(1,951,303)</u>
<b>Other (Income) Expense</b>		
Other (income) expense	(74,458)	27,296
Interest expense	<u>80,001</u>	<u>27,411</u>
Total other (income) expense	<u>5,543</u>	<u>54,707</u>
<b>Income (Loss) Before Income Tax Expense</b>	195,348	(2,006,010)
Income tax expense	<u>15,754</u>	<u>57,493</u>
<b>Net Income (Loss)</b>	<u>179,594</u>	<u>(2,063,503)</u>
<b>Other Comprehensive Income</b>		
Unrealized foreign currency translation gain	<u>1,291</u>	<u>29,617</u>
<b>Comprehensive Income (Loss)</b>	<u><u>\$ 180,885</u></u>	<u><u>\$ (2,033,886)</u></u>

See Notes to Consolidated Financial Statements

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Code Ninjas, LLC and Subsidiaries  
Consolidated Statements of Changes in Members' Equity (Deficit)  
Years Ended December 31, 2023 and 2022

	Members' Equity (Deficit)	Accumulated Other Comprehensive Income	Total Members' Equity (Deficit)
<b>Members' Equity, January 1, 2022</b>	\$ 459,378	\$ -	\$ 459,378
Net loss	(2,063,503)	-	(2,063,503)
Share-based compensation	74,957	-	74,957
Unrealized foreign currency translation gain	-	29,617	29,617
<b>Members' Deficit, December 31, 2022</b>	(1,529,168)	29,617	(1,499,551)
Net income	179,594	-	179,594
Share-based compensation	91,054	-	91,054
Unrealized foreign currency translation gain	-	1,291	1,291
<b>Members' Deficit, December 31, 2023</b>	<u>\$ (1,258,520)</u>	<u>\$ 30,908</u>	<u>\$ (1,227,612)</u>

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	2023	2022
<b>Operating Activities</b>		
Net income (loss)	\$ 179,594	\$ (2,063,503)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Gain on disposal of property and equipment	-	(3,295)
Depreciation and amortization	278,832	60,923
Non-cash lease expense	(1,524,899)	(165,425)
Share-based compensation expense	91,054	74,957
Provision for bad debt	161,384	150,149
Changes in operating assets and liabilities		
Accounts receivable	(65,296)	(121,887)
Inventory	-	18,299
Prepaid expenses and other current assets	61,246	(252,253)
Prepaid expenses and other assets	(497,694)	(16,078)
Accounts payable and accrued expenses	103,812	746,345
Related party payable	240,000	229,500
Lease liabilities	1,547,488	131,773
Deferred franchise revenue	(307,772)	164,818
Net cash provided (used) by operating activities	267,749	(1,045,677)
<b>Investing Activities</b>		
Purchases of property and equipment	(10,728)	(39,994)
Capitalized curriculum development costs	(419,375)	(474,487)
Net cash used by investing activities	(430,103)	(514,481)
<b>Financing Activities</b>		
Payment on note payable	-	(27,966)
Borrowings on note payable	750,000	1,000,000
Net cash provided by financing activities	750,000	972,034
<b>Net Increase (Decrease) in Cash</b>	587,646	(588,124)
Effect of foreign currency exchange rate changes	2,732	29,419
<b>Cash, Beginning of Year</b>	425,992	984,697
<b>Cash, End of Year</b>	\$ 1,016,369	\$ 425,992
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ 58,924	\$ 936
Cash paid for income taxes	\$ 1,048	\$ 4,707
Cash paid for operating leases	\$ 334,158	\$ 510,419

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 1. Nature of Business**

Code Ninjas, LLC is a registered limited liability company organized under the laws of the state of Texas. It is owned by Code Ninjas Holdings, LLC ("Holdings"). Code Ninjas, LLC was organized on August 17, 2016, in Pearland, Texas. It markets and operates franchise agreements for the "Code Ninjas" system of after-school enrichment classes.

**Note 2. Summary of Significant Accounting Policies**

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of the Company. All significant intercompany balances and transactions have been eliminated.

***Accounting Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Reclassifications***

Certain reclassifications have been made to the consolidated financial statements for the year ended December 31, 2022 included herein to conform to the 2023 presentation. Reclassifications had no impact on previously reported members' equity (deficit) or comprehensive loss.

***Cash and Cash Equivalents***

The Company considers all cash and short-term securities with maturities of three months or less as cash equivalents. The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash balances may be in excess of the FDIC insurance limit. The Company has not experienced any losses in such accounts.

***Accounts Receivable***

Accounts receivable are stated at fair value less an allowance for credit losses. Management monitors accounts receivable for delinquency and provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts, any known trends or uncertainties related to customer billing and account collectability, current economic conditions, and reasonable supportable economic forecasts. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that an allowance for credit losses of approximately \$204,000 and \$178,000 was necessary as of December 31, 2023 and 2022, respectively.

As of December 31, 2022, one customer accounted for approximately 14%, respectively, of the Company's total consolidated accounts receivable balance, in addition to the related party receivable balance disclosed in Note 7.

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**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

***Property and Equipment***

Property and equipment are stated at cost at the date of purchase, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lease term or the estimated useful life of the related asset, whichever is shorter. When property and equipment is retired or sold, the cost and related accumulated depreciation or amortization are removed from the consolidated balance sheet, and the resulting gain or loss is included in the consolidated statement of comprehensive income (loss). Ordinary maintenance and repair costs are expensed as incurred.

***Capitalized Curriculum Development Costs***

The Company internally develops curriculum, which is primarily provided as online content and accessed via the Internet. The Company capitalizes curriculum development costs incurred during the application development stage, as well as the design and deployment phases of the project. As a result, a significant portion of the Company's curriculum development costs qualify for capitalization due to the concentration of its development efforts on the content of the curriculum. Capitalization ends when a curriculum is available for general release to its customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs are amortized is generally three years.

Costs incurred during the preliminary and post-implementation stages of curriculum development are expensed as incurred. Costs incurred to maintain existing curriculum are expensed as incurred.

***Impairment of Long-Lived Assets***

The Company reviews the carrying value of long-lived assets for impairment whenever triggering events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flow expected to result from its use and eventual disposition. In cases where the estimated undiscounted future cash flow is less than the carrying value of an asset, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of the asset. Based on managements' assessments, no impairment occurred during the years ended December 31, 2023 and 2022.

***Revenue Recognition***

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The principles are applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the entity satisfies the performance obligation. ASC 606 also requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company derives its revenues primarily from initial franchise fees and sales-based royalty income from franchisees. Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services.

The Company also receives royalty and administrative fees from franchisees. Royalties are determined as a percentage of sales and are recognized in the period earned by the Company. Administrative fees are a set monthly fee per franchised location.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

The Company has operations in the United States, United Kingdom, and Canada. For the years ended December 31, 2023 and 2022, approximately 83% of total revenue was derived from the Company's United States operations.

The Company receives brand fund income from franchisees to direct advertising spend on behalf of the brand name and franchisees. Brand fund contributions are determined as a percentage of sales and are recognized in the period earned by the Company.

The Company's other significant revenues consists of camp and program sales at company-owned locations. Service revenue is recognized at the point services are provided to customers.

***Selling, General, and Administrative***

Selling, general and administrative expenses consist of costs associated with administrative and support functions related to the Company's existing business as well as growth and development activities. These costs primarily consist of payroll, IT related, consulting, marketing, legal and accounting expenses.

***Advertising Costs***

Advertising costs are expensed as incurred. Advertising expense was approximately \$1,409,000 and \$1,637,000 for the years ended December 31, 2023 and 2022, respectively, and is included within selling, general and administrative expenses in the consolidated statements of comprehensive income (loss).

***Share-Based Compensation***

The Company accounts for share-based awards in accordance with ASC 718, *Stock Compensation*, which requires compensation cost related to share-based payments, classified as equity awards, to be measured based on the grant date fair value of the award. The Company recognizes compensation cost over the requisite service period.

***Income Taxes***

The Company is organized as a limited liability company that is disregarded for federal income tax purposes. The Company owns 100% of the interests in other limited liability companies that are also disregarded for federal income tax purposes.

In accordance with ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, the Company has elected not to allocate the consolidated amount of income tax expense of the Company's sole owner to these consolidated financial statements as the Company is considered a limited liability company that is disregarded for federal income tax purposes.

Separately, the Company and its subsidiaries operate in Texas, which imposes a franchise tax on limited liability companies. Also, the Company and its subsidiaries operate in Canada, which imposes a royalty tax on foreign entities. The amounts are reported on the consolidated statements of comprehensive income (loss) within income tax expense during the years ended December 31, 2023 and 2022.

***Comprehensive Income (Loss)***

Comprehensive income (loss) consists of net income (loss) and other gains affecting consolidated members' equity (deficit) that, under U.S. GAAP, are excluded from net income (loss). For the Company, such items consist of unrealized foreign currency translation gains.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Leases**

The Company leases several facilities accounted for as operating leases under various noncancellable operating leases. The leases have remaining lease terms of 2 to 5 years, some of which include options to extend the leases for up to 5 years. The Company includes options to renew in the expected term when they are reasonably certain to be exercised. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheets. The Company recognizes lease expense for these short-term leases on a straight-line basis over the lease term. The Company accounts for fixed lease and non-lease components together as a single, combined lease component. Variable lease costs, which may include common area maintenance, insurance, and taxes are not included in the lease liability and are expensed in the year incurred. The depreciable life of assets and leasehold improvements are limited by the expected lease term. The Company evaluates leases at contract inception to determine whether the Company has the right to control use of the identified asset for a period of time in exchange for consideration. If it is determined the Company has the right to obtain substantially all of the economic benefit from use of the identified asset and the right to direct the use of the identified asset, the Company recognizes a right-of-use ("ROU") asset and lease liability. Also, at contract inception, the Company evaluates leases to estimate their expected term which includes renewal options that the Company is reasonably assured to exercise and evaluates the classification of the lease as either an operating lease or a finance lease. Lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs and lease incentives. Additionally, the Company has elected the practical expedient to use the risk-free interest rate as the discount rate at the time of commencement or modification date in determining the present value of lease payments. The Company assesses the impairment of the ROU asset at the asset group level whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

The Company's leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term for operating leases.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases will be classified as finance or operating, with the classification affecting the pattern and classification of expense recognition within the consolidated statements of comprehensive income (loss). See Note 9.

**Recently Adopted Accounting Standards and Change in Accounting Principle**

**Topic 326 - Current Expected Credit Loss**

In June 2016, the FASB issued Accounting Standard Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update requires companies to measure credit losses utilizing a methodology that reflects expected credit losses and requires a consideration of a broader range of reasonable and supportable information to estimate credit losses. The Company adopted ASU 2016-13 on January 1, 2023. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 3. Property and Equipment, Net**

Property and equipment consists of the following as of December 31:

	<b>Estimated Useful Life (in Years)</b>	<b>2023</b>	<b>2022</b>
Computer equipment	5 years	\$ 103,573	\$ 93,863
Machinery and equipment	5 years	9,557	9,557
Furniture and fixtures	5 years	<u>108,003</u>	<u>108,003</u>
Total property and equipment		221,133	211,423
Accumulated depreciation		<u>(119,027)</u>	<u>(75,285)</u>
Property and equipment, net		<u>\$ 102,106</u>	<u>\$ 136,138</u>

The Company recognized approximately \$45,000 and \$61,000 of depreciation expense on property and equipment during the years ended December 31, 2023 and 2022, respectively.

**Note 4. Intangible Assets and Curriculum Development Costs**

Intangible assets and curriculum development costs consist of the following as of December 31, 2023:

<b>December 31, 2023</b>				
	<b>Estimated Amortization Period (in Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Curriculum development costs	3 years	\$ 1,118,404	\$ (234,072)	\$ 884,332

<b>December 31, 2022</b>				
	<b>Estimated Amortization Period (in Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Curriculum development costs	3 years	\$ 699,029	\$ -	\$ 699,029

The Company recognized approximately \$234,000 of amortization expense related to intangible assets during the year ended December 31, 2023. There was no amortization expense recorded for the year ended December 31, 2022. Amortization of curriculum development costs is expected to be approximately \$373,000 annually for each of the three succeeding years.

### **Note 5. Notes Payable**

The note payable at December 31, 2022, consists of a secured promissory note with a fixed interest rate of 8% per annum between the Company and a related party. The note was entered into on August 18, 2022. During the year ended December 31, 2023, the Company entered into a second secured promissory note with a fixed interest rate of 8% per annum with the same related party. The note was entered into on December 12, 2023. The outstanding balance on both notes payable is due upon maturity on August 18, 2027.

### **Note 6. Share-Based Compensation**

The Company accounts for share-based awards in accordance with ASC 718 - *Stock Compensation* ("ASC 718"). ASC 718 requires compensation costs related to share-based payments, including stock options and other equity awards, to be measured based on the grant date fair value of the award.

The Company's parent, Code Ninjas Holdings, LLC, issued certain time and performance vesting options pursuant to the Code Ninjas Holdings, LLC 2021 Option Incentive Plan (the "Equity Plan"). The Company has accounted for the options within its consolidated financial statements as the option holders are providing services directly related to the Company and its subsidiaries. The aggregate number of options that may be issued or transferred under the Equity Plan is 13,496.88 options. Unvested options issued to employees are forfeited in accordance with the Equity Plan upon termination of employment from the Company. No portion of the option shall vest after the date the holder's continuous service terminates for any reason, however options vested prior to termination without Cause may be exercised within a prescribed time-period. Options granted under the plan have been allocated into two groups based on their vesting criteria: time vesting and performance vesting options.

Time vesting options are equity classified awards, vest over a 5-year period and will vest 20% on each anniversary date of the date of grant. The Company accounts for forfeitures in the period they occur resulting in a reversal of all previously recognized compensation expense for awards forfeited. There were no forfeitures of time vesting options during the year ended December 31, 2023. There were 182.75 forfeitures of time vested options during the year ended December 31, 2022. The Company recognizes compensation expense over a straight-line period of 5 years and has recorded compensation expense of approximately \$91,000 and \$75,000 net of forfeitures of approximately \$0 and \$8,000 for the years ended December 31, 2023 and 2022, respectively. This expense is included in salaries and wages on the consolidated statements of comprehensive income (loss).

Performance vesting options are liability classified awards, and vest subject to a liquidity event in which an Internal Rate of Return of 20% is achieved by the equity holders of the Company, provided that the holder's continuous service has not terminated prior to such vesting date. There were no forfeitures of performance vested options during the year ended December 31, 2023. There were 293.71 forfeitures of performance vested options during the year ended December 31, 2022. The performance vesting options also vest on such date that an Internal Rate of Return of 20% is achieved by the equity holders of the Company through a liquidity event, provided that the holder's continuous service has not terminated prior to such vesting date. As a result, no compensation expense or liability has been recorded based on this criterion.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

Information regarding activity under the Company's Equity Plan is summarized as follows:

<b>Time Vesting Options</b>					
	<b>Number of Options</b>	<b>Number of Vested Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Fair Value Per Option at Grant Date</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding, January 1, 2022	1,468.55	-	\$ 1,000	\$ 177.35	9.5 years
Granted	538.47	-	1,000	459.01	
Vested	-	345.92	-	459.01	
Cancelled or forfeited	(182.75)	-	-	-	
Outstanding, December 31, 2022	1,824.27	345.92	1,000	459.01	9 years
Vested	-	342.66	-	-	
Outstanding, December 31, 2023	<u>1,824.27</u>	<u>688.58</u>	<u>\$ 1,000</u>	459.01	8 years

<b>Performance Vesting Options</b>			
	<b>Number of Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding, January 1, 2022	1,468.55	\$ 1,000	9.5 years
Granted	538.47	-	
Cancelled or forfeited	(293.71)	-	
Outstanding, December 31, 2022	1,713.31	1,000	9 years
Granted	-	-	
Cancelled or forfeited	-	-	
Outstanding, December 31, 2023	<u>1,713.31</u>	\$ 1,000	8 years

There were no performance-based awards vested as of December 31, 2023 or 2022, respectively.

The fair value of each time vesting option granted in the year ended December 31, 2022 was estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

Distribution yield	0.00%
Expected volatility	35.00%
Risk-free interest rate	3.36%
Expected term (in years)	4.00 years

As of December 31, 2023 and 2022, there was approximately \$247,000 and \$367,000 of total unrecognized compensation cost related to non-vested time based awards granted under the Company's Equity Plan which is expected to be recognized over a weighted average period of 2.01 and 3.49 years, respectively.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 7. Related Party Transactions**

The Company incurred a management fee from a related party. The total amount incurred was approximately \$160,000 for the years ended December 31, 2023 and 2022, which is recorded in selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive income (loss). The Company had a payable due to the related party of \$469,500 and \$229,500 as of December 31, 2023 and 2022, respectively, which is recorded as a current liability in the accompanying consolidated balance sheets.

The Company entered into promissory notes payable with a related party as disclosed in Note 5. Interest expense incurred was approximately \$80,000 and \$27,000 for the years ended December 31, 2023 and 2022, respectively.

In the year ended December 31, 2022, the Company incurred and paid operating expenses to a related party relating to marketing, professional fees, and commission. The total amount incurred was approximately \$116,500 which is recorded in selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive income (loss). No related party fees related to marketing, professional fees, or commission was incurred in the year ended December 31, 2023. The Company had a net amounts due from related party of approximately \$0 and \$33,000 as of December 31, 2023 and 2022, respectively, which is recorded in accounts receivable on the accompanying consolidated balance sheets. This outstanding balance was approximately 13% of the consolidated Accounts receivable balance as of December 31, 2022.

The Company paid rent to a related party for its office space. The total amount paid for rent amounted to approximately \$231,000 for the year ended December 31, 2022, which is recorded in selling, general, and administrative on the accompanying consolidated statement of comprehensive income (loss). There were no related party rent payments made in the year ended December 31, 2023.

**Note 8. Defined Contribution Plan**

The Company sponsors a defined contribution plan (the "Plan") to which both the Company and eligible employees contribute. Employees who are at least 18 years old and perform three months of service are eligible to participate in the Plan and may make voluntary contributions in accordance with the provisions and limits in the plan document. The Company only makes the top-heavy, non-matching contributions described in the Plan. The Company contributed approximately \$64,000 and \$86,000 to the Plan for the years ended December 31, 2023 and 2022, respectively. The vesting scheduled for non-matching contributions is four-year graded (25% per year).

**Note 9. Leases**

The lease cost and other required information are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 288,260	\$ 515,378
Variable short-term lease cost	117,959	-
Variable lease cost	<u>380,979</u>	<u>232,900</u>
Total lease cost	<u>\$ 787,198</u>	<u>\$ 748,278</u>

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

The following summarizes supplemental cash flow information on December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 334,158	\$ 510,419
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 452,838	\$ -
Other information		
Weighted-average remaining lease terms	3.85 years	3.85 years
Weighted-average discount rate	3.38%	2.05%

As of December 31, 2023, maturities of lease liabilities were as follows:

2024	\$ 206,237
2025	204,265
2026	156,425
2027	119,523
2028	<u>44,095</u>
Total future minimum lease payments	730,545
Imputed interest	<u>(49,112)</u>
Present value of obligations	<u>\$ 681,433</u>

**Note 10. Commitments and Contingencies**

***Litigation, Claims, and Assessments***

The Company is or may become included in various legal proceedings and claims incidental to its business. Although the outcome of these matters cannot be predicted with certainty and some of these matters may be resolved unfavorably to the Company, based on currently available information, including legal defenses available, the Company does not believe that the outcome of these legal matters will have a material adverse effect.

**Note 11. Subsequent Events**

The Company has evaluated subsequent events through July 16, 2024, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

# **Code Ninjas, LLC and Subsidiaries**

## **Independent Auditor's Report and Consolidated Financial Statements**

**December 31, 2022 and 2021**



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## Independent Auditor's Report

Members and Board of Members  
Code Ninjas, LLC and Subsidiaries  
Pearland, TX

We have audited the consolidated financial statements of Code Ninjas, LLC and Subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive loss, changes in member's equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Code Ninjas, LLC and Subsidiaries as of December 31, 2022 and 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter – Change in Accounting Principle***

As described in Note 2 and 9 to the consolidated financial statements, the Company has changed its methods of accounting for leases in accordance with ASC 842 Leases effective January 1, 2022. The Company adopted this standard using a modified retrospective approach and has elected not to restate prior periods. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.



## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the 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.

**FORVIS, LLP**

**Birmingham, AL  
April 28, 2023**

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 425,992	\$ 984,697
Accounts receivable, net	126,302	154,366
Inventories	-	18,299
Prepaid expense and other current assets	421,232	168,979
Total current assets	973,526	1,326,341
Property and equipment, net	136,138	230,572
Right-of-use operating assets, net	595,432	-
Capitalized curriculum development costs, net	699,029	143,896
Other assets	34,888	18,810
Total assets	<u>\$ 2,439,013</u>	<u>\$ 1,719,619</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,993,490	\$ 1,013,799
Current portion of operating lease liabilities	204,461	-
Notes payable, current portion	-	8,540
Deferred franchise revenue	383,294	218,476
Total current liabilities	2,581,245	1,240,815
Long-term liabilities:		
Operating lease liabilities, non-current portion	357,319	-
Notes payable, non-current portion	1,000,000	19,426
Total liabilities	3,938,564	1,260,241
Members' equity (deficit)	(1,499,551)	459,378
Total liabilities and members' equity (deficit)	<u>\$ 2,439,013</u>	<u>\$ 1,719,619</u>

See accompanying notes.

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Comprehensive Loss**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Revenue:		
Franchise revenue	\$ 689,944	\$ 1,614,895
Royalty income	6,314,606	3,680,416
Other revenue	3,222,977	2,480,017
Total revenue	<u>10,227,527</u>	<u>7,775,328</u>
Operating costs and expenses:		
Inventory costs	122,944	457,381
Selling, general, and administrative	6,234,668	5,930,230
Salaries and wages	5,760,295	6,027,623
Depreciation and amortization	60,923	100,815
Total operating costs and expenses	<u>12,178,830</u>	<u>12,516,049</u>
Loss from operations	<u>(1,951,303)</u>	<u>(4,740,721)</u>
Other (income) expense:		
Other (income) expense	27,296	5,582
PPP loan forgiveness	-	(996,043)
Interest expense	27,411	376,873
Total other (income) expense	<u>54,707</u>	<u>(613,588)</u>
Loss before income tax expense	<u>(2,006,010)</u>	<u>(4,127,133)</u>
Income tax expense	<u>57,493</u>	<u>67,773</u>
Net loss	<u>(2,063,503)</u>	<u>(4,194,906)</u>
Other comprehensive income:		
Unrealized foreign currency translation gain	<u>29,617</u>	<u>-</u>
Comprehensive loss	<u><u>\$ (2,033,886)</u></u>	<u><u>\$ (4,194,906)</u></u>

See accompanying notes

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Changes in Members' Equity (Deficit)**  
**Years Ended December 31, 2022 and 2021**

	<u>Accumulated Other Comprehensive Income</u>	<u>Members' Equity (Deficit)</u>	<u>Total Members' Equity (Deficit)</u>
Members' deficit, January 1, 2021	\$ -	\$ (1,734,479)	\$ (1,734,479)
Net loss	-	(4,194,906)	(4,194,906)
Additional paid-in capital: stock options	-	65,915	65,915
Member contributions	<u>-</u>	<u>6,322,848</u>	<u>6,322,848</u>
Members' equity, December 31, 2021	-	459,378	459,378
Net loss	-	(2,063,503)	(2,063,503)
Additional paid-in capital: stock options	-	74,957	74,957
Unrealized foreign currency translation gain	<u>29,617</u>	<u>-</u>	<u>29,617</u>
Members' deficit, December 31, 2022	<u>\$ 29,617</u>	<u>\$ (1,529,168)</u>	<u>\$ (1,499,551)</u>

See accompanying notes.

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
Net loss	\$ (2,063,503)	\$ (4,194,906)
Adjustments to reconcile net loss to net cash used by operating activities:		
Gain on disposal of property and equipment	(3,295)	-
Depreciation and amortization	60,923	100,815
Write-off of debt issuance costs	-	140,000
Paid-in-kind accrued interest on long-term debt	-	235,135
Non-cash PPP loan forgiveness	-	(996,043)
Non-cash lease expense	(165,425)	-
Stock-based compensation expense	74,957	65,915
Provision for bad debt	150,149	365,740
Changes in operating assets and liabilities:		
Accounts receivable	(121,887)	(62,824)
Inventory	18,299	68,834
Prepaid expenses and other current assets	(252,253)	(130,769)
Other assets	(16,078)	(15,185)
Accounts payable and accrued expenses	975,845	1,231,186
Lease liabilities	131,773	-
Deferred franchise revenue	164,818	(134,080)
Net cash used by operating activities	<u>(1,045,677)</u>	<u>(3,326,182)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(39,994)	(120,515)
Capitalized curriculum development costs	(474,487)	(143,896)
Net cash used by investing activities	<u>(514,481)</u>	<u>(264,411)</u>
Cash flows from financing activities:		
Proceeds from PPP loan payable	-	483,507
Payment on note payable	(27,966)	(5,142)
Borrowings on note payable	1,000,000	-
Member contributions	-	2,207,658
Net cash provided by financing activities	<u>972,034</u>	<u>2,686,023</u>
Net decrease in cash	<u>(588,124)</u>	<u>(904,570)</u>
Effect of foreign currency exchange rate changes	29,419	-
Cash, beginning of year	<u>984,697</u>	<u>1,889,267</u>
Cash, end of year	<u>\$ 425,992</u>	<u>\$ 984,697</u>
Supplemental cash flow information		
Cash paid for interest	<u>\$ 936</u>	<u>\$ 236,873</u>
Cash paid for income taxes	<u>\$ 4,707</u>	<u>\$ 13,494</u>
Non-cash financing activities:		
Non-cash member contributions - forgiveness of note payable and related accrued paid-in-kind interest	<u>\$ -</u>	<u>\$ 3,402,613</u>
Non-cash member contributions - settlement of operating expenses	<u>\$ -</u>	<u>\$ 712,577</u>

See accompanying notes.

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## **Notes to Consolidated Financial Statements**

### **1. Nature of Business**

Code Ninjas, LLC is a registered limited liability company organized under the laws of the state of Texas. It is owned by Code Ninjas Holdings, LLC ("Holdings"). Code Ninjas, LLC was organized on August 17, 2016, in Pearland, Texas. It markets and operates franchise agreements for the "Code Ninjas" system of after-school enrichment classes.

### **2. Summary of Significant Accounting Policies**

#### ***Principles of consolidation***

The accompanying consolidated financial statements include the accounts of the Company. All significant intercompany balances and transactions have been eliminated.

#### ***Accounting estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and cash equivalents***

The Company considers all cash and short-term securities with maturities of three months or less as cash equivalents. The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash balances may be in excess of the FDIC insurance limit. The Company has not experienced any losses in such accounts.

#### ***Accounts receivable***

Accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was approximately \$177,711 and \$105,929 as of December 31, 2022 and 2021, respectively.

As of December 31, 2022 and 2021, one customer accounted for approximately 14% and 20%, respectively, of the Company's total consolidated accounts receivable balance, in addition to the related party receivable balances disclosed in Note 7.

#### ***Inventories***

Inventory, which consists of shirts, wristbands, pencils, and drawstring bags, is stated at the lower of cost, using the first-in, first-out method, or market-basis.

***Property and equipment***

Property and equipment are stated at cost at the date of purchase, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lease term or the estimated useful life of the related asset, whichever is shorter. When property and equipment is retired or sold, the cost and related accumulated depreciation or amortization are removed from the consolidated balance sheet, and the resulting gain or loss is included in the consolidated statement of comprehensive loss. Ordinary maintenance and repair costs are expensed as incurred.

***Capitalized curriculum development costs***

The Company internally develops curriculum, which is primarily provided as online content and accessed via the Internet. The Company capitalizes curriculum development costs incurred during the application development stage, as well as the design and deployment phases of the project. As a result, a significant portion of the Company's curriculum development costs qualify for capitalization due to the concentration of its development efforts on the content of the curriculum. Capitalization ends when a curriculum is available for general release to its customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs are amortized is generally three years.

Total capitalized curriculum development costs were \$699,029 and \$143,896 during the years ended December 31, 2022 and 2021, respectively. No amortization was recorded during the years ended December 31, 2022 and 2021, as the curriculum had not reached its intended use and was not available for general release to its customers.

Costs incurred during the preliminary and post-implementation stages of curriculum development are expensed as incurred. Costs incurred to maintain existing curriculum are expensed as incurred.

***Impairment of long-lived assets***

The Company reviews the carrying value of long-lived assets for impairment whenever triggering events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flow expected to result from its use and eventual disposition. In cases where the estimated undiscounted future cash flow is less than the carrying value of an asset, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of the asset. Based on managements' assessments, no impairment occurred during the years ended December 31, 2022 and 2021.

***Revenue recognition***

The Company derives its revenues primarily from initial franchise fees and sales-based royalty income from franchisees. Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services. The Company applies the five-step revenue model under FASB ASC Topic 606 to determine when revenue is earned and recognized.

During the year ended December 31, 2021, the Company elected the practical expedient available to private companies under ASU 2021-02 Franchisors—Revenue from Contracts with Customers, to account for pre-opening activities as one distinct performance obligation. The initial franchise fees are payable based on contract terms prior to the franchise opening. The transaction price is recognized as revenue on a straight-line basis over a 9-month period, based on timing of when services are satisfied for pre-opening activities.

The Company also receives royalty and administrative fees from franchisees. Royalties are determined as a percentage of sales and are recognized in the period earned by the Company. Administrative fees are a set monthly fee per franchised location.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The Company receives brand fund income from franchisees to direct advertising spend on behalf of the brand name and franchisees. Brand fund contributions are determined as a percentage of sales and are recognized in the period earned by the Company.

The Company's other significant revenues consists of camp and program sales at company-owned locations. Service revenue is recognized at the point services are provided to customers.

***Selling, general and administrative***

Selling, general and administrative expenses consist of costs associated with administrative and support functions related to the Company's existing business as well as growth and development activities. These costs primarily consist of payroll, IT related, consulting, marketing, legal and accounting expenses.

***Advertising costs***

Advertising costs are expensed as incurred. Advertising expense was approximately \$1,637,000 and \$1,439,000 for the years ended December 31, 2022 and 2021, respectively, and is included within selling, general and administrative expenses in the consolidated statement of comprehensive loss.

***Stock-based compensation***

The Company accounts for stock-based awards in accordance with ASC 718, *Stock Compensation*, which requires compensation cost related to share-based payments, classified as equity awards, to be measured based on the grant date fair value of the award. The Company recognizes compensation cost over the requisite service period.

***Income taxes***

The Company is organized as a limited liability company that is disregarded for federal income tax purposes. The Company owns 100% of the interests in other limited liability companies that are also disregarded for federal income tax purposes.

The Financial Accounting Standards Board ("FASB") issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. ASU 2019-12 amends ASC 740 to simplify the accounting for income taxes. The Company adopted the new guidance under ASU 2019-12 as of January 1, 2020. Accordingly, the Company has elected not to allocate the consolidated amount of income tax expense of the Company's sole owner to these consolidated financial statements as the Company is considered a limited liability company that is disregarded for federal income tax purposes.

Separately, the Company and its subsidiaries operate in Texas, which imposes a franchise tax on limited liability companies. Also, the Company and its subsidiaries operate in Canada, which imposes a royalty tax on foreign entities. The amounts are reported on the consolidated statements of comprehensive loss within income tax expense during the years ended December 31, 2022 and 2021.

***Comprehensive loss***

Comprehensive loss consists of net loss and other gains affecting consolidated members' equity that, under U.S. GAAP, are excluded from net loss. For the Company, such items consist of unrealized foreign currency translation gains.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

***Paycheck protection program loan payable***

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security ("CARES") Act was signed into law on March 27, 2020. The CARES Act provides for the establishment of the Payroll Protection Program ("PPP"), a new loan program under the Small Business Administration's 7(a) program providing loans to qualifying businesses. Additionally, loans originated under this program may be forgiven, in whole or in part, if certain criteria are met. Any portion of PPP loans not forgiven have a term of two years and bear interest at 1.0% with repayments deferred for six months. In May 2020 the Company received a PPP loan of \$495,964. In February 2021 the Company received a second round PPP loan for \$483,507.

In order to be forgiven, funds from these loans may only be used to satisfy payroll costs, costs used to continue health care benefits, mortgage payments, rent, utilities, and interest on certain other debt obligations. The Company believes it has used the proceeds of the loans for qualifying expenses under the PPP. As of December 31, 2021, the PPP loans of \$996,043 and accrued interest were forgiven in its entirety. The forgiveness is accounted for during the year ended December 31, 2021, in accordance with ASC 470-50, *Debt Modifications and Extinguishments*.

***Reclassifications***

Certain reclassifications have been made to the 2021 consolidated financial statements included herein to conform to the 2022 presentation. Reclassifications had no impact on previously reported members' equity or loss from operations.

***Recently issued accounting standards and change in accounting principle***

Topic 842 - Leases

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). This guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated balance sheets and disclosing key information about leasing arrangements. The new guidance requires lessees to recognize the assets and liabilities on the consolidated balance sheets for the rights and obligations created by leases with lease terms of more than 12 months, amends various other aspects of accounting for leases by lessees and lessors, and requires enhanced disclosures. Leases will be classified as finance or operating, with the classification affecting the pattern and classification of expense recognition within the statements of comprehensive loss. See below for lease accounting policies and Note 9.

The Company transitioned to FASB Accounting Standards Codification ("ASC") Topic 842, *Leases* ("ASC 842"), from ASC Topic 840, *Leases* (the "Previous Standard") on January 1, 2022 using the effective date as the date of initial application. The consolidated financial statements reflect the application of ASC 842 guidance beginning in 2022, while the consolidated financial statements for prior periods were prepared under the guidance of the Previous Standard. The most significant impact as a result of the adoption of the new standard was the recognition of operating lease right-of-use ("ROU") assets and operating lease liabilities of approximately \$1,857,842 and \$1,857,842, respectively, as of January 1, 2022. The transition to ASC 842 represents a change in accounting principle.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The Company has elected the transition package of three practical expedients permitted within the new standard. This practical expedient permits the Company to carryforward the historical lease classification and not to reassess initial direct costs for any existing leases, as well as to not reassess whether any expired or existing contracts are, or contain, leases. Additionally, the Company has elected the practical expedient to use the risk-free interest rate as the discount rate at the time of commencement or modification date in determining the present value of lease payments. The Company also elected the practical expedient to combine lease and nonlease components in the contract for the Company's population of all leases. The Company elected the short-term lease exception to exclude leases that, at the lease commencement date, have a lease term of 12 months or less and does not include an option to purchase the underlying asset that the entity is reasonably certain to exercise. In addition, the Company did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

Change in accounting principle

As discussed above, the Company has changed its method of accounting for leases as of January 1, 2022 due to the adoption of ASC 842, Leases. The adoption had a material impact on the Company's consolidated balance sheet but did not have a material impact on the consolidated statement of comprehensive loss or cash flows.

The following details the consolidated balance sheet line items effected as of January 1, 2022:

	<u>As Reported Under 840</u>	<u>As Reported Under 842</u>	<u>Effect of Change</u>
Right-of-use assets	\$ -	\$ 1,857,842	\$ 1,857,842
Current portion of operating lease liabilities	-	392,072	392,072
Operating lease liabilities, less current portion	-	1,465,770	1,465,770

**3. Property and Equipment, Net**

Property and equipment consists of the following as of December 31:

	<u>Estimated Useful Life (in years)</u>	<u>2022</u>	<u>2021</u>
Vehicles	6 years	\$ -	\$ 163,036
Computer equipment	5 years	<b>93,863</b>	40,835
Machinery and equipment	5 years	<b>9,557</b>	13,419
Furniture and fixtures	5 years	<b>108,003</b>	167,187
Leasehold improvements	5 years	-	110,631
Total property and equipment		<b>211,423</b>	495,108
Accumulated depreciation		<b>(75,285)</b>	(264,536)
Property and equipment, net		<u><b>\$ 136,138</b></u>	<u>\$ 230,572</u>

The Company recognized approximately \$61,000 and \$93,000 of depreciation expense on property and equipment during the years ended December 31, 2022 and 2021, respectively.

#### 4. Intangible Assets and Curriculum Development Costs

Intangible assets and curriculum development costs consist of the following as of December 31, 2022:

	<u>Estimated Amortization Period (in years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Curriculum Development Costs	3	\$ 699,029	\$ -	\$ 699,029
Total		<u>\$ 699,029</u>	<u>\$ -</u>	<u>\$ 699,029</u>

Intangible assets and curriculum development costs consist of the following as of December 31, 2021:

	<u>Estimated Amortization Period (in years)</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>
Intangible Assets	5	\$ 16,811	\$ 16,811	\$ -
Curriculum Development Costs	3	<u>143,896</u>	<u>-</u>	<u>143,896</u>
Total		<u>\$ 160,707</u>	<u>\$ 16,811</u>	<u>\$ 143,896</u>

The Company recognized approximately \$7,000 of amortization expense related to intangible assets during the year ended December 31, 2021. There was no amortization expense recorded for the year ended December 31, 2022. Amortization of curriculum development costs is expected to be approximately \$230,000 annually for each of the three succeeding years.

#### 5. Notes Payable

The note payable at December 31, 2022, consists of a secured promissory note with a fixed interest rate of 8% per annum between the Company and a related party. The note was entered into on August 18, 2022. The outstanding balance is due upon maturity on August 18, 2027.

The note payable at December 31, 2021, consists of a secured promissory note with a fixed interest rate of 8.34% between the Company and a third-party vehicle dealer. The note was entered into on August 23, 2019 to finance a vehicle purchase. It requires monthly payments of \$859 through September 2024. The outstanding balance at December 31, 2021, was \$27,966. The note is secured by the purchased vehicle. The note payable was paid off in September 2022.



## **6. Stock-Based Compensation**

The Company accounts for stock-based awards in accordance with ASC 718 – *Stock Compensation* ("ASC 718"). ASC 718 requires compensation costs related to share-based payments, including stock options and other equity awards, to be measured based on the grant date fair value of the award.

The Company's parent, Code Ninjas Holdings, LLC, issued certain time and performance vesting options pursuant to the Code Ninjas Holdings, LLC 2021 Option Incentive Plan (the "Equity Plan"). The Company has accounted for the options within its consolidated financial statements as the option holders are providing services directly related to the Company and its subsidiaries. The aggregate number of options that may be issued or transferred under the Equity Plan is 13,496.88 options. Unvested options issued to employees are forfeited in accordance with the Equity Plan upon termination of employment from the Company. Options granted under the plan have been allocated into two groups based on their vesting criteria: time vesting and performance vesting options.

Time vesting options are equity classified awards, vest over a 5-year period and will vest 20% on each anniversary date of the date of grant. The Company accounts for forfeitures in the period they occur resulting in a reversal of all previously recognized compensation expense for awards forfeited. There were 182.75 forfeitures of time vested options during the year ended December 31, 2022. There were no forfeitures of time vesting options during the year ended December 31, 2021. The Company recognizes compensation expense over a straight-line period of 5 years and has recorded compensation expense of approximately \$75,000 and \$66,000 net of forfeitures of approximately \$8,000 and \$0 for the years ended December 31, 2022 and 2021, respectively. This expense is included in Salaries and wages on the consolidated statements of comprehensive loss.

Performance vesting options are liability classified awards, and vest subject to a liquidity event in which an Internal Rate of Return of 20% is achieved by the equity holders of the Company, provided that the Participant's continuous service has not terminated prior to such vesting date. There were 293.71 forfeitures of performance vested options during the year ended December 31, 2022. There were no forfeitures of performance vested options during the year ended December 31, 2021. As a result, no compensation expense or liability has been recorded based on this criterion. The performance vesting options also vest on such date that an Internal Rate of Return of 20% is achieved by the equity holders of the Company through a liquidity event, provided that the Participant's continuous service has not terminated prior to such vesting date.

No portion of the option shall vest after the date the Participant's continuous service terminates for any reason, however options vested prior to termination without Cause may be exercised within a prescribed time-period.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

Information regarding activity under the Company's Equity Plan is summarized as follows:

	<b>Time Vesting Options</b>				
	<b>Number of Options</b>	<b>Number of Vested Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Fair Value Per Option at Grant Date</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding at January 1, 2021	-	-	\$ -	\$ -	
Granted	<u>1,468.55</u>	<u>-</u>	<u>1,000.00</u>	177.35	
Outstanding at December 31, 2021	1,468.55	-	1,000.00	177.35	9.5 years
Granted	538.47	-	\$ -	459.01	
Vested	-	345.92	-	459.01	
Cancelled or forfeited	<u>(182.75)</u>	<u>-</u>	<u>-</u>	-	
Outstanding at December 31, 2022	<u>1,824.27</u>	<u>345.92</u>	<u>\$ 1,000.00</u>	\$ 459.01	9 years

	<b>Performance Vesting Options</b>		
	<b>Number of Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding at January 1, 2021	-	\$ -	
Granted	<u>1,468.55</u>	1,000.00	
Outstanding at December 31, 2021	1,468.55	1,000.00	9.5 years
Granted	538.47	-	
Cancelled or forfeited	<u>(293.71)</u>	-	
Outstanding at December 31, 2022	<u>1,713.31</u>	\$ 1,000.00	9 years

There were no performance based awards vested as of December 31, 2022 or 2021, respectively.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The fair value of each time vesting option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

<b>Weighted Average</b>	<b>2022</b>	<b>2021</b>
Distribution yield	0.00%	0.00%
Expected volatility	35.00%	35.00%
Risk-free interest rate	3.36%	0.98%
Expected term (in years)	4.00	5.00

As of December 31, 2022 and 2021, there was approximately \$367,000 and \$194,000, of total unrecognized compensation cost related to non-vested time based awards granted under the Company's Equity Plan which is expected to be recognized over a weighted average period of 3.49 and 3.70 years, respectively.

## **7. Related Party Transactions**

The Company incurred a management fee from a related party. The total amount incurred was approximately \$160,000 and \$169,000 for the years ended December 31, 2022 and 2021, respectively, which is recorded in Selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive loss. The Company had a payable due to the related party of \$229,500 and \$40,000 as of December 31, 2022 and 2021, respectively, which is recorded in Accounts payable and accrued expenses in the accompanying consolidated balance sheets.

The Company entered into a promissory note payable with a related party as disclosed in Note 5. Interest expense incurred was approximately \$29,500 for the year ended December 31, 2022.

In the Company's self-assessment of financial performance, with reflection on the Company's operating loss and cash outflows in 2022, the Company considered its future ability to fund operations through cash flows generated from operating activities under the guidance of Accounting Standards Update 2014-15 as issued by the Financial Accounting Standards Board. As part of the evaluation, the Company considered the expected significant reduction in one-time costs that were experienced in 2022, which were incurred to prepare the Company for future growth plans, including but not limited to recruiting fees to build the leadership team and initial audit and tax fees from the 2021 financial period. In addition, the Company made substantial investment in new curriculum development in 2022 which had a material impact on cash flow during the year ended December 31, 2022, but will benefit the Company in 2023 and generate sufficient liquidity.

The Company incurred and paid operating expenses to a related party relating to marketing, professional fees, and commission. The total amount incurred was approximately \$116,500 and \$743,000 for the years ended December 31, 2022 and 2021, respectively, which is recorded in Selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive loss. The Company also received approximately \$890,000 for the year ended December 31, 2021, in technology fees from franchisees for which the Company serves as the agent on the behalf of a related party and subsequently disbursed these funds to the related party. These amounts are presented net on the consolidated statement of comprehensive loss. The Company had a net amounts due from related party of approximately \$33,000 and \$84,000 as of December 31, 2022 and 2021, respectively, which is recorded in Accounts receivable on the accompanying consolidated balance sheet. This outstanding balance was approximately 13% and 54% of the consolidated Accounts receivable balance as of December 31, 2022 and 2021, respectively.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

The Company paid rent to a related party for its office space. The total amount paid for rent amounted to approximately \$231,000 and \$261,000 for the years ended December 31, 2022 and 2021, respectively, which is recorded in Selling, general, and administrative on the accompanying consolidated statement of comprehensive loss.

**8. Defined Contribution Plan**

The Company sponsors a defined contribution plan (the "Plan") to which both the Company and eligible employees contribute. Employees who are at least 18 years old and perform three months of service are eligible to participate in the Plan and may make voluntary contributions in accordance with the provisions and limits in the plan document. The Company only makes the top-heavy, non-matching contributions described in the Plan. The Company contributed approximately \$86,000 and \$27,000 to the Plan for the years ended December 31, 2022 and 2021, respectively. The vesting scheduled for non-matching contributions is four-year graded (25% per year).

**9. Commitments and Contingencies**

***Leases - Significant lease accounting policies under ASC 842***

The Company leases several facilities which are accounted for as operating leases. The leases have a remaining term expiring through 2028, including leases with renewal terms that can generally extend the leases term from five to ten years. The exercise of lease renewal options is at our sole discretion. The Company includes options to renew in the expected term when they are reasonably certain to be exercised. The depreciable life of assets are limited by the expected lease term.

The Company evaluates leases at contract inception to determine whether the Company has the right to control use of the identified asset for a period of time in exchange for consideration. If it is determined the Company has the right to obtain substantially all of the economic benefit from use of the identified asset and the right to direct the use of the identified asset, the Company recognizes a ROU asset and lease liability. Also, at contract inception, the Company evaluates leases to estimate their expected term which includes renewal options that we are reasonably assured that we will exercise, and the classification of the lease as either an operating lease or a finance lease. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs and lease incentives. Additionally, as our leases do not provide an implicit rate, the Company uses the risk-free interest rate at the time of commencement or modification date in determining the present value of lease payments. The Company assesses the impairment of the ROU asset at the asset group level whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Our leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Variable lease costs, which may include insurance and taxes are not included in the lease liability and are expensed in the period incurred.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

Consolidated balance sheet information related to ROU assets and lease liabilities are as follows:

<u>Leases</u>	<u>Classifications</u>	<u>January 1, 2022</u>	<u>December 31, 2022</u>
Assets:			
Operating lease assets	Right-of-use asset	<u>\$ 1,857,842</u>	<u>\$ 595,432</u>
Liabilities:			
Current:			
Operating	Current portion of lease liabilities	\$ 392,072	\$ 204,461
Noncurrent			
Operating	Lease liabilities, net of current portion	<u>1,465,770</u>	<u>357,319</u>
Total lease liabilities		<u>\$ 1,857,842</u>	<u>\$ 561,780</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022.

Weighted-average remaining lease term - operating leases 3.85 years  
Weighted-average discount rate - operating leases 2.05%

For the year ended December 31, 2022, the components of lease cost, which are included within general administrative expenses on the consolidated statements of comprehensive loss, were as follows at December 31, 2022:

Operating lease cost	\$ 515,378
Variable lease cost	<u>-</u>
Total lease cost	<u>\$ 515,378</u>

The following summarizes supplemental cash flow information for December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u>\$ 510,419</u>

Rental expense was \$748,278 during the year ended December 31, 2022.

A lease agreement was terminated during the year ended December 31, 2022 with a ROU asset and lease liability balance of approximately \$1,428,000 that has been adjusted.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**

As of December 31, 2022, maturities of lease liabilities were as follows:

2023	\$	248,060
2024		109,389
2025		106,141
2026		57,027
2027		58,464
Thereafter		<u>44,942</u>
Total lease payments		624,023
Less: imputed interest		<u>62,243</u>
Present value of lease liabilities	\$	<u>561,780</u>

Lease accounting policies under previous standards, prior to January 1, 2022 if different than under ASC 842

The Company recognizes rent expense related to leased office and company center spaces based on cash paid as the different between straight line rent expense and cash paid is not material to the consolidated financial statements.

As of December 31, 2021, under the previous accounting guidance for leases, approximate annual future commitments under noncancelable operating leases were as follows:

2022	\$	444,328
2023		301,772
2024		180,000
2025		180,000
Thereafter		<u>930,000</u>
Total	\$	<u>2,036,100</u>

***Litigation, claims and assessments***

The Company is or may become included in various legal proceedings and claims incidental to its business. Although the outcome of these matters cannot be predicted with certainty and some of these matters may be resolved unfavorably to the Company, based on currently available information, including legal defenses available, the Company does not believe that the outcome of these legal matters will have a material adverse effect.

**10. Subsequent Events**

The Company has evaluated subsequent events through April 28, 2023, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

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

<b>Code Ninjas—Balance Sheet</b>	
<b>As of: June 2024</b>	
<b>Actual \$</b>	<b>Jun 2024</b>
<b>Consolidated Balance Sheet</b>	
Cash	912,134
Accounts Receivable, net	946,959
Inventory	-
Prepaid and Other Current Assets	588,154
<b>Current Assets</b>	<b>2,447,248</b>
Fixed Assets, gross	831,544
Accumulated Depreciation	(137,372)
<b>Fixed Assets, net</b>	<b>694,173</b>
Other Assets	928,818
Due from Intercompanies	1,211,483
Intangible Assets, net	1,860,611
Investment in Subsidiaries	(58,486)
<b>Long Term Assets</b>	<b>3,942,425</b>
<b>Total Assets</b>	<b>7,083,846</b>
Accounts Payable	731,461
Credit Card Payable	60,062
Accrued Liabilities	1,126,413
Payroll Liabilities	464,144
Brand Fund Payable	1,093,539
Deferred Revenue, Current	316,391
Intercompany Payable	1,800,675
Notes Payable, Current	1,750,000
PPP	-
<b>Current Liabilities</b>	<b>7,342,685</b>
Deferred Revenue, less current portion	-
Notes Payable, less current	-
<b>Long Term Liabilities</b>	<b>-</b>
<b>Total Liabilities</b>	<b>7,342,685</b>
<b>Equity</b>	<b>(258,838)</b>
<b>Total Liabilities &amp; Equity</b>	<b>7,083,846</b>

<b>Code Ninjas – Adjusted P&amp;L</b>	
<b>As of: June 30, 2024</b>	
<b>Actual \$</b>	<b>June 2024 YTD</b>
<b>Consolidated P&amp;L Summary</b>	
<b><u>Revenue</u></b>	
Company Owned Store Revenue	591,185
Code Ninjas Royalty Income	2,852,647
Franchise Sales	396,000
Rebate Income	15,141
Other Revenue	780,041
<b>Franchisor Adj. Revenue</b>	<b>4,635,013</b>
<b><u>Franchisor Expenses</u></b>	
Payroll	1,988,561
Marketing Expense	216,161
Consulting Fees	405,206
Technology & Support	543,034
Building Expense	215,726
Bank & Stripe Fees	38,498
Travel Expenses	170,175
Other Corporate Expense	110,685
	<b>\$3,688,045</b>
<b>Total Adj. Franchisor Expenses</b>	<b>5</b>
<b>Adj EBITDA: Franchisor</b>	<b>\$946,968</b>



# **Code Ninjas, LLC and Subsidiaries**

## **Independent Auditor's Report and Consolidated Financial Statements**

December 31, 2024 and 2023

**Code Ninjas, LLC and Subsidiaries**  
**Contents**  
**December 31, 2024 and 2023**

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## **Independent Auditor's Report**

Members and Board of Members  
Code Ninjas, LLC and Subsidiaries  
Atlanta, GA

### ***Opinion***

We have audited the consolidated financial statements of Code Ninjas, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive (loss) income, changes in members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Code Ninjas, LLC and Subsidiaries as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and therefore is not a guarantee that an audit conducted in accordance with GAAS will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Forvis Mazars, LLP**

Birmingham, Alabama  
March 27, 2025



**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 217,682	\$ 1,016,369
Accounts receivable, net	238,650	35,331
Prepaid expense and other current assets	<u>293,011</u>	<u>360,008</u>
<b>Total Current Assets</b>	749,343	1,411,708
Property and equipment, net	345,987	102,106
Right-of-use operating assets, net	916,759	692,496
Capitalized curriculum development costs, net	511,530	884,332
Prepaid expenses and other assets	<u>627,841</u>	<u>532,582</u>
<b>Total Assets</b>	<u><u>\$ 3,151,460</u></u>	<u><u>\$ 3,623,224</u></u>
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,084,397	\$ 1,874,381
Related party payable	786,830	469,500
Current portion of operating lease liabilities	294,026	174,402
Deferred revenue	<u>398,194</u>	<u>75,522</u>
<b>Total Current Liabilities</b>	2,563,447	2,593,805
<b>Long-Term Liabilities</b>		
Operating lease liabilities, non-current portion	634,535	507,031
Related party notes payable	<u>1,750,000</u>	<u>1,750,000</u>
<b>Total Liabilities</b>	4,947,982	4,850,836
<b>Members' Deficit</b>	<u>(1,796,522)</u>	<u>(1,227,612)</u>
<b>Total Liabilities and Members' Deficit</b>	<u><u>\$ 3,151,460</u></u>	<u><u>\$ 3,623,224</u></u>

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Comprehensive (Loss) Income**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Revenue</b>		
Franchise revenue	\$ 472,333	\$ 859,333
Royalty revenue	6,533,702	6,594,649
Administrative revenue	1,323,016	1,488,991
Other revenue	1,926,032	2,132,722
<b>Total Revenue</b>	<b>10,255,083</b>	<b>11,075,695</b>
<b>Operating Costs and Expenses</b>		
Inventory costs	1,039	14,624
Selling, general, and administrative	5,735,567	5,597,608
Salaries and wages	4,627,759	4,983,740
Depreciation and amortization	458,459	278,832
<b>Total Operating Costs and Expenses</b>	<b>10,822,824</b>	<b>10,874,804</b>
<b>(Loss) Income from Operations</b>	<b>(567,741)</b>	<b>200,891</b>
<b>Other Expense</b>		
Other income	(37,460)	(74,458)
Interest expense	140,000	80,001
<b>Total Other Expense</b>	<b>102,540</b>	<b>5,543</b>
<b>(Loss) Income Before Income Tax Expense</b>	<b>(670,281)</b>	<b>195,348</b>
Income tax expense	19,741	15,754
<b>Net (Loss) Income</b>	<b>(690,022)</b>	<b>179,594</b>
<b>Other Comprehensive Income</b>		
Unrealized foreign currency translation gain	2,067	1,291
<b>Comprehensive (Loss) Income</b>	<b>\$ (687,955)</b>	<b>\$ 180,885</b>

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Changes in Members' Deficit**  
**Years Ended December 31, 2024 and 2023**

	<b>Members' Deficit</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total Members' Deficit</b>
<b>Members' Deficit, January 1, 2023</b>	\$ (1,529,168)	\$ 29,617	\$ (1,499,551)
Net income	179,594	-	179,594
Share-based compensation	91,054	-	91,054
Unrealized foreign currency translation gain	-	1,291	1,291
<b>Members' Deficit, December 31, 2023</b>	(1,258,520)	30,908	(1,227,612)
Net loss	(690,022)	-	(690,022)
Exercise of options	39,161	-	39,161
Share-based compensation	79,884	-	79,884
Unrealized foreign currency translation gain	-	2,067	2,067
<b>Members' Deficit, December 31, 2024</b>	<u>\$ (1,829,497)</u>	<u>\$ 32,975</u>	<u>\$ (1,796,522)</u>

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Operating Activities</b>		
Net (loss) income	\$ (690,022)	\$ 179,594
Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities		
Depreciation and amortization	458,459	278,832
Non-cash lease expense	(816,354)	(1,524,899)
Share-based compensation expense	79,884	91,054
Provision for bad debt	173,236	161,384
Changes in operating assets and liabilities		
Accounts receivable	(382,908)	(65,296)
Prepaid expenses and other current assets	67,006	61,246
Prepaid expenses and other assets	(95,259)	(497,694)
Accounts payable and accrued expenses	(789,135)	103,812
Related party payable	317,330	240,000
Lease liabilities	839,219	1,547,488
Deferred revenue	322,672	(307,772)
<b>Net Cash (Used) Provided by Operating Activities</b>	<u>(515,872)</u>	<u>267,749</u>
<b>Investing Activities</b>		
Purchases of property and equipment	(329,538)	(10,728)
Capitalized curriculum development costs	-	(419,375)
<b>Net Cash Used by Investing Activities</b>	<u>(329,538)</u>	<u>(430,103)</u>
<b>Financing Activities</b>		
Exercise of options	39,161	-
Borrowings on notes payable	-	750,000
<b>Net Cash Provided by Financing Activities</b>	<u>39,161</u>	<u>750,000</u>
<b>Net (Decrease) Increase in Cash</b>	<u>(806,249)</u>	<u>587,646</u>
Effect of foreign currency exchange rate changes	7,562	2,731
<b>Cash, Beginning of Year</b>	<u>1,016,369</u>	<u>425,992</u>
<b>Cash, End of Year</b>	<u><u>\$ 217,682</u></u>	<u><u>\$ 1,016,369</u></u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ -	\$ 58,924
Cash paid for income taxes	\$ 781	\$ 1,048

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 1. Nature of Business**

Code Ninjas, LLC (the "Company") is a registered limited liability company organized under the laws of the state of Texas. It is owned by Code Ninjas Holdings, LLC ("Holdings"). Code Ninjas, LLC was organized on August 17, 2016, and is headquartered in Atlanta, GA. It markets and operates franchise agreements for the "Code Ninjas" system of after-school enrichment classes.

**Note 2. Summary of Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

The accompanying consolidated financial statements include the financial statement of Code Ninjas, LLC and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

***Accounting Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

The Company considers all cash and short-term securities with maturities of three months or less as cash equivalents. The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash balances may be in excess of the FDIC insurance limit. The Company has not experienced any losses in such accounts.

***Accounts Receivable***

Accounts receivable are carried at face value less an allowance for credit losses. Management monitors accounts receivable for delinquency and provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts, any known trends or uncertainties related to customer billing and account collectability, current economic conditions, and reasonable supportable economic forecasts. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that an allowance for credit losses of approximately \$451,000 and \$273,000 was necessary as of December 31, 2024 and 2023, respectively.

***Property and Equipment***

Property and equipment are stated at cost at the date of purchase, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

over the shorter of the lease term or the estimated useful life of the related asset. When property and equipment is retired or sold, the cost and related accumulated depreciation or amortization are removed from the consolidated balance sheet, and the resulting gain or loss is included in the consolidated statement of comprehensive (loss) income. Ordinary maintenance and repair costs are expensed as incurred.

***Capitalized Curriculum Development Costs***

The Company internally develops curriculum, which is primarily provided as online content and accessed via the Internet. The Company capitalizes curriculum development costs incurred during the application development stage, as well as the design and deployment phases of the project. As a result, a significant portion of the Company's curriculum development costs qualify for capitalization due to the concentration of its development efforts on the content of the curriculum. Capitalization ends when a curriculum is available for general release to its customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs are amortized is generally three years.

Costs incurred during the preliminary and post-implementation stages of curriculum development are expensed as incurred. Costs incurred to maintain existing curriculum are expensed as incurred.

***Impairment of Long-Lived Assets***

The Company reviews the carrying value of long-lived assets for impairment whenever triggering events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flow expected to result from its use and eventual disposition. In cases where the estimated undiscounted future cash flow is less than the carrying value of an asset, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of the asset. Based on management's assessments, no impairment occurred during the years ended December 31, 2024 and 2023.

***Revenue Recognition***

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The principles are applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the entity satisfies the performance obligation. ASC 606 also requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company derives its revenues primarily from initial franchise fees and sales-based royalty income from franchisees. Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services.

The Company also receives administrative fees from franchisees, which are determined based on a set monthly fee per franchised location.

The Company has operations in the United States, United Kingdom, and Canada. For the years ended December 31, 2024 and 2023, approximately 92% of total revenue was derived from the Company's United States operations.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

The Company receives brand fund income from franchisees to direct advertising spending on behalf of the brand name and franchisees. Brand fund contributions are determined as a percentage of sales and are recognized during the period earned by the Company. The Company recognized brand fund-related revenue of approximately \$1,407,000 and \$1,490,000 during the years ended December 31, 2024 and 2023, respectively, which is included within royalty revenue on the consolidated statements of comprehensive (loss) income.

The Company's other significant revenues consist of camp and program sales at company-owned locations. Service revenue is recognized at the point services are provided to customers.

**Selling, General, and Administrative**

Selling, general, and administrative expenses consist of costs associated with administrative and support functions related to the Company's existing business as well as growth and development activities. These costs primarily consist of information technology, consulting, marketing, legal and accounting expenses.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense was approximately \$1,120,000 and \$1,409,000 for the years ended December 31, 2024 and 2023, respectively, and is included within selling, general, and administrative expenses in the consolidated statements of comprehensive (loss) income.

**Share-Based Compensation**

The Company accounts for share-based awards in accordance with ASC 718, *Stock Compensation*, which requires compensation cost related to share-based payments, classified as equity awards, to be measured based on the grant date fair value of the award. The Company recognizes compensation cost over the requisite service period.

**Income Taxes**

The Company is organized as a limited liability company that is disregarded for federal income tax purposes. The Company owns 100% of the interests in other limited liability companies that are also disregarded for federal income tax purposes.

In accordance with ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, the Company has elected not to allocate the consolidated amount of income tax expense of the Company's sole owner to these consolidated financial statements as the Company is considered a limited liability company that is disregarded for federal income tax purposes.

Separately, the Company and its subsidiaries operate in Texas, which imposes a franchise tax on limited liability companies. Also, the Company and its subsidiaries operate in Canada, which imposes a royalty tax on foreign entities. The related amounts are reported on the consolidated statements of comprehensive (loss) income within income tax expense during the years ended December 31, 2024 and 2023.

**Comprehensive (Loss) Income**

Comprehensive (loss) income consists of net (loss) income and other items affecting consolidated members' deficit that, under U.S. GAAP, are excluded from net (loss) income. For the Company, such items consist of unrealized foreign currency translation gains.

**Leases**

The Company leases several facilities accounted for as operating leases under various noncancellable operating leases. The leases have remaining lease terms of 1 to 5 years, some of which include options to extend the leases for up to 5 years. The Company includes options to renew in the expected term when they are reasonably

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

certain to be exercised. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheets. The Company recognizes lease expense for these short-term leases on a straight-line basis over the lease term. The Company accounts for fixed lease and non-lease components together as a single, combined lease component. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

The Company evaluates leases at contract inception to determine whether the Company has the right to control use of the identified asset for a period of time in exchange for consideration. If it is determined the Company has the right to obtain substantially all of the economic benefit from use of the identified asset and the right to direct the use of the identified asset, the Company recognizes a right-of-use ("ROU") asset and lease liability. Also, at contract inception, the Company evaluates leases to estimate their expected term which includes renewal options that the Company is reasonably assured to exercise and evaluates the classification of the lease as either an operating lease or a finance lease. Lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, and lease incentives. Additionally, the Company has elected the practical expedient to use the risk-free interest rate as the discount rate at the time of commencement or modification date in determining the present value of lease payments. The Company assesses for impairment of the ROU asset at the asset group level whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

The Company's leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term. Variable lease costs, which may include common area maintenance, insurance, and taxes are not included in the lease liability and are expensed in the period incurred. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**Note 3. Property and Equipment, Net**

Property and equipment consists of the following as of December 31:

	<b>Estimated Useful Life (in Years)</b>	<b>2024</b>	<b>2023</b>
Computer equipment	3-5 years	\$ 134,485	\$ 103,573
Machinery and equipment	5 years	9,557	9,557
Furniture and fixtures	5 years	139,201	108,003
Leasehold improvements	5 years	<u>267,428</u>	<u>-</u>
Total property and equipment		550,671	221,133
Accumulated depreciation		<u>(204,684)</u>	<u>(119,027)</u>
Property and equipment, net		<u>\$ 345,987</u>	<u>\$ 102,106</u>

The Company recognized approximately \$86,000 and \$45,000 of depreciation expense on property and equipment during the years ended December 31, 2024 and 2023, respectively.



#### **Note 4. Curriculum Development Costs**

Curriculum development costs consist of the following as of December 31:

<b>December 31, 2024</b>				
	<b>Estimated Amortization Period (in Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Curriculum development costs	3 years	\$ 1,118,404	\$ (606,874)	\$ 511,530

<b>December 31, 2023</b>				
	<b>Estimated Amortization Period (in Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Curriculum development costs	3 years	\$ 1,118,404	\$ (234,072)	\$ 884,332

Company recognized approximately \$373,000 and \$234,000 of amortization expense related to intangible assets during the years ended December 31, 2024 and 2023, respectively. Amortization of curriculum development costs is expected to be approximately \$373,000 and \$139,000 for each of the two succeeding years.

#### **Note 5. Related Party Notes Payable**

As of December 31, 2024 and 2023, the Company holds two outstanding secured promissory notes with a fixed interest rate of 8% per annum with a related party, which were entered into on August 18, 2022 and December 12, 2023. The outstanding balance of each note is due upon maturity on August 18, 2027. As of December 31, 2024 and 2023, the accrued interest balance related to these notes was approximately \$249,000 and \$109,000 and is included within related party payable on the consolidated balance sheets.

#### **Note 6. Share-Based Compensation**

The Company accounts for share-based awards in accordance with ASC 718 - *Stock Compensation* ("ASC 718"). ASC 718 requires compensation costs related to share-based payments, including stock options and other equity awards, to be measured based on the grant date fair value of the award.

The Company's parent, Code Ninjas Holdings, LLC, issued certain time and performance vesting options pursuant to the Code Ninjas Holdings, LLC 2021 Option Incentive Plan (the "Equity Plan"). The Company has accounted for the options within its consolidated financial statements as the option holders are providing services directly related to the Company and its subsidiaries. The aggregate number of options that may be issued or transferred under the Equity Plan is 13,496.88 options. Unvested options issued to employees are forfeited in accordance with the Equity Plan upon termination of employment from the Company. No portion of the option shall vest after the date the holder's continuous service terminates for any reason; however, options vested prior to termination without cause may be exercised within a prescribed time-period. Options granted under the plan have been allocated into two groups based on their vesting criteria: time vesting and performance vesting options.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

Time vesting options are equity classified awards, vest over a 5-year period, and will vest 20% on each anniversary date of the date of grant. During the year ended December 31, 2024, 39.16 options were exercised by a former employee of the Company. No options were exercised during the year ended December 31, 2023. The Company accounts for forfeitures in the period they occur, resulting in a reversal of all previously recognized compensation expense for awards forfeited. During the years ended December 31, 2024 and 2023, there were forfeitures of 156.65 and 0 time vesting options. The Company recognizes compensation expense over a straight-line period of 5 years and has recorded compensation expense of approximately \$80,000 and \$91,000 for the years ended December 31, 2024 and 2023, respectively, which is included in salaries and wages on the consolidated statements of comprehensive (loss) income.

Performance vesting options are liability classified awards, and vest subject to a liquidity event in which an Internal Rate of Return of 20% is achieved by the equity holders of the Company, provided that the holder's continuous service has not terminated prior to such vesting date. During the years ended December 31, 2024 and 2023, there were forfeitures of 195.81 and 0 time vesting options. No compensation expense or liability has been recorded.

Information regarding activity under the Company's Equity Plan is summarized as follows:

	<b>Time Vesting Options</b>				
	<b>Number of Options</b>	<b>Number of Vested Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Fair Value Per Option at Grant Date</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding, January 1, 2023	1,824.27	345.92	\$ 1,000	\$ 459.01	9 years
Vested	-	342.66	-		
Outstanding, December 31, 2023	1,824.27	688.58	1,000	\$ 459.01	8 years
Vested	-	303.50			
Exercised	(39.16)	(39.16)	-		
Forfeited	(156.65)	(156.65)	-		
Outstanding, December 31, 2024	1,628.46	796.27	\$ 1,000	\$ 459.01	7 years

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

	<b>Performance Vesting Options</b>		
	<b>Number of Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding, January 1, 2023	1,713.31	\$ 1,000	9 years
Granted	-	-	
Cancelled or forfeited	-	-	
Outstanding, December 31, 2023	<u>1,713.31</u>	\$ 1,000	8 years
Granted	-	-	
Cancelled or forfeited	<u>(195.81)</u>	-	
Outstanding, December 31, 2024	<u>1,517.50</u>	\$ 1,000	7 years

There were no performance-based awards vested as of December 31, 2024 or 2023, respectively.

The fair value of each time vesting option granted under the Equity Plan was estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

Distribution yield	0.00%
Expected volatility	35.00%
Risk-free interest rate	3.36%
Expected term (in years)	4.00 years

As of December 31, 2024 and 2023, there was approximately \$141,000 and \$221,000 of total unrecognized compensation cost related to non-vested time based awards granted under the Company's Equity Plan which is expected to be recognized over a weighted average period of 1.17 and 2.01 years, respectively.

**Note 7. Related Party Transactions**

The Company incurred a management fee from a related party of \$160,000 during the years ended December 31, 2024 and 2023, which is recorded in selling, general, and administrative expenses on the accompanying consolidated statements of comprehensive (loss) income. As disclosed in Note 5, the Company also entered into promissory notes payable with this related party. Interest expense incurred from the notes payable was approximately \$140,000 and \$80,000 during the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023, the Company owed amounts resulting from interest expense and management fees to the related party of approximately \$787,000 and \$470,000, respectively, which is recorded as a current liability in the accompanying consolidated balance sheets.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2024 and 2023**

**Note 8. Defined Contribution Plan**

The Company sponsors a defined contribution plan (the "Plan") to which both the Company and eligible employees contribute. Employees who are at least 18 years old and perform three months of service are eligible to participate in the Plan and may make voluntary contributions in accordance with the provisions and limits in the plan document. The Company only makes the top-heavy, non-matching contributions described in the Plan. The Company contributed approximately \$56,000 and \$64,000 to the Plan during the years ended December 31, 2024 and 2023, respectively. The vesting scheduled for non-matching contributions is four-year graded (25% per year).

**Note 9. Leases**

The lease cost and other required information are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ 298,384	\$ 288,260
Short-term lease cost	190,736	117,959
Variable lease cost	<u>102,971</u>	<u>380,979</u>
Total lease cost	<u>\$ 592,091</u>	<u>\$ 787,198</u>

The following summarizes supplemental cash flow information on December 31:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 269,851	\$ 334,158
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 480,193	\$ 452,838
Other information		
Weighted-average remaining lease terms	3.36 years	3.85 years
Weighted-average discount rate	3.86%	3.38%

As of December 31, 2024, maturities of lease liabilities were as follows:

2025	\$ 326,641
2026	283,625
2027	237,798
2028	137,089
2029	<u>16,943</u>
Total future minimum lease payments	1,002,096
Imputed interest	<u>(73,535)</u>
Present value of obligations	<u>\$ 928,561</u>

**Note 10. Commitments and Contingencies**

***Litigation, Claims, and Assessments***

The Company is or may become included in various legal proceedings and claims incidental to its business. Although the outcome of these matters cannot be predicted with certainty and some of these matters may be resolved unfavorably to the Company, based on currently available information, including legal defense available, the Company does not believe that the outcome of these legal matters will have a material adverse effect to the consolidated financial statements.

**Note 11. Subsequent Events**

The Company has evaluated subsequent events through March 27, 2025, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

# **Code Ninjas, LLC and Subsidiaries**

## **Independent Auditor's Report and Consolidated Financial Statements**

December 31, 2023 and 2022

**Code Ninjas, LLC and Subsidiaries**  
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**December 31, 2023 and 2022**

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## **Independent Auditor's Report**

Members and Board of Members  
Code Ninjas, LLC and Subsidiaries  
Pearland, Texas

We have audited the consolidated financial statements of Code Ninjas, LLC and Subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income (loss), changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Code Ninjas, LLC and Subsidiaries as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Forvis Mazars, LLP**

Birmingham, Alabama  
July 16, 2024

**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,016,369	\$ 425,992
Accounts receivable, net	35,331	126,302
Prepaid expense and other current assets	<u>360,008</u>	<u>421,232</u>
Total current assets	1,411,708	973,526
Property and equipment, net	102,106	136,138
Right-of-use operating assets, net	692,496	595,432
Capitalized curriculum development costs, net	884,332	699,029
Prepaid expenses and other assets	<u>532,582</u>	<u>34,888</u>
Total assets	<u>\$ 3,623,224</u>	<u>\$ 2,439,013</u>
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 1,874,381	\$ 1,763,990
Related party payable	469,500	229,500
Current portion of operating lease liabilities	174,402	204,461
Deferred franchise revenue	<u>75,522</u>	<u>383,294</u>
Total current liabilities	2,593,805	2,581,245
<b>Long-Term Liabilities</b>		
Operating lease liabilities, non-current portion	507,031	357,319
Notes payable	<u>1,750,000</u>	<u>1,000,000</u>
Total liabilities	4,850,836	3,938,564
<b>Members' Deficit</b>		
	<u>(1,227,612)</u>	<u>(1,499,551)</u>
Total liabilities and members' deficit	<u>\$ 3,623,224</u>	<u>\$ 2,439,013</u>

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Comprehensive Income (Loss)**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Revenue</b>		
Franchise revenue	\$ 859,333	\$ 689,944
Royalty revenue	6,594,649	6,314,606
Administrative revenue	1,488,991	1,465,861
Other revenue	2,132,722	1,757,116
Total revenue	<u>11,075,695</u>	<u>10,227,527</u>
<b>Operating Costs and Expenses</b>		
Inventory costs	14,624	122,944
Selling, general, and administrative	5,597,608	6,234,668
Salaries and wages	4,983,740	5,760,295
Depreciation and amortization	278,832	60,923
Total operating costs and expenses	<u>10,874,804</u>	<u>12,178,830</u>
<b>Income (Loss) from Operations</b>	<u>200,891</u>	<u>(1,951,303)</u>
<b>Other (Income) Expense</b>		
Other (income) expense	(74,458)	27,296
Interest expense	80,001	27,411
Total other (income) expense	<u>5,543</u>	<u>54,707</u>
<b>Income (Loss) Before Income Tax Expense</b>	195,348	(2,006,010)
Income tax expense	<u>15,754</u>	<u>57,493</u>
<b>Net Income (Loss)</b>	<u>179,594</u>	<u>(2,063,503)</u>
<b>Other Comprehensive Income</b>		
Unrealized foreign currency translation gain	<u>1,291</u>	<u>29,617</u>
<b>Comprehensive Income (Loss)</b>	<u>\$ 180,885</u>	<u>\$ (2,033,886)</u>

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Changes in Members' Equity (Deficit)**  
**Years Ended December 31, 2023 and 2022**

	<b>Members'</b> <b>Equity (Deficit)</b>	<b>Accumulated</b> <b>Other</b> <b>Comprehensive</b> <b>Income</b>	<b>Total</b> <b>Members'</b> <b>Equity (Deficit)</b>
<b>Members' Equity, January 1, 2022</b>	\$ 459,378	\$ -	\$ 459,378
Net loss	(2,063,503)	-	(2,063,503)
Share-based compensation	74,957	-	74,957
Unrealized foreign currency translation gain	-	29,617	29,617
<b>Members' Deficit, December 31, 2022</b>	(1,529,168)	29,617	(1,499,551)
Net income	179,594	-	179,594
Share-based compensation	91,054	-	91,054
Unrealized foreign currency translation gain	-	1,291	1,291
<b>Members' Deficit, December 31, 2023</b>	<u>\$ (1,258,520)</u>	<u>\$ 30,908</u>	<u>\$ (1,227,612)</u>

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Net income (loss)	\$ 179,594	\$ (2,063,503)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities		
Gain on disposal of property and equipment	-	(3,295)
Depreciation and amortization	278,832	60,923
Non-cash lease expense	(1,524,899)	(165,425)
Share-based compensation expense	91,054	74,957
Provision for bad debt	161,384	150,149
Changes in operating assets and liabilities		
Accounts receivable	(65,296)	(121,887)
Inventory	-	18,299
Prepaid expenses and other current assets	61,246	(252,253)
Prepaid expenses and other assets	(497,694)	(16,078)
Accounts payable and accrued expenses	103,812	746,345
Related party payable	240,000	229,500
Lease liabilities	1,547,488	131,773
Deferred franchise revenue	(307,772)	164,818
Net cash provided (used) by operating activities	267,749	(1,045,677)
<b>Investing Activities</b>		
Purchases of property and equipment	(10,728)	(39,994)
Capitalized curriculum development costs	(419,375)	(474,487)
Net cash used by investing activities	(430,103)	(514,481)
<b>Financing Activities</b>		
Payment on note payable	-	(27,966)
Borrowings on note payable	750,000	1,000,000
Net cash provided by financing activities	750,000	972,034
<b>Net Increase (Decrease) in Cash</b>	587,646	(588,124)
Effect of foreign currency exchange rate changes	2,732	29,419
<b>Cash, Beginning of Year</b>	425,992	984,697
<b>Cash, End of Year</b>	<u>\$ 1,016,369</u>	<u>\$ 425,992</u>
<b>Supplemental Cash Flow Information</b>		
Cash paid for interest	\$ 58,924	\$ 936
Cash paid for income taxes	\$ 1,048	\$ 4,707
Cash paid for operating leases	\$ 334,158	\$ 510,419

See Notes to Consolidated Financial Statements

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**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 1. Nature of Business**

Code Ninjas, LLC is a registered limited liability company organized under the laws of the state of Texas. It is owned by Code Ninjas Holdings, LLC ("Holdings"). Code Ninjas, LLC was organized on August 17, 2016, in Pearland, Texas. It markets and operates franchise agreements for the "Code Ninjas" system of after-school enrichment classes.

**Note 2. Summary of Significant Accounting Policies**

***Principles of Consolidation***

The accompanying consolidated financial statements include the accounts of the Company. All significant intercompany balances and transactions have been eliminated.

***Accounting Estimates***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Reclassifications***

Certain reclassifications have been made to the consolidated financial statements for the year ended December 31, 2022 included herein to conform to the 2023 presentation. Reclassifications had no impact on previously reported members' equity (deficit) or comprehensive loss.

***Cash and Cash Equivalents***

The Company considers all cash and short-term securities with maturities of three months or less as cash equivalents. The Company maintains cash balances at financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, cash balances may be in excess of the FDIC insurance limit. The Company has not experienced any losses in such accounts.

***Accounts Receivable***

Accounts receivable are stated at fair value less an allowance for credit losses. Management monitors accounts receivable for delinquency and provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual accounts, any known trends or uncertainties related to customer billing and account collectability, current economic conditions, and reasonable supportable economic forecasts. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that an allowance for credit losses of approximately \$204,000 and \$178,000 was necessary as of December 31, 2023 and 2022, respectively.

As of December 31, 2022, one customer accounted for approximately 14%, respectively, of the Company's total consolidated accounts receivable balance, in addition to the related party receivable balance disclosed in Note 7.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

***Property and Equipment***

Property and equipment are stated at cost at the date of purchase, less accumulated depreciation. Major expenditures and those that substantially increase useful lives are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the lease term or the estimated useful life of the related asset, whichever is shorter. When property and equipment is retired or sold, the cost and related accumulated depreciation or amortization are removed from the consolidated balance sheet, and the resulting gain or loss is included in the consolidated statement of comprehensive income (loss). Ordinary maintenance and repair costs are expensed as incurred.

***Capitalized Curriculum Development Costs***

The Company internally develops curriculum, which is primarily provided as online content and accessed via the Internet. The Company capitalizes curriculum development costs incurred during the application development stage, as well as the design and deployment phases of the project. As a result, a significant portion of the Company's curriculum development costs qualify for capitalization due to the concentration of its development efforts on the content of the curriculum. Capitalization ends when a curriculum is available for general release to its customers, at which time amortization of the capitalized costs begins. The period of time over which these development costs are amortized is generally three years.

Costs incurred during the preliminary and post-implementation stages of curriculum development are expensed as incurred. Costs incurred to maintain existing curriculum are expensed as incurred.

***Impairment of Long-Lived Assets***

The Company reviews the carrying value of long-lived assets for impairment whenever triggering events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flow expected to result from its use and eventual disposition. In cases where the estimated undiscounted future cash flow is less than the carrying value of an asset, an impairment loss is recognized equal to the amount by which the carrying value exceeds the fair value of the asset. Based on managements' assessments, no impairment occurred during the years ended December 31, 2023 and 2022.

***Revenue Recognition***

Under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers*, revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. The principles are applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the entity satisfies the performance obligation. ASC 606 also requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The Company derives its revenues primarily from initial franchise fees and sales-based royalty income from franchisees. Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods or services.

The Company also receives royalty and administrative fees from franchisees. Royalties are determined as a percentage of sales and are recognized in the period earned by the Company. Administrative fees are a set monthly fee per franchised location.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

The Company has operations in the United States, United Kingdom, and Canada. For the years ended December 31, 2023 and 2022, approximately 83% of total revenue was derived from the Company's United States operations.

The Company receives brand fund income from franchisees to direct advertising spend on behalf of the brand name and franchisees. Brand fund contributions are determined as a percentage of sales and are recognized in the period earned by the Company.

The Company's other significant revenues consists of camp and program sales at company-owned locations. Service revenue is recognized at the point services are provided to customers.

***Selling, General, and Administrative***

Selling, general and administrative expenses consist of costs associated with administrative and support functions related to the Company's existing business as well as growth and development activities. These costs primarily consist of payroll, IT related, consulting, marketing, legal and accounting expenses.

***Advertising Costs***

Advertising costs are expensed as incurred. Advertising expense was approximately \$1,409,000 and \$1,637,000 for the years ended December 31, 2023 and 2022, respectively, and is included within selling, general and administrative expenses in the consolidated statements of comprehensive income (loss).

***Share-Based Compensation***

The Company accounts for share-based awards in accordance with ASC 718, *Stock Compensation*, which requires compensation cost related to share-based payments, classified as equity awards, to be measured based on the grant date fair value of the award. The Company recognizes compensation cost over the requisite service period.

***Income Taxes***

The Company is organized as a limited liability company that is disregarded for federal income tax purposes. The Company owns 100% of the interests in other limited liability companies that are also disregarded for federal income tax purposes.

In accordance with ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, the Company has elected not to allocate the consolidated amount of income tax expense of the Company's sole owner to these consolidated financial statements as the Company is considered a limited liability company that is disregarded for federal income tax purposes.

Separately, the Company and its subsidiaries operate in Texas, which imposes a franchise tax on limited liability companies. Also, the Company and its subsidiaries operate in Canada, which imposes a royalty tax on foreign entities. The amounts are reported on the consolidated statements of comprehensive income (loss) within income tax expense during the years ended December 31, 2023 and 2022.

***Comprehensive Income (Loss)***

Comprehensive income (loss) consists of net income (loss) and other gains affecting consolidated members' equity (deficit) that, under U.S. GAAP, are excluded from net income (loss). For the Company, such items consist of unrealized foreign currency translation gains.



**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Leases**

The Company leases several facilities accounted for as operating leases under various noncancellable operating leases. The leases have remaining lease terms of 2 to 5 years, some of which include options to extend the leases for up to 5 years. The Company includes options to renew in the expected term when they are reasonably certain to be exercised. Leases with an initial term of twelve months or less are not recorded on the consolidated balance sheets. The Company recognizes lease expense for these short-term leases on a straight-line basis over the lease term. The Company accounts for fixed lease and non-lease components together as a single, combined lease component. Variable lease costs, which may include common area maintenance, insurance, and taxes are not included in the lease liability and are expensed in the year incurred. The depreciable life of assets and leasehold improvements are limited by the expected lease term. The Company evaluates leases at contract inception to determine whether the Company has the right to control use of the identified asset for a period of time in exchange for consideration. If it is determined the Company has the right to obtain substantially all of the economic benefit from use of the identified asset and the right to direct the use of the identified asset, the Company recognizes a right-of-use ("ROU") asset and lease liability. Also, at contract inception, the Company evaluates leases to estimate their expected term which includes renewal options that the Company is reasonably assured to exercise and evaluates the classification of the lease as either an operating lease or a finance lease. Lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent the Company's right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs and lease incentives. Additionally, the Company has elected the practical expedient to use the risk-free interest rate as the discount rate at the time of commencement or modification date in determining the present value of lease payments. The Company assesses the impairment of the ROU asset at the asset group level whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

The Company's leases typically contain rent escalations over the lease term. The Company recognizes expense for these leases on a straight-line basis over the lease term for operating leases.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases will be classified as finance or operating, with the classification affecting the pattern and classification of expense recognition within the consolidated statements of comprehensive income (loss). See Note 9.

**Recently Adopted Accounting Standards and Change in Accounting Principle**

**Topic 326 - Current Expected Credit Loss**

In June 2016, the FASB issued Accounting Standard Update ("ASU") 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This update requires companies to measure credit losses utilizing a methodology that reflects expected credit losses and requires a consideration of a broader range of reasonable and supportable information to estimate credit losses. The Company adopted ASU 2016-13 on January 1, 2023. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

**Note 3. Property and Equipment, Net**

Property and equipment consists of the following as of December 31:

	<b>Estimated Useful Life (in Years)</b>	<b>2023</b>	<b>2022</b>
Computer equipment	5 years	\$ 103,573	\$ 93,863
Machinery and equipment	5 years	9,557	9,557
Furniture and fixtures	5 years	<u>108,003</u>	<u>108,003</u>
Total property and equipment		221,133	211,423
Accumulated depreciation		<u>(119,027)</u>	<u>(75,285)</u>
Property and equipment, net		<u>\$ 102,106</u>	<u>\$ 136,138</u>

The Company recognized approximately \$45,000 and \$61,000 of depreciation expense on property and equipment during the years ended December 31, 2023 and 2022, respectively.

**Note 4. Intangible Assets and Curriculum Development Costs**

Intangible assets and curriculum development costs consist of the following as of December 31, 2023:

<b>December 31, 2023</b>				
	<b>Estimated Amortization Period (in Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Curriculum development costs	3 years	\$ 1,118,404	\$ (234,072)	\$ 884,332
<b>December 31, 2022</b>				
	<b>Estimated Amortization Period (in Years)</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Net Carrying Amount</b>
Curriculum development costs	3 years	\$ 699,029	\$ -	\$ 699,029

The Company recognized approximately \$234,000 of amortization expense related to intangible assets during the year ended December 31, 2023. There was no amortization expense recorded for the year ended December 31, 2022. Amortization of curriculum development costs is expected to be approximately \$373,000 annually for each of the three succeeding years.

**Code Ninjas, LLC and Subsidiaries**  
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**Note 5. Notes Payable**

The note payable at December 31, 2022, consists of a secured promissory note with a fixed interest rate of 8% per annum between the Company and a related party. The note was entered into on August 18, 2022. During the year ended December 31, 2023, the Company entered into a second secured promissory note with a fixed interest rate of 8% per annum with the same related party. The note was entered into on December 12, 2023. The outstanding balance on both notes payable is due upon maturity on August 18, 2027.

**Note 6. Share-Based Compensation**

The Company accounts for share-based awards in accordance with ASC 718 - *Stock Compensation* ("ASC 718"). ASC 718 requires compensation costs related to share-based payments, including stock options and other equity awards, to be measured based on the grant date fair value of the award.

The Company's parent, Code Ninjas Holdings, LLC, issued certain time and performance vesting options pursuant to the Code Ninjas Holdings, LLC 2021 Option Incentive Plan (the "Equity Plan"). The Company has accounted for the options within its consolidated financial statements as the option holders are providing services directly related to the Company and its subsidiaries. The aggregate number of options that may be issued or transferred under the Equity Plan is 13,496.88 options. Unvested options issued to employees are forfeited in accordance with the Equity Plan upon termination of employment from the Company. No portion of the option shall vest after the date the holder's continuous service terminates for any reason, however options vested prior to termination without Cause may be exercised within a prescribed time-period. Options granted under the plan have been allocated into two groups based on their vesting criteria: time vesting and performance vesting options.

Time vesting options are equity classified awards, vest over a 5-year period and will vest 20% on each anniversary date of the date of grant. The Company accounts for forfeitures in the period they occur resulting in a reversal of all previously recognized compensation expense for awards forfeited. There were no forfeitures of time vesting options during the year ended December 31, 2023. There were 182.75 forfeitures of time vested options during the year ended December 31, 2022. The Company recognizes compensation expense over a straight-line period of 5 years and has recorded compensation expense of approximately \$91,000 and \$75,000 net of forfeitures of approximately \$0 and \$8,000 for the years ended December 31, 2023 and 2022, respectively. This expense is included in salaries and wages on the consolidated statements of comprehensive income (loss).

Performance vesting options are liability classified awards, and vest subject to a liquidity event in which an Internal Rate of Return of 20% is achieved by the equity holders of the Company, provided that the holder's continuous service has not terminated prior to such vesting date. There were no forfeitures of performance vested options during the year ended December 31, 2023. There were 293.71 forfeitures of performance vested options during the year ended December 31, 2022. The performance vesting options also vest on such date that an Internal Rate of Return of 20% is achieved by the equity holders of the Company through a liquidity event, provided that the holder's continuous service has not terminated prior to such vesting date. As a result, no compensation expense or liability has been recorded based on this criterion.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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Information regarding activity under the Company's Equity Plan is summarized as follows:

<b>Time Vesting Options</b>					
	<b>Number of Options</b>	<b>Number of Vested Options</b>	<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Fair Value Per Option at Grant Date</b>	<b>Weighted Average Remaining Contractual Life</b>
Outstanding, January 1, 2022	1,468.55	-	\$ 1,000	\$ 177.35	9.5 years
Granted	538.47	-	1,000	459.01	
Vested	-	345.92	-	459.01	
Cancelled or forfeited	<u>(182.75)</u>	<u>-</u>	<u>-</u>		
Outstanding, December 31, 2022	1,824.27	345.92	1,000	459.01	9 years
Vested	<u>-</u>	<u>342.66</u>	<u>-</u>		
Outstanding, December 31, 2023	<u>1,824.27</u>	<u>688.58</u>	<u>\$ 1,000</u>	459.01	8 years
<b>Performance Vesting Options</b>					
	<b>Number of Options</b>		<b>Weighted Average Exercise Price Per Option</b>	<b>Weighted Average Remaining Contractual Life</b>	
Outstanding, January 1, 2022	1,468.55		\$ 1,000	9.5 years	
Granted	538.47		-		
Cancelled or forfeited	<u>(293.71)</u>		-		
Outstanding, December 31, 2022	1,713.31		1,000	9 years	
Granted	-		-		
Cancelled or forfeited	<u>-</u>		-		
Outstanding, December 31, 2023	<u>1,713.31</u>		\$ 1,000	8 years	

There were no performance-based awards vested as of December 31, 2023 or 2022, respectively.

The fair value of each time vesting option granted in the year ended December 31, 2022 was estimated on the date of grant using the Black-Scholes option pricing model with the following average assumptions:

Distribution yield	0.00%
Expected volatility	35.00%
Risk-free interest rate	3.36%
Expected term (in years)	4.00 years

As of December 31, 2023 and 2022, there was approximately \$247,000 and \$367,000 of total unrecognized compensation cost related to non-vested time based awards granted under the Company's Equity Plan which is expected to be recognized over a weighted average period of 2.01 and 3.49 years, respectively.

**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
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**Note 7. Related Party Transactions**

The Company incurred a management fee from a related party. The total amount incurred was approximately \$160,000 for the years ended December 31, 2023 and 2022, which is recorded in selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive income (loss). The Company had a payable due to the related party of \$469,500 and \$229,500 as of December 31, 2023 and 2022, respectively, which is recorded as a current liability in the accompanying consolidated balance sheets.

The Company entered into promissory notes payable with a related party as disclosed in Note 5. Interest expense incurred was approximately \$80,000 and \$27,000 for the years ended December 31, 2023 and 2022, respectively.

In the year ended December 31, 2022, the Company incurred and paid operating expenses to a related party relating to marketing, professional fees, and commission. The total amount incurred was approximately \$116,500 which is recorded in selling, general, and administrative expenses on the accompanying consolidated statement of comprehensive income (loss). No related party fees related to marketing, professional fees, or commission was incurred in the year ended December 31, 2023. The Company had a net amounts due from related party of approximately \$0 and \$33,000 as of December 31, 2023 and 2022, respectively, which is recorded in accounts receivable on the accompanying consolidated balance sheets. This outstanding balance was approximately 13% of the consolidated Accounts receivable balance as of December 31, 2022.

The Company paid rent to a related party for its office space. The total amount paid for rent amounted to approximately \$231,000 for the year ended December 31, 2022, which is recorded in selling, general, and administrative on the accompanying consolidated statement of comprehensive income (loss). There were no related party rent payments made in the year ended December 31, 2023.

**Note 8. Defined Contribution Plan**

The Company sponsors a defined contribution plan (the "Plan") to which both the Company and eligible employees contribute. Employees who are at least 18 years old and perform three months of service are eligible to participate in the Plan and may make voluntary contributions in accordance with the provisions and limits in the plan document. The Company only makes the top-heavy, non-matching contributions described in the Plan. The Company contributed approximately \$64,000 and \$86,000 to the Plan for the years ended December 31, 2023 and 2022, respectively. The vesting scheduled for non-matching contributions is four-year graded (25% per year).

**Note 9. Leases**

The lease cost and other required information are as follows for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 288,260	\$ 515,378
Variable short-term lease cost	117,959	-
Variable lease cost	<u>380,979</u>	<u>232,900</u>
Total lease cost	<u>\$ 787,198</u>	<u>\$ 748,278</u>

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**Code Ninjas, LLC and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

The following summarizes supplemental cash flow information on December 31:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 334,158	\$ 510,419
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 452,838	\$ -
Other information		
Weighted-average remaining lease terms	3.85 years	3.85 years
Weighted-average discount rate	3.38%	2.05%

As of December 31, 2023, maturities of lease liabilities were as follows:

2024	\$ 206,237
2025	204,265
2026	156,425
2027	119,523
2028	<u>44,095</u>
Total future minimum lease payments	730,545
Imputed interest	<u>(49,112)</u>
Present value of obligations	<u>\$ 681,433</u>

**Note 10. Commitments and Contingencies**

***Litigation, Claims, and Assessments***

The Company is or may become included in various legal proceedings and claims incidental to its business. Although the outcome of these matters cannot be predicted with certainty and some of these matters may be resolved unfavorably to the Company, based on currently available information, including legal defenses available, the Company does not believe that the outcome of these legal matters will have a material adverse effect.

**Note 11. Subsequent Events**

The Company has evaluated subsequent events through July 16, 2024, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

**State-Specific Disclosures and  
State-Specific Amendments to Franchise Agreement**

## California Disclosure Addendum

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code Sections 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code Sections 20000-20043, the ~~Disclosure Document~~ FDD for Code Ninjas, LLC in connection with the offer and sale of franchises for use in the State of California is amended to include the following:

1. Our website, <https://www.codeninjas.com>, has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of the website may be directed to the California Department of Financial Protection and Innovation at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
2. 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.
3. SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.
4. YOU MUST SIGN A GENERAL RELEASE IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).
5. In Item 3, "Litigation," is amended by adding the following paragraphs:

Pursuant to California law, this Item does not include any information regarding the arrest of any person(s) that did not result in a conviction or plea of nolo contendere.

Neither we, nor any person identified in Item 2 ~~above~~, 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, 15 U.S.C. Section 78a, et seq.) suspending or expelling such person from membership in such association or exchange.
6. Item 5, "Initial Fees" is amended by adding the following sentence at the end of the first paragraph:

Based on our financial condition, the State of California has required a financial assurance. Therefore, we have posted a surety bond with the



State of California guaranteeing our obligations under the Franchise Agreement and the Area Development Agreement. You may contact the state agency listed in Exhibit C for more information.

7. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by adding the following paragraph at the conclusion of the Item:

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

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

The Franchise Agreement requires application of the laws of Georgia. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires that you litigate with us in Georgia. You may be required to pay our legal fees. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

8. The ~~Franchise Disclosure Document~~ FDD is amended to include the following:

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

9. Item 19, "Financial Performance Representations," is amended by adding the following paragraph:

The earnings claim (or, "financial performance representation") figures do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or former franchisees, listed in the ~~disclosure document~~ FDD, may be one source of this information.

10. 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)~~  
(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.
11. This addendum will apply only if the California Franchise Investment Law or the California Franchise Relations Act would apply on its own without referring to this addendum.

## Hawaii Disclosure Addendum

The ~~Disclosure Document~~FDD for Code Ninjas, LLC for use in the State of Hawaii is amended to include the following: The following paragraphs are to be added in the state cover page: THESE FRANCHISES WILL BE FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE COMMISSIONER OF SECURITIES, DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

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

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

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. Sections 482E, et seq., the ~~Disclosure Document~~FDD for Code Ninjas, LLC in connection with the offer and sale of franchises for use in the State of Hawaii shall be amended to include the following:

1. Item 5 of the FDD is amended to include the following:

The Hawaii Business Registration Division's Securities Compliance Branch 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.

2. Item 20 "List of Outlets," shall be amended by the addition of the following paragraph:

This proposed registration is effective/exempt from registration or will shortly be on file in California, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, Virginia, and Wisconsin. No states have refused, by order or otherwise, to register these franchises. No states have revoked or suspended the right to offer these franchises. The proposed registration of these franchises has not been involuntarily withdrawn in any state.

2. 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)~~

(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

- ~~3.~~ This addendum will apply only if the Hawaii Franchise Investment Law, Hawaii Rev. Stat. Sections 482E, et seq., would apply on its own without referring to this addendum.

## Illinois Disclosure Addendum

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. Sections 705/1 to 705/44 the ~~Disclosure Document~~FDD for Code Ninjas, LLC for use in the State of Illinois is amended as follows:

Item 5, "Initial Fees," is amended by adding the following:

Based on our financial condition, the State of Illinois has required a financial assurance. Therefore, we have posted a surety bond with the State of Illinois guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C of the FDD for more information.

Illinois law governs the Franchise Agreement.

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

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

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.

By reading this ~~disclosure document~~FDD, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

## Maryland Disclosure Addendum

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the ~~Disclosure Document~~ FDD for Code Ninjas, LLC for use in the State of Maryland is amended as follows:

1. Item 5, "Initial Fees," is amended by adding the following language:

Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.

2. Item 17, "Renewal, Termination, Transfer, and Dispute Resolution," is amended by adding the following language:

The general releases required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

The Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. 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)~~  
(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.
4. This addendum will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this addendum.

## Minnesota Disclosure Addendum

1. Item 5, "Initial Fees," is amended by adding the following language:

Based on our financial condition, the State of Minnesota has required a financial assurance. Therefore, we have posted a surety bond with the State of Minnesota guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.

2. In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. Sections 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules Sections 2860.0100 through 2860.9930, the ~~Disclosure Document~~ FDD for Code Ninjas, LLC for use in the State of Minnesota is amended to include the following:
3. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the ~~Franchise Disclosure Document~~ FDD or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
4. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
5. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
6. Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
7. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
8. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

9. The Franchise Agreement contains provisions that may be interpreted as liquidated damages clauses under Minnesota law. Certain liquidated damages clauses are unenforceable.
10. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
11. 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)~~  
(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.
12. This addendum will apply only if the Minnesota Franchises Law would apply on its own without referring to this addendum.



## New York Disclosure Addendum

The ~~Disclosure Document~~FDD for Code Ninjas, LLC for use in the State of New York is amended to include the following:

1. The following information is added to the cover page of the ~~Franchise Disclosure Document~~FDD:

**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 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, NY 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 DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as noted 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:

Except as noted above, 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.

9. 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)~~  
(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.
10. This addendum will apply only if the New York Franchise Law (N.Y. General Business Law, Article 33) would apply on its own without referring to this addendum.

**THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT  
DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY  
UNTRUE STATEMENT OF A MATERIAL FACT.**

## North Dakota Disclosure Addendum

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, Sections ~~51-19-01~~51-19-01 through ~~51-19-17~~51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the ~~Disclosure Document~~FDD for Code Ninjas, LLC in connection with the offer and sale of franchises in the North Dakota is amended to include the following:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (N.D. Cent. Code Section 51-19-09):
  - A. Restrictive Covenants: ~~Franchise disclosure documents~~FDDs which disclose the existence of covenants restricting competition contrary to N.D. Century Code Section 9-08-06, without further disclosing that such covenants will be subject to this statute.
  - B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
  - C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
  - D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
  - E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
  - F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
  - G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
  - H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
  - I. Limitation of Claims: Requiring that North Dakota franchisees consent to a limitation of claims. The statute of limitations under North Dakota law applies.
  - J. Enforcement of Agreement: Requiring that North Dakota franchisees pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
2. Item 5, "Initial Fees," is amended by adding the following language:

Based on our financial condition, the State of North Dakota has required a financial assurance. Therefore, we have posted a surety bond with the State of North Dakota guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.

3. 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)~~  
(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.
4. This addendum will apply only if the North Dakota Franchise Investment Law (N.D. Cent. Code, Sections 51-19-1 through 51-19-17) would apply on its own without referring to this addendum.

## South Dakota Disclosure

In recognition of the requirements of the South Dakota Codified Laws, the ~~Disclosure Document~~ FDD for Code Ninjas, LLC for use in the State of South Dakota is amended to include the following:

1. Item 5, "Initial Fees," is amended by the addition of the following language:

The South Dakota Securities Regulation Office has required a financial assurance based on the franchisor's financial statements. Therefore, all initial fees and payments owed by franchisees in South Dakota will be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, payment of the Development Fee for developers in South Dakota will be due to the franchisor, on a pro-rata basis, upon the franchisor's completion of its pre-opening obligations for each franchise opened under the Development Agreement.

2. 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)~~  
(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 3- This addendum will apply only if the South Dakota Codified Laws would apply independently without referring to this addendum.

## Rhode Island Disclosure Addendum

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen Laws Sections 19-28.1-1 through 19-28.1-34, the ~~Disclosure Document~~FDD for Code Ninjas, LLC for use in Rhode Island is amended to include the following:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is amended by adding the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. 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)~~  
(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. This addendum will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. Laws Sections ~~19-28.1-1~~19-28.1-1 through 19-28.1-34, would apply on its own without referring to this addendum.

## Virginia Disclosure Addendum

In recognition of the restrictions contained in the Virginia Retail Franchising Act, Va. Code Section 13.1-564, the ~~Franchise Disclosure Document~~ FDD of Code Ninjas, LLC used in connection with the offer and sale of franchises in Virginia is amended to include the following:

1. Item 5 of Code Ninjas, LLC's ~~Franchise Disclosure Document~~ FDD is amended by adding the following:

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.

2. Item 17, Additional Disclosure. The following statement is added to Item 17.h:

Pursuant to Va. Code Section 13.1-564, the Virginia Retail Franchising Act, it is "unlawful for a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to the franchisee by any provision contained in the Franchise Agreement." 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.

3. 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)~~  
(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.
4. This addendum will apply only if the Virginia Retail Franchising Act would apply on its own without referring to this addendum.



## Washington Disclosure Addendum

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code Sections 19.100.180, the ~~Disclosure Document~~FDD for Code Ninjas, LLC in connection with the offer and sale of franchises in the State of Washington is amended to include the following:

1. Item 5 of Code Ninjas, LLC's ~~Franchise Disclosure Document~~FDD is amended by adding the following:

Based on our financial condition, the State of Washington has required a financial assurance. Therefore, we have posted a surety bond with the State of Washington guaranteeing our obligations under the Franchise Agreement and the Area Development Agreement. You may contact the state agency listed in Exhibit C for more information.

2. Item 17(d) of Code Ninjas, LLC's ~~Franchise Disclosure Document~~FDD is amended by adding the following:

Franchisees may terminate the Franchise Agreement under any grounds permitted by law.

3. The parties further agree as follows:

- a. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
- b. 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.
- c. 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.
- d. 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.

- e. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
  - f. 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.
  - g. 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.
  - h. The undersigned does hereby acknowledge receipt of this addendum.
4. 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)~~
- (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.
5. This amendment will apply only if the Washington Franchise Investment Protection Act, Wash. Rev. Code Chapter 19.100, would apply on its own without referring to this amendment.

## California Amendment to the Franchise Agreement

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Code Ninjas, LLC Franchise Agreement (the "**Agreement**") agree as follows:

1. Section 4.1 of the Agreement is amended by adding the following:  
  
Based on our financial condition, the State of California has required a financial assurance. Therefore, we have posted a surety bond with the State of California guaranteeing our obligations under this Agreement.
2. For franchisees operating outlets in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by the condition.
3. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
4. 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.
5. This amendment will apply only if the California Franchise Investment Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## California Amendment to the Development Agreement

In recognition of the requirements of the California Franchise Investment Law, the parties to the attached Code Ninjas, LLC Development Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement is amended by adding the following:

Based on our financial condition, the State of California has required a financial assurance. Therefore, we have posted a surety bond with the State of California guaranteeing our obligations under this Agreement.

2. For franchisees operating outlets in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Area Development Agreement or any amendment thereto or any agreement to the contrary is superseded by the condition.
3. The Area Development Agreement contains a covenant not to compete that extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
4. 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.
5. This amendment will apply only if the California Franchise Investment Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this California Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas, LLC**

**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Illinois Amendment to the Franchise Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. Sections 705/1 to 705/44, the parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") for use in Illinois agree as follows:

1. Based on our financial condition, the State of Illinois has required a financial assurance. Therefore, we have posted a surety bond with the State of Illinois guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C of the FDD for more information.
2. Illinois law governs the Franchise Agreement.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
6. 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. This amendment will apply only if the Illinois Franchise Disclosure Act would apply on its own without referring to this amendment.~~

IN WITNESS WHEREOF, the parties have signed and delivered this Illinois Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





## Illinois Amendment to the Development Agreement

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. Sections 705/1 to 705/44, the parties to the attached Code Ninjas, LLC Development Agreement (the "Agreement") for use in Illinois agree as follows:

1. Based on our financial condition, the State of Illinois has required a financial assurance. Therefore, we have posted a surety bond with the State of Illinois guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C of the FDD for more information.
2. Illinois law governs the ~~Franchise~~Development Agreement.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
5. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
6. 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. This amendment will apply only if the Illinois Franchise Disclosure Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Illinois Amendment to the Development Agreement on the same date as the Development Agreement was signed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Maryland Amendment to the Franchise Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") for use in Maryland agree as follows:

1. Section 4.1 of the Agreement is amended by adding the following:  
Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement and the Development Agreement.
2. Sections 2.2.7 and 16.5.1 of the Agreement are amended by adding the following:  
The general releases required as a condition of renewal or sale, and as a condition of assignment or transfer, will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
3. Section 27 of the Agreement is amended by adding the following:  
You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
4. Sections 27.7 of the Agreement is amended by adding the following:  
Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
5. Sections 25 and 28 of the Agreement are amended by adding the following:  
All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
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)  
(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. The following provisions of Section 28 are deleted in their entirety: 28.2 (Your Investigation), 28.3 (No Warranties or Guarantees), 28.4 (Your Advisors), 28.6 (Your Responsibility for the Choice of the Accepted Location), 28.7 (Your Responsibility for Operation of the Franchised Business), 28.9 (Our Advice), 28.12 (Success Depends on You), and 28.13 (General Release).
8. This amendment will apply only if the Maryland Franchise Registration and Disclosure Law would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Maryland Amendment to the Development Agreement

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Code Ninjas, LLC Development Agreement (the "Agreement") for use in Maryland agree as follows:

1. Section 4 of the Agreement is amended by adding the following:

Based on our financial condition, the State of Maryland has required a financial assurance. Therefore, we have posted a surety bond with the State of Maryland guaranteeing our obligations under the Franchise Agreement and the Development Agreement. You may contact the state agency listed in Exhibit C for more information.

2. Section 9.3 of the Agreement is amended by adding the following:

The general releases required as a condition of assignment or transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 9.14 of the Agreement is amended by adding the following:

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. Sections 9.13 and 14 of the Agreement are amended by the following:

All acknowledgments or representations requiring prospective Franchisees to assent to a release, estoppel or waiver of liability are not intended to nor will they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. 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)~~

(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.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Maryland Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Minnesota Amendment to the Franchise Agreement

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. Section 80C., and of the Rules and Regulations promulgated thereunder by the Commissioner of Commerce, the parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") for use in Minnesota agree as follows:

1. 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 and ~~Franchise Disclosure Document~~ FDD contain provisions that are inconsistent with the following, such provisions are hereby amended:
  - a. Minn. Stats., Section 80C.21 and Minn. Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the ~~Franchise Disclosure Document~~ FDD or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Stats., Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
  - b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stats., Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
  - c. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
  - d. Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minn. Stats., Section 80C.12, Subd. 1(g).
  - e. Minn. Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
  - f. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
  - g. The Limitations of Claims section must comply with Minn. Stats., Section 80C.17, Subd. 5.
2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of
  - (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or
  - (ii) disclaiming reliance on any statement made by any franchisor,



franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. This amendment will apply only if the Minnesota Franchise Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas, LLC**

**Franchisor**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## Minnesota Amendment to the Development Agreement

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. Section 80C., and of the Rules and Regulations promulgated thereunder by the Commissioner of Commerce, the parties to the attached Code Ninjas, LLC Development Agreement (the "Agreement") for use in Minnesota agree as follows:

1. 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 and ~~Franchise Disclosure Document~~ FDD contain provisions that are inconsistent with the following, such provisions are hereby amended:
  - a. Minn. Stats., Section 80C.21 and Minn. Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the ~~Franchise Disclosure Document~~ FDD or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Stats., Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
  - b. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stats., Section 80C.14, Subd. 3-5, which require (except in certain specified cases): (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
  - c. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols, or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
  - d. Minnesota considers it unfair to not protect the franchisee's rights to use the trademarks. Refer to Minn. Stats., Section 80C.12, Subd. 1(g).
  - e. Minn. Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
  - f. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
  - g. The Limitations of Claims section must comply with Minn. Stats., Section 80C.17, Subd. 5.
2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of
  - (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or
  - (ii) disclaiming reliance on any statement made by any franchisor,

franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

- 3 This amendment will apply only if the Minnesota Franchise Act would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have executed and delivered this Minnesota Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## New York Amendment to the Franchise Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, Sections 200.2 through 201.16), the parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") for use in New York agree as follows:

1. Section 2.2.7 of the Agreement, under the heading "Term and Renewal," is amended by adding the following:

Nothing in this Section to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.
2. Section 16.5.1 of the Agreement, under the heading "Transfer of Interest", is amended by adding the following:

Nothing in this Section to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680 695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.
3. Section 27.5 of the Agreement, under the heading "Injunctions," is deleted in its entirety, and will have no force or effect; and the following paragraph is substituted in its place:

Nothing in this Agreement bars our right to seek injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
4. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," is amended by adding the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.
5. 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.
6. This amendment will apply only if the New York Franchise Law (N.Y. Gen. Bus. Law Article 33) would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this New York Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_

Name: \_\_\_\_\_  
Code Ninjas, LLC  
Title: DD-03.27.2025 #232634v1

**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





## New York Amendment to the Development Agreement

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, Sections 200.2 through 201.16), the parties to the attached Code Ninjas, LLC Development Agreement (the "Agreement") for use in New York agree as follows:

1. Section 9.3 is amended by the addition of the following:

Nothing in this Agreement to the contrary, you and we agree that all rights enjoyed by you and any causes of action arising in its favor from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, will remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.
2. Section 9.14 of the Agreement (which incorporates by reference Section 27.5 of the Franchise Agreement) shall be amended by inserting the following:

Nothing in this Agreement bars our right to seek injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions.
3. Section 9.14 of the Agreement shall be amended by adding the following language:

Nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by New York General Business Law, Sections 680-695.
4. 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)~~ (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.
5. This amendment will apply only if the New York Franchise Law (N.Y. Gen. Bus. Law Article 33) would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this New York Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## North Dakota Amendment to the Franchise Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, Sections ~~51-19-01~~51-19-01 through ~~51-19-17~~51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement for Code Ninjas, LLC for use in North Dakota shall be amended as follows:

1. The Franchise Agreement shall be amended by adding the following Section 29:
  29. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:
    - A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to N.D. Cent. Code Section 9-08-06 without further disclosing that such covenants will be subject to this statute.
    - B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
    - C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
    - D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
    - E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
    - F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.
    - G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
    - H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
    - I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
    - J. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

2. 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)~~  
(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. This amendment will apply only if the North Dakota Franchise Investment Law, N.D. Cent. Code, Sections 51 19 01 through 51 19 17, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this North Dakota Amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## North Dakota Amendment to the Development Agreement

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, Sections ~~51-19-04~~51-19-01 through ~~51-19-17~~51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Development Agreement for Code Ninjas, LLC for use in North Dakota shall be amended as follows:

1. The Development Agreement shall be amended by adding the following Section 16:
  16. The parties acknowledge and agree that they have been advised that the North Dakota Securities Commissioner has determined the following agreement provisions are unfair, unjust or inequitable to North Dakota franchisees:
    - A. Restrictive Covenants: Any provision which discloses the existence of covenants restricting competition contrary to N.D. Cent. Code Section 9-08-06 without further disclosing that such covenants will be subject to this statute.
    - B. Situs of Arbitration Proceedings: Any provision requiring that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
    - C. Restriction on Forum: Any provision requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
    - D. Liquidated Damages and Termination Penalties: Any provision requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
    - E. Applicable Laws: Any provision which specifies that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
    - F. Waiver of Trial by Jury: Any provision requiring North Dakota franchisees to consent to the waiver of a trial by jury.
    - G. Waiver of Exemplary and Punitive Damages: Any provision requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
    - H. General Release: Any provision requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
    - I. Limitation of Claims: Development Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
    - J. Enforcement of Agreement: Development Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.
2. 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)~~  
(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor,

franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. This amendment will apply only if the North Dakota Franchise Investment Law, N.D. Cent. Code, Sections 51 19 01 through 51 19 17, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this North Dakota Amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





### **Rhode Island Amendment to the Franchise Agreement**

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws Sections ~~19-28.1-1~~19-28.1-1 through 19-28.1-34, the parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") for use in Rhode Island agree as follows:

1. Section 27 of the Agreement, under the heading "Applicable Law and Dispute Resolution," will be amended by the addition of the following:

27.10 Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. 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)~~  
(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. This amendment will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. Laws Sections 19-28.1-1 through 19-28.1-34, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Rhode Island amendment to the Franchise Agreement on the same date as the Franchise Agreement was executed.

**Code Ninjas, LLC**

**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## Rhode Island Amendment to the Development Agreement

In recognition of the requirements of the Rhode Island Franchise Investment Act, R.I. Gen. Laws Sections ~~19-28.1-1~~19-28.1-1 through 19-28.1-34, the parties to the attached Code Ninjas, LLC Development Agreement (the "Agreement") for use in Rhode Island agree as follows:

1. Section 9.14 of the Agreement, under the heading "Applicable Law and Dispute Resolution," will be amended by the addition of the following:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "[a] provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

2. 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)~~  
(i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
3. This amendment will apply only if the Rhode Island Franchise Investment Act, R.I. Gen. Laws Sections 19-28.1-1 through 19-28.1-34, would apply on its own without referring to this amendment.

IN WITNESS WHEREOF, the parties have signed and delivered this Rhode Island amendment to the Development Agreement on the same date as the Development Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



### South Dakota Amendment to the Franchise Agreement

In recognition of the requirements of the South Dakota Codified Laws 37-5B-5, the parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, under the subheading "Initial Franchise Fee," will be amended by the addition of the following:

The South Dakota Securities Regulation Office has required us to defer payment of the initial franchise fee and other initial payments owed by a franchisee in South Dakota to us until we have completed our pre-opening obligations under the Agreement, based on our financial condition.

2. 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)~~ (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.

IN WITNESS WHEREOF, the parties have signed and delivered this South Dakota amendment on the same date as the Agreement was executed.

**Code Ninjas, LLC**

**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## South Dakota Amendment to the Area Development Agreement

In recognition of the requirements of the South Dakota Codified Laws Section 37-5B-5, the parties to the attached Code Ninjas, LLC Area Development Agreement (the "Agreement") agree as follows

1. Section 4 of the Agreement, under the subheading "Fees and Payments," will be amended by the addition of the following:

The South Dakota Securities Regulation Office has required us to defer payment of the area development fee due from a Developer in South Dakota under the Agreement (as well as the initial franchise fee and other initial payments owed to us by a Franchisee in South Dakota) until we have completed our pre-opening obligations under each franchise agreement, based upon our financial condition. Payment of the area development fee will be due to us, on a pro-rata basis, when we complete our pre-opening obligations for each franchise in South Dakota to be opened under the Agreement.

2. 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)~~  
(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.

IN WITNESS WHEREOF, the parties have signed and delivered this South Dakota amendment on the same date as the Agreement was executed.

**Code Ninjas, LLC**

**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_





## Virginia Amendment to the Franchise Agreement

The parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") agree as follows:

1. Section 4.1 of the Agreement, under the subheading "Initial Franchise Fee," will be amended by the addition of the following:

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.

2. 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)~~ (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.

IN WITNESS WHEREOF, the parties have signed and delivered this Virginia amendment on the same date as the Agreement was executed.

**Code Ninjas, LLC**

**Franchisor**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## **Washington Amendment to the Franchise Agreement**

In recognition of the requirements of the Washington Franchise Investment Protection Act, RCW 19.100, the parties to the attached Code Ninjas, LLC Franchise Agreement (the "Agreement") agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the 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 Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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 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. 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.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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 Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. 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 Agreement or elsewhere are void and unenforceable in Washington.
8. A surety bond in the amount of \$100,000 has been obtained by Franchisor. The Washington Securities Division has made the issuance of Franchisor's permit contingent upon Franchisor maintaining surety bond coverage acceptable to the Administrator until

(a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

9.     Section 21.4 of the Agreement is amended to include the following:

Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party's gross negligence, willful misconduct, strict liability, or fraud.

10.     ~~9.~~ Section 23.2 of the Agreement ("No Warranties or Guarantees") is deleted.

11.     Section 28.12 of the Agreement ("Success Depends on You") is deleted.

12.     ~~10.~~ 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.

13.     ~~11.~~ In all other respects, the Agreement will be construed and enforced in accordance with its terms.

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Franchise Agreement on the same date as the Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

\_\_\_\_\_  
**Franchisee Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



## **Washington Amendment to the Development Agreement**

In recognition of the requirements of the Washington Franchise Investment Protection Act, RCW 19.100, the parties to the attached Code Ninjas, LLC Development Agreement (the "Agreement") agree as follows:

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, will prevail.
2. RCW 19.100.180 may supersede the 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 Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
3. 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 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. 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.
5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
6. 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 Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. 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 Agreement or elsewhere are void and unenforceable in Washington.
8. A surety bond in the amount of \$100,000 has been obtained by Franchisor. The Washington Securities Division has made the issuance of Franchisor's permit contingent upon Franchisor maintaining surety bond coverage acceptable to the Administrator until

(a) all Washington franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.

9. Section 9.10 of the Agreement, incorporating Section 23.1 of the Franchise Agreement (“No Warranties or Guarantees”) is deleted.

10. Section 9.14 of the Agreement, only to the extent it incorporates Section 28.12 of the Franchise Agreement (“Success Depends on You”), is deleted.

11. Section 13 of the Agreement (“Indemnity”) is amended to include the following:

Franchisees have no obligation to indemnify or hold harmless an indemnified party for losses to the extent that they are determined to have been caused solely and directly by the indemnified party’s gross negligence, willful misconduct, strict liability, or fraud.

12. 9–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.

13. 10–In all other respects, the Agreement will be construed and enforced in accordance with its terms.

IN WITNESS WHEREOF, the parties have signed and delivered this Washington Amendment to the Development Agreement on the same date as the Agreement was executed.

**Code Ninjas, LLC**  
**Franchisor**

\_\_\_\_\_  
**Developer Entity**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT I****List of Current and Former Franchisees**

Current franchisees as of our fiscal year ended December 31, 20232024:

\* designates a multi-unit area developer

Franchisee	Street Address	City	State
Pelican Services LLC*	2820 S Alma School Road, Suite #22	Chandler	Arizona
Shiksha Yatra, LLC	20329 N. 59th Avenue, Suite 6A	Glendale	Arizona
Pelican Services LLC*	4909 East Chandler Boulevard, Suite #504	Phoenix	Arizona
KANN, LLC	14891 N. Northsight Boulevard, Suite 129	Scottsdale	Arizona
LEARN2CODE LLC	1773 E. Prince Road	Tucson	Arizona
Gwen and Ernest Musengwa	1501 SE Walton Boulevard, Suite 115	Bentonville	Arkansas
<del>Code Jones LLC</del>	<del>17200 Chenal Parkway, Suite 280</del>	<del>Little Rock</del>	<del>Arkansas</del>
MBB&D, LLC*	27792 Aliso Creek Rd., Ste. B180	Aliso Viejo	California
Lost Code Inc	745 East Altadena Drive	Altadena	California
<del>Suraya Enterprises, LLC*</del>	<del>5769 E Santa Ana Canyon Rd., Suite P</del>	<del>Anaheim</del>	<del>California</del>
Code Create, INC*	8 E. Foothill Boulevard, 1st Floor	Arcadia	California
MR Sand LLC	9902 Brimhall Road, Suite 300	Bakersfield	California
Jampana Enterprises LLC*	11900 South Street, Suite 114	Cerritos	California
Sirlopu Technology Group, LLC	4511 Chino Hills Parkway, Suite E	Chino Hills	California
<del>Scott West Silicon Valley Coding School LLC</del>	<del>2318 Proctor Valley Road, Suite 104</del>	<del>Chula Vista</del>	<del>California</del>
Excellent Learning LLC	1835 Newport Blvd, Suite D-252	Costa Mesa	California
GA Ventures LLC*	19770 Stevens Creek Boulevard	Cupertino	California
Chihhao Hsieh	710-B S. Allied Way	El Segundo	California
C and Y Services, LLC	8641 Elk Grove Boulevard	Elk Grove	California
SHERRI & RONNIE HARRISON, IRA & DAWN KRISTOL	290 N. El Camino Real, Suite 290-B	Encinitas	California
UIUCode LLC	17326 Ventura Boulevard	Encino	California

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Haisen Haven LLC*	1012 East Bidwell Street, Ste C600	Folsom	California	95630	(916) 270-6826
Kimstitute LLC	18587 Brookhurst Street	Fountain Valley	California	92708	(714) 465-9559
EliteCoders INC	61 Fremont Hub Courtyard	Fremont	California	94538	(510) 894-2092
Falcon Minds Inc	46525 Mission Blvd, Suite 710	Fremont	California	94539	(510) 400-1466

<del>Metta Blocks</del> Major Consultant Services LLC	9575 Chapman Avenue	Garden Grove	California	92841	(714) 462-6371
DIY Code LLC*	17142 Colima Rd, Suite D	Hacienda Heights	California	91745	(626) 910-2020
JCS & JC, LLC,*	5321-B University Drive	Irvine	California	92612	(949) 679-2633
JCS & JC, LLC,*	4900 Irvine Blvd, Suite 106	Irvine	California	92620	(949) 745-4480
CODING EDUCATION, LLC	2222 Foothill Boulevard, Unit C	La Canada	California	91011	(818) 873-3788
Jampana Enterprises LLC*	1472 S. Harbor Boulevard, Suite 12	La Habra	California	90631	(657) 258-2633
MBB&D, LLC*	25652 Crown Valley Parkway, Suite F-1	Ladera Ranch	California	92694	(949) 229-2853
KU Education LLC	977 E Stanley Blvd	Livermore	California	94550	(925) 290-7175
SVS Inc.	4290 Katella Avenue	Los Alamitos	California	90720	(562) 249-6242
<del>Code Angels Inc.</del> Ashima Gupta*	2712 Griffith Park Boulevard	Los Angeles	California	90027	(323) 488-3121
Jennifer Heo and Gina Kang	39815 Alta Murrieta Drive #C7	Murrieta	California	92563	(714) 388-2596
CBYTE, LLC*	9060 Tampa Avenue	Northridge	California	91324	(818) 639-4925
<del>Calvo Learning Centers, LLC,</del>	<del>2550 S. Archibald Avenue, Suite D-E</del>	<del>Ontario</del>	<del>California</del>	<del>91761</del>	<del>(909) 947-2633</del>
Suraya Enterprises, LLC*	664 N. Rose	Placentia	California	92870	(949) 923-0827 (714) 983-7345
Jaid Greenfield Inc	4811 Hopyard Road, Ste G-5	Pleasanton	California	94588	(925) 425-7089
<del>Calvo Learning Centers, LLC,</del>	<del>11940 East Foothill Boulevard, Suite 209</del>	<del>Rancho Cucamonga</del>	<del>California</del>	<del>91786</del>	<del>(840) 246-7040</del>
Haisen Haven Inc*	2209 Sunset Boulevard, Suite 905	Rocklin	California	95765	(916) 354-5659
Steam Engine LLC*	60 Peninsula Center	Rolling Hills Estates	California	90274	(424) 903-0355
Haisen Haven Inc*	5015 Foothills Boulevard, Suite 6	Roseville	California	95747	(916) 354-5659
<del>Aura Thrive LLC,</del>	<del>16773 Bernardo Center Drive, Suite E</del>	<del>San Diego</del>	<del>California</del>	<del>92128</del>	<del>(858) 376-7596</del>
Sunshine Vibes LLC	9420 Mira Mesa Boulevard, Suite E, Suite	San Diego	California	92126	(858) 879-9200

	E				
Aura Thrive LLC.	16773 Bernardo Center Drive, Suite E	San Diego	California	92128	(858) 376-7596
Kids Code 1. INC*	8204 Huntington Drive, Unit A	San Gabriel	California	91775	(626) 606-9609
TOSJ TC Projects LLC	1701 Lundy Avenue, Suite 120	San Jose	California	95131	(408) 753-2633
Evergreen Square LLC	4878 San Felipe Road, Suite 120	San Jose	California	95135	(408) 684-3022
Mags Associates LLC*	2415 San Ramon Valley Blvd, Suite 15, Suite B	San Ramon	California	94583	(925) 690-2633
Reeser Holdings, LLC	26867 Sierra Highway	Santa Clarita	California	91321	(661) 360-5050
JEA Venture Corp.	13611-13613 Ventura Boulevard	Sherman Oaks	California	91423	(818) 383-9822
Ashima Gupta and Akshi Dabral*	1368 Madera Rd, Suite 10	Simi Valley	California	93065	(214) 868-3224
Sergiy & Cristina Zarubin Inc.	25939 The Old Road	Stevenson Ranch	California	91381	(661) 430-2633
GA Ventures LLC*	917 W. El Camino Real	Sunnyvale	California	94087	(408) 203-6868 (669) 777-2633
So-Cal Coding Schools LLC	4636 Del Amo Boulevard	Torrance	California	90503	(424) 291-2633
Smarter Data, Inc	1841 W 11th St	Tracy	California	95377	(209) 319-0600
Everlearn, Inc.	13011 Newport Avenue, Suite 108	Tustin	California	92780	(714) 202-7594
Flying Squirrels Inc.	1772 Decoto Road, Suite 1772	Union City	California	94587	(510) 585-9945
Mags Associates LLC*	1661 Botelho Drive, Suite 160	Walnut Creek	California	94596	(925) 690-2633
MARC Education Corp	1414 S. Azusa Ave, #13	West Covina	California	91791	(626) 646-3985
Rotter Ninjas Denver West*	7705 Wadsworth Boulevard, Suite 15	Arvada	Colorado	80003	(720) 432-2799
STEM Enrichment Academy, LLC*	12920 Lowell Boulevard, Unit A	Broomfield	Colorado	80020	(303) 536-1318
Andy & Kristy Lathrop*	3855 Ambrosia Street, Suite 102	Castle Rock	Colorado	80109	(303) 997-6781
Samuelson Holdings/Clever Kids LLC	101 Ulster Court	Denver	Colorado	80230	(720) 594-2633
Craig and Joanna Little	730 Mesa Avenue	Grand Junction	Colorado	81501	(970) 822-7118
Cheap FX LLC	4239 Centerplace Drive, Unit 1F	Greeley	Colorado	80634	(970) 673-7268
Rotter Ninjas Denver West LLC*Tu Ho*	2229 Wildcat Reserve Parkway, Suite A6	Highland s Ranch	Colorado	80129	(720) 638-8760
Ascendent Minds, Inc.	9068 FORSSTROM DRIVE, SUITE C-10	Lone Tree	Colorado	80124	(720) 651-9003
Craig & Robyn Foster	1387 E. South Boulder Road (Units E&F)	Louisville	Colorado	80027	(720) 379-7638
LATHROP PRO CODERS INC,*	12231 Pine Bluffs Way, Suite 107	Parker	Colorado	80134	(720) 535-4390
SAMPATTI LLC*	665 Commerce Drive	Fairfield	Connecticut	06825 682 5	(203) 816-5239
Basanth Marigodawar and Anil					

Kumar	388 Middle Turnpike W	Manchester	Connecticut
SRM LEARNING*	1171 E Putnam Ave.	Riverside	Connecticut
SRM LEARNING*	111 High Ridge Road, Suite 6	Stamford	Connecticut
Medha Kids Tech Inc.*	4244 Madison Avenue	Trumbull	Connecticut
Quadrant LLC*	Pike Creek Shopping Center, 4700 Limestone Rd, Suite 22	Wilmington	Delaware
Ninja Coders Aventura Inc*	18821 Biscayne Boulevard	Aventura	Florida
CN Boca Raton, LLC*	19605 N State Road 7, Suite D	Boca Raton	Florida
Ninja Coder Holdings LLC*	8788 Boynton Beach Boulevard, Suite 110	Boynton Beach	Florida
Ninja Coder Cooper City LLC*	5534 S Flamingo Road	Cooper City	Florida
CN Coral Springs, LLC*	4669 N. University Drive, Suite 47-48	Coral Springs	Florida
YULEE TUTORING AND ENRICHMENT CENTER LLC	1722 S 8th St, Suite 40	Fenandina Beach	Florida
CODE COAST CONSULTING, INC.*	1811 Golden Eagle Way, Suite 28	Fleming Island	Florida
CODE COAST CONSULTING, INC.*	8221 Southside Boulevard, Suite 10	Jacksonville	Florida
NINJA CODER HOLDINGS, LLC*	1120 Townpark Avenue, Suite 1022	Lake Mary	Florida
Anointed Business Complex LLC	3421 N. Dixie Hwy, Suite 3421	Oakland Park	Florida
Angel Oak Franchises LLC	2560 Maguire Road, Suite 210	Ocoee	Florida
DGID, LLC	12484 Lake Underhill Road	Orlando	Florida
Brock Horton	10743 Narcoossee Rd, Suite A11	Orlando	Florida
CODING KIDS, LLC*	3 West Nine Mile Road, Suite #5	Pensacola	Florida
Ryan Clark*	258 Solana Rd	Ponte Vedra Beach	Florida
Great Minds Viera, LLC	1950 Viera Boulevard, Suite 112	Rockledge	Florida
Julington Creek Ninjas LLC	2758 Race Track Road, Suite 401	St Johns	Florida
CODE COAST CONSULTING, INC.*	533 West Twin Court Trail, Unit 704	St. Augustine	Florida

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					) 217-0652
JVME Media LLC*	14349 N Dale Mabry Highway	Tampa	Florida	33618	(813) 603-6509
J.G. Limited LLC.*	19038 Bruce B. Downs Blvd, Suite B-2	Tampa	Florida	33647	(813) 893-4067
KIDZCODING, LLC*	10720 FL-54, Suite 103	Trinity	Florida	34655	(727) 835-5099
CN Wellington, LLC*	10660 Forest Hill Boulevard, Suite 160	Wellington	Florida	33414	(561) 440-8229
Ninja Coder Weston , LLC*	1374 SW 160th Avenue, Suite E-3/E-4	Weston	Florida	33326	(954) 500-2633
Mission Moriah Inc	2538 Cedarcrest Rd, Suite 107-109	Acworth	Georgia	30101	(678) 370-0565
S&A SSB LLC	12460 Crabapple Rd, Suite 401	Alpharetta	Georgia	30004	(443) 562-5472
Cato Learning LLC*	1520 Avenue Place, Suite B1-110	Atlanta	Georgia	30329	(678) 880-4292
Cato Sensei LLC*	4691 S Atlanta Road SE	Atlanta	Georgia	30339	(678) 203-8603
CatoQuest LLC*	2350 Atlanta Highway, Suite 106-107	Cumming	Georgia	30040	(470) 253-9632
Krisan Coding, LLC	2130 Hamilton Creek Parkway, Suite 107	Dacula	Georgia	30019	(941) 720-5112
<b>Cato Sensei LLC*</b>	<b>3142 Golf Ridge Boulevard, Suite 1B</b>	<b>Douglasville</b>	<b>Georgia</b>	<b>30135</b>	<b>(404) 698-1458</b>
Rebranded Design & Marketing LLC.	1200 Town Park Lane, Suite 102	Evans	Georgia	30809	(706) 842-6795
Sovot Legacy LLC*	1250 Scenic Highway, Suite 1716	Lawrenceville	Georgia	30045	(770) 695-0255
Cato Education LLC*	4880 Lower Roswell Road, Suite 620	Marietta	Georgia	30068	(770) 325-3743
BTG, Coaching, Counseling and Consulting LLC	168 Peachtree E. Shopping Center	Peachtree City	Georgia	30269	(470) 776-3057
Krisan Academics LLC	245 Peachtree Industrial Boulevard, Suite 102	Sugar Hill	Georgia	30518	(770) 353-9946
IDAHO CODERS LLC	1793 W. Chinden Boulevard, #150	Meridian	Idaho	83646	(208) 565-0025
Matthew Grace Education, LLC	2755 Algonquin Road	Algonquin	Illinois	60102	(224) 333-1236
NZ Invest Again, LLC*	69 W. Rand Road	Arlington Heights	Illinois	60004	(847) 873-1025
Akram Inc.	579-581 N York Road	Elmhurst	Illinois	60126	(630) 359-5095
Programmer Kids LLC*	2735 Pfingsten Rd	Glenview	Illinois	60026	(847) 715-9056
<b>IT Strategic Partners</b>	<b>6021 Washington St, Suite C</b>	<b>Gurnee</b>	<b>Illinois</b>	<b>60031</b>	<b>(847) 986-9386</b>
Young Mantis LLC	1710 W Algonquin	Hoffman Estates	Illinois	60192	(847) 348-9515
<b>Melissa and Gerald Potempa</b>	<b>14236 S Bell Road</b>	<b>Homer Glen</b>	<b>Illinois</b>	<b>60491</b>	<b>(708) 675-8183</b>
Coder Kids LLC*	1324 S Milwaukee Avenue	Libertyville	Illinois	60048	(847) 549-3908
NZ INVESTMENTS LLC*	4194 IL-83, Unit B	Long Grove	Illinois	60047	(847) 250-6838
<b>Aryom, LLC</b>	<b>3108 S Route 59, Suite 144</b>	<b>Naperville</b>	<b>Illinois</b>	<b>60564</b>	<b>(331) 229-8922</b>
Kiwano Corporation	1305 S Naper Boulevard	Naperville	Illinois	60540	(630) 300-3636
<b>Aryom, LLC</b>	<b>3108 S Route 59, Suite 144</b>	<b>Naperville</b>	<b>Illinois</b>	<b>60564</b>	<b>(331) 229-8922</b>

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Canny Tots LLC	7800 N Sommer Street	Peoria	Illinois	61615	(309) 431-4648
Wu Master, LLC	842 E Ogden Avenue	Westmont	Illinois	60559	(630) 568-5634
<del>40-Love NC, LLC*</del>	<del>2436 East 146th Street</del>	<del>Carmel</del>	<del>Indiana</del>	<del>46033</del>	<del>(317) 587-8660</del>
<del>Expedition Future, Corp</del>	<del>125 E 107th Ave.</del>	<del>Crown Point</del>	<del>Indiana</del>	<del>46307</del>	<del>(219) 661-7484</del>
40-Love NC, LLC*	11501 Geist Pavilion Drive, Suite 112	Fishers	Indiana	46037	(317) 827-6192
SHARPEST CODING CO.	1259 North State Road 135, Suite B	Greenwood	Indiana	46142	(317) 360-9732
Kyle Kuehl	4750 Utica Ridge Rd, Suite 400	Davenport	Iowa	52807	(563) 900-4426
<del>Tiger Ninjas LLC*</del>	<del>8657 Siegen Lane</del>	<del>Baton Rouge</del>	<del>Louisiana</del>	<del>70810</del>	<del>(225) 427-0704</del>
CR Edutech Solutions Corp.	1137 South Bernard Road, Suite B	Broussard	Louisiana	70518	(337) 330-2185
Tiger Ninjas LLC*	14639 Airline Hwy, Suite 108	Gonzales	Louisiana	70737	(225) 229-5153673- 1009
<del>Comanche Piper LLC</del>	<del>3501 Severn Avenue, Suite 5B</del>	<del>Metairie</del>	<del>Louisiana</del>	<del>70002</del>	<del>(504) 235-4100</del>
Pevey Investments, LLC	1938 E 70th Street, Suite B	Shreveport	Louisiana	71105	(318) 606-2573
<del>The Sack Group Corporation</del>	<del>145 Mitchells Chance Road</del>	<del>Edgewater</del>	<del>Maryland</del>	<del>21037</del>	<del>(443) 203-8415</del>
<del>The Reliem Company</del> <u>RCCO Retail LLC</u>	5725 Richards Valley Road, Ste. A-3	Ellicott City	Maryland	21043	(410) 680-2633
3C Dream LLC*	5726-A Buckeystown Pike	Frederick	Maryland	21704	(240) 655-5060
Imminent Path, Inc.	7550 Teague Road, #113	Hanover	Maryland	21076	(443) 718-9027
<del>New England CWI, LLC</del>	<del>683 Massachusetts Avenue</del>	<del>Arlington</del>	<del>Massachusetts</del>	<del>02476</del>	<del>(781) 645-7978</del>
Blue Cardinal LLC	18 North Meadow Road	Medfield	Massachusetts	02052 205 2	(508) 233-3528
Hoppy Enterprises LLC	10010-F, Shops Way	Northborough	Massachusetts	01532 153 2	(774) 214-0446
CN SUDBURY, LLC	528 Boston Post Road #B	Sudbury	Massachusetts	01776 177 6	(978) 579-4300
Code 3X, LLC	3 Crescent St	Waltham	Massachusetts	02453 245 3	(617) 407-9443
Maverick Coding Services LLC	161 Linden Street	Wellesley	Massachusetts	02482 248 2	(781) 591-2413
Canton Coding, LLC	6445 N. Canton Center Road	Canton	Michigan	48187	(734) 738-6917
<del>Michigan Ninjas, LLC*</del>	<del>51226 Romeo Plank Road</del>	<del>Macomb</del>	<del>Michigan</del>	<del>48042</del>	<del>(586) 800-2633</del>
Code Logic LLC	426 Pond Promenade	Chanhassen	Minnesota	55317	(952) 381-9956

Jonathan E. Blood & Darren F. Dierbeck*	3016 W 66th Street	Edina	Minnesota	55423	(612) 324-7836
Dream Squad, LLC*	1581 Highway 7	Hopkins	Minnesota	55305	(612) 260-2660
Dream Squad, LLC*	3570 Vicksburg Lane, Suite 400	Plymouth	Minnesota	55447	(267) 243-6224(612) 260-2660
Daniel Flores	126 17th Avenue NW	Rochester	Minnesota	55901	(507) 361-2633
Shelley Bush Rowe and William Rowe	10 West Nifong Square, Suite 117	Columbia	Missouri	65211	(573) 754-7007
JS PRE YOUNG LLC	16747 Main St	Wildwood	Missouri	63040	(636) 422-1457
502 Code LLC*	7051 S 181st Street, Suite 102	Omaha	Nebraska	68136	(402) 819-0769
502 Code LLC*	18924 Evans Street, Suite 102	Omaha	Nebraska	68022	(531) 867-8447
Big Dreams Vegas Inc	7501 W Lake Mead Boulevard	Las Vegas	Nevada	89128	(702) 518-0116
The Meadows Company LLC	6955 N. Durango, Suite 1113-1114	Las Vegas	Nevada	89149	(702) 741-4284
Techucation LLC*	7111 S. Virginia Street, Suite A-13	Reno	Nevada	89511	(775) 200-7000
J2 TECHNOLOGIES, Princeton Crypto LLC	338 Route 22 East	Bridgewater	New Jersey	08807 880 7	(908) 533-1525
Kunal Shah	1041 Bloomfield Ave	Clifton	New Jersey	07012 701 2	(201) 600-4373
Cardillo Holdings, LLC	3130 Route 10 West	Denville	New Jersey	07834 783 4	(973) 370-4570
Greyson Holdings, LLC	215 Route 22 East	Green Brook	New Jersey	08812 881 2	(908) 533-1525
Coleman Coding Academy LLC	649 Route 206 N, Suite 1C	Hillsborough	New Jersey	08844	(908) 533-1525
CNTIFICS LLC	4014 U.S. 9	Howell Township	New Jersey	07731	(732) 595-2633
AARPS Robotics LLC	37 Gill Lane	Iselin	New Jersey	08830 883 0	(732) 646-5030
EBelong technologies, LLC	3146 State Route 27	Kendall Park	New Jersey	08824 882 4	(646) 512-3391(732) 759-0133
Shubh Deip Holdings LLC*	97 South Livingston Avenue, Suite S	Livingston	New Jersey	07039 703	(862) 962-2633



Tejal Patel*	85 Godwin Avenue, #15	Midland Park	New Jersey
PGK ENTERPRISES, INC.	508 Livingston Street	Norwood	New Jersey
LSRS Learning LLC	3873 Route 516 East	Old Bridge	New Jersey
PearTree Learning LLC	1506 Stelton Road	Piscataway Township	New Jersey
Code GuruSmart Launch LLC	3495 U. S. Route 1	Princeton	New Jersey
Plumeria Ventures, LLC	171 Lake Street	Ramsey	New Jersey
CODE NJ LLC	498 State Route 35 South	Red Bank	New Jersey
Code Camp LLC	1063 Washington Boulevard	Robbinsville	New Jersey
Shubh Deip Holdings LLC*	383 Market Street, Building B, Unit 6	Saddle Brook	New Jersey
Cent Ursini LLC	1006 S Ave W.	Westfield	New Jersey
Ronny Beyer & Cheng Yang	31-35 31st Street	Astoria	New York
Vidyullatha Jakkani, Neelima Kanakamedala & Kiran Kumar KothamachuGDJ BROOKLYN CORP	45 Park150 4th Avenue, Suite A	Clifton ParkBrooklyn	New York
CN Westchester One LLC	41 S. Moger Ave, Suite G4	Mount Kisco	New York
Jamolyn Corporation*	848 Long Pond Road	Rochester	New York
Corlim Corporation*	3040 Monroe Avenue	Rochester	New York
Vibranium WorX, LLC	14825 Ballantyne Village Way, Suite 170	Charlotte	North Carolina

Home Away From Home Industries LLC	8905 Christenbury Parkway, Suite 20	Concord	North Carolina	28027	(704) 765-2028
Steven Price	1748-1800 Skibo Rd	Fayetteville	North Carolina	28303	(910) 745-8946
AVSM Associates High Point, LLC	1589 Skeet Club Road, Suite 103	High Point	North Carolina	27265	(336) 860-0600
<del>Flora and Airo, LLC*</del>	<del>146 West Holly Springs Road</del>	<del>Holly Springs</del>	<del>North Carolina</del>	<del>27540</del>	<del>(919) 387-0888</del>
Lakshmi-Gopala Holdings LLC	6405 Old Monroe Road, Suite C	Indian Trail	North Carolina	28079	(980) 288-4975
MSIX WF LLC*	941 Gateway Commons Circle, Suite 117	Wake Forest	North Carolina	27587	(919) 296-8330
<del>Zoe Mathews LLC</del> Tu Ho*	1982 Eastwood Road	Wilmington	North Carolina	28403	(910) 899-3986
Learn CeDCode LLC	4480 23rd Avenue S.	Fargo	North Dakota	58104	(701) 404-7620
<del>UNCOMMON SENSE OF ANDERSON TOWNSHIP, LLC</del>	<del>7426 Beechmont Avenue, Suite 210</del>	<del>Cincinnati</del>	<del>Ohio</del>	<del>45255</del>	<del>(513) 233-2633</del>
Inkling Coding Group, LLC	6507 Harrison Ave	Cincinnati	Ohio	45247	(513) 878-1338
Coding4Fun LLC	2333 Miamisburg-Centerville Road	Dayton	Ohio	45459	(937) 716-1306
Hendrick and Stuebs Dublin LLC*	7020 Hospital Drive	Dublin	Ohio	43016	(614) 398-0163
STUEBS ENTERPRISES HILLIARD LLC*	3971 Trueman Boulevard	Hilliard	Ohio	43026	(614) 219-1746
Two Oaks Investment Group LLC	5850 Darrow Road	Hudson	Ohio	44236	(234) 284-9196
STUEBS ENTERPRISES POWELL LLC*	254 West Olentangy Street	Powell	Ohio	43065	(614) 389-3376
KPSI Tulsa LLC	10126 South Memorial Drive, Suite B	Tulsa	Oklahoma	74133	(918) 707-2633
LEARNENCODE, LLC	200 E. 11th Ave, Suite 140	Eugene	Oregon	97401	(541) 933-5386
Tiny Rocket Inc.*	135 NE 43rd Ave	Hillsboro	Oregon	97124	(503) 995-8787
Bnew LLC*	725 NW Dale Avenue, Suite 101	Portland	Oregon	97229	(971) 286-7300
<del>Bnew LLC*</del>	<del>18081 SW Lower Boones Ferry Road, Suite 1</del>	<del>Tigard</del>	<del>Oregon</del>	<del>97224</del>	<del>(971) 229-2900</del>
Unique Minds LLC	150 East Pennsylvania Avenue, Suite 410	Downingtown	Pennsylvania	19335	(484) 364-4964
Born Genius, LLC	65 E. Germantown Pike	East Norriton	Pennsylvania	19401	(405) 362-6337
AFS Enterprises Inc	314 Horsham Road, Suite J	Horsham	Pennsylvania	19044	(215) 420-7221
Phan VD, LLC*	215 Lancaster Avenue, Suite E-9	Malvern	Pennsylvania	19355	(484) 872-2633
KidSoft, LLC	125 Gateway Drive, Unit A-113	Mechanicsburg	Pennsylvania	17050	(717) 546-4652
TYSCODE LLC	777 South Broad St, Retail 3	Philadelphia	Pennsylvania	19147	(445) 942-0955
TLY 670 LLC	678 Stony Hill Road, Suite 9	Yardley	Pennsylvania	19067	(267) 819-2633
Kevin Fay	624-I Long Point Rd	Mount Pleasant	South Carolina	29464	(843) 352-8090
Lazar Academics, LLC	1135 Stonecrest Boulevard, Suite 105	Tega Cay	South Carolina	29708	(803) 620-3994



Black Hills Ninjas, LLC	5565 Bondt Drive, Suite: 404	Rapid City	South Dakota	57702	(605) 219-8150
1670 Investments LLC	875 W. Poplar Ave, Suite 28	Collierville	Tennessee	38017	(901) 910-6510
PROMETHEUS LLC	1113 Murfreesboro Road	Franklin	Tennessee	37064	(615) 640-2633
CC&C LLC	8127 Mesa Drive, Suite C-299	Austin	Texas	78759	(512) 382-6215
R&C Learning Investment Group, LLC	28255 IH 10 West, Suite 104	Boerne	Texas	78006	(830) 999-2633
TIC LEARNING LLC	4444 Highway 6, Suite 700	College Station	Texas	77845	(979) 690-8828
Code Dallas Two LLC*	580 S. Denton Tap Rd., Ste 121	Coppell	Texas	75019	(469) 632-0822
Code Dallas One, LLC*	11661 Preston Rd, Suite 250	Dallas	Texas	75230	(469) 638-5659
Twelve Stones Studio DS, LLC*	4002 E Hwy 290	Dripping Springs	Texas	78620	(512) 351-0156
Loyal Bodifly LLC	6450 N. Desert Blvd, Suite G-103	El Paso	Texas	79912	(915) 249-6432
Forney ISD	680 Innovation Blvd, Suite 2326	Forney	Texas	75126	(469) 762-4137
R2 CODERS, LLC	3529 Heritage Trace Pkwy, Suite 173	Fort Worth	Texas	76244	(817) 617-7173
Code Ninjas West Frisco LLC	252 W Stonebrook Parkway, Suite 700	Frisco	Texas	75034	(214) 308-9232
Stilbo-Elpis Corporation	10990 Rolater Road, Ste. 100	Frisco	Texas	75035	(972) 987-5655
COL MacWatters LLC	4853 Williams Dr, Suite 103	Georgetown	Texas	78633	(737) 253-8995
NINJA SENSECODELABS, LLC	12645 Memorial Drive	Houston	Texas	77024	(832) 356-3773
Northstar Private Ventures*	5709 Woodway Dr, Ste G	Houston	Texas	77057	(832) 777-3662
ByteNation LLC*	4656 Beechnut St	Houston	Texas	77096	(832) 648-7676
Yao's Code Center LLC	2780 FM 1463	Katy	Texas	77494	(281) 665-7412
Twelve Stones Investments, LLC*	844 Kohlers Crossing, Suite 250	Kyle	Texas	78640	(512) 862-2633
KIDCARE, LLC	3725 East League City Parkway, Suite 140	League City	Texas	77573	(281) 339-7482
Lazy S Ventures LLC	6305 66th Street, Suite 400	Lubbock	Texas	79424	(806) 370-0022
ATL LEARNING INC	6875 FM 1488, Suite 1100	Magnolia	Texas	77354	(281) 756-7645
Jaclyn Gaona	3211 W. Wadley, Suite 13	Midland	Texas	79705	(432) 244-3416
CODEITBLUE, LLC	9029 Highway 6, Suite 140	Missouri City	Texas	77459	(832) 944-5129
KMBH CN1 LLC	109 N Murphy Road	Murphy	Texas	75094	(972) 349-1133
COULON LEARNING Coulon Learning, LLC*	1847 W State Highway 46, Suite D	New Braunfels	Texas	78132	(830) 632-5623
Frament Enterprises, INC	7315 Fairmont Parkway, Suite 130	Pasadena	Texas	77505	(281) 930-7347
Bluebliss, LLC	1130 Broadway St., Suite 122	Pearland	Texas	77581	(832) 569-5176
Chhandogya LLC.	10223 Grand Parkway, Suite 101	Richmond	Texas	77407	(281) 456-3010
Coulon Learning, LLC*	20322 Huebner Road, Ste 105	San Antonio	Texas	78258	(210) 960-5380

ATIF AND NAEEM INVESTMENTS, LLC*	9702 Spring Cypress, Suite 117	Spring	Texas	77379	(281) 727-0900
HEALE, Inc.	1104 Rayford Road, Suite 700	Spring	Texas	77386	(832) 813-8911
Nalanda LLC*	18318 University Boulevard, Ste 100	Sugar Land	Texas	77479	(281) 456-3010
Nalanda LLC*	17101 Grand Parkway, Suite 65	Sugar Land	Texas	77479	(281) 456-3010
5S Technology, LLC	8926 S. Broadway, Suite 172	Tyler	Texas	75703	(903) 405-1495
CN Bountiful, LLC*	555 South 200 West, Suite C	Bountiful	Utah	84010	(801) 516-8656
CN Draper, LLC*	153 West 12300 South, Units #5-6	Draper	Utah	84020	(801) 601-1908
CN HOLLADAY, LLC*	1957 East Murray Holladay Road	Holladay	Utah	84117	(385) 463-4443
Brandon Robins*	1402 E 3500 N, Suite 101	Lehi	Utah	84043	(801) 642-2633
Eclipse Learning Corporation*	1856 East 9400 South	Sandy	Utah	84093	(801) 893-6750
Brandon Robins* CNS Jordan LLC	3721 W South Jordan Parkway, Ste 130	South Jordan	Utah	84009	(801) 785-7192
Eclipse Learning Corporation*	5735 Harrison Blvd	South Ogden	Utah	84403	(801) 810-6826
FISHER-RYAN CONSULTING, LLC	4694 King Street, Suite 15	Alexandria	Virginia	22302	(703) 375-9540
Play Koders Enterprises, LLC	44110 Ashburn Shopping Plaza, Unit #130	Ashburn	Virginia	20147	(571) 349-8882
Lopez Ventures LLC	95269249 Old Keene Mill Road, Suite A	Burke	Virginia	22015	(571) 310-1143
CN Stone Ridge, LLC*	24640 South Point Drive, Suite 150	Chantilly	Virginia	20152	(571) 581-2633
Julian Rivera and John McLaren*	561 Cedar Road, Suite 4	Chesapeake	Virginia	23322	(757) 720-7789
AZZAAZ LLC*	11213 Lee Hwy D	Fairfax	Virginia	22030	(703) 249-9108
Infinite Ventures LLC*	7543 Somerset Crossing Drive	Gainesville	Virginia	20155	(571) 248-0465
PHARAM LLC	10811 W Broad Street, Suite 17	Glen Allen	Virginia	23060	(804) 396-4411
Infinite Ventures, LLC*	10884 Sudley Manor Drive	Manassas	Virginia	20109	(571) 379-4099
Ajay Kadyan	13569 Midlothian Turnpike	Midlothian	Virginia	23113	(804) 893-4285
Jessica and Anthony Massey	373 Garrisonville Road, Suite 101 and 103	Stafford	Virginia	22554	(540) 699-2459
Julian Rivera and John McLaren*	3300 Princess Anne Rd, Suite 739	Virginia Beach	Virginia	23456	(757) 866-4652
Bigo Systems LLC	17265 SE Wax Rd, Suite 104	Covington	Washington	98042	(253) 220-0987
8SIXEIGHT LLC	4819 Point Fosdick Dr	Gig Harbor	Washington	98335	(253) 527-8726
Moneystalk LLC	15704 Mill Creek Boulevard, Suites 5&6	Mill Creek	Washington	98012	(425) 780-5109
CN Newcastle LLC	13316 Newcastle Commons Drive	Newcastle	Washington	98059	(206) 550-9872
CNS Impact Coding LLC	3056 Issaquah Pine Lake Road SE	Sammamish	Washington	98075	(425) 999-0186243-7728
Code R&R LLC	10009 Holman Rd NW	Seattle	Washington	98177	(206) 201-1140
Think of It Innovations LLC	217 Oak Lee Drive, Suite 3B	Ranson	West Virginia	25438	(304) 968-2633

Code Ninjas, LLC—FDD -03.27.2025 #232634v1

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Milwaukee Schwabes, LLC	3815 N. Brookfield Road, Suite 101	Brookfield	Wisconsin	53045	(262) 649-3027
CODE VOYAGE LLC	743 N. High Point Rd	Madison	Wisconsin	53717	(608) 203-9447

Franchisees who have signed a franchise agreement, but whose outlet had not opened as of Dec. 31, 2023

Franchisee	Street Address	City	State/ Province	Zip
Kelvin Ly & Vikas Korde*	5070 S. Gilbert Rd., Suite 2-3	Chandler	Arizona	85226
SR Code Alpha LLC	3923 E Thunderbird Rd, Suite 119	Phoenix	Arizona	85018
Pelican Services LLC	NEC Ellsworth Rd and Elliot Rd	Mesa	Arizona	85205
Keith Delaney & Sana Khan	W Ontario Ave & S Main	Corona	California	92881
David & Irene Yu*	Golden Springs Dr & Grand Ave	Diamond Bar	California	91765
JCS & JC, LLC,*	4900 Irvine Blvd, Suite 106	Irvine	California	92614
Steam Engine LLC*	4920 S Avalon Blvd	Los Angeles	California	90061
SILICON VALLEY CODING SCHOOLS Silicon Valley Coding School LLC*	El Camino Real & San Antonio Rd	Mountain View	California	94040
Maria Zielke	74600 Highway 111, Suite E2	Palm Desert	California	92260
Suraya Enterprises, LLC*	664 N. Rose	Placentia	California	92879
Galvo Learning Centers, LLC,	11940 East Foothill Boulevard, Suite 209	Rancho Cucamonga	California	91730
Excellent Learning LLC*	Santa Margarita Pkwy & Foothill Transportation Corridor	Rancho Santa Margarita	California	92688
JEA Venture Corp.	13611-13613 Ventura Boulevard	Sherman Oaks	California	91404
KIDS CAN CODE LLC*	El Camino Real & Westborough Blvd	South San Francisco	California	94080
CN Abacoa Jupiter FL LLC	Town Center Dr. and Edna Hibel Way	Jupiter	Florida	33458
MARC Education Corp	1414 S. Azusa Ave, #13	West Covina	California	91791
SRM LEARNING*	111 High Ridge Road, Suite 6	Goshen	Connecticut	06860
YULEE TUTORING AND ENRICHMENT CENTER DGD LLC	1722 S 8th St, Suite 40 S Central Ave & W Broadway St	Fernandina Beach Oviedo	Florida	32034 32765
E-Cubed LLC	Sheridan Street and 196th Lane	Pembroke Pines	Florida	33332
CN Frankfort LLC*	LaGrange Rd & White St	Frankfort	Illinois	60423

Code Ninjas, LLC - FDD -03.27.2025 #232634v1

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<u>Launchpad Learning Group LLC</u>	<u>324 N Massey Blvd</u>	<u>Nixa</u>	<u>Missouri</u>	<u>65714</u>	<u>(417) 315-2523</u>
<u>Shubh Deip Holdings LLC*</u>	<u>W. Park Place &amp; Market Street</u>	<u>Morristown</u>	<u>New Jersey</u>	<u>7960</u>	<u>(917) 370-0783</u>
<u>The Sales Hustle LLC</u>	<u>Martinsville Rd. and Lawndale Dr.</u>	<u>Greensboro</u>	<u>North Carolina</u>	<u>27455</u>	<u>(336) 870-9715</u>
<u>CODE COAST CONSULTING, INC.*</u>	<u>8221 Southside Boulevard, Suite 10</u>	<u>Jacksonville</u>	<u>Florida</u>	<u>32256</u>	<u>(210) 592-3924</u>
<u>3C Dream LLC*</u>	<u>York Rd &amp; E Seminary Ave</u>	<u>Towson</u>	<u>Maryland</u>	<u>21204</u>	<u>(215) 740-7899</u>
<u>JS PRE YOUNG LLC*</u>	<u>16747 Main St</u>	<u>Wildwood</u>	<u>Missouri</u>	<u>63040</u>	<u>(636) 422-1457</u>
<u>Tejal Patel*</u>	<u>190 Baldwin Rd Suite 122</u>	<u>Parsippany</u>	<u>New Jersey</u>	<u>07054</u>	<u>(201) 214-8216</u>
<u>GDJ BROOKLYN CORP</u>	<u>150 4th Avenue, Suite A</u>	<u>Brooklyn</u>	<u>New York</u>	<u>11217</u>	<u>(347) 991-7339</u>
<u>Diversified Ventures LLC</u>	<u>Creedmoor Rd &amp; Lynn Rd</u>	<u>Raleigh</u>	<u>North Carolina</u>	<u>27613</u>	<u>(919) 616-5027</u>
<u>Tiny Rocket Inc*</u>	<u>SW Weir Rd &amp; SW Murray Blvd</u>	<u>Beaverton</u>	<u>Oregon</u>	<u>78738</u>	<u>(503) 395-1234</u>
<u>WMLB Education LLC*</u>	<u>UT-36 &amp; UT-112</u>	<u>Tooele</u>	<u>Utah</u>	<u>84074</u>	<u>(708) 567-9909</u>
<u>Terranova Ventures LLC</u>	<u>Rainier Ave. S. &amp; S. Grand Street</u>	<u>Seattle</u>	<u>Washington</u>	<u>98144</u>	<u>(520) 732-7087</u>
<u>Hendrick and Stuebs Dublin LLC*</u>	<u>7020 Hospital Drive</u>	<u>Dublin</u>	<u>Ohio</u>	<u>43016</u>	<u>(937) 361-1119</u>
<u>CN Midtown Tulsa LLC</u>	<u>S Lewis Ave &amp; E 31st St</u>	<u>Tulsa</u>	<u>Oklahoma</u>	<u>74105</u>	<u>(918) 906-3723</u>
<u>Bright Approach, LLC</u>	<u>S Township Line Rd &amp; Buckwalter Rd</u>	<u>Limerick</u>	<u>Pennsylvania</u>	<u>19468</u>	<u>(610) 203-9855</u>
<u>Phan VD, LLC*</u>	<u>215 Lancaster Avenue, Suite E-9</u>	<u>Media</u>	<u>Pennsylvania</u>	<u>19063</u>	<u>(610) 639-9035</u>
<u>Eclipse Learning Corporation*</u>	<u>E Bay Blvd &amp; S University Ave Provo</u>	<u>Provo</u>	<u>Utah</u>	<u>84606</u>	<u>(617) 513-5606</u>
<u>8SIXEIGHT LLC</u>	<u>4819 Point Fosdick Dr</u>	<u>Gig Harbor</u>	<u>Washington</u>	<u>98335</u>	<u>(253) 527-8726</u>

Franchisees who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the fiscal year ended December 31, 20232024 (and those with whom we have not communicated during the 10 weeks before the issuance date of this disclosure documentFDD)

Transfers

Franchisee		Street Address		City	State		
Lost Code, Inc		411 W Altadena Dr		Altadena	California		
Code Angels, Inc		4829 Wicopee Street		Los Angeles	California		
Scott West*		5686 Weatherstone Court		San Diego	California		
Metta Blocks, LLC		4901 W Roberts Drive		Santa Ana	California		
Rotter Ninjas Denver West, LLC		16206 W 94th Dr		Arvada	Colorado		
SAMUELSEN HOLDINGS LLC		2764 Galena St.		Denver	Colorado		
STEM Enrichment Academy LLC		4210 W. 107th Drive		Westminster	Colorado		
IT Strategic Partners, Inc.		4530 W Westchester Ln		Libertyville	Illinois		
Mercury 2, LLC		20 Carousel Chase		Belle Mead	New Jersey		
Excellent Learning LLC		12780 CRAWFORD DR	Tustin	California	92782	(949) 266-6961	
mo, Inc		1605 Parkside Place	Indian Harbour Beach	Florida	32937	(321) 501-1321	
mir, Noor and Shayan Panjwani, L Ab		320 Satterwhite Drive	Alpharetta	Georgia	30022	(770) 344-7321	
Lot Legacy, LLC		3458 Sag Harbor Court	Buford	Georgia	30519	(678) 665-7561	
haGeex, LLC		2610 Castlerock Court	Cumming	Georgia	30041	(678) 469-7521	
khee Aparaju		14 Bluejay Drive North	Attleboro	Massachusetts	2760	(860) 326-4561	
ig Barishman		7716 Certitude Ave	Las Vegas	Nevada	89131	(702) 741-4261	
NITARCHNitarch, LLC *		26 Heather Way	East Brunswick	New Jersey	88		
LearnCo, LLC		1429 5th Ave S	Fargo	North Dakota	581		
Kevin Fay		1053 Wessington Manor Ln.	Fort Mills	South Carolina	297		
Xantos, LLC*		2204 Thornbury Ln.	Allen	Texas	750		
Code Dallas One, LLC*		5024 Denton Drive	Dallas	Texas	752		
XTGEN ACADEMY, LLC		15 Norbridge Drive	Princeton	New Jersey	8540	(732) 406-3521	
uid Metal Solutions, LLC		9547 Burford Lane NW	Concord	North Carolina	28027	(972) 955-9521	
SM Associates High Point, LLC		3709 Lexham Court	High Point	North Carolina	27265	(203) 918-6521	
amount Education, LLC*++		4815 Brannigan Stree	Dublin	Ohio	94568	(925) 895-9121	
e-Relief Company		200 Peach Ord Ave.	Oakwood	Ohio	45419	(410) 562-9121	
ding of Ohio LLC		224 Darrow Rd Suite W	Twinsburg	Ohio	44087	(330) 285-3421	

ANKAT EDUCATION, LLC	3130 Soledad Ln	New Braunfels	Texas	78132	(210) 744-48
Aitareya LLC*++	5054 Skipping Stone Lane	Sugar Land	Texas	774	
SIENNA CODE NINJAS LLC	4606 Liberty Woods Lane	Sugarland	Texas	774	
Brandon Robins	545 W Mountain View Road	Lehi	Utah	840	
Eclipse Learning Corporation* (2 locations)	1108 E South Union Ave	Midvale	Utah	840	
Venkata Pratti	26005 Fair Ponds Lane	Chantilly	Virginia	201	
Julian Rivera and John McLaren* (2 locations)	904 Breck Court	Virginia Beach	Virginia	234	
ARAM LLC	12268 Porsche Drive	Glen Allen	Virginia	23059	(804) 519-814
lish Learning Corp	4130 221st Place SE	Bothell	Washington	98021	(425) 922-908

Three additional locations were reacquired by the franchisor and are listed below.

### Terminations

<u>Franchisee</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>
<u>Code Jones LLC</u>	<u>1200 N Polk St.</u>	<u>Little Rock</u>	<u>Arkansas</u>
<u>Ascendent Minds, Inc.</u>	<u>843 Xenon Lane</u>	<u>Castle Rock</u>	<u>Colorado</u>
<u>Cheap FX LLC</u>	<u>719 36th Ave. Ct.</u>	<u>Greeley</u>	<u>Colorado</u>
<u>Expedition Future, Corp</u>	<u>735 Quinlan Court</u>	<u>Crown Point</u>	<u>Indiana</u>
<u>502 Code LLC*</u>	<u>PO Box 299</u>	<u>Gretna</u>	<u>Nebraska</u>
<u>TabVidyullatha Jakkani, Neelima Kanakamedala &amp; Kiran Kumar Kothamachu</u>	<u>49 Valleywood Drive</u>	<u>Glenville</u>	<u>New York</u>
<u>Jamolyn Corporation</u>	<u>3040 Monroe Ave</u>	<u>Rochester</u>	<u>New York</u>
<u>Nalanda LLC</u>	<u>4518 Maple Street</u>	<u>Bellaire</u>	<u>Texas</u>

<u>Franchisee</u>	<u>Street Address</u>	<u>City</u>	<u>State</u>	<u>Postal</u>	<u>Phone Number</u>
<u>Scott West</u>	<u>12642 Poway Road, Ste 14</u>	<u>Poway</u>	<u>California</u>	<u>92064</u>	<u>(858) 886-9309</u>
<u>Code Reality LLC</u>	<u>1256 Indian Head Road, Suite 33</u>	<u>Toms River</u>	<u>New Jersey</u>	<u>8755</u>	<u>(732) 573-4632</u>
<u>Kee and Jennifer Ma</u>	<u>246 Jericho Turnpike</u>	<u>Floral Park</u>	<u>New York</u>	<u>11001</u>	<u>(516) 253-0328</u>
<u>CODEKONNECT INC*++</u>	<u>5318 Sunset Boulevard</u>	<u>Lexington</u>	<u>South Carolina</u>	<u>29072</u>	<u>(803) 801-2633</u>
<u>Sarah Romer &amp; Thea True Wells</u>	<u>4080 S. Poplar, Suite 480</u>	<u>Gasper</u>	<u>Wyoming</u>	<u>82601</u>	<u>(307) 333-1127</u>



# Nonrenewals

Franchisee		Street Address	City	State	Pos
Suraya Enterprises, LLC		2500 E. Ball Road, Ste 260	Anaheim	California	928
Everlearn, Inc.		13011 Newport Ave #108	Tustin	California	927
Rotter Ninjas Denver West		16206 W 94th Dr	Arvada	Colorado	800
Craig and Joanna Little		896 Overview Rd	Grand Junction	Colorado	815
Angel Oak Franchises LLC		1041 Sadie Ridge Rd.	Clermont	Florida	347
Cato Sensei LLC		2142 Wylmoor Way	Smyrna	Georgia	300
Takka Takka Too II, LLC		8000 W Broward Boulevard, Ste 1729	Plantation	Florida	333
Young Grasshopper LLC	807 IL 59IT Strategic Partners	Bartlett 1480 S. Lancaster Lane	Libertyville	Illinois	60403 6004 8
UNCOMMON SENSEI OF ANDERSON TOWNSHIP, LLC (location was in Ohio)		2610 N 500 E	Lafayette	Indiana	47905
Tiger Ninjas LLC		16484 West Lake Dr	Prairieville	Louisiana	70769
The Sackk Group Corporation		13211 Landsdales Hope Way	Bowie	Maryland	20720
New England CWI, LLC		168 Watson Rd. Belmont	Belmont	Massachusetts	2478
Michigan Ninjas, LLC		8051 Pine Forest Ct	Davisburg	Michigan	48350
502 Code LLC*		PO Box 299	Gretna	Nebraska	68028
Team Nunchuk LLC		2756 US Highway 34	Oswego	Illinois	605
Compower LLC		12974 Middlebrook Road	Germantown	Maryland	208
CN Cherry Hill East, CNTIFICS LLC		400 Springdale Road, Suite A14014 U.S. 9	Cherry HillHowell Townshi p	New Jersey	8003 7731
Flora and Airtio, LLC		3325 Boulder Court	Raleigh	North Carolina	27607
Full Steam Maker Lab, Inc.		613 Jericho Turnpike	Syosset	New York	117
FiveBlack Hills Ninjas, LLC		513 West 85th Street 22767 Partridge Lane Box	Sioux FallsElder	South Dakota	57408 5771 9

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Twelve Stones Investments, LLC .	4800 Lime Kiln Road	San Marcos	Texas	78666	(512) 632-4944
Eclipse Learning Corporation*	1108 E South Union Ave	Midvale	Utah	84047	(617) 513-5606
CNSI LLC	8407 255th Ave. NE	Redmond	Washington	98053	(425) 221-7956
Bnew LLC (location was in Oregon)	3711 NE 178th Ct	Vancouver	Washington	98682	(503) 583-7487

Reacquired by Franchisor None.

Franchisee	Street Address	City	State	Postal	Phone Number
JLH Legacy Holdings*+++	8835 Redbud Ln.	Lenexa	Kansas	66330	(913) 732-3242

Ceased Operations

Franchise e	Street Address	City	State	Postal	Phone Number
Calvo Learning Centers, LLC	7101 Village Dr	Eastvale	California	92880	(714) 494-3234
LATHROP PRO CODERS INC	194 Ponderosa St.	Castle Rock	Colorado	80104	(720) 326-6438
Melissa and Gerald Potempa	16119 So. Sandy Bank Court	Homer Glen	Illinois	60491	(708) 363-3249
Comanche Piper LLC	3501 Severn Ave, Ste 5B	Metairie	Louisiana	70002	(504) 662-6061
Coleman Coding Academy LLC	1335 Carlisle Rd	North Brunswick	New Jersey	8902	(908) 413-1931
Tejal Patel* (Closed 2 locations)	7 Mulbrook Lane	Towaco	New Jersey	7082	(201) 214-8216
CN Westchester One LLC	132 Parkview Place	Mount Kisco	New York	10549	(617) 710-2855
40-Love NC, LLC (Location was in Indiana)	1127 Aubrey Ln, #304	Fort Mill	South Carolina	29708	(803) 479-2201
Qwesi & Devina McGray	1185 Spring Centre South Boulevard, Suite 1060	Longwood	Florida	32714	(407) 431-0930
Ninjatek LLC	11909 Sheldon Road	Tampa	Florida	33626	(813) 708-8598
SYNTAX UNICORN LLC	2885 W Maple Rd	Troy	Michigan	48084	(248) 854-2262
Jonathan E. Blood & Darren F. Dierbeck*	8160 W County Road 42, Suite 400	Savage	Minnesota	55378-3124	(612) 324-4263
Heinz Technology Enterprises Inc.	2955 Hwy K	O'Fallon	Missouri	63368	(636) 851-9634
Kalmore Enterprises LLC	2642 W. Horizon Ridge Parkway, Suite A6	Henderson	Nevada	89052	(702) 802-1934

Ashok Kumar	3033 Village Market Place	Morrisville	North Carolina	27560	(919) 694-7171
Flora and Airt, LLC*	2409 103 Crabtree Blvd	Raleigh	North Carolina	27604	(919) 354-8290
Rob Bumm	35650 Detroit Road, Suite 102	Avon	Ohio	44011	(440) 834-2749
Brainiac Inc	4024 N. Holland Sylvania Rd, Suite 10 & 11	Toledo	Ohio	43623	(419) 605-0970
Learn2Code, Inc	74 Pottstown Pike, Suite 1006—1007	Chester Springs	Pennsylvania	19425	(484) 202-0001
Jagadeesh Gajula***	1099 E Butler Road	Greenville	South Carolina	29607	(864) 920-2633
HGB Enterprises, LLC	635 Cibola Valley Drive, Suite 157	Cibola	Texas	78108	(210) 314-4605

ATIF AND NAEEM INVESTMENTS, LLC*	4525 <u>Kingwood</u> <u>24430 Sundance Spring Drive, Suite 120</u>	<u>Kingwood</u> <u>Porter</u>	Texas	<u>77345</u> <u>7736</u> <u>5</u>	(281) <u>727-0900</u> <u>(832)</u> <u>205-2860</u>
Farmers and Coleman Holdings LLC	2240 Matlock Road, Suite 110	Mansfield	Texas	76063	(682) 777-2633
KMBH CN21 LLC	3241 S. Custer Road <u>3304 Callaway Ct.</u>	McKinney <u>Richardson</u>	Texas	<u>75070</u> <u>7508</u> <u>2</u>	(469) <u>631-7272</u> <u>358-4</u> <u>415</u>
Infinite Ventures, LLC* (Closed 2 locations)	<u>42081 Greenstone Dr</u>	<u>Stone Ridge</u>	<u>Virginia</u>	<u>20105</u>	<u>(703) 505-9074</u>
Code Dallas LLC*	220 Randol Mill Ave., Suite 100	Southlake	Texas	76092	(469) 731-0911
Accent Media Group LLC	133 N. Royal Avenue	Front Royal	Virginia	22630	(540) 749-2443
Mike & Laura Catan	663 Potomac Station Drive NE, Suite 10	Leesburg	Virginia	20176	(571) 577-8832
Uhler Coders, Inc.	2414 Montana Avenue	Sun Prairie	Wisconsin	53590	(608) 710-4195

\*\* — had two outlets leave system  
 \*\*\* — had three outlets leave system  
 \*\*\*\* — had four outlets leave system

**EXHIBIT J**  
**Centers**

**List of Affiliate-Owned Learning**

Current company-owned Learning Centers as of our fiscal year ended December 31,  
2023/2024:

Business		Street Address		City	State	Zip Code	Postal
Ninja Ventures, LLC*		3622 West 135th Street		Leawood	Kansas	66224	
Ninja Ventures, LLC*	12825 W 87th Street Parkway	Lenexa	Kansas	66215	(913) 444-9448		
Code Ninjas Canton CODE NINJAS CANTON LLC*	95 Washington Street, Suite 560	Canton	Massachusetts	02021	(774) 469-0121		
Ninja Ventures, LLC*	314 S.W. Blue Parkway	Lee's Summit	Missouri	64063	(913) 444-9448		
Ninja Ventures, LLC*	3621 E Whitestone Boulevard, Suite 500	Cedar Park	Texas	78613	(512) 910-5521		
Ninja Ventures, LLC*	4500 E Palm Valley Boulevard, Suite 104	Round Rock	Texas	78665	(512) 710-7864		
Code Ninjas Alamo Ranch CODE NINJAS ALAMO RANCH, LLC*	7915 W Loop 1604 N, Suite 115	San Antonio	Texas	78254	(210) 776-4652		
Ninja Ventures, LLC	4500 E Palm Valley Boulevard, Suite 104	Round Rock	Texas	78665	(512) 710-7864		
Ninja Ventures, LLC	202 Walton Way #184 Cedar Park, TX 78613, Suite 500	Cedar Park	Texas	78613	(737) 843-7000		

## Questionnaire PRE-CLOSING FRANCHISEE QUESTIONNAIRE

**THIS DOCUMENT WILL NOT BE SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.**

As you know, Code Ninjas, LLC ("we", "us"), and you are preparing to enter into a Franchise Agreement and/or Development Agreement for the right to open and operate one or more Code Ninjas® franchises (each, a "Learning Center"). The purpose of this Questionnaire is to: (i) determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading; (ii) be certain that you have been properly represented in this transaction; and (iii) be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise.

**You cannot sign or date this Questionnaire the same day as the Receipt for the FDD. You must sign and date it the same day you sign the Development Agreement and/or Franchise Agreement, and pay us the appropriate franchise/development fee. You acknowledge that we are relying on the truthfulness of your answers to this questionnaire in deciding whether or not to counter-sign the Franchise Agreement and/or Development Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer "No" to any of the questions below, please explain your answer in the Comment section below the Questionnaire.

Yes <input type="checkbox"/>	No <input type="checkbox"/>	1.
Yes <input type="checkbox"/>	No <input type="checkbox"/>	2.
Yes <input type="checkbox"/>	No <input type="checkbox"/>	3.
Yes <input type="checkbox"/>	No <input type="checkbox"/>	4.
Yes <input type="checkbox"/>	No <input type="checkbox"/>	5.

~~Yes~~ ☐ ~~No~~ ☐ 1. Did you receive the Code Ninjas Franchise Disclosure Document ("FDD") at least 14 calendar days before you signed any agreement with Code Ninjas, LLC or gave Code Ninjas, LLC any consideration related to the purchase of a Code Ninjas franchise.

~~Yes~~ ☐ ~~No~~ ☐ 2. Did you give Code Ninjas, LLC a signed Receipt of the FDD showing that you received the FDD and accurately reflecting the date you received it.

~~Yes~~ ☐ ~~No~~ ☐ 3. Did you personally review the Code Ninjas FDD we provided?

~~Yes~~ ☐ ~~No~~ ☐ 4. Did you personally review the Franchise Agreement and/or Development Agreement, as well as each exhibit or schedule attached to these agreements that you intend to enter into with us?

~~Yes~~ ☐ ~~No~~ ☐ ~~5.~~ Do you understand all the information in the ~~Franchise Disclosure Document~~ FDD and the Franchise Agreement and/or Development Agreement you intend to enter into with us?

Yes <input type="checkbox"/>	No <input type="checkbox"/>	<input type="checkbox"/>	6.
Yes <input type="checkbox"/>	No <input type="checkbox"/>	<input type="checkbox"/>	7.

Have you reviewed the ~~Franchise Disclosure Document~~ FDD, Franchise Agreement and/or Development Agreement with an attorney, accountant or other professional advisor and discussed the benefits and risks of operating the Learning Center(s) with these professional advisor(s)?

Yes <input type="checkbox"/>	No <input type="checkbox"/>	<input type="checkbox"/>	9
Yes <input type="checkbox"/>	No <input type="checkbox"/>	<input type="checkbox"/>	÷
68.			
Yes <input type="checkbox"/>	No <input type="checkbox"/>	<input type="checkbox"/>	10
			÷
Yes <input type="checkbox"/>	No <input type="checkbox"/>	<input type="checkbox"/>	11
			÷
Yes <input type="checkbox"/>	No <input type="checkbox"/>	<input type="checkbox"/>	12
			÷

~~Yes ☐ No ☐ 7.~~ Do you understand the success or failure of your Learning Center(s) will depend in large part on your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your and our control such as demographics of your Premises (or Development Area), competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

~~Yes ☐ No ☐~~  
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others, in

of services under the Code Ninjas® mark or any other mark at any location outside your (a) Territory under the Franchise Agreement and (b) Development Area if you have entered into a Development Agreement, without regard to the proximity of these activities to the premises of your Learning Center(s) or the Development Area?

~~Yes~~ ☐ ~~No~~ ☐ ~~10.~~ Do

you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and/or Development Agreement must be mediated at our then-current headquarters?

~~Yes~~ ☐ ~~No~~ ☐ ~~11.~~ Do

you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement and/or Development Agreement, if not resolved through mediation, must be litigated at our then-current headquarters?

~~Yes~~ ☐ ~~No~~ ☐ ~~12.~~ Do

you understand the Franchise Agreement and/or Development Agreement provide that you can only collect compensatory damages on any claim

Do you understand that the Franchisee (or one of its principals if Franchisee is an organization), as well as any managers (as defined in the Franchise Agreement), must successfully complete the appropriate initial training program(s) before we will allow the Learning Center to open or consent to a transfer of that Learning Center?

Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	14.
Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	15.
Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	16.
Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	17.
Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	18.
Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	19.
Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	20.
Yes <input type="checkbox"/> No <input type="checkbox"/>	<input type="checkbox"/>	21.

~~Yes ☐ No ☐~~ 15. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?

~~Yes ☐ No ☐~~ 16. Do you understand that we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?

~~Yes ☐ No ☐~~ 17. Do you understand that we will send written notices, as required by your Franchise Agreement and/or Development Agreement, to either your Learning Center or home address until you designate a different address by sending written notice to us?

~~Yes ☐ No ☐~~ 18. Do you understand that we will not approve your purchase of a franchise, or we may immediately terminate your Franchise Agreement and/or Development Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?

~~Yes ☐ No ☐~~ 19. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise regarding the costs involved in operating a Learning Center that is not in the ~~Franchise Disclosure Document~~ FDD or that is contrary to, or different from, the information in the ~~Franchise Disclosure Document~~ FDD?

~~Yes ☐ No ☐~~ 20. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement or promise regarding the actual, average or projected revenues, profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Learning Center will generate, that is not in the ~~Franchise Disclosure Document~~ FDD or that is contrary to, or different from, the information in the ~~Franchise Disclosure Document~~ FDD?

~~Yes ☐ No ☐~~ 21. Is it true that no broker, employee or other person speaking on our behalf made any representation, statement ~~or~~ promise or agreement, other than those matters addressed in your Franchise Agreement and/or Development Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information in the ~~Franchise Disclosure Document~~ FDD?



Yes ☐ No ☐  
22.

Yes ☐ No ☐  
23.

Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Learning Center purchase with exception of those payments or loans provided in the Franchise Disclosure Document FDD?

~~Yes ☐ No ☐ 23.~~ Is it true that you understand that the approval of any location for a Learning Center does not constitute an assurance, representation or warranty of any kind as to the successful operation or profitability of a Learning Center at the location?

Yes ☐ No ☐ 24.

<u>Yes</u> <input type="checkbox"/>	<u>No</u> <input type="checkbox"/>	<u>25</u>
<u>Yes</u> <input type="checkbox"/>	<u>No</u> <input type="checkbox"/>	<u>26</u>

Is it true that you understand that our approval of a financing plan for a Learning Center does not constitute any representation or assurance that the financing plan is favorable, or not unduly burdensome, or that a Learning Center will be successful if the financing plan is implemented?

~~Yes ☐ No ☐ 25.~~ Is it true that you understand that the estimated initial investment expenditures disclosed in the Franchise Disclosure Document FDD are only estimates of the costs you may incur in opening a Learning Center and that the ranges are not assurances that your costs will fall within the ranges?

~~Yes ☐ No ☐ 26.~~ Do you understand that the Franchise Agreement contains the entire agreement between Code Ninjas, LLC and you concerning the Code Ninjas franchise, and that no oral or written statements that are not set out in the Franchise Agreement and/or Development Agreement are not binding or enforceable.

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**REMANDER THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

Signature of Franchise Applicant

Signature of Franchise Applicant

Name (please print)

Name (please print)

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**GIVE A COMPLETE EXPLANATION OF ANY NEGATIVE RESPONSES BELOW (REFER TO QUESTION NUMBER)**

**STATE EFFECTIVE DATES**

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending
Hawaii	<del>August 9,</del> 2024Pending
Illinois	Pending
Indiana	<del>July 18,</del> 2024Pending
Maryland	Pending
Michigan	Pending
Minnesota	<del>September 3,</del> 2024Pending
New York	Pending
North Dakota	<del>August 14,</del> 2024Pending
Rhode Island	<del>April 12,</del> 2024Pending
South Dakota	<del>July 19,</del> 2024Pending
Virginia	<del>July 25,</del> 2024Pending
Washington	Pending
Wisconsin	<del>July 19,</del> 2024Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## EXHIBIT M

### Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully.

If Code Ninjas, LLC offers you a franchise, it must provide this disclosure document to you: (a) 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; (b) in New York, at the earlier of: (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; ~~(c)~~

(c) in Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (d) in Michigan, at least 10 business days before the earlier of when you sign a binding franchise or other agreement or pay any consideration to us (or an affiliate of ours).

If Code Ninjas, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to your state authority listed on Exhibit C.

The franchisor is Code Ninjas, LLC, 3500 Parkway Lane, Suite 400, Peachtree Corners, Georgia 30092 (tel – 855.446.4652). The franchise seller are: Navin Gurnaney and Michael Rodrigues at Code Ninjas, LLC, 3500 Parkway Lane, Suite 400, Peachtree Corners, Georgia 30092 (tel – 281-810-6676). Any additional individual franchise sellers involved in offering the franchise are: \_\_\_\_\_.

The issuance date of this Franchise Disclosure Document is ~~July 17~~ March 27, 2024 ~~2025~~. Code Ninjas, LLC authorizes the agents listed in Exhibit C to receive service of process for us.

I received a disclosure document dated ~~July 17~~ March 27, 2024 ~~2025~~, that included the following exhibits:

A—

Franchise Agreement with Exhibits

A Development Agreement with Exhibits

C List of State Administrators

D List of Agents for Service of Process

E Form of General Release

F Table of Contents to Brand Manual

G Financial Statements \_\_\_\_\_

H \_\_\_\_\_

H State-Specific Addenda

I List of Current and Former Franchisees

Franchisee J List of Affiliate-Owned Learning Centers

Center K Pre-Closing Franchisee Questionnaire

L State Effective Dates

M—~~Receipts~~ Receipts

Date Received  
Prospective Franchisee

Code Ninjas, LLC—FDD -03.27.2025 #232634v1

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Issued 7.17.2024

#206569v25

| \_\_\_\_\_  
\_\_\_\_\_

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Name (Please print)

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\_\_\_\_\_

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\_\_\_\_\_

Address

Please keep this copy of the receipt with your  
FDD



## Receipt

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If Code Ninjas, LLC offers you a franchise, it must provide this disclosure document to you: (a) 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; (b) in New York, at the earlier of: (i) your first personal meeting to discuss the franchise, or (ii) 10 business days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; ~~(c)~~

(c) in Iowa, at the earlier of: (i) your first personal meeting to discuss the franchise; or (ii) 14 days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale; or (d) in Michigan, at least 10 business days before the earlier of when you sign a binding franchise or other agreement or pay any consideration to us (or an affiliate of ours).

If Code Ninjas, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to your state authority listed on Exhibit C.

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F Table of Contents to Brand Manual

G Financial Statements\_\_\_\_\_

~~H~~\_\_\_\_\_

H State-Specific Addenda

~~I~~ List of Current and Former Franchisees

~~Franchisee~~ J List of Affiliate-Owned Learning Centers

~~Center~~ K Pre-Closing Franchisee Questionnaire

L State Effective Dates

M Item 23 ~~Receipts~~Receipts

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Prospective Franchisee

\_\_\_\_\_  
Name (Please print)

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Address

Please sign, date, and return this copy of the receipt to Code Ninjas, LLC



Document comparison by Workshare Compare on Thursday, April 3, 2025 5:08:11 PM

Input:	
Document 1 ID	iManage://caioiarose-mobility.imatege.work/CR_DOCUMENT S/206569/25
Description	#206569v25<caioiarose-mobility.imatege.work> - Code Ninjas - Final FDD 2024 - 07.17.2024
Document 2 ID	iManage://caioiarose-mobility.imatege.work/CR_DOCUMENT S/232634/2
Description	#232634v2<caioiarose-mobility.imatege.work> - Code Ninjas - Final FDD - issued 03.27.2025
Rendering set	Standard no color

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Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

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	Count
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Deletions	2784
Moved from	13
Moved to	13
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Format changes	0
Total changes	5379