

FRANCHISE DISCLOSURE DOCUMENT



BFK Franchise Company LLC
a Nevada limited liability company
860 Hillview Ct, Suite 310, Milpitas,
CA 95035
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Email: hello@bricks4kidz.com
www.bricks4kidzfranchise.com

The franchise offered is for the right to operate a Bricks 4 Kidz® franchised business that provides curriculum-based STEAM educational programs, activities, events, and workshops designed to teach engineering principles and methodologies to participants of all ages using LEGO® brand bricks, Bricks 4 Kidz® proprietary products, other STEM-related products, robotics, animation, coding, artificial intelligence, and engineering techniques. Franchisees may operate a learning center, a mobile business, or both, utilizing the proprietary Bricks 4 Kidz® system to deliver interactive, hands-on learning experiences.

The total investment necessary to begin operation of a Bricks 4 Kidz Creativity Center that offers a permanent retail location with a Bricks 4 Kidz design concept offering and providing System Products and Services on-site ranges from \$77,150 to \$110,550. This amount includes \$31,300 that must be paid to the franchisor or its affiliate.

The total investment necessary to begin operation of a Mobile Bricks 4 Kidz Business that offers and provides System Products and Services on a mobile basis at third-party sites ("Third-Party Sites"), such as schools, community centers, and commercial locations ranges from \$34,200 to \$49,050. This amount includes \$27,300 that must be paid to the franchisor or its affiliate.

This 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 Franchise Administration at 860 Hillview Ct, Suite 310, Milpitas, CA 95035, by email at franchising@stroomx.com, and 1-888-787-0069.

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

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

page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: January 16, 2026

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Bricks 4 Kidz business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Bricks 4 Kidz franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use 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 you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida 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 mandatory minimum royalty payments regardless of your sales level. Your inability to make these payments may result in termination of your franchise and loss of your investment.
- 4) **Spousal Guaranty.** Franchisees must sign a personal guarantee, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guarantee will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.
- 5) **Turnover Rate.** During the last 3 years, a large number of franchised outlets were terminated, not renewed, re-acquired, 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.

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

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this disclosure document, "Bricks 4 Kidz", "BFK", "we", "us" and "our" means BFK Franchise Company LLC, the franchisor of this business. "You", "your", and "Franchisee" refers to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this disclosure document also apply to your owners and will be noted.

The Franchisor

We are a Nevada limited liability company formed on May 19, 2009. Our principal business address is 860 Hillview Ct, Suite 310, Milpitas, CA 95035. We operate under our company name and under the trade and service marks "Bricks 4 Kidz", "Bricks 4 Biz", and associated logos. We do not do business under any other name. We began offering Bricks 4 Kidz® franchises in July 2009. Our agents for service of process and their addresses are listed in Exhibit C. As of September 30, 2025, there were 159 franchise locations in the United States and 215 franchise locations internationally.

Parents, Predecessors, and Affiliates

Our predecessor franchisor was Creative Learning Corporation, which offered Bricks 4 Kidz franchises from 2009 through December 2021. Creative Learning Corporation Operated Bricks 4 Kidz, Sew Fun Studios, Bricks 4 Schoolz, Bricks 4 Biz, and Bricks 4 Kidz eLearning businesses and did not offer franchises in any other line of business.

In December 2021, the Bricks 4 Kidz franchise system, trademarks, and related intellectual property were acquired from Creative Learning Corporation by StroomX LLC, a Delaware limited liability company established on May 26th, 2021.

In February 2025, StroomX LLC spun off its subsidiary, BFK Franchise Company LLC (DBA Bricks 4 Kidz), into an independent, separate legal entity. While Bricks 4 Kidz is now a fully independent company, we want to assure you that its operations will continue to be managed and overseen by StroomX LLC. This strategic move enables both companies to pursue their respective growth opportunities while preserving the expertise and operational support that Bricks 4 Kidz will continue to benefit from.

Our affiliate, SF Franchise Company, LLC, a Florida limited liability company ("SFFC"), franchises the right to operate businesses under the "Sew Fun Studios" trademark that provide creative project-based activities, classes and programs in fashion and interior design and sewing to children and adults ("Sew Fun Studios Businesses"). SFFC was formed on January 26, 2015. SFFC had offered Sew Fun Studios franchises since February 2015 under a separate disclosure document. As of September 30, 2017, there are no Sew Fun Studios Businesses operating in the United States. As of October 1, 2018, SFFC stopped selling franchises.

Teknowland INC is an affiliate of the franchisor. Teknowland INC was formed in December 2013 and maintains its principal business address at 1551 Mccarthy Blvd, Milpitas, California 95035.

Teknowland INC manages, maintains, and supports certain components of the franchisor's proprietary technology stack used in connection with the Bricks 4 Kidz® franchise system, including software

platforms, digital infrastructure, and related technology services (collectively, the “FMS Stack”). Franchisees are required to use designated technological systems as described in this Disclosure Document and the Franchise Agreement, and certain technology services will be provided by Teknowland INC in its capacity as an affiliate.

Teknowland INC does not offer franchises and has not offered franchises in this or any other line of business.

Koncept Education Inc. – Pending Acquisition

As of the Issuance Date of this Disclosure Document, StroomX LLC, the company that manages the Bricks 4 Kidz® franchise system, is in the process of negotiating a potential acquisition of Buxton Academy Inc., doing business as Koncept Education Inc. The proposed transaction, if completed, is expected to close during the second quarter of the current fiscal year; however, there is no assurance that the acquisition will be completed, and the terms of any such transaction remain subject to negotiation, due diligence, and the satisfaction of customary closing conditions.

Until and unless the acquisition is completed, Koncept Education Inc. will continue to operate as an independent third-party education provider and strategic partner of StroomX LLC. The MathX AI Learning program is currently offered only through this strategic partnership and is not contingent upon the completion of the proposed acquisition.

Koncept Education Inc. does not offer franchises.

The MathX AI Learning program is offered solely as an optional additional program to franchisees operating a Bricks 4 Kidz® Creativity Center. Franchisees operating a mobile-only Bricks 4 Kidz® business are not eligible to offer the MathX AI Learning program.

The MathX AI Learning program may be modified, replaced, or discontinued at any time, at the Franchisor’s discretion. Franchisees should not rely on the continued availability of the MathX AI Learning program when deciding whether to invest in a Bricks 4 Kidz® Creativity Center.

Independent Third-Party Service Providers

PFG Financial & PMG Accounting

The franchisor has entered into strategic relationships with PFG Financial and PMG Accounting (collectively, the “Service Providers”), independent third-party firms that provide business financing assistance, accounting, bookkeeping, and tax-related services to franchisees.

These Service Providers maintain offices in the United States and Canada.

Franchisees are required to use a single, unified bookkeeping and accounting system designated by the franchisor, which is administered and supported by PFG Financial and PMG Accounting. This mandatory system is intended to ensure uniform financial reporting, compliance, and operational consistency across the franchise system. Fees for this required bookkeeping and accounting system are disclosed in Item 6 of this Disclosure Document.

All other services offered by PFG Financial and PMG Accounting, including but not limited to business financing assistance, tax planning, tax preparation, advisory services, and other accounting or consulting services, are optional. Franchisees may obtain such optional services from PFG Financial,

PMG Accounting, or from alternative providers, subject to the franchisor's reasonable standards and requirements.

Neither PFG Financial nor PMG Accounting offers franchises and neither is an affiliate of the franchisor.

We have no other business activities and have not offered franchises in other lines of business. We have no affiliates who currently provide products or services to franchisees of Bricks 4 Kidz Businesses. Except as described above, we have no affiliates who offer franchises in any line of business or who provide products or services to our franchisees.

The Franchise

We grant franchises for businesses operating under the "Bricks 4 Kidz" name and other trademarks, trade names, service marks, and commercial symbols, including the "Bricks 4 Biz" (collectively, the "Marks"). For reference purposes in this Disclosure Document, we collectively refer to all businesses using the System (defined below) and the Marks as "Bricks 4 Kidz Businesses," and we call the Bricks 4 Kidz Business that you will operate the "BUSINESS". The franchised business provides curriculum-based STEAM educational programs, activities, events, and workshops designed to teach engineering principles and methodologies to participants of all ages using LEGO® brand bricks, Bricks 4 Kidz® proprietary products, other STEM-related products, robotics, animation, coding, artificial intelligence, and engineering techniques.

Franchisees may operate under one or both of the following models:

- Creativity Centers (brick-and-mortar locations), which may host Bricks 4 Kidz programs, activities, events, workshops, and the optional Math program; and
- Mobile business with Bricks 4 Kidz programs, activities, events, and workshops delivered at schools, community centers, corporate venues, and other third-party locations.

Bricks 4 Kidz programs, activities, events, and workshops may be delivered through a variety of formats, including in-school and after-school programs, seasonal camps, workshops, birthday parties, community-based programs, and online or digital learning platforms, as authorized by the franchisor.

LEGO® is a registered trademark of the LEGO Group, which does not sponsor, authorize, or endorse the Bricks 4 Kidz franchise system.

Bricks 4 Kidz Businesses typically operate programs year-round, with peak activity occurring during after-school hours, weekends, and school holiday periods. Children may attend programs multiple times per week or on a session-based or seasonal basis depending on program format, school schedules, and local demand. Not all programs operate on a fixed weekly schedule.

The Services are provided by Bricks 4 Kidz franchisees operating Bricks 4 Kidz Businesses, which use our business formats, methods, procedures, signs, designs, layouts, standards, specifications and Marks (the "System") and specialized products, lesson plans, model plans and project kits produced or manufactured by us and our affiliates (the "Proprietary Products"), all of which we may improve, further develop or otherwise modify. If you acquire a franchise, you must operate your BUSINESS according to the System. The BUSINESS will be operated from an office located in your residence or at a location that we review and accept, which will be listed on Exhibit B of the Franchise Agreement (the "Office").

We offer Bricks 4 Kidz Business franchise owners the right to establish and operate a Brick 4 Biz business (the "B4B Business") that conducts classes and provides programs in the field of team-building and development to businesses and adults over the age of 18 (collectively, the "B4B Services") utilizing our Bricks 4 Biz system and our service mark "Bricks 4 Biz" and other trademarks and service marks we specify (collectively, the "B4B Trademarks").

Competition

Your Business will be located in a specific geographic territory (the "Territory") and compete with other businesses and non-profit organizations that offer similar programs through classes, camps, workshops and birthday parties. The market for your type of services generally is well-developed and competitive nationally.

Laws, Rules and Regulations

Many states may require Bricks 4 Kidz Business franchise owners to undergo a background check in order to offer after-school classes in a public-school system. As part of the background check, you may be required to complete specific forms and be fingerprinted. You must comply with laws that apply to educational programs geared towards children. You also must comply with existing laws, regulations, and ordinances that apply generally to all businesses, such as the Americans with Disabilities Act, federal wage and hour laws and state law equivalents, the Affordable Care Act, the Occupational Safety and Health Act, anti-terrorism and anti-corruption laws (such as the Patriot Act and the Foreign Corrupt Practices Act), and data protection and privacy laws (such as credit card protection under the U.S. Fair and Accurate Credit Transactions Act, or "FACTA"). It is your sole responsibility to comply with all applicable laws, and to obtain and maintain all necessary licenses and permits required by public authorities. You should investigate these laws that may apply to the youth educational and entertainment industries and to all businesses in general.

Item 2

BUSINESS EXPERIENCE

Christopher Patrick Rego - Chief Executive Officer:

Christopher Rego is the founder and CEO of StroomX LLC. He previously served as CEO of Creative Learning Corporation, joining as a director in February 2020 and becoming CEO in April 2020. An entrepreneur at heart, he founded Teknowland INC in 2013, Bricknowland in 2015, and StroomX LLC in 2021. Christopher holds an MBA from Nagarjuna University, Andhra Pradesh, India.

Ann Maria Rego - Chief People Officer:

Ann Rego is the co-founder and current Chief People Officer of StroomX LLC, a role she assumed in March 2024 after serving as its President since May 2021. An accomplished entrepreneur, she founded Teknowland INC in December 2013 and has been a franchise owner for Bricks 4 Kidz since the same year, showcasing her dedication to innovation and education.

Emmanuel Phillip Rego - Chief Operations Officer:

Emmanuel Rego joined StroomX LLC in 2022 and currently serves as its Co-Chief Executive Officer and Chief Operations Officer. He has been actively involved in the management and operations of the Bricks 4 Kidz® franchise system since 2015, where he has contributed to operational oversight,

franchise support, and system development. Emmanuel is currently completing a degree in Business Administration at San José State University.

Ajmal Alavi - Chief Technology Officer:

Ajmal Alavi is the Chief Technology Officer at StroomX LLC, a role he assumed in October 2024 after serving as the company's Director of Technology from May 2021 to September 2024. With a bachelor's degree in engineering, Ajmal brings extensive experience from his tenure at Bricknowland, where he worked from 2015 to 2021, showcasing his expertise in technology and innovation.

Shahed Bagwan - Chief Product and Curriculum Officer:

Shahed Bagwan is the Chief Product and Curriculum Officer at StroomX LLC, a position he has held since October 2024. He initially joined the company in May 2021 as Director of Research and Development, contributing significantly to its innovation efforts. Shahed holds a bachelor's degree in physics and previously worked as a curriculum developer at Bricknowland from 2015 to 2021, showcasing his expertise in education and product development.

Jennie Morris - Director of Finance:

Jennie Morris is the Director of Finance at StroomX LLC, a role she assumed in October 2024 after joining the company as Bookkeeping Manager in March 2022. With extensive experience in financial management, she previously served as Accounts Manager at Creative Learning Corporation from 2010 to 2016 and as a Bookkeeper at Ancient City Accounting in St. Augustine, FL, from 2016 to 2021.

Nishant Verma - Director of Sales:

Nishant Verma is the Director of Sales at StroomX LLC, a role he assumed in September 2024. Prior to joining StroomX, Nishant served as Head of Franchise Business at Mahindra First Choice Wheel India from August 2017 to September 2022. From 2022 to 2024, he worked with multiple organizations as a Franchise Developer in sales, bringing valuable experience in franchise development and sales strategy.

Vaughn Fisher - Chief Legal Officer:

Vaughn Fisher has served as Chief Legal Officer at StroomX LLC since March 2022, after being Legal Officer at Creative Learning Corporation from 2017 to 2022 both in Boise, Idaho.

Item 3

LITIGATION

Note: The Company inherited the following cases from its predecessor, Creative Learning Corporation.

Franventures, LLC v. Creative Learning Corporation, and BFK Franchise Company, LLC, Case No. CA16- 0236 (Circuit Court of the Seventh Judicial Circuit, in and for St. Johns County, Florida). On March 7, 2016, Brian Pappas, former CEO of Creative Learning Corporation and member of FranVentures, LLC, filed suit for breach of contract alleging the Company failed to pay amounts due under an operating agreement, and for a declaratory judgment determining the enforceability of the operating agreement. The Company is contesting these allegations and its liability for any damages. On June 23, 2016, the Company filed a counterclaim against FranVentures, LLC and Brian Pappas for

breach of fiduciary duty, breach of duty of loyalty, conversion, unjust enrichment, civil conspiracy and fraud, alleging various forms of self-dealing, abuse of authority, and the misuse of Company funds to pay for personal expenses and the benefit his spouse and relatives. On May 22, 2021, Creative Learning Corporation, Brian Pappas, Christine Pappas and Franventures entered into an agreement under which the parties agreed to mutually release all parties from any claims or causes of action that they have against the other, including without limitation any claims asserted in Case No. CA 15-1076 and Case No. CA 16-236. Creative Learning Corporation agreed to pay Brian Pappas and his assigns 60 consecutive, monthly payments of \$4,000 commencing on June 1, 2021, and continuing through June 1, 2026. This case has been settled and closed.

Creative Learning Corporation v. Brian Pappas, Case No. CA15-1076 (Circuit Court for the Seventh Judicial Circuit, in and for St. Johns County, Florida) On October 2, 2015, Creative Learning Corporation filed suit against Brian Pappas ("Pappas"), former CEO of Creative Learning Corporation and member of FranVentures, LLC, for various claims related to his conduct as CEO. On December 11, 2017, Pappas filed a counterclaim alleging he is entitled to indemnification from Creative Learning Corporation for any damages, fines, or fees accrued against him as a result of actions or investigations related to his conduct as CEO. We dispute this counterclaim, and intend to ardently pursue our claims, and defend our interest in these matters. Creative Learning Corporation agreed to pay Brian Pappas and his assigns 60 consecutive, monthly payments of \$4,000 commencing on June 1, 2021, and continuing through June 1, 2026. This case has now been settled and closed.

Back and 4th, LLC and Kristena Bins-Turner v. BFK Franchise Company, LLC, American Arbitration Association Case No. 01-16-0004-3745. Our current franchisee, Back and 4th, LLC, and its owner, Kristena Bins-Turner, filed a demand for arbitration on October 7, 2016, alleging breach of contract for our alleged failure to comply with Back and 4th's 8 franchise agreements. The Claimants allege that we failed to: (1) provide a unique system for the operation of a LEGO-based business; (2) provide a proper Operations Manual; (3) impose uniform standards for fixtures, flooring and signage; (4) promote goodwill and protect the brand; and (5) provide effective and timely marketing materials. The Claimants also allege that our former management failed to provide Bins-Turner with certain disclosures of the conduct presented in our lawsuit against Brian Pappas prior to entering into one or more of the franchise agreements. Back and 4th and Bins-Turner seek rescission of all 8 of its Bricks 4 Kidz franchise agreements, a full refund of all fees and royalties paid by Back and 4th, and a full release of Bins-Turner from all post-termination non-competition obligations. We dispute the various claims made in the arbitration demand. This case was arbitrated in December 2017 and the arbitrator had until February 15, 2018, to issue an arbitration award. On April 24, 2018, we paid \$45,000 to Kristena Bins-Turner and Back and 4th, LLC to settle an arbitration award entered on February 13, 2018. That amount included reimbursement of \$15,381.01 for arbitration costs related to the eight franchise territories that Back and 4th LLC owned. The case has been settled and closed.

Team Kasa, LLC, Karen June, Alexander Gilbert, and AnnMarie Szollosi Gilbert (f/k/a AnnMarie Szollosi) v. Brian Pappas, FranVentures, LLC, Richard Humphrey, Franchise BIZ Experts, LLC, William Litster, and Ameridream Investments, LLC, Case No. 2:17-cv-01074 (E.D.N.Y. filed February 24, 2017). Franchisee, along with its three owners, filed suit against former CEO of Creative Learning Corporation, BFK Franchise Company, LLC's parent company, alleging disclosure violations under Section 683 of the New York State Franchise Sales Act, and misrepresentation and omission violations of Section 687. The Franchisee, and its owners seek monetary damages. We deny these allegations and the case has been settled and closed.

Team Kasa, LLC, Karen June, Alexander Gilbert, AnnMarie Gilbert (f/k/a Zaollosi) v. BFK Franchise Company, LLC (d/b/a Bricks 4 Kidz), Case No. 01-17-0001-1968 (American Arbitration Association filed February 24, 2017, amended October 10, 2017). Franchisee, along with its three owners, initiated arbitration seeking to hold us jointly and severally liable for damages resulting from allegations against Mr. Pappas and the other Defendants identified in Case No. 2:17-cv-01074 filed in the E.D.N.Y. disclosed above. Arbitration is currently held in abeyance. Upon continuation of arbitration, we will zealously contest the allegations and defend our interests in this matter. In June 2024, the parties participated in a mediation session led by John Dienelt, Esq. The goal of the mediation was to address disputes related to the franchise agreements and the parties' former business relationship. Both parties agreed to settle without admitting any fault, liability, or wrongdoing. BFK Franchise has been removed from the case as Respondent. The resolution described pertains to the parties who participated in the mediation and reached the settlement agreement. However, it is acknowledged there are other respondents who have not yet resolved their status within the case. At this time, we are unable to comment on the involvement or position of the remaining respondent(s), as this remains uncertain and beyond the scope of the current settlement agreement. The case has been settled and closed.

Indy Bricks, LLC, Ben Schreiber, and Kate Schreiber v. BFK Franchise Company, LLC, and Creative Learning Corporation, Case No. 01-17-0006-7716 (American Arbitration Association filed November 8, 2017). Our current franchisee, Indy Bricks, LLC, and its owners, Ben & Kate Schreiber filed a demand for arbitration on November 8, 2017, alleging breach of contract for our alleged failure to comply with Indy Bricks' 2 franchise agreements, and for alleged violation of the Indiana Franchise Act, and the Indiana Deceptive Franchise Practices Act. Additionally, the Claimants allege fraud by omission and misrepresentation. Claimants seek rescission of the franchise agreements, and damages in the amount of \$100,000. On April 23, 2020 a settlement agreement was entered into between Indy Bricks, LLC and its owners, Ben and Kate Schreiber and us where the arbitration was dismissed. Indy Bricks, LLC will pay us \$4,000 of past due franchise fees, monthly marketing and royalty fees and monthly fees to utilize our FMS. Indy Bricks, LLC has satisfied their obligations.

Mark Shaw, Matt Shaw, Craig Pfeffer, Debbie Pfeffer, Thomas Heninger, Robin Heninger and Henry Tableing v. Chris Rego, Gary Zell, John Simento, Rod Whiton, Michael Elkin and Stroomx, LLC. Circuit Court, Seventh Judicial Circuit, in and for St. Johns County, Florida, Case No. 55-2024-CA-001051, Division 55 (August 5, 2024). Plaintiffs filed suit against Defendants in two counts – breach of fiduciary duties (against the individual defendants) and constructive fraud (against Simento, Rego and StroomX) – related to the alleged reduced value of their respective shares of stock in Creative Learning Corporation. Defendants Simento and Elkin have been dismissed from the case (July 9, 2025). All claims have been dismissed by the trial court.

Mark Shaw, Matt Shaw, Craig Pfeffer, Debbie Pfeffer, Thomas Heninger, Robin Heninger and Henry Tableing v. Stroomx, LLC, Chris Rego, Gary Zell, Rod Whiton and Michael Elkin, Superior Court for Santa Clara County, California, Case No. 25CV479391 (November 5, 2025). The plaintiffs are shareholders in the public company that used to own the Bricks 4 Kidz Business and this case was originally filed on November 5, 2025. Plaintiffs filed suit against Defendants in two counts – breach of fiduciary duties (against the individual defendants) and constructive fraud (against Rego), civil conspiracy and conversion (against all defendants) – related to the alleged reduced value of their respective shares of stock in Creative Learning Corporation. Defendants Rego and StroomX will be moving to dismiss the Complaint and otherwise vigorously defending on the merits.

Governmental Actions:

Commonwealth of Virginia - Case No. SEC 2016-00025. In June 2016, we entered into a Settlement Order and Admission and Consent (the “Order”) with the Commonwealth of Virginia Corporation Commission's (the “Commission”) Division of Securities and Retail Franchising (the "Division"), whereby we agreed to (i) pay restitution, penalties, and investigative costs in the amount of \$94,900; (ii) provide a copy of the Order to all current and former Bricks 4 Kidz franchisees; (iii) offer rescission to the 5 current Bricks 4 Kidz franchisees that the Commission alleged received financial performance representations; and, (iv) refrain from violating the Virginia Retail Franchising Act (the “Act”) in the future. The Division alleged that our offer and sales activities in Virginia violated the Act by making untrue statements of a material fact and misled franchisees by misrepresenting existing Bricks 4 Kidz franchisees’ revenues by including revenues from school programs, which may not have been allowed in certain territories. We did not admit or deny any of the allegations set forth in the Order.

United States Securities and Exchange Commission v. Brian Pappas, etc al. (Civil Action No. 3:17-cv00954-TJC-JRK). On August 21, 2017, the SEC filed a Civil Complaint against the Company and certain former executive officers and directors in the United States District Court for the Middle District of Florida, Jacksonville Division, as Civil Action No. 3:17-cv-00954-TJC-JRK. The Civil Complaint was in regards to alleged violations of federal securities law occurring between 2011 and 2015. On August 22, 2017, the SEC also filed with the court the Company’s formal Consent to a full resolution of all allegations pertaining to the Company. Pursuant to the Consent, without admitting or denying the allegations, the Company agreed to the entry of a final judgment that permanently enjoins it from violating the sections of the federal securities laws listed in the Civil Complaint. On September 20, 2017, the United States District Court for the Middle District of Florida, Jacksonville Division issued the final judgment order as to the Company in the Civil Action No. 3:17-cv-00954-TJC-JRK. The entering of the final judgment order has resolved all allegations pertaining to the Company. The Company was not assessed any monetary penalties.

Other than the actions listed above, no litigation is required to be disclosed in this Item.

Item 4

BANKRUPTCY

No bankruptcy proceedings are required to be disclosed in this Item.

Item 5

INITIAL FEES

Initial Franchise Fee

When you sign a Franchise Agreement, you must pay to us a non-refundable initial franchise fee (the “Initial Franchise Fee”). The amount of your Initial Franchise Fee depends on the type of Bricks 4 Kidz Business you purchase. For a Bricks 4 Kidz Creativity Center (brick-and-mortar location), the Initial Franchise Fee is \$25,000. For a Mobile Bricks 4 Kidz Business, the Initial Franchise Fee is \$23,000. The Franchise Fee for the second and each additional Franchise Territory purchased is \$16,000. If you convert from a Mobile Bricks 4 Kidz Business to a Bricks 4 Kidz Creativity Center you will pay the additional \$2,000 franchise fee at the time of conversion. The Initial Franchise Fee is

fully earned by us upon payment. Except for the discount below, the Initial Franchise Fee is uniform for all franchisees.

If we terminate your Franchise Agreement (at our option) because: (1) your required attendees to our initial training program described in Item 11 below cannot complete initial training to our satisfaction; or (2) you do not commence operations of the BUSINESS within 90 days from the date your required attendees complete the initial training program to our satisfaction, then you may be eligible to receive a refund of up to \$5,000 of the Initial Franchise Fee if you sign and submit to us a release of claims in a form we designate (a sample form release of claims is attached as Exhibit F). Except as stated in the prior sentence, the Initial Franchise Fee is not refundable. The Initial Franchise Fee is uniform as to all franchisees purchasing a franchise for a Bricks 4 Kidz Business.

If you choose to pay the initial franchise fee by credit card, you must also pay us all credit card processing fees we incur. Currently the charge is between 2.5% and 3.5% of the transaction amount.

We reserve the right to change the initial franchise fee, discounts or duration given at any time before you purchase a franchise.

Technology Setup Fee

When you sign the Franchise Agreement, you must pay a one-time, non-refundable Technology Setup Fee of \$300 to us, our affiliate, or a third-party vendor we designate. This fee covers the initial configuration, access, and onboarding of the franchisee to the FMS Stack used for franchise operations and compliance.

Initial Inventory: Program Supplies

Prior to the opening of your Bricks 4 Kidz Business, you will be required to pay to us \$4,000 for a Creativity Center and \$3,000 for a mobile business for your initial inventory of initial program supplies required to open your Bricks 4 Kidz Business. This fee is fully earned by us upon payment and is non-refundable.

Grand Opening Expenditures

In preparation for the grand opening of your Bricks 4 Kidz[®] business, you must pay to us or our affiliate a grand opening fee in the minimum amount of \$1,000 for a Mobile Bricks 4 Kidz[®] business or \$2,000 for a Bricks 4 Kidz[®] Creativity Center (brick-and-mortar location).

We or our affiliate collect the grand opening fee and may distribute all or a portion of the fee to third-party designated service providers to plan, coordinate, and conduct your grand opening activities.

This fee is fully earned upon receipt and is non-refundable, regardless of whether your business opens or operates.

Incentives

We offer a ten percent (10%) discount off the Initial Franchise Fee for active-duty United States armed forces personnel and honorably discharged United States armed forces veterans. The Franchised Business must be operated under a business entity, and the active-duty personnel or veteran participant must maintain at least a fifty one percent (51%) ownership interest in such entity throughout the initial term of the Franchise Agreement. A copy of either the active armed forces

identification card or the form DD-214, evidencing the status of a participating veteran and discharge type, must be submitted with the Franchise Agreement to receive this discount. We reserve the right to cancel or modify any incentive program or discount at any time. If the participating active-duty service member or veteran fails to maintain at least a fifty one percent (51%) ownership interest in the franchised entity, or is no longer an Owner for any reason, other than death or disability, before the fifth anniversary of the effective date of your franchise agreement, then you shall reimburse us for the incentive discount applied to your Initial Franchise Fee.

Item 6 OTHER FEES

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty Fee	The greater of 7% of BUSINESS' Gross Sales ⁽²⁾ (the "Royalty"), and the Minimum Royalty Fee ⁽³⁾ , plus any applicable taxes ⁽⁴⁾ .	Currently, payable monthly by the 20 th day of the following month.	You must pay the Royalty to us following the date the BUSINESS commences operations.
Marketing Fund	The greater of 2% of BUSINESS' Gross Sales ⁽²⁾ , and the Minimum Marketing Fee ⁽⁵⁾ of \$150 per month, plus any applicable taxes.	Currently, payable monthly by the 20 th day of the following month.	See Item 11 for a detailed discussion about the Marketing Fund (the "Fund").
Local Advertising ⁽⁶⁾	Up to 3% of the BUSINESS' Gross Sales ⁽²⁾ (currently 2%), subject to a minimum of \$750 per month.	As incurred.	You must spend this amount on local marketing activities for the BUSINESS according to our guidelines.
Additional or Renewal Training and/or Assistance	Up to \$500 per person plus travel and living expenses.	As incurred.	We provide initial training for you (or your managing owner) and your Designated Manager (defined in Item 15) at no additional cost (<i>See</i> Item 11). We may charge you for additional initial training for your employees at our training facility and for additional or special assistance or training you need or request or that we may require during the franchise term. These amounts also apply to on-site consultation services we may provide for the BUSINESS during the franchise term and for new or managers you may

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
			hire or appoint during the franchise term (<i>See</i> Item 11)
Technology Fee ⁽⁷⁾	Our then-current fee; Currently \$250 per month for a Mobile Business and \$350 per month for a Creativity Center. Two (2) Business Email Addresses are included in Technology Fee. Each additional Business Email Addresses are at \$5 per month.	Due on the 1 st calendar day of each month.	Payable to us, our affiliate, or a third-party vendor we designate.
Transfer ⁽⁸⁾	\$7,000, plus any applicable taxes and legal expenses.	Before transfer completed.	Applicable to transfers of a controlling interest in you, the Franchise Agreement, or the assets of the BUSINESS. You must satisfy all our conditions of transfer as provided under the Franchise Agreement in order for us to approve any transfer.
Renewal	For your first renewal of the Franchise Agreement, the renewal fee will be equal to the initial franchise fee disclosed in Item 5. For each subsequent renewal, the renewal fee will be fifty percent (50%) of our then-current initial franchise fee, plus reimbursement of our legal and professional expenses and other costs incurred in connection with the renewal.	Upon signing renewal franchise agreement.	If we approve renewal of your Franchise Agreement, at the time of renewal, you will be required to sign our then current Franchise Agreement and pay the renewal fee.
Relocation Fee	10% of our then-current initial franchise fee.	Upon invoice.	Payable prior to relocation only if you request and we approve your relocation.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Product and Service Purchases	Varies.	When billed.	You will buy products and services from us, our affiliates, designated and approved vendors whose items meet our standards and specifications, and/or other suppliers in the industry (<i>See</i> Item 8).
Testing	Greater of \$1,000 or the actual cost inspection and Testing.	As incurred.	This covers our costs and expenses for evaluating and testing new products or inspecting new suppliers you propose.
Administrative fee for late submission of revenue reports	\$100 every two weeks until reports are submitted.	Beginning on the 1 st day after the report is due by the 7 th day of every month and thereafter.	Payable if you are 1 day late in submitting reports.
Audit	Cost of inspection or audit.	On demand.	Payable if we conduct an audit or inspection and the audit reveals that you: (i) failed to spend the required Local Advertising expenditure described in this Item 6; (ii) reported Gross Sales or other financial information that differs from the results determined by the audit by 2% or more; or (iii) failed to provide reports, supporting records, or other information we require.
Interest on overdue amounts	18% per month or the maximum rate allowed by state law, whichever is less ⁽⁹⁾ .	As agreed.	Due on all overdue amounts.
Biennial Conference ⁽¹⁰⁾	Currently \$750 per person in attendance.	On demand.	This payment will be debited automatically from your bank through ACH.
Insurance	You must reimburse our costs.	As incurred.	If you fail to obtain insurance, we may obtain insurance for you and you must reimburse us.
Insufficient Funds Processing Fee	\$30, plus our expenses.	As agreed.	Due if you have insufficient funds in your EDTA to cover a payment, or, if you pay by

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
			check and if the check is returned for insufficient funds.
Costs and Attorneys' Fees	Actual costs.	As incurred.	Due when you do not comply with the Franchise Agreement.
Indemnification	Will vary under circumstances.	As incurred.	You must reimburse us if we are held liable for claims from your BUSINESS' operation.
Management Fee	\$300 per day (plus costs and expenses).	As agreed.	Due when we (or a third party we designate) manage the BUSINESS after your or your managing owner's death or disability or upon your default or abandonment.
Solicitation Fee	As set by us or our affiliate (currently, 50% of the individual's annual salary, plus expenses).	As agreed.	Due if you, your owners, or your or your owners' spouses employ or seek to employ any individual who is or within 6 months of employment or solicitation was, employed by us, our affiliate or any Bricks 4 Kidz Business franchise owner or location, or attempt to induce any individual to leave employment without our, our affiliate's or the Bricks 4 Kidz Business franchise owner's consent.
Early Termination Fee	100% of remaining Royalty payments under the Franchise Agreement.	When you elect to terminate the Franchise Agreement	Due only if you elect to terminate the Franchise Agreement on or after the 2 nd anniversary of the date the BUSINESS commences operations.

Notes:

1. Except as otherwise noted in this Item 6, all fees are imposed, collected by, and payable to us, and, except as expressly stated, are uniform and non-refundable. You must sign and deliver the documents we require, including the ACH Authorization Form (Exhibit C to the Franchise Agreement), authorizing us to electronically debit your designated bank account (the "Electronic Depository Transfer Account" or "EDTA") for payment of all fees payable to us or our affiliates, other than the Initial Franchise Fee, including Royalties, Marketing Fund contributions, and other amounts due under the Franchise Agreement and for purchases from us or our affiliates. You must deposit all Gross Sales from your Bricks 4 Kidz® Business into the account subject to the ACH authorization. We will debit the EDTA on the applicable due

dates, and sufficient funds must be available for withdrawal. We may require payment by methods other than automatic debit, and you must comply with our payment instructions.

2. Gross Sales is defined as the total dollar sales and revenues from all customers of your Bricks 4 Kidz Business and, includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of monetary or non-money consideration (whether or not payment is received at the time of the sale or any amount is proved uncollectible), derived by you or any other person or corporate entity acting on your behalf from business conducted within and/or outside the Protected Area of your Bricks 4 Franchise Business that is related to your Bricks 4 Kidz Business and/or a competitive business located and/or operating within and/or outside the Protected Area of your Bricks 4 Kidz Business. Gross Sales do not include sales taxes collected by you and paid to the applicable taxing authority.

3. Beginning in the third month following the date the BUSINESS commences operations, the amount of the Royalty paid to us will be subject to a minimum royalty (the “Minimum Royalty Fee”). The amount of your Minimum Royalty Fee is determined as follows:

For First Franchise Territory: \$700 per month plus any applicable taxes.

For every subsequent Franchise Territory: \$300 per month plus any applicable taxes.

Within twenty (20) calendar days after the end of each month, you must pay us the greater of (i) the Royalty for the immediately preceding month or (ii) the Minimum Royalty Fee.

The reduced Minimum Royalty Fee for each subsequent Bricks 4 Kidz Business will apply only if you continue to operate your initial Bricks 4 Kidz Business and are not in default under any agreement with us. If you cease operating the initial Bricks 4 Kidz Business or are in default under any agreement with us, you must pay the Minimum Royalty Fee applicable to a first Franchise Territory for each remaining Bricks 4 Kidz Business.

4. If any federal, state, or local tax other than an income tax is imposed upon the Royalty Fees paid by you to us which we cannot directly and, dollar for dollar, offset against taxes required to be paid by us under applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount of the Royalty Fees paid to us is not less than that the dollar amounts of the Royalty Fees under the Franchise Agreement.
5. You must contribute to the Marketing Fund currently in an amount up to 2% of your monthly Gross Sales, subject to a minimum of \$150 per month plus any applicable taxes.
6. On a monthly and on-going basis you will be required to spend the Local Advertising Expenditure toward the marketing and promotion of your Bricks 4 Kidz Business. Your local marketing efforts and expenditures must be targeted to a market comprising your Protected Area and must conform to our standards and specifications. We may collect the Local Advertising Expenditure and spend it on your behalf utilizing our Designated Supplier.
7. You must pay to us, our affiliate, or a third-party vendor we designate, a Technology Fee of \$250 per month for a Mobile Business and \$350 for a Creativity Center, beginning in the first full month after you sign the Franchise Agreement. We may increase the Technology Fee, upon at least 30 days’ prior written notice, up to a maximum of \$500 per month, at any time

before the expiration of your franchise term. The Technology Fee covers your access to and required use of the FMS Stack, which is provided by us, our affiliates, and third-party vendors. The Technology Fee is payable monthly, non-refundable, and is due regardless of your level of use of the FMS Stack.

8. There is no transfer fee due for (a) transferring your Franchise Agreement to an entity you control, or (b) transferring a non-controlling ownership interest in you or your owners, as long as in either case: (i) the proposed transferee and its owners (whether direct or indirect) are of good character and otherwise meet our then applicable standards for franchise owners (including no involvement with a Competitive Business, as defined in Item 17); (ii) you give us prior notice of the transfer and later provide us final documentation of the consummated transfer; and (iii) you reimburse us, upon our demand at any time, for any costs we incur related to the proposed transfer (regardless of whether the proposed transfer actually occurs). We will charge a reasonable amount to cover our expenses, not to exceed \$7,500.
9. The highest interest rate allowed by law in California for late payments is 6% annually.
10. We require that you attend our Biennial Conference. If you cannot attend and we excuse your absence, you must send your Designated Manager in your place. In addition to the current \$750 fee per person in attendance, you will be responsible for all conference-related costs and expenses, including compensation, travel, accommodations, wages, and meals for your attendees. If you or your representative do not attend, you must pay us a conference materials fee of \$1,000 and we will provide you with relevant training materials from the Biennial Conference.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TABLE 1 - BRICKS 4 KIDZ CREATIVITY CENTER				
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise Fee ⁽¹⁾	\$25,000	Lump sum	Upon signing the Franchise Agreement	Us
Software Setup Fees ⁽²⁾	\$300	As agreed	As incurred	Us
Technology Fees ⁽³⁾	\$350 - \$500	As agreed	As incurred	Us, our affiliate, or a third-party vendor we designate.
Professional Fees	\$750 - \$1,500	As billed	As incurred	Third-party professional(s)
Computer System and Technology ⁽⁴⁾	\$2,000 - \$4,000	As billed	Before the Grand Opening	Third-party suppliers and vendors approved by Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Office Supplies ⁽⁵⁾	\$500 - \$1,000	As billed	As incurred	Third-party supplier(s)
Business Licenses and Permits	\$1,000 - \$2,000	As billed	Before the Grand Opening	Government agencies or authorities
Products/Supplies ⁽⁶⁾	\$1,500 - \$3,000	As billed	As incurred	Third-party suppliers and vendors approved by Us
Grand Opening Advertising ⁽⁷⁾	\$2,000	As billed	Before the Grand Opening	Us or our affiliates
Training Expenses (out-of-pocket costs for 2 people)	\$1,000 - \$2,000	As incurred	As incurred	Third-party providers
Marketing Materials ⁽⁸⁾	\$1,000 - \$2,000	As billed	15 days prior to operating	Third-party Supplier(s)
Insurance ⁽⁹⁾	\$750 - \$1,500	As billed	Within 1 month after training	Third-party insurance provider
Program Supplies: Initial Inventory ⁽¹⁰⁾	\$4,000	As billed	Within 1 month after training	Us
Leasehold Improvements, Furniture and Fixtures ⁽¹¹⁾	\$15,000 - \$25,000	Varies	Before the Grand Opening	Third-party suppliers and vendors approved by Us
Architectural Fees	\$2,000 - \$5,000	Varies	Before the Grand Opening	Third-party suppliers and professional(s)
Signage	\$3,000 –\$5,000	As billed	Before the Grand Opening	Third-party suppliers and vendors approved by Us
Prepaid Rent and Lease Deposits ⁽¹²⁾	\$6,000 - \$10,000	Lump sum	Varies	Third-party landlord/lessor
Utility Deposits ⁽¹³⁾	\$1,000 - \$2,000	As billed	Before the Grand Opening	Third-party utility companies
Additional Funds – Initial period of 3 months ⁽¹⁴⁾	\$10,000 - \$15,000	As incurred	As incurred	Us, employees, landlord, and other third-party suppliers and vendors
TOTAL ESTIMATED INITIAL INVESTMENT⁽¹⁵⁾	\$77,150 to \$110,550			

TABLE 2 - MOBILE FRANCHISE

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Initial Franchise Fee ⁽¹⁾	\$23,000	Lump Sum	Upon signing Franchise Agreement	Us
Software Setup Fees ⁽²⁾	\$300	As agreed	As incurred	Us
Technology Fees ⁽³⁾	\$250 - \$500	As agreed	As incurred	Us, our affiliate, or a third-party vendor we designate
Professional Fees	\$500 - \$2,000	As billed	As incurred	Third-party professional(s)
Computer System and Technology ⁽⁴⁾	\$1,000 - \$2,500	As billed	As incurred	Third-party suppliers and vendors approved by Us
Office Supplies ⁽⁵⁾	\$200 - \$300	As billed	As incurred	Third-party supplier(s)
Business License and Permits	\$50 - \$200	As billed	As incurred	Government agencies or authorities
Products/Supplies ⁽⁶⁾	\$200 - \$2,000	As billed	As incurred	Third-party suppliers and vendors approved by Us
Grand Opening Advertising ⁽⁷⁾	\$1,000	As billed	As incurred	Us or our affiliates
Training Expenses (out-of-pocket costs for 2 people)	\$500 - \$2,000	As incurred	As incurred	Third-party providers
Marketing Materials ⁽⁸⁾	\$0 - \$500	As billed	15 days prior to operating	Third-party supplier(s)
Insurance ⁽⁹⁾	\$200 - \$2,000	As billed	Within 1 month after training	Third-party insurance provider
Program Supplies: Initial Inventory ⁽¹⁰⁾	\$3,000	As billed	Within 1 month after training	Us
Additional Funds - 3 months ⁽¹⁴⁾	\$4,000 - \$10,000	As incurred	As incurred	Us, employees, and other third-party suppliers and vendors
TOTAL ESTIMATED INITIAL INVESTMENT⁽¹⁵⁾	\$34,200 to \$49,050			

Explanatory Notes

- * Except for the Initial Franchise Fee, all amounts listed in the above table are nonrefundable.
- 1. We describe the Initial Franchise Fee and related terms in Item 5.
- 2. We describe the Technology Setup Fee in Item 5.
- 3. We describe the Technology Fee in Item 6.
- 4. You must purchase a Computer System and related software that meets our specifications, which hardware and software components we detail in Item 11. The low end of the estimate assumes you already have a laptop computer system that meets our specifications.
- 5. You must purchase standard office supplies.
- 6. We will provide you with an initial inventory of Proprietary Products and other materials from the payment you make to us for your initial inventory of program supplies, but you may need to purchase an additional supply depending on the number of classes you conduct during the initial period. You must also purchase an initial supply of “free play” LEGO® bricks. You must purchase the additional supply of Proprietary Products from us or our designated suppliers, and you may purchase the “free play” LEGO® bricks from any supplier.
- 7. In preparation for the grand opening of your Bricks 4 Kidz® Business, you must participate in a grand opening advertising program (“Grand Opening Advertising”) administered by us or our affiliate. The program will be conducted according to a schedule we determine on a case-by-case basis and may generally commence approximately one month before your grand opening and continue for two to three months thereafter. All advertising must comply with our standards and specifications. *See* Item 11.
- 8. We will provide you with digital marketing materials for your BUSINESS.
- 9. You must obtain and maintain certain types and amounts of insurance. (*See* Item 8) Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors bearing on risk exposure. The estimate contemplates insurance costs for 3 months.
- 10. These figures represent the purchase of the necessary equipment from suppliers to provide the services of your Bricks 4 Kidz Business. For the Creativity Center you will be required to purchase certain types of equipment including toys, displays, cases, play areas and electronic equipment from us or our approved manufacturers, suppliers and/or subject to our specifications. The costs listed here do not include any transportation or set up costs, which vary by location.

Notes 11-13 apply to the Creativity Center Franchise Option

- 11. This estimate is for construction, furniture, and fixtures, which we have based on the historical experience of our existing franchise centers and on the assumption that your Creativity Center will be approximately 1,200 to 2,000 square feet in a lower rent retail commercial location. The difference in the low and the high improvement cost estimates is due to differences in the physical attributes of a potential location. These estimates are applicable to a “vanilla box” site, which refers to the interior condition of either a new or

existing building in which the improvements generally consist of heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, dedicated party rooms, walls that are prepped for painting and a concrete slab floor. These numbers are not inclusive of any architect fees. The costs of the furniture and fixtures may vary depending on the material quality and on other factors.

12. You will be required to operate your Bricks 4 Kidz Creativity Center from a commercial business location that we approve and that complies with local and state laws. The cost of real estate varies considerably based on the local real estate market and the size and location of the property that you elect to purchase or lease. This estimate assumes that you will be leasing the location for your Creativity Center. You will be required to pay the landlord a rent security deposit that you will negotiate with the landlord and that will vary significantly based on factors that include the desirability of the location and your own negotiations. This estimate is for the estimated cost of a two (2) lease month security deposit for a Creativity Center location that is approximately 1,200 to 2,000 square feet.
13. You will need to secure the appropriate utilities required for the operation of your Bricks 4 Kidz Creativity Center. You will be required to pay upfront deposits to each applicable utility company.
14. This item estimates your initial start-up expenses (other than the items identified separately in the table). These expenses include payroll costs (but not any draw or salary for you); equipment; installations; utility costs; incorporation fees; materials; automotive expenses; and any unforeseen incidental expenses related to facilities improvements. We relied on our experience of a franchisor to compile these estimates.
15. You should review these estimated figures carefully with a business advisor before deciding to acquire the franchise. We describe financing in Item 10. The availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the BUSINESS according to our System Standards. To maintain the quality, uniformity, safety, and goodwill associated with the Bricks 4 Kidz® System, you must purchase or use certain products, services, equipment, supplies, software, and technology platforms (collectively, “Operating Assets”) from us, our affiliates, or suppliers that we designate or approve. These requirements are intended to protect our proprietary curriculum, confidential information, brand standards, data security, control usage of the Marks by third-parties, and the consistency of the educational experience provided by Bricks 4 Kidz® Businesses.

Required Purchases from Us, Our Affiliates, approved or designated suppliers

Certain products, services, items, software, systems, and technologies used in the operation of the Bricks 4 Kidz® Business are proprietary or system-critical and must be purchased or licensed from us, our affiliates, or suppliers we designate or approve, at the prices we and they decide to charge. These items may include, without limitation:

- Proprietary curriculum materials, instructional materials, lesson plans, and model plans;
- Program kits, educational kits, and Bricks 4 Kidz® branded products;
- Marketing materials, digital assets, promotional items, branded merchandise, and signage;
- Franchise management, scheduling, enrollment, payment, and reporting software;
- Software systems, digital platforms, and related technology services;
- Insurance coverage meeting our minimum requirements;
- Uniforms or apparel bearing approved branding, if required; and
- Other products or services we may designate from time to time in accordance with the System

Technology, Systems, and Software

You are required to use certain software platforms, digital infrastructure, and related technology services designated or approved by us in the operation of your Bricks 4 Kidz® Business (collectively, the “FMS Stack”). The FMS Stack is an integral component of the System and is designed to support operational consistency, curriculum access, data security, reporting, and brand standards.

The FMS Stack is provided by us, our affiliates, and/or approved third-party vendors. At this time, there are no approved alternatives to the required components of the FMS Stack. You must maintain the required subscriptions and system access while operating your Bricks 4 Kidz® Business, subject to the terms of the Franchise Agreement.

The FMS Stack may include, without limitation:

- Our proprietary franchise management system, which may include customer relationship management (CRM), customer registration, scheduling, attendance tracking, communications, and payment processing tools;
- The X-One platform, including curriculum access, instructional content delivery, and system security controls;
- A unified accounting and financial management system, which may include tools or services designed to assist with:
 - Monthly reconciliation of bank accounts;
 - Monthly reconciliation of loans and lines of credit;
 - Proper categorization of accounts;
 - Preparation and filing of sales and use tax returns (where applicable);
 - Payroll processing, including issuance of Records of Employment (ROEs) where required; and
 - Payroll remittances; and Correspondence with applicable government authorities.

These tools and services are intended to assist with administrative functions only. You remain solely responsible for the accuracy of your financial records and compliance with all applicable laws, including tax, payroll, and employment obligations.

- A required business website and approved business email and collaboration tools; and
- Any additional, replacement, or upgraded technologies, systems, software, or platforms that we or our affiliates may implement or designate in the future to support the System.

Approved but Non-Exclusive Suppliers

For certain non-proprietary items, including office supplies, general equipment, computers, insurance, vehicles, and some educational or operational supplies, you may purchase from any supplier that

meets our specifications and standards, unless we require otherwise. We may require prior approval of suppliers, products, or services before use.

Supplier Approval Standards

To maintain the quality of the goods and services that Bricks 4 Kidz Businesses sell and our system's reputation, we may condition your right to buy or lease goods and/or services (besides those described above that you may obtain only from us, our affiliates, and/or other specified exclusive sources) on their meeting our minimum standards and specifications and/or being acquired from suppliers that we approve. We will issue and modify standards and specifications based on our and our Bricks 4 Kidz Business franchise owners' experience in operating Bricks 4 Kidz Businesses. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. Our confidential operating manual and other communications we may provide to you (collectively, the "Operations Manual") will identify our standards and specifications for the System. We will notify you and, where appropriate, the suppliers, of our standards and specifications. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

If we institute any type of restrictive sourcing program and you want to use any item or service that we have not yet evaluated or to buy or lease from a supplier that we have not yet approved or designated, you first must send us sufficient information, specifications, and samples so that we can determine whether the item or service complies with System Standards or the supplier meets our approved supplier criteria. We list examples of our criteria for supplier approval in the following paragraph below in this Item, and we will make available our then current criteria to you, as necessary, upon request if we are asked to evaluate and approve a new supplier, item, or service for use with the System. We may charge you or the supplier a fee to reimburse us for our costs and expenses for the evaluation (See Item 6) and will decide within a reasonable time (no more than 120 days). We periodically will establish procedures for your requests and may limit the number of approved items, services, and/or suppliers as we think best.

Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, concentration of purchases with limited suppliers to obtain better prices and service, and/or a supplier's willingness to pay us and/or our system for the right to do business with our system. Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure that the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing. We have no obligation to approve any request for a new supplier, product, or service.

Insurance Coverage

You must maintain insurance coverage that meets our minimum requirements, as described in the Franchise Agreement and Operations Manual. Unless we designate otherwise, you may obtain required insurance coverage from any insurance provider that meets our standards. If you fail to obtain or maintain required insurance coverage, we may do so on your behalf and invoice you for reimbursement of our costs to arrange the missing coverage. We do not receive revenue, commissions, or other financial benefits from insurance providers.

Advertising Materials

Before you use them, you must send us for review samples of all advertising, promotional, and marketing materials that we (or a supplier we may designate, at our option) have not prepared or previously approved. If you do not receive written notice of approval within 10 days after you submit materials to us, they are deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved. Your marketing materials must comply with our standards and specifications. You may market the Franchised Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. We may require that you use our Designated Supplier for social and digital media marketing services and our social media platforms, vendors and marketing channels. You are required to utilize your Grand Opening Advertising; we will collect your grand opening advertising funds and utilize the appropriate third-party marketing partner to conduct your grand opening of the Franchised Business if you do not spend it according to a schedule that we determine.

Office Site

We suggest that you locate the Business Office in your residence; however, if you desire to have the Business Office at an alternative location, we must review and approve the location. Your Creativity Center must be located within your protected territory.

Revenue We or Our Affiliates Receive

We or our affiliates may receive revenue, directly or indirectly, from the sale of products or services to you or from your purchases from approved or designated suppliers. This revenue may include:

- Direct sales revenue from Proprietary Products and materials sold by us or our affiliates
- Markups on products sold to you
- Rebates, commissions, referral fees, volume-based incentives, or other financial benefits from third-party suppliers

The amount of such revenue may vary and may not be known in advance. None of such revenue, rebates, commissions, or other financial benefits are shared, rebated, or distributed to franchisees.

Affiliate Relationships

One or more of our owners or principals is also a managing member of, or has a controlling interest in, one or more affiliates that provide products, services, technology platforms, or support to Bricks 4 Kidz® franchisees as part of the System.

We disclose this relationship to ensure transparency regarding potential conflicts of interest. Any revenue, fees, markups, rebates, commissions, or other financial benefits received by us or our affiliates in connection with required or approved products or services are retained by us or the applicable affiliate. We do not distribute, rebate, credit, or otherwise share any such revenue or financial benefits with franchisees.

Your obligation to purchase required or approved products and services is not affected by whether we or an affiliate receives revenue in connection with those purchases.

Revenue Derived from Franchisee Purchases and Leases

Collectively, the purchases and leases described above are approximately 72% to 81% of your overall purchases and leases in establishing the BUSINESS and 14% to 21% of your overall purchases and leases in operating the BUSINESS.

The managing member of the Company is also the CEO of Teknowland, a software development company. Teknowland performs website hosting and maintenance services for the Company. In the fiscal year ended September 30, 2025, Teknowland has performed \$103,769 in website maintenance services for the Company.

LEGO® Trademark Notice

LEGO® is a registered trademark of the LEGO Group. The LEGO Group does not sponsor, authorize, or endorse the Bricks 4 Kidz® franchise system. You must comply with our standards regarding the use of LEGO® brand products and trademarks.

No Purchasing Cooperatives

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements with suppliers (including price terms), and we have negotiated prices on certain marketing materials that you will need for your BUSINESS. We do not provide material benefits to Bricks 4 Kidz Business franchise owners (for example, renewal or granting additional franchises) based on their purchase of particular products or services or use of particular suppliers.

Item 9

FRANCHISEE'S OBLIGATIONS

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

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Not Applicable (mobile business)	Not Applicable
b. Pre-opening purchases/leases	Sections 2.A and B, and 8 of Franchise Agreement	Items 5, 7, 8, and 11
c. Site development and other pre-opening requirements	Section 2 of Franchise Agreement	Items 7, 8, and 11
d. Initial and ongoing training	Sections 4.A and B of Franchise Agreement	Items 6, 7, and 11
e. Opening	Section 2.C of Franchise Agreement	Item 11
f. Fees	Sections 1.D, E, and F, 3.A, B, C, D, E, F, G, I, and K, 4.A and B, 8.A and D, 9,	Items 5, 6, and 7

	11.B, 12.C(6), 14.E, 14.F, 15.D, 16.D, and 17.C of Franchise Agreement	
g. Compliance with standards and policies/operating manual	Sections 4.C and D and 8 of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 5 and 6 of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections Agreement 1.D and 8.A of Franchise	Items 8, 11, 12, and 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	Sections 2 and 8 of Franchise Agreement	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	Section 8 of Franchise Agreement	Item 8
n. Insurance	Section 8.D of Franchise Agreement	Items 7 and 8
o. Advertising	Section 9 of Franchise Agreement	Items 6, 7, 8, and 11
p. Indemnification	Section 16.D of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Sections 1.C, 4.A, and 8.C of Franchise Agreement	Items 11 and 15
r. Records and reports	Section 10 of Franchise Agreement	Not Applicable
s. Inspections and audits	Section 11 of Franchise Agreement	Items 6 and 11
t. Transfer	Section 12 of Franchise Agreement	Item 17
u. Renewal	Section 13 of Franchise Agreement	Item 17
v. Post-termination obligations	Section 15 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 7, 12.C(11), 12.G, and 15.D of Franchise Agreement	Items 15 and 17
x. Dispute resolution	Sections 17.E, F, G, H, I, and J of Franchise Agreement	Item 17
y. Other - Guaranty	Sections 1.C, 12.C and Attachment to the Franchise Agreement	Items 1 and 15

Item 10

FINANCING

We do **not** offer direct or indirect financing to franchisees. We do **not** guarantee any note, lease, or other obligation on your behalf.

However, as part of our commitment to franchisee support, we may introduce franchisees to **independent third-party service providers**, including our affiliate partners **PFG Financial** and **PMG Accounting** (collectively, the “Affiliate Partners”).

Our Affiliate Partners provide **advisory and administrative financial services only**, which may include assistance with:

- Identifying and evaluating potential third-party financing options
- Business incorporation and entity setup support
- Accounting system configuration and bookkeeping services
- Financial reporting, budgeting, and cash-flow management
- Ongoing financial guidance and growth-stage strategy support

All financing decisions, loan approvals, terms, and obligations are made **solely by independent lenders**, and **we do not receive or provide loan proceeds, guarantee repayment, or assume any financial responsibility** for franchisee obligations.

Franchisees are **not required** to use PFG Financial, PMG Accounting, or any other designated provider and are free to select any financing source, accountant, or financial advisor of their choosing.

Item 11

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

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

Before you open and begin operating the BUSINESS, we will:

1. If your office location will be located outside your residence, we will mutually agree to a location before the Franchise Agreement is signed. (Franchise Agreement – Section 1.D)
2. Designate the Territory for your BUSINESS. We will provide you with a list of schools in your Territory. (Franchise Agreement – Section 1.F)
3. As discussed in Item 8, identify the Operating Assets, Proprietary Products, other products and services, equipment and supplies that you must use to develop and operate the BUSINESS, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Franchise Agreement Sections 2.A, 2.B, and 8)
4. Provide you access to one digital copy of the Operations Manual, the current table of contents of which is Exhibit G. As of the date of this Disclosure Document, the Operations Manual contains 36 pages. (Franchise Agreement Section 4.D)

5. Advise you on the BUSINESS' grand opening advertising program. (Franchise Agreement Section 9.A)
6. Train you (or your managing owner), your Designated Manager and additional employees (at your option and expense). (Franchise Agreement Section 4.A) We describe this training later in this Item.

We do not provide assistance with conforming the site to local ordinances and building codes, obtaining the permits and licenses for the construction and operation of the business, completing construction or remodeling, hiring and training your employees.

During your operation of the BUSINESS, we will:

1. Provide general guidance and consultation services to you. (Franchise Agreement Section 4.C)
2. Give you, at your request (and our option), additional or special guidance, assistance, and training. (Franchise Agreement Section 4) (*See* Item 6)
3. Continue to provide you access to one digital copy of the Operations Manual, which consists of an operations manual for the operation of the BUSINESS and a teacher's manual. We have the right to provide the Manual to you in electronic format, such as on a password protected website. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we periodically require. We may modify the Operations Manual periodically to reflect changes in System Standards. Franchise Agreement Sections 4.D and 8.
4. Issue and modify System Standards for Bricks 4 Kidz Businesses. We periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may require you to invest additional capital in the BUSINESS and/or incur higher operating costs. (Franchise Agreement Section 8) (*See* Item 16)
5. Establish, to the fullest extent allowed by applicable law, maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services. (Franchise Agreement – Section 8.E)
6. Inspect and observe the BUSINESS' operations to help you comply with the Franchise Agreement and all System Standards. (Franchise Agreement Section 11.A)
7. Provide you with access to our confidential information. (Franchise Agreement Section 6)
8. License you the right to use our Marks. (Franchise Agreement Section 5)
9. Periodically offer refresher training courses. (Franchise Agreement Section 4.B) (*See* Item 6)
10. Services may be delivered directly or through affiliates. This does not reduce the franchisor's obligation.

Marketing Fund

Recognizing the value of advertising and marketing to the goodwill and public image of Bricks 4 Kidz Businesses, we have established a formal Marketing Fund (the "Fund") for advertising, marketing,

and public relations programs and materials we deem appropriate. You must contribute to the Fund as described in Item 6. Bricks 4 Kidz Businesses that we or our affiliates operate will contribute to the Fund on the same basis as franchise owners. We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Bricks 4 Kidz Businesses and with whom we have agreed that we will deposit these allowances.

We and/or an advertising agency that we designate will direct all programs that the Fund finances, with sole control over the creative concepts, software tools, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; costs associated with inbound marketing channels and providers (for example, Google, Facebook, and Yelp); developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multiregional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, whatever we think best.

We will account for the Fund separately from our other funds and not use the Fund for its or our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, exposition and show costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Fund contributions. The Fund is not our asset. The Fund also is not a trust. We have a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use contributions only for their permitted purposes (described above). We do not have a fiduciary obligation to you for administering the Fund. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, re-pay any amounts owed to us or others as borrowed by the Fund in prior periods, or invest any surplus for future use. We do not expect to use any of the Fund contributions specifically to develop materials and programs that will be used principally to solicit franchisees. However, media, materials, and programs, including our Website, prepared using Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. We may incorporate the Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described here.

We will prepare an annual, unaudited statement of Fund collections and expenses and give it to you upon written request. We may have the Fund audited annually, at the Fund's expense, by an independent certified public accountant.

During the fiscal year ending September 30, 2025, we collected \$151,300 in marketing fees and we spent \$155,748 from the Marketing fund. The Marketing funds were used for advertising campaigns (27%), marketing resources (28%), marketing tools (23%), marketing materials (10%), and promotions and special events (12%).

The Fund is to maximize recognition of the Marks and patronage of Bricks 4 Kidz Businesses. Although we may use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Bricks 4 Kidz Businesses, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by Bricks 4 Kidz Businesses operating in that geographic area or that any Bricks 4 Kidz Business benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising. We may use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce a franchise owner's Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to franchise owners, and to us and our affiliates, in proportion to their, and our, respective contributions during the preceding 12-month period. (Franchise Agreement – Section 9.B)

Your Local Advertising

Currently, our System has no regional advertising fund or cooperative. Other than your Fund contribution you are not required to participate in any other advertising fund.

In addition to your Fund contributions and your grand opening advertising obligation, you must engage in ongoing local advertising and promotional activities for the BUSINESS as required by us. The amount and nature of these required local advertising expenditures are described in Item 6. You must participate, at your own expense, in all advertising, promotional, and marketing programs that we require and must submit monthly reports of your advertising and marketing expenditures in the form and manner we prescribe.

Advisory Board

We have an advisory board to work with us to improve the BUSINESS, the products offered by Bricks 4 Kidz, advertising conducted by Bricks 4 Kidz, and any other matters that we deem appropriate. The members of the advisory board are elected by other franchisees in the System. The advisory board acts solely in an advisory capacity and does not have decision making authority. We have the right to form, change, merge or dissolve the advisory board at any time.

Digital Media and Website

Your local advertising and promotion must follow our guidelines. All advertising and promotional materials that you develop for your BUSINESS must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any Website that mentions or describes you or the BUSINESS or displays any of the Marks without our prior written approval. We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System, including through the use of a page or profile on a social media Website such as Facebook, Instagram and Twitter. All advertising, promotion, marketing, and public relations must be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the policies that we periodically require.

Before you use them, you must send us or our designated agency for review samples of all advertising, promotional, marketing, and public relations materials that we have not prepared or previously approved. Promotional material includes materials you provide on a Website or similar medium. If you do not receive written approval within 10 days after we or our designated agency receives the materials, they are deemed to be disapproved. You may not use any advertising, promotional, marketing, or public relations materials that we have not approved or that we have disapproved.

You agree to list and advertise the BUSINESS in at least one (1) online directory listing (e.g., Google or Yelp) as we designate or approve from time to time. (Franchise Agreement Section 9.C) (See Items 6, 8 and 9)

You are responsible for ensuring that all business-specific information displayed on your required website and FMS Stack, including contact information, schedules, program offerings, pricing (if applicable), and other local content, is accurate, complete, and kept current in accordance with our standards. You must promptly update such information as required by us or as business circumstances change.

Computer Systems and Technology

At your expense, you must purchase, use, maintain, and upgrade the computer hardware, peripheral equipment, and software programs that we designate or approve (collectively, the “Computer System”) for use in operating your BUSINESS. The Computer System must be capable of operating the required FMS Stack described in Item 8.

Currently, we require that each Bricks 4 Kidz® Business maintain, at a minimum:

- At least one (1) business laptop or desktop computer for administrative and management purposes;
- At least ten (10) Android-based tablet devices for use during classes and instructional programs, each of which must be capable of operating the required technology platforms including the FMS Stack;
- A functional business email account and related collaboration tools designated or provided by us as part of FMS Stack, which must be used for official business communications, system access, administrative functions, and other operational purposes; and
- A business website provided or designated by us as part of the FMS Stack, which must be used in connection with the operation of your Bricks 4 Kidz® Business.

All required computers and devices must have reliable, high-speed internet connectivity and hardware configurations sufficient to support required software applications, data security standards, and system updates. We may require that the Computer System include specific operating systems, minimum processing capacity, memory, storage, security features, and compatibility standards.

We reserve the right to specify or require that you use certain brands, types, makes, models, configurations, or technical specifications of hardware or software in order to maintain System standards, data security, compatibility, and operational efficiency.

Unless we designate otherwise, you may obtain the Computer System and related hardware from any vendor of your choosing, provided that the Computer System meets our then-current specifications and requirements. We do not guarantee that any particular hardware or software configuration will

remain sufficient for the entire term of the Franchise Agreement, and you may be required to upgrade or replace components of the Computer System from time to time.

You are solely responsible for all costs associated with the purchase, installation, maintenance, repair, replacement, internet access, data plans, and ongoing operation of the Computer System.

Opening

We estimate that it will be 30 to 60 days after you sign the Franchise Agreement before you open and begin operating the BUSINESS. The specific timetable for opening and operating the BUSINESS depends on various factors, including the delivery schedule for equipment and supplies; completing training; and complying with local laws and regulations. You must notify us in writing at least 15 days before the day on which you propose to begin operating the BUSINESS. You may not open or begin operating the BUSINESS until: (1) we notify you in writing that the BUSINESS meets our standards and specifications; (2) you (or your managing owner) and your Designated Manager complete initial training to our satisfaction; (3) you pay the Initial Franchise Fee and other amounts then due to us; and (4) you give us certificates or other evidence we require for all required insurance policies. In any case, you must open and operate the BUSINESS within 90 days after the Effective Date of the Franchise Agreement. (Franchise Agreement Section 2.C)

Training

If this is your first Bricks 4 Kidz Business, then before the BUSINESS commences operations, we will train you (or your managing owner) and your Designated Manager on operating a Bricks 4 Kidz Business. We will provide approximately 3 days of training (either onsite or online although the specific number of days depends on our opinion of your experience and needs). We will use the Operations Manual and various instructional materials as we conduct the initial training program. If we determine that you (or your managing owner) and/or your Designated Manager cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. (Franchise Agreement Section 4.A). If you and/or your Designated Manager do not satisfactorily complete the required initial training during the normal time allotted, we may require you (or your managing owner) and/or your Designated Manager to attend additional training programs at our designated training facility in order to achieve the sufficient level of training we require. We may charge reasonable fees for such additional training, as well as for ongoing training programs we may require or offer during the franchise term. (See Item 6). You also must pay for all travel and living expenses that you, your Designated Manager and your employees incur and for your employees' wages and workers' compensation insurance while they attend such additional training at our training facility or the location we designate. (Franchise Agreement Section 4.A)

Additional people beyond the attendees we require may attend initial training, subject to our ability and capacity to accommodate these extra persons in any training session, if you pay our then current training charge for each additional person. (See Item 6). You also must pay for all travel and living expenses that you and your personnel incur and for your personnel's wages and workers' compensation insurance while they train at our training facility or the location we designate. (Franchise Agreement Section 4.A)

We or our designee conduct our initial training program Quarterly, or as frequently as we deem necessary, at our training location in Milpitas, CA or another location we designate (except for the on-site support period around the commencement of the BUSINESS' operation). Initial training will occur within 45 days after the Effective Date of your Franchise Agreement and must be completed to

our satisfaction at least 2 weeks before the BUSINESS commences operations. You (or your managing owner) and your Designated Manager must complete initial training to our satisfaction before you may open and begin operating your BUSINESS. Although we provide you, or your Designated Manager if you are a corporate entity, plus an additional manager with initial training at no additional fee or charge, you will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance and participation in our initial training program and the attendance and participation of your managers in our initial training program. If your Designated Manager ceases to serve in, or no longer qualifies for, the position, you must designate another qualified person to serve as your Designated Manager within 30 days and your proposed replacement Designated Manager must successfully complete the initial training program. Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis. As of the date of this Disclosure Document, our required initial training program includes the following:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The Job Training	Location
Technology Training	6	0	Online or Milpitas, CA
Curriculum	8	0	Online or Milpitas, CA
Accounting/Setting up your Business	4	0	Online or Milpitas, CA
Programs Training	8	0	Online or Milpitas, CA
Marketing, Supplies and Sales	6	0	Online or Milpitas, CA
TOTAL	32	0	

Notes:

1. Franchisees with the Creativity Center that elect to offer the MathX AI Learning program will receive additional training onsite for two full days at the Milpitas offices for math teaching curriculum, material, methods, technology platforms, marketing and ongoing program-specific support. The MathX AI Learning program is delivered through a strategic partnership with Buxton Academy Inc. d/b/a Koncept Education Inc. If the proposed acquisition of Koncept Education Inc. by StroomX LLC is completed, the Franchisor anticipates that program delivery, curriculum development, and technology integration may be provided through an affiliated entity.
2. There is no assurance that the proposed acquisition will be completed, and the Franchisor reserves the right to continue providing the MathX AI Learning program through third-party providers or affiliates.

All training will be conducted under the direction and supervision of Ann Rego, our Chief People Officer. Ms. Rego has over twelve (12) years of experience with the Bricks 4 Kidz® system. Our training staff consists of personnel with experience in the Bricks 4 Kidz® system and in providing training related to the operation of Bricks 4 Kidz® programs and have subject-matter expertise relevant to the areas in which they provide instruction.

Other personnel we designate may assist in our initial and other training programs, including other Bricks 4 Kidz Business representatives, or other Bricks 4 Kidz Business franchisees or qualified

managers or operators of Bricks 4 Kidz Businesses. On average, representatives will have a minimum of 1 year of operational experience with Bricks 4 Kidz Businesses and 10 years overall operational experience in the industry. The Franchise Agreement may require you to assist in future training programs for other franchisees, upon our request and for which we will reimburse you for your associated expenses.

In addition, we may from time-to-time conduct conferences, conventions, events, or training session programs. You or your Qualified Operator/Manager(s) and other personnel reasonably designated must attend each such conferences, conventions, events, or training session programs at your sole expense (travel, lodging, food and other living expenses). If you cannot attend and we excuse your absence, you must send your Designated Manager in your place. We may charge fees for certain training session programs, conferences, conventions, or events, and may also charge materials fee for required non-attendance, in each case as disclosed in Item 6.

Item 12

TERRITORY

You will be granted a designated Territory with limited, conditional protective rights. Your designated Territory applies equally to your Bricks 4 Kidz business whether operated as a mobile business, a Bricks 4 Kidz Creativity Center, or a Bricks 4 Kidz Creativity Center that includes the MathX Learning program. Your Office must be located within your Territory and you may not relocate the Office without our approval.

We will describe the Territory in the Franchise Agreement before you sign it. Your designated Territory will be defined by a specific group of zip codes, not to exceed three (3) contiguous zip codes, that collectively include approximately twenty (20) public and/or private elementary schools at the time you sign the Franchise Agreement. We determine the size and boundaries of territories using school enrollment data, demographic information, geographic factors, and market conditions available to us at the time of signing. The reference to approximately twenty (20) public and/or private elementary schools and up to three (3) contiguous zip codes is provided solely to describe how territories are established and does not constitute a guarantee of school access, enrollment, population, revenue potential, or profitability.

If you are complying with the Franchise Agreement, System Standards, the Manuals, and you meet the minimum performance requirements described below, we and our affiliates will not locate, and will not authorize a third party to locate, another Bricks 4 Kidz Creativity Center within your designated Territory. These protective rights are conditional and may be reduced or eliminated as described below.

If you operate a Bricks 4 Kidz Creativity Center, you are granted the right to operate two (2) approved Creativity Centers within your designated Territory. The approved Creativity Center must be located within your designated Territory and approved by us. Approval of a Creativity Center does not create an exclusive Territory.

MathX Learning is offered as an integrated program component within the Bricks 4 Kidz system and does not create a separate Franchise, separate Territory, or additional territorial rights.

Performance Requirements for Territorial Protection

In addition to complying with all System Standards, after the twelfth (12th) month of operation:

1. you must achieve a minimum annual gross revenue of \$75,000; and
2. your Bricks 4 Kidz business must not fall below the eighth (8th) percentile of Bricks 4 Kidz franchisees in the United States that have been open for twelve (12) months or longer, based on gross revenue, as determined by us.

If you fail to maintain these performance requirements, you may lose any territorial protection you are granted, your Franchise Agreement may be terminated, and you may lose your investment. If you do not maintain these levels, we may establish or authorize additional franchised, company-owned, or affiliate-owned Bricks 4 Kidz mobile business or Creativity Centers within your designated Territory without compensating you.

No Exclusivity and Reserved Rights

You do not receive an exclusive Territory. Except for the limited, conditional protective rights described above, we and our affiliates reserve all rights not expressly granted to you. You may face competition from other franchisees, from company-owned or affiliate-owned operations, and from alternative channels of distribution or competitive brands that we own, operate, or control.

Customers are free to participate in Bricks 4 Kidz programs at any location or program they choose, regardless of where they reside. There are no geographic restrictions on where customers may live. You may not conduct marketing activities that primarily target customers outside your designated Territory without our prior written approval. All marketing must comply with our brand standards and the Manuals.

We may reconfigure or modify the boundaries of your designated Territory if school boundaries, zip codes, demographic data, or market conditions change; if you relocate an approved location; or if we discover an error in the original Territory definition. If we reconfigure your Territory, we will attempt to maintain a reasonably comparable market opportunity, but we do not guarantee population size, number of schools, or revenue potential.

Item 13

TRADEMARKS

You may use certain Marks in operating the BUSINESS. The current principal Marks are:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
 (Principal Register)	4726557	April 28, 2015
"Bricks 4 Kidz" (Supplemental Register)	3726912	December 15, 2009

If you enter into a Bricks 4 Biz to provide B4B Services, you may use the following B4B Trademarks in operating the B4B Business:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
"Bricks 4 Biz" (Supplemental Register)	4381408	August 6, 2013

If you enter into a Bricks 4 Biz, all references to the “Marks” in this Disclosure Document and in the Franchise Agreement will include the B4B Trademarks.

We own the Marks and have registered the Marks listed above on the Principal Register or Supplemental Register (as indicated above) of the United States Patent and Trademark Office ("USPTO"). We have filed all required affidavits and intend to renew our registrations for the Marks when they become due.

You must follow our rules when you use the Marks, including giving proper notices of trademark and service mark registration and obtaining fictitious or assumed name registrations required by law. You may not use any Mark in your corporate or legal business name; with modifying words, terms, designs, or symbols (except for those we license to you); in selling any unauthorized services or products; or as part of any domain name, homepage, electronic address, or otherwise in connection with a Website.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark, and you may not communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interests in any litigation or USPTO or other proceeding. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving the Marks. At our option, we may defend and/or control the defense of any proceeding arising from your use of any Mark; however, if you timely notify us and comply with our directions in response to a trademark infringement proceeding that disputes your authorized use of the Marks, then we will reimburse you for your damages and reasonable expenses you incur.

If it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing the BUSINESS' signs, for any loss of revenue due to any modified or discontinued Mark, any loss of goodwill associated with any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents

Bricks 4 Kidz STEM Circuit Brick Board for Microbit

We have filed a provisional utility patent application with the United States Patent and Trademark Office relating to an in-house designed Bricks 4 Kidz STEM Circuit Brick Board for Microbit, which is intended to expand the functionality of the Microbit platform for educational use and incorporates connection and power features designed to support integration with STEM learning activities. The provisional application was filed on November 10, 2023, with application number 63/597699 and Patent Center number 63214462. The application is pending, and there is no assurance that a patent will be issued or, if issued, that it will provide any particular scope of protection.

Project Kit for STEAM Education

We have filed a provisional utility patent application with the United States Patent and Trademark Office relating to Project Kit for STEAM Education, which is a modular educational kit intended to support hands-on, project-based learning in science, technology, engineering, arts, and mathematics and to facilitate activities involving engineering, robotics, programming, and related concepts. This provisional application was filed on February 24, 2025, with application number 63/762242 and Patent Center number 69307123. This application is pending, and there is no assurance that a patent will be issued or, if issued, that it will provide any particular scope of protection.

Copyrights and Proprietary Information

Except as provided below, we own no rights in, or licenses to, any copyrights. We have registered the following copyrights for our model plans with the United States Copyright Office:

COPYRIGHT	REGISTRATION NUMBER	REGISTRATION OR APPLICATION DATE
Amazing Animals	TX0007516463	March 12, 2012
Construction	TX0007516426	March 12, 2012
Conveyor Belt	TX0007516412	March 11, 2012
Dragster	TX0007516408	March 12, 2012
Everglades	TX0007516457	March 12, 2012
Famous Buildings	TX0007516464	March 12, 2012
Hand Mixer	TX0007516396	March 11, 2012
Laws of Motion	TX0007516461	March 12, 2012
Model Plans	TXu001967980	April 24, 2015

COPYRIGHT	REGISTRATION NUMBER	REGISTRATION OR APPLICATION DATE
Optical Illusion	TX0007516393	March 11, 2012
Optical Spinner	TX0007516414	March 11, 2012
Paper Crinkler	TX0007516410	March 12, 2012
Space	TX0007516459	March 12, 2012
Transportation	TX0007516455	March 12, 2012
Turnstile	TX0007516406	March 11, 2012
Windmill	TX0007516415	March 11, 2012
Windshield Wipers	TX0007516416	March 11, 2012

None of these copyrights expire before March 11, 2105. We can renew, and currently intend to renew, these copyrights.

We also claim copyrights and proprietary rights in our curriculum materials, software systems, Operations Manual, advertising and marketing materials, and similar items and other confidential and proprietary information used in operating Bricks 4 Kidz Businesses (collectively, the “Proprietary Information”). Some of this Proprietary Information may qualify as trade secrets under applicable law. We have not registered these copyrights with the United States Copyright Office, but we need not do so at this time to protect them. You may use these items only as we specify while operating your BUSINESS and must stop using them if we so direct you. Upon expiration or termination of the Franchise Agreement, you must immediately discontinue all use of the Proprietary Information, except as otherwise permitted by the Franchise Agreement.

There currently are no effective adverse determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

We need not protect or defend copyrights, although we intend to do so if in the best interests of the System or all or some Bricks 4 Kidz Businesses, as we solely determine. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). This information includes, or may in the future include: training and operations materials; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Bricks 4 Kidz Businesses; marketing and advertising programs for Bricks 4 Kidz Businesses; any computer software or similar technology that is proprietary to us or the system; knowledge of specifications for and suppliers of Operating Assets, Proprietary Products, and other products and supplies; knowledge of the operating results and financial performance of Bricks 4 Kidz Businesses other than your BUSINESS; and graphic designs and related intellectual property.

All ideas, concepts, inventions, techniques, or materials concerning a Bricks 4 Kidz Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others. You agree to have our Non-Disclosure and Non-Competition Agreement (the current form of which is attached as Exhibit B to the Franchise Agreement) executed by all of the following persons: (i) your Designated Manager and any supervisory or other employees of yours who have received or will receive training from us, prior to their employment; (ii) if you are an entity, all your officers, directors, shareholders, partners, members and owners, and those of any entity directly or indirectly controlling you, at the same time the Franchise Agreement is signed, or at such time as they assume such status; and (iii) you, your owners and your and your owners' spouses. You agree to provide us copies of all executed Non-Disclosure and Non-Competition Agreements no later than 10 days following their execution. We will be a third-party beneficiary of each Non-Disclosure and Non-Competition Agreement with independent enforcement rights.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are a legal entity, you must appoint a shareholder, member, or partner (as applicable) to be your "Managing Owner," responsible for overseeing and supervising the BUSINESS' operation. You must maintain a competent, conscientious, trained staff, including a fully-trained, full-time manager, which may be you (or, if you are an entity, your managing owner) or the manager-level employee you appoint (the "Designated Manager"), who must act as the general manager of the BUSINESS with responsibility for direct supervision of the BUSINESS. You (or your managing owner) or your Designated Manager must devote full time efforts to the management and supervision of the BUSINESS. You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote and enhance the BUSINESS. System Standards may regulate the BUSINESS' staffing levels, identifying the BUSINESS' personnel, and employee qualifications, training, dress, and appearance.

You must keep us informed at all times of the identity of any supervisory employees acting as the Designated Manager or assistant managers of the BUSINESS. Your Designated Manager and assistant managers need not have an equity interest in the BUSINESS or you but must agree in writing to preserve confidential information to which they have access and not to compete with you, us, and other franchise owners. We may regulate the form of agreement that you use and be a third-party beneficiary of that agreement with independent enforcement rights.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the

covenant not to compete. The required form of "Guaranty and Assumption of Obligations" is attached to the Franchise Agreement.

Your and your owners' spouses will be required to comply with your obligations of confidentiality and noncompetition under the Franchise Agreement.

You and your owners must sign our then current form of Nondisclosure and Non-Competition Agreement (a current form of which is attached as Exhibit B to the Franchise Agreement).

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all goods and perform all services that we periodically require for Bricks 4 Kidz Businesses. You may not offer or sell any products or perform any services that we have not authorized. Our System Standards may regulate: (i) required and/or authorized equipment, vehicles, materials, supplies and Proprietary Products; (ii) terms and conditions of the sale and delivery of products and services that you obtain from us and affiliated or unaffiliated suppliers, as well as the terms of payment for such products and services; and (iii) unauthorized and prohibited services, products, equipment, vehicles, materials, and supplies. We periodically may change required and/or authorized Services and Proprietary Products. There are no limits on our right to do so.

While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory, you may not make any sales or perform services to customers located outside of your Territory unless there is no Bricks 4 Kidz Business, either franchised or company-owned, located in close proximity to your Bricks 4 Kidz Business. However, you may provide Services to clients who reside outside of the Territory, provided that the Services will be performed within the Territory.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1.E of Franchise Agreement	The Franchise Agreement has an initial term of five (5) years beginning on the Effective Date of the Franchise Agreement, unless the Franchise Agreement is terminated earlier in accordance with its terms. All related agreements, including any

		brand, system, or technology agreements, remain in effect only for the duration of the Franchise Agreement unless terminated earlier or expressly extended in writing.
b. Renewal or extension of the term	Section 13 of Franchise Agreement	If you are in good standing at the end of the initial five (5)-year term, you may renew the Franchise Agreement for one (1) additional five (5)-year term. The renewal will be granted only by executing our then-current form of Franchise Agreement, which may contain terms and conditions that differ materially from those in your original Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 13 of Franchise Agreement	To renew the Franchise Agreement, you must: 1. Be in full compliance with the Franchise Agreement and all System Standards at the time of renewal; 2. Provide timely written notice of your intent to renew, as specified in the Franchise Agreement; 3. Pay the then-current renewal fee; and 4. Execute our then-current form of Franchise Agreement and any related documents we require to grant a renewal franchise (including a general release, if permitted by applicable law). The terms of the then-current Franchise Agreement required for renewal may differ materially from those contained in your original Franchise Agreement and may include, without limitation, changes to territory definitions, fees, system standards, or other obligations.
d. Termination by franchisee	Not applicable	You may seek termination upon any grounds available by state law.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	Sections 14.A, 2.C(4), 3.A(2), 4.A(4), of Franchise Agreement and Section 12 of Bricks 4 Biz	We may terminate your franchise only if you or your owners commit one of several violations if you are in default of the Franchise Agreement; or if we determine to cease offering Bricks 4 Kidz Business franchise owners the right to provide B4B

		Services.
g. "Cause" defined-curable defaults	Section 14.A of Franchise Agreement	You have 72 hours to cure any health, safety or sanitation law, ordinance, or regulation regulating the operation of the BUSINESS; 10 days to cure monetary defaults and failure to maintain required insurance; and 30 days to cure operational defaults and other defaults not listed in (h) below.
h. "Cause" defined-non-curable defaults	Sections 14.B and 14.C of Franchise Agreement	Non-curable defaults include: misrepresentation in acquiring the franchise; failure to open and operate the BUSINESS within 90 days after Franchise Agreement's Effective Date; failure to complete training; abandonment; unapproved transfers; conviction of a felony, crime or other offense involving moral turpitude, child endangerment or other crime; dishonest or unethical conduct; making an unauthorized representation or warranty on our behalf; unauthorized use or disclosure of the Operations Manual or other confidential information; failure to pay taxes; repeated defaults (even if cured); an assignment for the benefit of creditors; appointment of a trustee or receiver; violation of any antiterrorism law; knowingly maintaining false books or records or submitting false reports; refusing to permit us to attend and inspect programs and classes conducted by the BUSINESS, inspect the BUSINESS or your books, records, or accounts; termination of any other agreement between you (or your owners or affiliates) and us (or our owners and affiliates) due to your failure to comply with the agreement.
i. Franchisee's obligations on termination/nonrenewal	Sections 3, 4, 8.A, 8.D, 12.C, 13.A, 14.F, 15, 16.D, 17.C of Franchise Agreement	Obligations include paying outstanding amounts; complete deidentification; assigning telephone and other numbers; and returning confidential information (also <i>see</i> (o) and (r) below).
j. Assignment of contract by franchisor	Section 12.A of Franchise Agreement	No restriction on our right to assign; we may assign without your approval.
k. "Transfer" by franchisee – defined	Section 12.B of Franchise Agreement	Includes transfer of Franchise Agreement, the BUSINESS (or its profits, losses or capital appreciation) sale of BUSINESS' assets, and ownership change in you or

		your owners.
l. Franchisor approval of transfer by franchisee	Section 12.B of Franchise Agreement	No transfer without our prior written consent.
m. Conditions for franchisor approval of transfer	Section 12.C of Franchise Agreement	New franchise owner qualifies (based on business experience, aptitude and financial resources); you pay us, our affiliates, and third-party vendors all amounts due and submit all required reports; no default during 60-day period before transfer request or during period between request and transfer's proposed effective date; new franchise owner (and its owners and affiliates) are not in a Competitive Business; training completed; you or transferee signs our then current Franchise Agreement and other documents; transfer fee paid; you sign release (if law allows); we approve material terms; you subordinate amounts due to you; you deidentify; and you correct existing BUSINESS deficiencies of which we notify you (also <i>see</i> (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.G of Franchise Agreement	We may match any offer for your BUSINESS or an ownership interest in you.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	Section 12.E of Franchise Agreement	Your or your managing owner's representative must assign the franchise or an ownership interest in you to the approved party within 6 months; substitute management must be appointed within 15 days; we may assume management of the BUSINESS and charge a management fee if the BUSINESS is not being managed properly.
q. Non-competition covenants during the term of the franchise	Section 7 of Franchise Agreement	No diverting business; no ownership interest in, or performing services for, or lending money to, Competitive Businesses anywhere ("Competitive Business" means any business that derives more than 5% of its revenue from providing project-based engineering or "STEAM" (science, technology, engineering, arts and math)

		programs to children and/or selling or offering products similar to the Proprietary Products or any business granting franchises or licenses to others to operate such a business); no interference with or solicitation of our or other franchise owners' employees; no engagement in activities that may injure goodwill of Marks. If you enter into Bricks 4 Biz, "Competitive Business" will include any business that derives more than 5% of its revenue from providing team-building or development classes and programs to businesses and adults over the age of 18.
r. Non-competition covenants after the franchise is terminated or expires	Section 15.D of Franchise Agreement	No direct or indirect ownership interest in, or performing services for, a Competitive Business for 2 years within the Territory; within 25 miles of the radius of the Territory; or within the territory of any other Bricks 4 Kidz Business in operation or in the process of opening as of date Franchise Agreement expires or is terminated; no solicitation, diversion or hire away, or attempt to induce, solicit, divert or hire away for 2 years (i) any of our or our affiliates' current or former employees; (ii) any employees of any other franchise owner; or (iii) any of our or our affiliates' clients or any clients of any other franchise owner (same restrictions apply after transfer).
s. Modification of the agreement	Section 17.I of Franchise Agreement	No modifications except by written agreement signed by both us and you, but we may change Operations Manual and System Standards.
t. Integration/ merger clause	Section 17.K of Franchise Agreement	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Not applicable	
v. Choice of forum	Section 17.E of Franchise Agreement	Subject to state law, you must file any suit only in a court having jurisdiction where our principal offices are located at the time

		suit is filed (currently in Florida). We may file suit in a court located in the jurisdiction where our principal offices are located at the time suit is filed or in the jurisdiction where you reside or do business or where your Business is or was operated or where the claim arose.
w. Choice of law	Section 17.F of Franchise Agreement	Subject to state law, Florida law governs.

Item 18

PUBLIC FIGURES

We currently do not use any public figure to promote the sale of our franchises; however, we reserve the right to do so at our discretion.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

The chart below reports franchisee revenue from our United States based franchisees as reported to us for the fiscal year ended September 30, 2025. Except where noted in the note below the table includes all the franchisees that operate a Mobile Bricks 4 Kidz business.

Systemwide Gross Revenue – All Franchised Businesses Fiscal Year 2025

The following table reflects reported gross revenue Bricks 4 Kidz® businesses during the applicable fiscal year.

Performance Measure	Gross Revenue (USD)
Lowest	\$0
Median	\$72,503
Average (Mean)	\$101,813
Highest	\$518,827

Top-Performing Franchises (Average Gross Revenue)

Performance Group	Gross Revenue (USD)
Top 25% (Average)	\$242,104
Top 10% (Average)	\$338,482

Definitions and Methodology

- The Top 25% represents the highest-performing 25% of franchised businesses (19 franchises), ranked by gross revenue for the fiscal year.
- The Top 10% represents the highest-performing 10% of franchised businesses (8 franchises), ranked by gross revenue for the fiscal year.
- The figures shown above represent the average (mean) gross revenue achieved by franchises within each performance group.
- Gross revenue includes all revenue generated by the franchised business, before deducting operating expenses, royalties, fees, marketing costs, payroll, rent, taxes, or other costs.

Required FTC Franchise Rule Disclaimer

Some Bricks 4 Kidz® franchisees have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

Additional Disclaimers

- The results shown above are not representative of all franchisees.
- Certain franchises reported little or no revenue during the reporting period due to factors such as partial-year operation, delayed launch, or operational inactivity.
- The average results may be affected by higher-performing franchises.
- Your results will depend on many factors, including location, territory size, operating model (mobile vs. creativity center), length of operation, staffing, local demand, marketing efforts, and your level of involvement.
- We do not provide projections, forecasts, or guarantees of revenue, profit, or expenses.
- Written substantiation for this Item 19 is available upon reasonable request.

General Notes to Item 19

- 1) Gross Sales is defined as the total dollar sales and revenues from all customers of your Bricks 4 Kidz Business and, includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of monetary or non-money consideration. Gross Sales do not include sales taxes collected by you and paid to the applicable taxing authority.
- 2) This chart reflects income only. This analysis does not contain operating costs and expenses that you will incur in operating your business including supplies, insurance, utilities, rent and business licenses. This Item 19 also does not contain any royalty fees or advertising fees. Within this Item 19, we do not identify or distinguish Franchise Location based on the size of the Franchise Location' Protected Areas or whether or not the Franchised Location operated in multiple Protected Areas.

- 3) These figures were reported to us by franchisees. These figures have not been audited. Written substantiation of the data used in preparing this information is available upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Franchise Administration at 860 Hillview Ct, Suite 310, Milpitas, CA 95035, by email at franchising@stroomx.com and 1-888-787-0069.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

All year end numbers in the tables below are as of September 30 for each year.

Table 1
Systemwide Outlet Summary
For years 2023 to 2025

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2023	155	134	-21
	2024	134	135	1
	2025	135	137	2
Company Owned	2023	0	3	3
	2024	3	20	17
	2025	20	20	0
Total Outlets	2023	155	137	-18
	2024	137	155	18
	2025	155	157	2

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023 to 2025

State	Year	Number of Transfers
Alabama	2023	0
	2024	0
	2025	0
Arizona	2023	0

State	Year	Number of Transfers
	2024	0
	2025	0
California	2023	0
	2024	0
	2025	0
Colorado	2023	0
	2024	0
	2025	0
Florida	2023	0
	2024	0
	2025	2
Georgia	2023	0
	2024	0
	2025	0
Indiana	2023	0
	2024	0
	2025	0
Kentucky	2023	0
	2024	0
	2025	0
Maryland	2023	0
	2024	0
	2025	0
Michigan	2023	0
	2024	0
	2025	0
Missouri	2023	1
	2024	0
	2025	0
Nevada	2023	0
	2024	0

State	Year	Number of Transfers
	2025	0
New Jersey	2023	1
	2024	0
	2025	0
New York	2023	0
	2024	0
	2025	0
New Mexico	2023	0
	2024	0
	2025	0
North Carolina	2023	0
	2024	0
	2025	0
Ohio	2023	0
	2024	0
	2025	0
Pennsylvania	2023	0
	2024	0
	2025	0
South Carolina	2023	0
	2024	0
	2025	0
Texas	2023	0
	2024	0
	2025	2
Virginia	2023	0
	2024	0
	2025	0
Washington	2023	0
	2024	0
	2025	0

State	Year	Number of Transfers
Total	2023	2
	2024	0
	2025	4

Table 3
Status of Franchised Outlets
For years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Alabama	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Alaska	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Arizona	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	1	0	0	3
California	2023	24	7	1	1	0	0	29
	2024	29	0	0	4	0	0	25
	2025	25	2	0	0	0	0	27
Colorado	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Connecticut	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Delaware	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
District of Columbia	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Florida	2023	12	2	0	2	0	0	12
	2024	12	0	0	1	0	0	11
	2025	11	0	0	0	0	0	11

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
Georgia	2023	10	0	0	1	0	0	9
	2024	9	0	1	0	0	0	8
	2025	8	2	0	0	0	0	10
Hawaii	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	1	0	0	2
Illinois	2023	10	2	0	7	0	0	5
	2024	5	0	0	2	0	0	3
	2025	3	0	0	0	0	0	3
Indiana	2023	5	0	2	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Iowa	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Kansas	2023	1	0	0	1	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Kentucky	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Louisiana	2023	4	0	0	3	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Maryland	2023	2	0	0	2	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Massachusetts	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Michigan	2023	3	0	0	0	0	0	3
	2024	3	0	0	1	0	0	2
	2025	2	0	0	0	0	0	2
Minnesota	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

State	Year	Outlets at Start of Year	Outlets Opened	Termin ations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2025	0	0	0	0	0	0	0
Mississippi	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	1	0	0	0
Missouri	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Montana	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Nevada	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New Jersey	2023	20	0	0	1	0	0	19
	2024	19	1	1	5	0	0	14
	2025	14	0	0	0	0	0	14
New Mexico	2023	2	0	0	2	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
New York	2023	9	0	0	2	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	0	0	0	0	0	7
North Carolina	2023	8	0	0	4	0	0	4
	2024	4	0	0	2	0	0	2
	2025	2	0	0	0	0	0	2
Ohio	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Oklahoma	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Oregon	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Pennsylvania	2023	3	0	0	2	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Termin ations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Puerto Rico	2023	1	0	0	0	0	0	1
	2024	1	10	0	0	0	0	11
	2025	11	0	0	0	0	0	11
South Carolina	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Tennessee	2023	2	0	0	0	0	0	2
	2024	2	2	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Texas	2023	4	0	0	0	0	0	4
	2024	4	2	0	0	0	0	6
	2025	6	1	0	0	0	0	7
Utah	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Virginia	2023	5	0	0	1	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Washington	2023	13	0	0	1	0	0	12
	2024	12	0	0	0	0	0	12
	2025	12	0	0	1	0	0	11
Wisconsin	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Wyoming	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Total	2023	155	12	3	30	0	0	134
	2024	134	18	2	15	0	0	135
	2025	135	6	0	4	0	0	137

Table 4
Status of Company-Owned Outlets
For years 2023 to 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Florida	2023	0	0	1	0	0	1
	2024	1	4	0	0	0	5
	2025	5	0	0	0	0	5
Maryland	2023	0	0	1	0	0	1
	2024	1	0	0	1	0	0
	2025	0	0	0	0	0	0
Texas	2023	0	0	1	0	0	1
	2024	1	9	0	0	0	10
	2025	10	0	0	0	0	10
California	2023	0	0	0	0	0	0
	2024	0	3	2	0	0	5
	2025	5	0	0	0	0	5
Total	2023	0	0	3	0	0	0
	2024	3	16	2	1	0	20
	2025	20	0	0	0	0	20

Table 5
Projected Openings as September 30, 2026

State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets In The New Fiscal Year	Projected New Company-Owned Outlets In The New Fiscal Year
Alabama	0	1	0
Arizona	0	1	0
California	0	5	0
Colorado	0	2	0
Florida	0	2	0
Georgia	0	1	0
Illinois	0	2	0
Maryland	0	1	0
Minnesota	0	2	0

State	Franchise Agreements Signed but Outlets Not Opened	Projected New Franchised Outlets In The New Fiscal Year	Projected New Company-Owned Outlets In The New Fiscal Year
New Jersey	0	1	0
New York	0	1	0
Oklahoma	0	1	0
Pennsylvania	0	2	0
Tennessee	0	2	0
Texas	0	6	0
Virginia	0	1	0
Washington	0	2	0
Wisconsin	0	1	0
TOTAL	0	35	0

Exhibit D lists the names of all operating franchised Bricks 4 Kidz Businesses as of September 30, 2025, including the franchisee's name, address and telephone number. Exhibit D also contains a list of the names, addresses, and last known telephone numbers of the former Bricks 4 Kidz Business franchise owners who had their Bricks 4 Kidz Business terminated, cancelled, or not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement as of September 30, 2025, or who has not communicated with us within 10 weeks of this Disclosure Document's issuance date.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Bricks 4 Kidz franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the Bricks 4 Kidz franchise system. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

The following is the name, address, telephone number, email address, and Web address (to the extent known) of the independent, trademark-specific franchisee organization associated with the franchise system being offered that has asked to be included in this Disclosure Document:

860 Hillview Ct, Suite 310, Milpitas, CA 95035
Tel: 1-888-787-0069
www.brickz4kidz.com

Item 21

FINANCIAL STATEMENTS

Exhibit A contains the audited financial statement of BFK Franchise Company LLC as of September 30, 2023, September 30, 2024, of September 30, 2025. Our fiscal year end is September 30.

Item 22
CONTRACTS

The following agreements are exhibits:

- (a) Exhibit B - Franchise Agreement and exhibits
- (b) Exhibit F - Sample Form of General Release
- (c) Exhibit I- Franchisee Questionnaire

Item 23
RECEIPTS

Our and your copies of the receipt to this Disclosure Document are located at the last 2 pages of this Disclosure Document

EXHIBIT A TO FDD
FINANCIAL STATEMENTS



ANNUAL AUDIT REPORT

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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Notes to the Financial Statements	6 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of
BFK Franchise Company LLC

Opinion

We have audited the financial statements of BFK Franchise Company LLC (the Company), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of operations and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of the Company as of September 30, 2024 and 2023, and the results in its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis for Opinion

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

As discussed in Note K to the financial statements, the Company is a defendant in multiple lawsuits. Our opinion is not modified with respect to this matter.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the years then ended. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company generates its revenue from long-term contracts with customers and charges initial fees that are recognized over the contract term and monthly fees that are recognized when sales or usage occurs. As the Company terminates or transfers their long-term contracts, or customers are put on payment plans, the Company has to manually track and update customer billings and accounting records. This created a challenge in auditing revenue and accounts receivable on long-term contracts. Further, the collection of audit evidence and requirement to trace the activity on individual contracts was difficult and time consuming, increasing the overall audit efforts.

Variable Interest Entities

The Company has identified certain common control companies as Variable Interest Entities but has elected to apply the accounting alternative provided to private companies under US GAAP. Had the Company not elected to apply alternative accounting, the entities would be consolidated in these financial statements as a single reporting entity.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, 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.

Dennis Duncan and Torchon LLP

Woodland Hills, California October
28, 2024

BFK FRANCHISE COMPANY LLC
Statements of Financial Position
September 30, 2024 and 2023

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	\$ 849,241	\$ 575,230
Trade accounts receivable, net	229,123	89,716
Notes receivable, net	-	22,138
Total current assets	<u>1,078,364</u>	<u>687,084</u>
FURNITURE AND EQUIPMENT, NET (Note D)	<u>45,000</u>	<u>89,025</u>
TOTAL ASSETS	<u>\$ 1,123,364</u>	<u>\$ 776,109</u>
CURRENT LIABILITIES		
Accounts payable	\$ 26,195	\$ 33,568
Related party payable	85,254	783
Contingency payable	80,000	128,000
Deferred revenue (Note F)	195,500	216,123
Total current liabilities	<u>386,949</u>	<u>378,474</u>
LONG-TERM LIABILITIES		
Deferred revenue, net of current portion (Note F)	<u>917,950</u>	<u>810,538</u>
Total long-term liabilities	<u>917,950</u>	<u>810,538</u>
Total liabilities	<u>1,304,899</u>	<u>1,189,012</u>
MEMBERS' EQUITY (DEFICIT) (Note J)	<u>(181,535)</u>	<u>(412,903)</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u>\$ 1,123,364</u>	<u>\$ 776,109</u>

BFK FRANCHISE COMPANY LLC
Statements of Operations
For the years ended September 30, 2024 and 2023

	2024	2023
REVENUES		
Royalty fees	\$ 1,182,000	\$ 1,236,708
Franchise fees	725,291	361,656
Marketing fees	138,336	-
Technology fees	740	847
Merchandise sales, net of shipping costs	4,752	84,245
Total revenues	<u>2,051,119</u>	<u>1,683,456</u>
COST OF SALES		
Commissions	319,327	309,635
Total cost of sales	<u>319,327</u>	<u>309,635</u>
Net revenues	<u>1,731,792</u>	<u>1,373,821</u>
OPERATING EXPENSES		
Wages and related expenses	466,240	464,170
Payroll taxes	57,000	63,583
Legal expenses	245,990	29,738
Professional and consulting	95,981	108,947
Advertising	62,579	18,363
Occupancy	96,942	62,344
Administrative	374,024	361,825
Total operating expenses	<u>1,398,756</u>	<u>1,108,970</u>
Earnings before depreciation and taxes	<u>333,036</u>	<u>264,851</u>
Depreciation	48,447	22,256
Interest expense	1,263	240
Earnings before taxes and other items	<u>283,326</u>	<u>242,355</u>
TAXES		
Current	14,564	18,052
Total taxes	<u>14,564</u>	<u>18,052</u>
OTHER EXPENSES (INCOME)		
Bad debt	22,648	36,503
Other expenses (income)	(417)	1,593
Total other expenses (income)	<u>22,231</u>	<u>38,096</u>
NET INCOME	<u>\$ 246,531</u>	<u>\$ 186,207</u>

BFK FRANCHISE COMPANY LLC
Statements of Cash Flows
For the years ended September 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 246,531	\$ 186,207
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>		
Depreciation	48,447	22,256
Bad debt	22,648	36,503
<u>Changes in operating assets and liabilities:</u> Trade accounts receivable	(162,055)	45,369
Prepaid commissions	-	263,672
Accounts payable	(7,373)	13,205
Notes receivable	22,138	(22,138)
Contingency payable	(48,000)	(48,000)
Deferred revenue	86,789	(614,454)
Cash provided by operating activities	209,125	(117,380)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of software and equipment	(4,422)	(103,557)
Cash used for investing activities	(4,422)	(103,557)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distributions to members	(15,163)	(782,255)
Net borrowings from related parties	84,471	(4,941)
Contributions from members	-	1,343,704
Cash used for financing activities	69,308	556,508
Net change in cash	274,011	335,571
CASH AT BEGINNING OF YEAR	575,230	239,659
CASH AT END OF YEAR	\$ 849,241	\$ 575,230
Supplemental disclosure of cash flow information		
Cash paid during the year for foreign taxes	\$ 14,564	\$ 13,476

A. ORGANIZATION

BFK Franchise Company LLC (hereinafter referred to as “BFK” or “the Company”) was formed in the State of Nevada on May 19, 2009. BFK operates under the assumed name “Bricks 4 Kidz” and offers a science franchise opportunity to individuals passionate about helping shape young minds without having to build a business from the ground up. BFK licenses franchisees across the United States and on an international scale to provide mobile, low cost, home-based business teaching opportunities promoting STEM principles. It is a team of passionate leaders that strives to prepare every child to master the necessary skills to thrive in this rapidly changing world. The main goal of our academic program is to transform how children solve problems, innovate, create, design, and build to open the door to a brighter future. Bricks 4 Kidz develops programs designed to encourage students to make unique creations and solve problems using LEGO® Bricks; student-centric theme-based models and brick- building kits encourage students to engage in higher-level thinking educational play.

The STEM education franchise features education courses built around proprietary model plans, created by architects and engineers. These classes are meant to be fun and engage kids aged 3 to 13 creativity and curiosity in the form of:

- After school programs
- Workshops
- Camps
- Preschool programs
- Birthday parties and special events

On July 2, 2010, BFK was consolidated under Creative Learning Corporation (“Creative Learning”) through a reverse acquisition; and from July 2, 2010, to March 17, 2022, BFK was consolidated as a wholly owned subsidiary of Creative Learning.

On March 18, 2022, Creative Learning finalized a sale agreement with StroomX, LLC (the “StroomX”), under which Creative Learning sold 100% of its “Learning Business” subsidiaries and affiliates to StroomX, LLC. The Learning Business includes 100% of the members’ interest in BFK Franchise Company LLC, and all learning-related assets of its learning affiliates. In return, StroomX exchanged 500,000 of its outstanding common stock shares in Creative Learning, cash, release of certain accruals and a \$100,000 promissory note (please refer to Note M for details on this transaction).

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Significant accounting policies are as follows:

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimated.

Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Company maintains cash balances, in which, at times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Company has not experienced losses in any of these accounts.

Fair value measurements

The carrying amounts of cash, accounts receivable, and accounts payable are approximately fair value because of the relatively short-term maturity of these items and current payment expected. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting principles generally accepted in the United States (US GAAP) clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

- *Level 1:* Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- *Level 2:* Valuations based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.
- *Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgement.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting period. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared.

Furniture and equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Expenditures for additions and improvements are capitalized, while repairs and maintenance costs are expensed as incurred. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is recorded in the year of disposal.

The useful lives assigned to property and equipment are as follows:

Useful Life

Equipment	7-10 years
Furniture	10-15 years
Leasehold improvements	15-30 years

Capitalized software

Software development costs are expensed as incurred until technological feasibility of the product is established. Development costs incurred subsequent to technological feasibility are capitalized and amortized on a straight-line basis over the estimated economic life of the product. Capitalization of computer software costs is discontinued when the computer software product is available to be sold, leased, or otherwise marketed. Amortization begins when the product is available for release to customers. The Company amortizes software related to its StroomX Franchise Management System (FMS). The FMS application streamlines the bookings, payments, and management for franchisees. The Company amortizes the FMS application using the straight-line method over the estimated economic useful life of twenty-four (24) months. As of September 30, 2024 and 2023, the FMS application had accumulated total production costs of \$405,125 and \$400,703, with a net realized value of \$45,000 and \$72,008, respectively.

Revenue recognition

The Company generates almost all of its revenue from contracts with customers. The Company's franchise agreements enter the parties into a contractual obligations, typically over a ten years term, and include performance obligations as follows: protected territory designation, access to proprietary manuals and handbooks, training, on-going assistance, consulting, promotion of goodwill, administration of marketing fund, marketing and promotion items, initial marketing program development assistance, company website access, Franchise Management Tool access, lessons and model plans, project kits, Duplo bricks, frames stop motion animation software, and use of the franchisor's intellectual property (IP) (e.g., trade name – Bricks for Kidz).

Upon entering into a franchise agreement, the Company charges an initial franchise fee, which is fully collectible and nonrefundable as of the date of the signing of the franchise agreement. Further, because the Company's franchises are primarily a mobile concept and do not require finding locations or construction, the franchisees can begin operations as soon as they complete training.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Per the terms of the franchise agreements, the Company charges royalty fees monthly, generally set at a fixed amount, but in some cases are based on a percentage of franchisee's monthly gross revenues. The Company also charges fees for a marketing fund, generally based on 2% of franchisee's monthly gross revenues, which is managed by the Company, to allocate towards national branding of the Company's concepts to benefit the franchisees. Lastly, the Company charges technology fees on a monthly basis, generally at a fixed amount, for the use of the company Franchise Management tool as well as company emails, etc. The Company considers initial franchise fees to be a part of the license of symbolic intellectual property ("IP"), therefore the performance obligation related to these fees is satisfied over time as the Company fulfills its promise to grant the customer rights to use, and benefit from, the Company's IP, as well as support and maintain the IP. The initial franchise fee, then, is recorded as deferred revenue at inception and recognized on a straight-line basis over 10 years.

In accordance with US GAAP, the Company has determined that the royalty fees, marketing fees, and technology fees are subject to a sales and usage-based royalties' constraint on licenses of IP. Accordingly, these fees are recognized as revenue at the later of when the sales or usage occurs, or the related performance obligation is satisfied. Technology fees are recorded in net of processing fees. Marketing fees are limited to marketing amounts expensed; therefore, the Company will recognize amounts received in excess of amounts spent on the balance sheet in the accrued marketing fund liability.

The Company collects transfer fees when contracts are transferred between parties and accounts for the transfer as a contract modification. Because the transfer does not increase the scope of the contract or promise any additional goods or services and there are no new distinct services that will be provided after the transfer the Company considers the transfer fee part of the existing contract. Transfer fees, then, are recorded as deferred revenue at inception and recognized on a straight-line basis over the remaining contract term.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in the initial franchise fee line on the Company's Statement of Operations. The Company generates revenue from sales of merchandise where the performance obligation is met, and therefore revenue recognized, upon the delivery of merchandise to the customer.

Sales commission

Sales commissions paid to sales personnel are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are capitalized and amortized on a straight-line basis over the expected benefit period of the associated contracts. The Company determines the period of benefit based on the expected durations of customer contracts, the expected useful life of the technology, and other factors. Sales commissions for renewal contracts are generally deferred and amortized on a straight-line basis over the related contractual renewal period, which is generally one year. Amortization expense related to capitalized commissions is included as a component of sales and marketing expense in the accompanying statement of operations.

Advertising

Advertising costs are expensed as incurred. The Company incurred \$62,579 and \$18,363 in advertising costs for the years ended September 30, 2024 and 2023, respectively.

Allowance for credit losses

The Company reduces the carrying amount of trade receivable by an allowance for credit losses that reflects the best estimate of the amounts that will not be collected. Each customer balance is individually reviewed where all or a portion of the balance exceeds 90 days from the invoice date. Based on the management's assessment of the customer's current creditworthiness, the Company estimates the portion, if any, of the balance that will not be collected. Additionally, a five-year weighted average of write-offs is applied to the aggregate remaining trade receivable to estimate an additional allowance covering those amounts not specifically identified. The weighted average gives greater weight to the most recent years and is adjusted for management's estimate of any changes in expected future economic conditions that might give rise to results that differ from past experience. The Company writes off receivables as a charge to the allowance for credit losses when, in estimation, it is probable that the receivable is worthless. For the year ended September 30, 2024, \$22,648 was deemed uncollectible by management and \$36,503 was estimated as uncollectible for the year ended September 30, 2023.

Income tax

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal income taxes has been included in the financial statements. In the event of an examination of the Company's tax return, the tax liability of the members could be changed if an adjustment in the Company's income is ultimately sustained by the taxing authorities.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company did not have any interest or penalties assessed by income taxing authorities for the years ended September 30, 2024 or 2023. Management evaluates the Company's income tax circumstances and filings under the most current relevant accounting rules and believes the Company has incurred no liability for uncertain beneficial tax positions (or any related penalties and interest) for periods open to normal jurisdictional examination (currently 2019 - 2023).

Net income for financial statement purposes may differ significantly from taxable income reportable to members as a result of differences between the tax basis and financial reporting basis of assets and liabilities.

Variable interest entities

A legal entity is considered a Variable Interest Entity (VIE), with some exemptions if specific criteria are met, if it does not have sufficient equity at risk to finance its own activities without relying on additional subordinated financial support from other parties. Additional criteria must be applied to determine if this condition is met. An entity is also considered a VIE if the equity holders, as a group, lack any one of three stipulated characteristics. If the legal entity is a VIE, then the reporting entity determined to be the primary beneficiary of the VIE must consolidate it. Even if a reporting entity is not obligated to consolidate a VIE, certain disclosures must be made if the reporting entity has a variable interest in the VIE.

The Company has identified the following entities as a VIE but has elected to apply the accounting alternative provided to private companies under US GAAP for certain entities under common control in accordance with the guidance in the variable interest entities subsection of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 810 – Consolidations*:

- StroomX, LLC
- BFK Development Company, LLC
- Sew Fun Franchise Company, LLC
- B4K eLearning Company, LLC
- Bricks4Schools, LLC

Adopted accounting standards

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The updated guidance requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Recognition, measurement, and presentation of expenses will depend on the classification as a finance or operating lease. The update also requires expanded quantitative and qualitative disclosures. Accounting guidance for lessors is largely unchanged. The requirements of the new standard are effective for fiscal years beginning after December 15, 2021. In June 2020, the FASB issued ASU 2020-05, which provided an additional one-year delay in the effective date for nonpublic business entities. The Company adhered to this new accounting pronouncement starting October 1, 2022.

Subsequent events

Management has evaluated subsequent events through October 28, 2024, the date on which the financial statements were available to be issued.

C. LIQUIDITY AND AVAILABILITY

The Company had earnings before depreciation and taxes of \$333,036 and \$264,851 for the years ended September 30, 2024, and 2023; respectively. Which is sufficient cash on hand to cover operating expenses for 12 months.

D. FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following as of September 30, 2024 and 2023:

2024		2023
Data processing equipment	\$ 34,943	\$ 34,943
Office equipment	24,647	24,647
Software	405,125	400,703
Vehicles	98,507	98,507
Furniture	84,426	84,426
Subtotal	647,648	643,226
Accumulated depreciation	(602,648)	(554,201)
Furniture and equipment, net	\$ 45,000	\$ 89,025

E. COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

F. DEFERRED REVENUE

The Company recorded deferred revenue as a contract liability for its initial franchise fees collected and related contracts with remaining performance obligations. During the years ended September 30, 2024 and 2023, the activity in the deferred revenue account was as follows:

2024	2023
Beginning balance	\$ 1,051,989
Initial franchise fees	243,774
Marketing fees	101,534
Renewals and deposits	112,116
Revenue earned	(482,752)
Ending balance	1,026,661
Current portion	(216,123)
Deferred revenue, net of current portion	\$ 810,538

Amounts expected to be recognized into revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2024, was as follows:

2025	\$ 195,500
2026	195,500
2027	195,500
2028	195,500
2029	331,450
Total	\$ 1,113,450

G. RELATED PARTIES AND COMMON CONTROL

The managing member of the Company is also the CEO of Teknowland, a software development company. Teknowland performs website hosting and maintenance services for the Company. For the years ended September 30, 2024 and 2023, Teknowland has performed \$28,284 and \$157,336 in website maintenance services for the Company; respectively.

The Company's parent company, StroomX LLC, advanced payment for office related supplies and expenses. As of September 30, 2024 and 2023, the Company owed StroomX LLC \$1,439 and \$783 respectively.

H. LEGAL SETTLEMENT

On May 22, 2021, the Company entered into an agreement under which the parties agreed to mutually release all parties from any claims or causes of action that they have against the other, including without limitation any claims asserted in Case No. CA 15-1076 and Case No. CA 16-236. The Company agreed to pay sixty consecutive monthly payments of \$4,000 commencing on June 1, 2021, and continuing through June 1, 2026. As of September 30, 2024 and 2023, the Company had an unpaid balance of \$80,000 and \$128,000, respectively.

I. RETIREMENT PLAN

The Company sponsors a discretionary profit-sharing defined contribution plan for eligible employees, matching up to 3% of eligible wages. The Company did not match employee contributions for the years ended September 30, 2024 and 2023.

J. MEMBERS' EQUITY AND DISTRIBUTIONS

The Company operates as a member-managed Limited Liability Company (LLC) under Nevada State corporation laws. The Company only has one class of units for members of the LLC, new members are accepted into the LLC by unanimous approval of all current and existing members.

Members' equity was as follow for the years ended September 30, 2024 and 2023:

2024			2023
MEMBERS' DEFICIT, BEGINNING	\$	(412,903)	\$ (1,160,559)
Net income		246,531	186,207
Contributions		-	1,343,704
Distributions		(15,163)	(782,255)
MEMBERS' EQUITY DEFICIT, END OF YEAR	\$	(181,535)	\$ (412,903)

On March 18, 2022, Creative Learning finalized a sale agreement with StroomX, LLC (the "StroomX"), under which Creative Learning sold 100% of its "Learning Business" subsidiaries and affiliates to StroomX, LLC. The Learning Business includes 100% of members' interest in BFK Franchise Company LLC, and all learning related assets of its learning affiliates. In return, StroomX exchanged 500,000 of its outstanding common stock shares in Creative Learning, cash, release of certain accruals and a \$100,000 promissory note.

The Company was unable to determine the fair market value of the Creative Learning shares provided in the exchange; as such, the transfer of interest from the exiting member to the new member was treated as a non-cash transaction. The total amount of members interest transferred from the exiting member to the new member was a deficit of (\$1,363,106). The exiting member removed all cash related to outstanding receivables paid through March 17th, 2022, marketing funds held for advertising purposes, and notes receivables outstanding from franchisees. As result, the exiting member received a cash distribution as follows:

Trade receivables	\$	1,049,285
Marketing fund assets		28,837
Notes receivable		96,847
Release of legal settlement		242,000
BFK collection on trade receivables		(1,418,452)
Severance payable to Rego		50,000
Promissory note		100,000
Creative Learning cash distribution	\$	<u>148,517</u>

K. COMMITMENTS AND CONTINGENCIES

The Company is subject to litigation claims arising in the ordinary course of business. The Company believes that it has adequately accrued for legal matters in accordance with the requirements of GAAP. The Company records litigation accruals for legal matters which are both probable and estimable and for related legal costs as incurred. The Company does not reduce these liabilities for potential insurance or third-party recoveries.

K. COMMITMENTS AND CONTINGENCIES (continued)

The Company inherited the following case from its predecessor, Creative Learning Corporation: On February 24, 2017, a franchisee, Team Kasa LLC, along with its three owners, filed a lawsuit in the Eastern District of New York (Case No. 2:17-cv- 01074) against Creative Learning Corporation, alleging violations of the New York Franchise Sales Act and seeking damages. The same plaintiffs also initiated arbitration proceedings against the Company concerning similar claims. The allegations included disclosure violations under Section 683 of the New York State Franchise Sales Act and misrepresentation and omission violations under Section 687. The Company denied the allegations and any liability for damages.

In June 2024, the parties engaged in mediation to resolve the dispute. The mediation resulted in a settlement agreement, with both parties agreeing to resolve the matter without admitting fault, liability, or wrongdoing. Consequently, the Company has been dismissed as a respondent in the case. The settlement agreement pertains solely to the parties involved in the mediation.

As of the date of these financial statements, other respondents remain involved in the case, and their status is unresolved. As of September 30, 2024, the Company is unable to determine the position of the remaining respondents, as this matter falls outside the scope of the executed settlement agreement.



ANNUAL AUDIT REPORT

For the year ended September 30, 2025
(together with Independent Auditor's Report)

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INDEPENDENT AUDITOR'S REPORT

To the Members of
BFK Franchise Company LLC

Opinion

We have audited the financial statements of BFK Franchise Company LLC (the Company), which comprise the statement of financial position as of September 30, 2025, and the related statements of operations and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2025, and the results in its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis for Opinion

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

As discussed in Note J to the financial statements, the Company has restated its previously issued financial statements as of September 30, 2024 to correct a misstatement related to the deferral and amortization of franchise fees associated with certain franchise agreements acquired in the 2021 acquisition of Creative Learning. Our opinion is not modified with respect to this matter. In addition, as discussed in Note K to the financial statements, the Company is a defendant in multiple lawsuits. Our opinion is not modified with respect to this matter.

Key Audit Matters

Key audit matters are those matters that were communicated with those charged with governance and, in our professional judgment, were of most significance in our audit of the financial statements of the year then ended. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company generates its revenue from long-term contracts with customers and charges initial fees that are recognized over the contract term and monthly fees that are recognized when sales or usage occurs. As the Company terminates or transfers their long-term contracts, or customers are put on payment plans, the Company has to manually track and update customer billings and accounting records. This created a challenge in auditing revenue and accounts receivable on long-term contracts. Further, the collection of audit evidence and requirement to trace the activity on individual contracts was difficult and time consuming, increasing the overall audit efforts.

Variable Interest Entities

The Company has identified certain common control companies as Variable Interest Entities but has elected to apply the accounting alternative provided to private companies under US GAAP. Had the Company not elected to apply alternative accounting, the entities would be consolidated in these financial statements as a single reporting entity.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT
(CONTINUED)



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, 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.

Dennis Duncan & Torchon LLP

Woodland Hills, California
January 7, 2026

BFK FRANCHISE COMPANY LLC
Statement of Financial Position
September 30, 2025

CURRENT ASSETS

Cash and cash equivalents	\$	848,374
Trade accounts receivable, net		129,354
Total current assets		<u>977,728</u>

FURNITURE AND EQUIPMENT, NET (Note D)

296,205

TOTAL ASSETS

\$ 1,273,933

CURRENT LIABILITIES

Accounts payable	\$	162,812
Accrued liabilities		307,770
Contingency payable		32,000
Short term portion of contract liabilities		74,310
Total current liabilities		<u>576,892</u>

LONG-TERM LIABILITIES

Contract liability, net of current portion		348,168
Total long-term liabilities		<u>348,168</u>

Total liabilities

925,060

MEMBERS' INTEREST

348,873

TOTAL LIABILITIES AND MEMBERS' INTEREST

\$ 1,273,933

BFK FRANCHISE COMPANY LLC
Statement of Operations
For the year ended September 30, 2025

REVENUES	
Royalty fees	\$ 1,198,573
Franchise fees	223,768
Marketing fees	151,300
Merchandise sales, net of shipping costs	1,619
Total revenues	<u>1,575,260</u>
COST OF SALES	
Commissions	<u>349,591</u>
Total cost of sales	<u>349,591</u>
Net revenues	<u>1,225,669</u>
OPERATING EXPENSES	
Wages and related expenses	557,012
Payroll taxes	58,213
Legal expenses	81,909
Professional and consulting	172,020
Advertising	109,784
Occupancy	94,112
Administrative	<u>385,138</u>
Total operating expenses	<u>1,458,188</u>
Earnings before depreciation and taxes	<u>(232,519)</u>
Depreciation	45,000
Interest expense	<u>1,293</u>
Earnings before taxes and other items	<u>(278,812)</u>
TAXES	
Current	<u>20,852</u>
Total taxes	<u>20,852</u>
OTHER EXPENSES (INCOME)	
Bad debt	10,697
Other expenses (income)	<u>(12,318)</u>
Total other expenses (income)	<u>(1,621)</u>
NET LOSS	<u>\$ (298,043)</u>

BFK FRANCHISE COMPANY LLC
Statement of Cash Flows
For the year ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ (298,043)
<u>Adjustments to reconcile net income to net cash provided by operating activities:</u>	
Depreciation	45,000
Bad debt	10,697
<u>Changes in operating assets and liabilities:</u>	
Trade accounts receivable	89,072
Accounts payable	136,617
Contingency payable	(48,000)
Accrued liabilities	222,516
Contract liabilities	173,512
Cash provided by operating activities	331,371

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of software and equipment	(296,205)
Cash used for investing activities	(296,205)

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions to members	(36,033)
Cash used for financing activities	(36,033)
Net change in cash	(867)

CASH AT BEGINNING OF YEAR	849,241
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CASH AT END OF YEAR	 \$ 848,374
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Supplemental disclosure of cash flow information

Cash paid during the year for foreign taxes	\$ 20,852
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A. ORGANIZATION

BFK Franchise Company LLC (hereinafter referred to as “BFK” or “the Company”) was formed in the State of Nevada on May 19, 2009. BFK operates under the assumed name “Bricks 4 Kidz” and offers a science franchise opportunity to individuals passionate about helping shape young minds without having to build a business from the ground up. BFK licenses franchisees across the United States and on an international scale to provide mobile, low cost, home-based business teaching opportunities promoting STEM principles. It is a team of passionate leaders that strives to prepare every child to master the necessary skills to thrive in this rapidly changing world. The main goal of our academic program is to transform how children solve problems, innovate, create, design, and build to open the door to a brighter future. Bricks 4 Kidz develops programs designed to encourage students to make unique creations and solve problems using LEGO® Bricks; student-centric theme-based models and brick-building kits encourage students to engage in higher-level thinking educational play.

The STEM education franchise features education courses built around proprietary model plans, created by architects and engineers. These classes are meant to be fun and engage kids aged 3 to 13 creativity and curiosity in the form of:

- After school programs
- Workshops
- Camps
- Preschool programs
- Birthday parties and special events

On July 2, 2010, BFK was consolidated under Creative Learning Corporation (“Creative Learning”) through a reverse acquisition; and from July 2, 2010, to March 17, 2022, BFK was consolidated as a wholly owned subsidiary of Creative Learning.

On March 18, 2022, Creative Learning finalized a sale agreement with StroomX, LLC (the “StroomX”), pursuant to which Creative Learning sold 100% of its “Learning Business” subsidiaries and affiliates to StroomX. The Learning Business includes 100% of the members’ interests in BFK Franchise Company LLC, together with all learning-related assets and operations of its learning affiliates. As part of the transaction, StroomX assumed all liabilities associated with the Learning Business, including, without limitation, deferred revenue obligations, pending or threatened litigation, claims, contingencies, and all accrued or unpaid obligations and pending payments, whether known or unknown, asserted or unasserted, as of the closing date. In consideration for the sale, StroomX issued 500,000 shares of its outstanding common stock to Creative Learning, paid cash consideration, provided a release of certain accrued obligations, and delivered a \$100,000 promissory note.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Significant accounting policies are as follows:

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimated.

Cash and cash equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Company maintains cash balances, in which, at times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Company has not experienced losses in any of these accounts.

Fair value measurements

The carrying amounts of cash, accounts receivable, and accounts payable are approximately fair value because of the relatively short-term maturity of these items and current payment expected. These fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. The Company does not hold or issue financial instruments for trading purposes, nor does it utilize derivative instruments.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting principles generally accepted in the United States (US GAAP) clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. It also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of input as follows:

- *Level 1:* Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- *Level 2:* Valuations based on observable inputs (other than Level 1 prices) such as quoted prices for similar assets at the measurement date; quoted prices in markets that are not active; or other inputs that are observable, either directly or indirectly.
- *Level 3:* Valuations based on inputs that are unobservable and significant to the overall fair value measurement and involve management judgement.

The carrying value of financial assets and liabilities recorded at fair value is measured on a recurring or nonrecurring basis. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. The Company had no financial assets or liabilities carried and measured on a recurring basis during the reporting period. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared.

Furniture and equipment

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. Expenditures for additions and improvements are capitalized, while repairs and maintenance costs are expensed as incurred. The cost and related accumulated depreciation of property and equipment sold or otherwise disposed of are removed from the accounts and any gain or loss is recorded in the year of disposal.

The useful lives assigned to property and equipment are as follows:

	<u>Useful Life</u>
Equipment	7-10 years
Furniture	10-15 years
Leasehold improvements	15-30 years

Capitalized software

Software development costs are expensed as incurred until technological feasibility of the product is established. Development costs incurred subsequent to technological feasibility are capitalized and amortized on a straight-line basis over the estimated economic life of the product. Capitalization of computer software costs is discontinued when the computer software product is available to be sold, leased, or otherwise marketed. Amortization begins when the product is available for release to customers. The Company amortizes software related to its StroomX Franchise Management System (FMS). The FMS application streamlines the bookings, payments, and management for franchisees. The Company amortizes the FMS application using the straight-line method over the estimated economic useful life of twenty-four (24) months. As of September 30, 2025, the FMS application had accumulated total production costs of \$701,330, with a net realized value of \$296,205.

Revenue recognition

The Company generates almost all of its revenue from contracts with customers. The Company's franchise agreements enter the parties into a contractual obligations, typically over a ten years term, and include performance obligations as follows: protected territory designation, access to proprietary manuals and handbooks, training, on-going assistance, consulting, promotion of goodwill, administration of marketing fund, marketing and promotion items, initial marketing program development assistance, company website access, Franchise Management Tool access, lessons and model plans, project kits, Duplo bricks, frames stop motion animation software, and use of the franchisor's intellectual property (IP) (e.g., trade name – Bricks for Kidz).

Upon entering into a franchise agreement, the Company charges an initial franchise fee, which is fully collectible and non-refundable as of the date of the signing of the franchise agreement. Further, because the Company's franchises are primarily a mobile concept and do not require finding locations or construction, the franchisees can begin operations as soon as they complete training.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Per the terms of the franchise agreements, the Company charges royalty fees monthly, generally set at a fixed amount, but in some cases are based on a percentage of franchisee's monthly gross revenues. The Company also charges fees for a marketing fund, generally based on 2% of franchisee's monthly gross revenues, which is managed by the Company, to allocate towards national branding of the Company's concepts to benefit the franchisees. Lastly, the Company charges technology fees on a monthly basis, generally at a fixed amount, for the use of the company Franchise Management tool as well as company emails, etc. The Company considers initial franchise fees to be a part of the license of symbolic intellectual property ("IP"), therefore the performance obligation related to these fees is satisfied over time as the Company fulfills its promise to grant the customer rights to use, and benefit from, the Company's IP, as well as support and maintain the IP. The initial franchise fee, then, is recorded as deferred revenue at inception and recognized on a straight-line basis over 10 years.

In accordance with US GAAP, the Company has determined that the royalty fees, marketing fees, and technology fees are subject to a sales and usage-based royalties' constraint on licenses of IP. Accordingly, these fees are recognized as revenue at the later of when the sales or usage occurs, or the related performance obligation is satisfied. Technology fees are recorded in net of processing fees. Marketing fees are limited to marketing amounts expensed; therefore, the Company will recognize amounts received in excess of amounts spent on the balance sheet in the accrued marketing fund liability.

The Company collects transfer fees when contracts are transferred between parties and accounts for the transfer as a contract modification. Because the transfer does not increase the scope of the contract or promise any additional goods or services and there are no new distinct services that will be provided after the transfer the Company considers the transfer fee part of the existing contract. Transfer fees, then, are recorded as deferred revenue at inception and recognized on a straight-line basis over the remaining contract term.

When contracts are terminated due to default, or in conjunction with an early termination agreement, the Company accounts for the early termination as a contract modification under ASC 606. Because the termination eliminates any future performance obligations of the Company any deferred revenue associated with the terminated contract is recognized into revenue at the time of termination, along with any early termination fees, in the initial franchise fee line on the Company's Statement of Operations. The Company generates revenue from sales of merchandise where the performance obligation is met, and therefore revenue recognized, upon the delivery of merchandise to the customer.

Sales commission

Sales commissions paid to sales personnel are considered incremental and recoverable costs of obtaining a contract with a customer. Sales commissions for initial contracts are capitalized and amortized on a straight-line basis over the expected benefit period of the associated contracts. The Company determines the period of benefit based on the expected durations of customer contracts, the expected useful life of the technology, and other factors. Sales commissions for renewal contracts are generally deferred and amortized on a straight-line basis over the related contractual renewal period, which is generally one year. Amortization expense related to capitalized commissions is included as a component of sales and marketing expense in the accompanying statement of operations.

Advertising

Advertising costs are expensed as incurred. The Company incurred \$80,999 in advertising costs for the year ended September 30, 2025.

Allowance for credit losses

The Company reduces the carrying amount of trade receivable by an allowance for credit losses that reflects the best estimate of the amounts that will not be collected. Each customer balance is individually reviewed where all or a portion of the balance exceeds 90 days from the invoice date. Based on the management's assessment of the customer's current creditworthiness, the Company estimates the portion, if any, of the balance that will not be collected. Additionally, a five-year weighted average of write-offs is applied to the aggregate remaining trade receivable to estimate an additional allowance covering those amounts not specifically identified. The weighted average gives greater weight to the most recent years and is adjusted for management's estimate of any changes in expected future economic conditions that might give rise to results that differ from past experience. The Company writes off receivables as a charge to the allowance for credit losses when, in estimation, it is probable that the receivable is worthless.

Income tax

As a limited liability company, the Company's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for federal income taxes has been included in the financial statements. In the event of an examination of the Company's tax return, the tax liability of the members could be changed if an adjustment in the Company's income is ultimately sustained by the taxing authorities.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company did not have any interest or penalties assessed by income taxing authorities for the year ended September 30, 2025. Management evaluates the Company's income tax circumstances and filings under the most current relevant accounting rules and believes the Company has incurred no liability for uncertain beneficial tax positions (or any related penalties and interest) for periods open to normal jurisdictional examination (currently 2021 - 2024).

Net income for financial statement purposes may differ significantly from taxable income reportable to members as a result of differences between the tax basis and financial reporting basis of assets and liabilities.

Variable interest entities

A legal entity is considered a Variable Interest Entity (VIE), with some exemptions if specific criteria are met, if it does not have sufficient equity at risk to finance its own activities without relying on additional subordinated financial support from other parties. Additional criteria must be applied to determine if this condition is met. An entity is also considered a VIE if the equity holders, as a group, lack any one of three stipulated characteristics. If the legal entity is a VIE, then the reporting entity determined to be the primary beneficiary of the VIE must consolidate it. Even if a reporting entity is not obligated to consolidate a VIE, certain disclosures must be made if the reporting entity has a variable interest in the VIE.

The Company has identified the following entities as a VIE but has elected to apply the accounting alternative provided to private companies under US GAAP for certain entities under common control in accordance with the guidance in the variable interest entities subsection of Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 810 – Consolidations*:

- StroomX, LLC
- BFK Development Company, LLC
- Sew Fun Franchise Company, LLC
- B4K eLearning Company, LLC
- Bricks4Schools, LLC

Adopted accounting standards.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The updated guidance requires lessees to recognize a right-of-use asset and lease liability for all leases with terms of more than twelve months. Recognition, measurement, and presentation of expenses will depend on the classification as a finance or operating lease. The update also requires expanded quantitative and qualitative disclosures. Accounting guidance for lessors is largely unchanged. The requirements of the new standard are effective for fiscal years beginning after December 15, 2021. In June 2020, the FASB issued ASU 2020-05, which provided an additional one-year delay in the effective date for nonpublic business entities. The Company adhered to this new accounting pronouncement starting October 1, 2022.

Subsequent events

Management has evaluated subsequent events through January 7, 2025, the date on which the financial statements were available to be issued.

C. LIQUIDITY AND AVAILABILITY

The Company had a loss before depreciation and taxes of \$232,519 for the year ended September 30, 2025. The Company had \$848,374 cash on hand. Which is sufficient cash on hand to cover operating expenses for 12 months.

D. FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following:

Data processing equipment	\$	34,943
Office equipment		24,647
Software		701,330
Vehicles		98,507
Furniture		84,426
Subtotal		943,853
Accumulated depreciation		(647,648)
Furniture and equipment, net	\$	296,205

E. COMPENSATED ABSENCES

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid.

F. CONTRACT LIABILITY

The Company recorded deferred revenue as a contract liability for its initial franchise fees collected and related contracts with remaining performance obligations. During the year ended September 30, 2025, the activity in the deferred revenue account was as follows:

Beginning balance	\$	242,323
Initial franchise fees		252,623
Marketing fees		151,300
Renewals and deposits		-
Revenue earned		(223,768)
Ending balance		422,478
Current portion		(74,310)
Contract liabilities, net of current portion	\$	348,168

Amounts expected to be recognized as revenue related to performance obligations that are unsatisfied (or partially unsatisfied) as of September 30, 2025, was as follows:

2026	\$	74,310
2027		68,050
2028		59,521
2029		57,979
2030		162,618
Total	\$	422,478

G. RELATED PARTIES AND COMMON CONTROL

The managing member of the Company is also the CEO of Teknowland, a software development company. Teknowland provides website hosting and maintenance services for the Company. For the year ended September 30, 2025, Teknowland had performed \$103,769 in website maintenance services for the Company.

H. LEGAL SETTLEMENT

On May 22, 2021, the Company entered into an agreement under which the parties agreed to mutually release all parties from any claims or causes of action that they have against the other, including without limitation any claims asserted in Case No. CA 15-1076 and Case No. CA 16-236. The Company agreed to pay sixty consecutive monthly payments of \$4,000 commencing on June 1, 2021, and continuing through June 1, 2026. As of September 30, 2025, the Company had an unpaid balance of \$32,000.

I. RETIREMENT PLAN

The Company sponsors a discretionary profit-sharing defined contribution plan for eligible employees, matching up to 3% of eligible wages. The Company did not match employee contributions for the year ended September 30, 2025.

J. MEMBERS' INTEREST

The Company operates as a member-managed Limited Liability Company (LLC) under Nevada State corporation laws. The Company only has one class of units for members of the LLC; new members are accepted into the LLC by unanimous approval of all current and existing members. Members' interest was as follows for the year ended September 30, 2025:

MEMBERS' INTEREST, BEGINNING (Restated)	\$	682,949
Net income		(298,043)
Distributions		(36,033)
MEMBERS' INTEREST, ENDING	\$	348,873

J. MEMBERS' INTEREST (continued)

Restatement of members' interest

The Company enters into franchise agreements and may receive upfront franchise fees. The Company records upfront franchise fees as deferred franchise fees (a contract liability) and recognizes such amounts in revenue over the period in which the related performance obligations are satisfied, which is generally over the term of the franchise agreement.

During the year ended September 30, 2025, management identified that the Company's historical amortization/recognition of deferred franchise fees related to certain franchise agreements acquired in the 2021 purchase of clients from of Creative Learning (the "Acquired Franchise Agreements") was not appropriately aligned with the estimated period over which those deferred franchise fees should be recognized. Specifically, the Company had previously recognized deferred franchise fees over the original contractual life from contract inception, rather than the estimated remaining term of the Acquired Franchise Agreements as evaluated by management, which resulted in a misstatement of franchise fee revenue, deferred franchise fees, and members' interest in prior periods.

In accordance with ASC 250, the Company corrected the error by restating the affected prior-period financial statements and recording a cumulative adjustment to members' interest as of September 30, 2024.

The following tables summarize the impact of the restatement on the Company's financial statements:

Correction of retained earnings	\$	(181,535)
Deferred Franchise fees		864,484
Restated members' interest	\$	682,949

The restatement did not change net cash provided by (used in) operating activities, investing activities, or financing activities for the periods presented; however, certain cash flow line items may have changed due to the reclassification between net income and changes in deferred franchise fees.

K. COMMITMENTS AND CONTINGENCIES

The Company is subject to legal proceedings and claims arising in the ordinary course of business. The Company records an accrual for a loss contingency when it is probable that a liability has been incurred, and the amount of the loss can be reasonably estimated. If a loss is reasonably possible but not probable, or if a loss is probable but cannot be reasonably estimated, the Company discloses the nature of the contingency and, when practicable, an estimate of the possible loss or range of loss. Legal defense costs are expensed as incurred.

New York Action

The Company inherited the following case from its predecessor, Creative Learning Corporation: On February 24, 2017, a franchisee, Team Kasa LLC, along with its three owners, filed a lawsuit in the Eastern District of New York (Case No. 2:17-cv-01074) against Creative Learning Corporation, alleging violations of the New York Franchise Sales Act and seeking damages. The same plaintiffs also initiated arbitration proceedings against the Company concerning similar claims. The allegations included disclosure violations under Section 683 of the New York State Franchise Sales Act and misrepresentation and omission violations under Section 687. The Company denied the allegations and any liability for damages. In June 2024, the parties engaged in mediation to resolve the dispute. The mediation resulted in a settlement agreement, with both parties agreeing to resolve the matter without admitting fault, liability, or wrongdoing. Consequently, the Company has been dismissed as a respondent in the case. The settlement agreement pertains solely to the parties involved in the mediation. As of the date of these financial statements, other respondents remain involved in the case, and their status is unresolved. The Company is unable to determine the position of the remaining respondents, as this matter falls outside the scope of the executed settlement agreement.

Florida action, St. Johns County, Florida

Mark Shaw, Matt Shaw, Craig Pfeffer, Debbie Pfeffer, Thomas Heninger, Robin Heninger and Henry Tableing v. Chris Rego, Gary Zell, John Simento, Rod Whiton, Michael Elkin and Stroomx, LLC (Circuit Court, Seventh Judicial Circuit, in and for St. Johns County, Florida, Case No. 55-2024-CA-001051, Division 55). The plaintiffs alleged claims in two counts—breach of fiduciary duties (against the individual defendants) and constructive fraud (against John Simento, Chris Rego and Stroomx, LLC)—relating to the alleged reduced value of the plaintiffs' shares of stock in Creative Learning Corporation.

K. COMMITMENTS AND CONTINGENCIES (continued)

Defendants John Simento and Michael Elkin were dismissed from the case. Defendants Rod Whiton and Gary Zell filed motions to dismiss based on an alleged lack of personal jurisdiction. Defendants Chris Rego and Stroomx LLC indicated their intent to move to dismiss the complaint and to vigorously defend the matter. The trial court has dismissed all claims in this action. Based on the current status of the matter and after consultation with counsel, management believes the likelihood of a loss is remote and, accordingly, the Company has not recorded an accrual related to this matter as of September 30, 2025. The Company intends to continue to vigorously defend the matter if further proceedings occur.

California action, Santa Clara County, California

Mark Shaw, Matt Shaw, Craig Pfeffer, Debbie Pfeffer, Thomas Heninger, Robin Heninger and Henry Tableing v. Stroomx, LLC, Chris Rego, Gary Zell, Rod Whiton and Michael Elkin (Superior Court of California, County of Santa Clara, Case No. 25CV479391). This action was originally filed on November 5, 2025. The plaintiffs, who are shareholders in the public company that previously owned the Bricks 4 Kidz business, alleged claims including breach of fiduciary duties (against the individual defendants), constructive fraud (against Chris Rego), and civil conspiracy and conversion (against all defendants), relating to the alleged reduced value of the plaintiffs' shares of stock in Creative Learning Corporation. Defendants Chris Rego and Stroomx, LLC intend to move to dismiss the complaint and otherwise vigorously defend the matter. This matter is in its early stages. The Company cannot predict the outcome of this proceeding. Assessment of loss contingency: As of September 30, 2025 and through January 7, 2026, the date of which these financial statements were issued and available, the Company has not recorded an accrual for this matter because management has not concluded that an unfavorable outcome is probable, and the Company is unable to reasonably estimate the amount of loss or range of loss, if any, that may result from this claim at this time. The Company will continue to evaluate this matter as it progresses, including whether an accrual is required or whether additional disclosure is appropriate in future reporting periods.

While the Company believes it has meritorious defenses and intends to vigorously defend the matters described above, litigation is inherently unpredictable. The Company's results of operations and cash flows could be affected by the outcome of these matters in future periods.

EXHIBIT B TO FDD
FRANCHISE AGREEMENT



BFK FRANCHISE COMPANY LLC
FRANCHISE AGREEMENT

FRANCHISE OWNER

DATE OF AGREEMENT

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BFK FRANCHISE COMPANY LLC

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into by and between **BFK FRANCHISE COMPANY LLC**, a limited liability company organized under the laws of Nevada located at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“we,” “us,” or “our”), and the Franchisee identified in Exhibit A (“you” or “your”) as of the date identified in Exhibit A of this Agreement (the “Effective Date”).

1. PREAMBLES, ACKNOWLEDGMENTS, AND GRANT OF FRANCHISE.

A. PREAMBLES.

- (1) We and our affiliates have, over a considerable time period and with considerable effort, developed (and continue to develop and modify) a system and franchise opportunity for the operation of mobile businesses and creativity center (each, a “Bricks 4 Kidz Business”) offering curriculum-based STEAM educational programs, activities, events, and workshops designed to teach engineering principles and methodologies to participants of all ages (“Services”) using LEGO® brand bricks, Bricks 4 Kidz® proprietary products, other STEM-related products, robotics, animation, coding, artificial intelligence, and engineering techniques, through the System (as defined below) and specialized products, lesson plans, model plans and projects kits produced or manufactured by us and our affiliates (the “Proprietary Products”). These Services are provided by Bricks 4 Kidz franchisees operating Bricks 4 Kidz Businesses at the approved location and in the protected territory, which operate under distinctive business formats, methods, procedures, signage designs, layouts, standards, and specifications, and the Marks (as defined below), all of which we may improve, further develop, or otherwise modify from time to time (collectively, the “System”).
- (2) We and our affiliates use, promote, and license certain trademarks, service marks, and other commercial symbols in operating Bricks 4 Kidz Businesses, which have gained and will continue to gain public acceptance and goodwill, and may create, use, and license other trademarks, service marks, and commercial symbols for Bricks 4 Kidz Businesses (collectively, the “Marks”).
- (3) We grant to persons who meet our qualifications, and are willing to undertake the investment and effort, a franchise to own and operate a Bricks 4 Kidz Business using the System and Proprietary Products and offering the Services and related products we authorize.
- (4) As a franchise owner of a Bricks 4 Kidz Business, you will comply with this Agreement and all System Standards (defined in Subsection 4.D) in order to maintain the high and consistent quality that is critical to attracting and maintaining clients for Bricks 4 Kidz Businesses.

- (5) You have applied for a franchise to own and operate a Bricks 4 Kidz Business.

B. ACKNOWLEDGMENTS.

You acknowledge:

- (1) That you have independently investigated the Bricks 4 Kidz Business franchise opportunity and recognize that, like any other business, the nature of the business a Bricks 4 Kidz Business conducts may, and probably will, evolve and change over time.
- (2) That an investment in a Bricks 4 Kidz Business involves business risks that could result in the loss of a significant portion or all of your investment.
- (3) That your business abilities and efforts are vital to your success.
- (4) That attracting clients for your Bricks 4 Kidz Business will require you to make consistent marketing efforts in your community through various methods, including media advertising, direct mail advertising, and display and use of promotional materials.
- (5) That retaining clients for your Bricks 4 Kidz Business will require you to have a high level of customer service and adhere strictly to the System and our System Standards and that you are committed to maintaining System Standards.
- (6) That you have not received from us, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a Bricks 4 Kidz Business.
- (7) That in all of their dealings with you, our officers, directors, employees, and agents act only in a representative, and not in an individual capacity and that business dealings between you and them as a result of this Agreement are deemed to be only between you and us.
- (8) That you have represented to us, to induce our entry into this Agreement, that all statements you have made and all materials you have given us are accurate and complete and that you have made no misrepresentations or material omissions in obtaining the franchise.
- (9) That you and your guarantors have received as one document at one time, either personally, by registered mail, or electronically, a copy of the form of this Agreement, the exhibits hereto, and the applicable complete Franchise Disclosure Document not less than fourteen (14) days prior to the earlier of: (i) the date on which this Agreement or any other agreement relating thereto was executed, and (ii) the payment of any consideration by or on behalf of you relating to this Agreement, and the franchise associated therewith (except, where applicable, any deposit permitted under applicable law).

- (10) That you have read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high standards of quality and service, as well as the uniformity of those standards at each Bricks 4 Kidz Business, and to protect and preserve the goodwill of the Marks.
- (11) That we will restrict your sources of Proprietary Products and have the right to restrict your sources of other goods and services as well, as provided in various sections of this Agreement, including Section 8 below.
- (12) That we have not made any representation, warranty, or other claim regarding this Bricks 4 Kidz Business franchise opportunity, other than those made in this Agreement and our Franchise Disclosure Document, and that you have independently evaluated this opportunity, including by using your business professionals and advisors.
- (13) That you have been afforded an opportunity to ask any questions you have and to review any materials of interest to you concerning the Bricks 4 Kidz Business franchise opportunity.
- (14) That you have been afforded an opportunity, and have been encouraged by us, to have this Agreement and all other agreements and materials we have given or made available to you reviewed by an attorney and have either done so or waived your right to do so.

C. CORPORATION, LLC, OR PARTNERSHIP.

If you are at any time a corporation, limited liability company, general or limited partnership, or other form of business entity (each, an "Entity"), then you agree and represent that:

- (1) You will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly existing in good standing under the laws of the state of your incorporation or formation;
- (2) Your organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions;
- (3) **Section 2 of Exhibit A** to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;
- (4) Each of your owners during the Term (as defined in Subsection E below) and any Renewal Term (as defined in Subsection E below) will execute a guaranty in the form attached to this Agreement undertaking personally to be bound, jointly and severally,

by all provisions of this Agreement and any ancillary agreements between you and us. Subject to our rights and your obligations under Section 12, you and your owners agree to promptly sign and deliver to us revisions to Section 2 of **Exhibit A** to reflect any permitted changes in the information that Section 2 of **Exhibit A** now contains;

- (5) You will appoint a shareholder, member, or partner, as applicable, to be your “Managing Owner,” who will be responsible for overseeing and supervising the operation of the BUSINESS (as defined in Subsection D below). The Managing Owner as of the Effective Date is identified in Section 2 of **Exhibit A**. You may not change the Managing Owner without our prior written consent; and
- (6) The BUSINESS and other Bricks 4 Kidz Businesses, if applicable, will be the only businesses you operate (although your owners may have other, non-competitive business interests).

D. GRANT OF FRANCHISE.

You have applied for a franchise to own and operate a Bricks 4 Kidz Business. Subject to this Agreement’s terms, we grant you a franchise (the “Franchise”) to operate a Bricks 4 Kidz Business (the “BUSINESS”) and to use the System in its operation for the Term. You agree that the BUSINESS will be operated from an office that will be located in your residence or at a location that we review and accept (address to be listed on **Exhibit A**) (the “Office”). Franchisee shall not relocate the Franchised Business at any time without Franchisor’s written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee’s sole expense, and subject to the relocation fee (the “Relocation Fee”) set forth in **Exhibit A**.

No additional Offices may be established by you without our prior written approval. You must commence operations of the BUSINESS within ninety (90) days following the Effective Date of this Agreement. You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote the BUSINESS.

E. TERM AND RENEWAL.

- (1) **Term.** The term of this Agreement (the “Term”) shall commence on the Effective Date and, unless sooner terminated in accordance with the provisions herein, or extended as provided in Subsection 1.E(2), continue for the period set forth in **Exhibit A**.
- (2) **Renewal Term.** You will have the right, but not the obligation, to enter into a Successor Franchise Agreement (as defined in Subsection 13.A below) for an additional franchise term following the Term (the “Renewal Term”), provided that you have complied with the conditions and procedures for renewal in Section 13 of this Agreement in connection with the Renewal Term. The duration of the Renewal Term shall be equal to the Term and the successor fee payable in connection therewith (the “Successor Fee”) shall be equal to Initial Franchise Fee.

F. LIMITED EXCLUSIVE TERRITORIAL RIGHTS.

Before this Agreement is executed, we will describe the Territory in **Exhibit A**. Your designated Territory will be defined by a specific group of zip codes, not to exceed three (3) contiguous zip codes, that collectively include approximately twenty (20) public and/or private elementary schools at the time you sign this Agreement. We determine the size and boundaries of territories using school enrollment data, demographic information, geographic factors, and market conditions available to us at the time of signing. If you request before this Agreement is executed, we may grant you an additional geographic area to increase the size of the Territory, subject to the additional fee set forth in Subsection 3.A below.

Provided that you are in full compliance with this Agreement, System Standards, the Manuals, and you meet the minimum performance requirements described in Subsection G below, and except as provided in Subsection F below, we and our affiliates will not operate or grant a franchise for the operation of another Bricks 4 Kidz Business at a location, or that will provide Services, within the Territory during the Term.

If you operate a Bricks 4 Kidz Creativity Center, you are granted the right to operate two (2) approved Creativity Centers within your designated Territory. The approved Creativity Center must be located within your designated Territory and approved by us. Approval of a Creativity Center does not create an exclusive Territory. You may not operate the BUSINESS or provide Services outside of the Territory. While you may place advertisements in printed media and on social media, television, and radio that are targeted to customers and prospective customers located within your Territory, and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of social media, television, and radio, are viewed by prospective customers outside of your Territory, you may not make any sales or perform services to customers located outside of your Territory unless there is no Bricks 4 Kidz Business, either franchised or company-owned, located in close proximity to your Bricks 4 Kidz Business. However, you may provide Services to clients who reside outside of the Territory, provided that the Services will be performed within the Territory.

G. PERFORMANCE REQUIREMENTS.

In addition to complying with all System Standards, after the twelfth (12th) month of operation:

- 1) the BUSINESS must achieve a minimum annual Gross Sales (defined in Subsection 3.H below) of \$75,000; and
- 2) the BUSINESS must not fall below the eighth (8th) percentile of Bricks 4 Kidz franchisees in the United States that have been open for twelve (12) months or longer, based on Gross Sales, as determined by us.

If you fail to maintain these performance requirements, you may lose any territorial protection you are granted, your Agreement may be terminated, and you may lose your investment. If you do not maintain these levels, we may establish or authorize additional

franchised, company-owned, or affiliate-owned Bricks 4 Kidz mobile business or Creativity Centers within your designated Territory without compensating you.

H. RIGHTS WE RESERVE.

Except as expressly limited by Subsection F above, we and our affiliates retain all rights with respect to Bricks 4 Kidz Businesses, the Marks, the sale of identical, similar or dissimilar products and services, and any other activities we deem appropriate whenever and wherever we desire. Specifically, but without limitation, we reserve the following rights:

- (1) the right to establish and operate, and to grant to others the right to establish and operate businesses offering similar or dissimilar products and services through similar or alternative channels of distribution, at any locations inside or outside the Territory under trademarks or service marks other than the Marks and on any terms and conditions we deem appropriate;
- (2) the right to provide, offer and sell and to grant others the right to provide, offer and sell products and services that are identical or similar to and/or competitive with those products and services provided by Bricks 4 Kidz Businesses, whether identified by the Marks or other trademarks or service marks, through alternative distribution channels (including, without limitation, the internet or similar electronic media, supermarkets and department stores) both inside and outside the Territory and on any terms and conditions we deem appropriate;
- (3) the right to establish and operate, and to grant to others the right to establish and operate, businesses offering dissimilar products and services, both inside and outside the Territory under the Marks and on any terms and conditions we deem appropriate;
- (4) the right to operate, and to grant others the right to operate Bricks 4 Kidz Businesses located anywhere outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to the BUSINESS;
- (5) the right to operate, and to grant others the right to operate Bricks 4 Kidz Businesses at “Non Traditional Sites” within and outside the Territory on any terms and conditions we deem appropriate. “Non Traditional Sites” are sites that generate customer traffic flow which is independent from the general customer traffic flow of the surrounding area, including, without limitation, military bases, educational facilities, shopping malls, major industrial or office complexes, hotels and hospitals;
- (6) the right to acquire the assets or ownership interests of one or more businesses providing products and services the same as or similar to those provided at Bricks 4 Kidz Businesses, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

- (7) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services the same as or similar to those provided at Bricks 4 Kidz Businesses, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

I. MODIFICATION OF SYSTEM.

Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we deem best, to vary System Standards (defined below) for any franchise owner based upon the peculiarities of any condition that we consider important to that franchise owner's successful operation. You have no right to require us to grant you a similar variation or accommodation. By way of example only, we or our affiliates may authorize the operation of various operating categories, models, or layouts for Bricks 4 Kidz Businesses as part of the System, such as for Bricks 4 Kidz Businesses established at one or more Non Traditional Sites.

2. COMMENCEMENT OF OPERATIONS.

A. OPERATING ASSETS.

You agree to use in operating the BUSINESS only the required vehicles, equipment (including a required or recommended computer and facsimile), and signs (collectively, the "Operating Assets") that we approve for Bricks 4 Kidz Businesses as meeting our specifications and standards for quality, design, appearance, function, and performance. You agree to place or display at the locations where the BUSINESS performs the Services and on any vehicles used in connection with the BUSINESS only the signs, emblems, lettering, logos, and display materials that we approve at any time and from time to time. You agree to purchase or lease approved brands, types, or models of Operating Assets only from suppliers we designate or approve (which may include or be limited to us and/or our affiliates). Before the BUSINESS begins operating, you will pay for your initial inventory of products that will be sent to you and we will provide you marketing and promotional materials as specified in the Operations Manual (as defined in Subsection 4.C below).

B. COMPUTER SYSTEM.

You agree to obtain and use the computer hardware and/or operating software we specify at any time and from time to time (the "Computer System"). The Computer System must be capable of operating the required FMS Stack (described in Subsection 8.H).

Currently, we require that each Bricks 4 Kidz Business maintain, at a minimum:

- At least one (1) business laptop or desktop computer for administrative and management purposes;

- At least ten (10) Android-based tablet devices for use during classes and instructional programs, each of which must be capable of operating the required technology platforms including the FMS Stack;
- A functional business email account and related collaboration tools designated or provided by us as part of FMS Stack, which must be used for official business communications, system access, administrative functions, and other operational purposes; and
- A business website provided or designated by us as part of the FMS Stack, which must be used in connection with the operation of your BUSINESS.

We may modify specifications for and components of the Computer System. Our modification of specifications for the Computer System, and/or other technological developments or events, might require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining Term, you agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. We have no obligation to reimburse you for any Computer System costs. Within sixty (60) days after you receive notice from us, you agree to obtain the Computer System components that we designate and to ensure that your Computer System, as modified, is functioning properly.

Despite the fact that you agree to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

We reserve the right to connect remotely to your Computer System and FMS Stack.

You hereby consent to us obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by us or disclosed to us, whether by means of the Computer System or otherwise, in accordance with this Agreement. You will obtain such consents from third parties, including your customers, as are necessary in order to give effect to the foregoing.

C. BUSINESS OPENING.

You must notify us in writing at least fifteen (15) days prior to the day on which you propose to begin operating the BUSINESS. You agree not to begin operating the BUSINESS until:

- (1) we notify you in writing that the BUSINESS meet our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the BUSINESS complies with any licensing, environmental, labor, health, occupational, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of our right to require continuing compliance with our requirements, standards, or policies);
- (2) you (or your Managing Owner) and your other employees satisfactorily complete training;
- (3) you pay any amounts then due to us; and
- (4) you give us certificates for all required insurance policies, or such other evidence of insurance coverage and payment of premiums as we may request.

Subject to your compliance with these conditions, you agree to begin operating the BUSINESS within ninety (90) days after the Effective Date of this Agreement, and you acknowledge that your failure to timely commence operations shall be grounds for termination as set forth in Section 14 below.

3. FEES.

A. INITIAL FRANCHISE FEE.

- (1) In consideration of our granting you the Franchise, you agree to pay us a nonrecurring and, except as expressly provided in this Agreement, nonrefundable initial franchise fee (the "Initial Franchise Fee") in the amount set forth in **Exhibit A**. The amount of the Initial Franchise Fee depends on the type of Bricks 4 Kidz business you purchase and whether the Franchise is your first Bricks 4 Kidz Franchise Territory or a subsequent Bricks 4 Kidz Franchise Territory.

If you convert from a Mobile Bricks 4 Kidz business to a Bricks 4 Kidz Creativity Center, you shall pay the additional franchise fee applicable to such conversion, as set forth in **Exhibit A**, at the time of conversion. The Initial Franchise Fee is fully earned by us upon receipt.

If any Initial Franchise Fee discount was applied because one of your owners is an active-duty member or veteran of the United States armed forces, and if participating active-duty service member or veteran fails to maintain at least a fifty one percent (51%) ownership interest in the franchised Entity, or is no longer an owner for any reason other than death or disability before the fifth anniversary of the Effective Date, then you shall reimburse us for the amount of the incentive discount applied to your Initial Franchise Fee.

If you choose to pay the initial franchise fee by credit card, you must also pay us all credit card processing fees we incur. Currently the charge is between 2.5% and 3.5% of the transaction amount.

(2) You may be eligible to receive a refund of up to Five Thousand Dollars (\$5,000) of amounts you have paid to us for the Initial Franchise Fee in any one of the following circumstances:

- (i) if your required attendees to our initial training program cannot complete initial training to our satisfaction, then we may terminate this Agreement (at our option), and receive from you a signed release of claims in a form we prescribe; or
- (ii) if you do not commence operations of the BUSINESS within ninety (90) days from the date your required attendees complete the initial training program to our satisfaction, then we may terminate this Agreement (at our option), and receive from you a signed release of claims in a form we prescribe.

B. CONTINUING SERVICE AND ROYALTY FEE.

You must pay us a continuing royalty fee (“Royalty”) based on the Gross Sales (defined in Subsection H below) of your BUSINESS. The Royalty applicable to your BUSINESS is set forth in **Exhibit A** to this Agreement.

Beginning with the third (3rd) calendar month following the commencement of operations of your BUSINESS, the Royalty you pay us will be subject to a minimum Royalty Fee (“Minimum Royalty Fee”) as specified in **Exhibit A**.

Within the twentieth (20th) day after the end of each calendar month, you must pay us the greater of:

- The Royalty calculated on the Gross Sales of your BUSINESS for the immediately preceding month; or
- The applicable Minimum Royalty Fee.

All Royalty and Minimum Royalty Fee payments are due regardless of profitability.

If you operate more than one BUSINESS, a reduced Minimum Royalty Fee for each additional BUSINESS may apply, as set forth in **Exhibit A**, provided that:

- You continue to operate your initial BUSINESS; and
- You are not in default under this Agreement or any other agreement with us.

If you cease operating your initial BUSINESS for any reason, or if you are in default under this Agreement or any other agreement with us, you must thereafter pay the Minimum Royalty Fee applicable to a first Franchise Territory, as set forth in **Exhibit A**, for each remaining BUSINESS you operate.

Monthly Gross Sales Reports

On or before the seventh (7th) day of each calendar month, you must submit to us, on a form we approve (or as we otherwise direct), a signed statement of the Gross Sales of your

BUSINESS for the preceding month. Each monthly Gross Sales statement must be accompanied by payment of the greater of (a) the Royalty due for the preceding month, or (b) the Minimum Royalty Fee.

Late Revenue Report Administrative Fee

If you fail to submit the required Gross Sales statement by the seventh (7th) day of the applicable month, you must pay us an administrative fee (the “Late Revenue Report Administrative Fee”) in the amount specified in **Exhibit A** for each two-week period (or portion thereof) that the required report remains outstanding.

Late Revenue Report Administrative Fee:

- Begins to accrue on the first (1st) day immediately following the report due date;
- Is payable if you are one (1) day late in submitting the required report;
- Continues to accrue every two (2) weeks thereafter until the required report is submitted in full; and
- Is in addition to, and not in lieu of, any other fees, interest, or remedies available to us under this Agreement or applicable law.

C. ADVERTISING AND DEVELOPMENT FUND CONTRIBUTION.

You agree to contribute to the Fund (as defined in Subsection 9.B below) based on the BUSINESS's Gross Sales (defined in Subsection H below) as set forth in **Exhibit A**. Your contributions to the Fund are payable on a monthly basis for the preceding month's Gross Sales and are due on or before the twentieth (20th) day of each calendar month. The Fund contributions will be administered and used as set forth in Subsection 9.B below.

D. TECHNOLOGY FEE.

You must pay to us, our affiliate, or a third-party vendor we designate, a monthly Technology Fee in the amount set forth in **Exhibit A** to this Agreement, beginning in the first full calendar month after the Effective Date. The Technology Fee covers your access to and required use of the FMS Stack (as defined in Subsection 8.H below), which is provided by us, our affiliates, and approved third-party vendors. We may increase the Technology Fee from time to time, upon at least thirty (30) days' prior written notice, provided that the Technology Fee will not exceed the maximum amount set forth in **Exhibit A**. The Technology Fee is payable monthly, is fully earned when due, non-refundable, and is payable regardless of your level of use of the FMS Stack.

E. TECHNOLOGY SETUP FEE.

When you sign the Agreement, you must pay a one-time, non-refundable Technology Setup Fee set forth in **Exhibit A**, to us, our affiliate, or a third-party vendor we designate. This fee covers the initial configuration, access, and onboarding of the franchisee to the FMS Stack (as defined in Subsection 8.H below) used for franchise operations and compliance.

F. GRAND OPENING EXPENDITURES.

In preparation for the grand opening of your BUSINESS, you must pay to us or our affiliate a grand opening fee in the minimum amount as specified in **Exhibit A**. The grand opening fee varies based on the type of Bricks 4 Kidz Business you are authorized to operate.

We or our affiliate collect the grand opening fee and may distribute all or a portion of the fee to third-party designated service providers to plan, coordinate, and conduct your grand opening activities.

This fee is fully earned upon receipt and is non-refundable, regardless of whether your business opens or operates.

G. INITIAL INVENTORY: PROGRAM SUPPLIES.

Prior to the opening of your BUSINESS, you must purchase from us the initial inventory of program supplies required to commence operations. The initial inventory fee, which varies based on the type of Bricks 4 Kidz Business you are authorized to operate (including a mobile business or a Creativity Center), is set forth in **Exhibit A** to this Agreement. This fee is fully earned by us upon payment and is non-refundable.

H. DEFINITION OF "GROSS SALES".

As used in this Agreement, the term "Gross Sales" means all revenue that you derive from operating the BUSINESS, including, but not limited to, all amounts that you receive for Services and products sold or rendered by the BUSINESS, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions and all other income of every kind and nature related to the BUSINESS, but (1) excluding all federal, state, or municipal sales, use, or service taxes collected from clients and paid to the appropriate taxing authority and (2) reduced by the amount of any documented refunds, credits, allowances, and charge-backs the BUSINESS in good faith gives to clients.

I. LATE FEES AND INTEREST.

All amounts which you owe us or our affiliate for any reason, will bear interest accruing as of their original due date at eighteen percent (18%) per month or the maximum rate allowed by state law, whichever is less. We may debit your bank account automatically for late fees and interest. You acknowledge that this Subsection 3.I is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, the BUSINESS.

J. APPLICATION OF PAYMENTS.

Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

K. METHOD OF PAYMENT.

Before the BUSINESS begins operating, you agree to sign and deliver to us the documents we require (including the attached EFT Authorization) to authorize us to debit your business checking account automatically for the Royalty, Fund contributions and other amounts due under this Agreement and for your purchases from us and/or our affiliates (the "Electronic Depository Transfer Account" or "EDTA"). We will debit the EDTA for these amounts on their due dates. You agree to ensure that funds are available in the EDTA to cover our withdrawals. If there are insufficient funds in the EDTA to cover any such amount owed (or, if you are paying by check and a check is returned for insufficient funds), you must pay us, on demand, a processing fee of Thirty Dollars (\$30), plus reimbursement of our additional administrative expenses and charges. If there are insufficient funds in the EDTA, or if your check is returned for insufficient funds, then we may require you to make all subsequent payments to us by certified check.

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g., by check) whenever we deem appropriate, and you agree to comply with our payment instructions.

4. TRAINING AND ASSISTANCE.

A. INITIAL TRAINING.

- (1) If this is your first Bricks 4 Kidz Business, then before the BUSINESS is scheduled to commence operations, we will train you (or, if you are an Entity, your Managing Owner) and the manager-level employee you appoint (your "Designated Manager") on the material aspects of operating a Bricks 4 Kidz Business. These persons must begin the initial training (excluding the on-site support period described below in this Subsection 4.A) within forty-five (45) days after the Effective Date, and must complete the initial training to our satisfaction at least two (2) weeks before the BUSINESS commences operations.
- (2) We will provide the initial training program at a designated training facility of our choice, except for the on-site support period that we will provide on-site at a location in your Territory (as discussed below in this Subsection 4.A).
- (3) We will provide initial training for no additional fee for your two (2) attendees specified above in this Subsection 4.A. Additional people beyond these two (2) attendees may attend initial training (subject to our capacity and ability to accommodate additional persons in the training session) if you pay our then current training charge for each additional person. We reserve the right to refuse to provide training to you or any of your proposed attendees for whom we have not received the relevant training fee. In addition to the initial training program fees, you also agree to pay for all travel and living expenses that you (or your Managing Owner) and any of your personnel incur, all accrued wages, and related workers' compensation insurance

while these persons train at a designated training facility of our choice and/or on-site at a location in your Territory.

- (4) You (or your Managing Owner) and your Designated Manager must satisfactorily complete initial training. If we determine that you (or your Managing Owner) and your Designated Manager cannot complete initial training to our satisfaction, we may terminate this Agreement. In that case, you will be eligible to receive a refund of up to Five Thousand Dollars (\$5,000) of any initial franchise fee specified under Subsection 3.A above that you have already paid if you sign our required form of release of claims.
- (5) You (or your Managing Owner) may request additional training at the end of the initial training, to be provided at our then current per diem charges, if you (or your Managing Owner) feel that you or any of your attendees are not sufficiently trained to operate a Bricks 4 Kidz Business. We and you (or your Managing Owner) will jointly determine the time and duration of this additional training. However, if you (or your Managing Owner) and the other attendees satisfactorily complete our initial training program and you do not expressly inform us at the end of the program that you (or your Managing Owner) or other attendees do not feel sufficiently trained in the operation of a Bricks 4 Kidz Business, then you (or your Managing Owner) and all other attendees to the initial training program will be deemed to have been trained sufficiently to operate a Bricks 4 Kidz Business.
- (6) Within the first ninety (90) days of your BUSINESS's operation, we will, at your own cost if requested by you, send one (1) of our representatives to a location we designate in your Territory to assist you for a period of one (1) day. We reserve the right to provide more representatives, or more days of support, during this period as we deem necessary. For avoidance of doubt, we solely determine the timing, scheduling, and staffing of the support we provide according to this subparagraph, including the calendar dates, times of our support, and whether we provide these days consecutively or intermittently. You must successfully complete all activities of this on-site support period to our satisfaction within ninety (90) days of completion of the initial training described above in this Subsection 4.A.

B. ONGOING TRAINING.

We may require you (or your Managing Owner) and/or other previously trained and experienced employees to attend and complete satisfactorily various training courses that we periodically choose to provide either online or in-person at the times and locations that we designate. We may charge reasonable registration or similar fees for these courses. We will not require in-person attendance for more than a total of ten (10) days during a calendar year. You agree to pay all costs to attend these online or in-person training courses.

We may require that any Designated Managers you hire or appoint after your BUSINESS commences operations to satisfactorily complete our initial and ongoing training programs. We may charge reasonable fees (the "Training Fees") for training Designated Managers as set

forth in **Exhibit A**. You agree to pay all travel and living expenses which you and your employees incur during all training courses and programs.

Biennial Conference

We require that you attend our Biennial Conference. If you cannot attend and we excuse your absence, you must send your Designated Manager in your place. The current conference fee is set forth in **Exhibit A**. You will also be responsible for all conference-related costs and expenses, including compensation, travel, accommodations, wages, and meals for your attendees. If you or your representative do not attend, you must pay us a conference materials fee as set forth in **Exhibit A**, and we will provide you with relevant training materials from the Biennial Conference.

You understand and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify at any time and from time to time.

C. GENERAL GUIDANCE AND CONSULTATION SERVICES.

We will advise you at any time and from time to time regarding the BUSINESS's operation based on your reports or our inspections and will guide you with respect to: (1) standards, specifications, and operating procedures and methods that Bricks 4 Kidz Businesses use; (2) purchasing required and authorized Operating Assets, Proprietary Products and related products and services and other items and arranging for their distribution to you; (3) advertising and marketing materials and programs; (4) employee training; and (5) administrative, bookkeeping and accounting procedures.

We will guide you in our operations manual (the "Operations Manual"); in bulletins or other written materials; by electronic media; by telephone consultation; at our office and/or at one of the BUSINESS's programs. If you request, and we agree to provide (subject to our availability), additional or special guidance, assistance, or training, you agree to pay our then applicable charges, including our personnel's per diem charges and travel and living expenses.

If you request, and we agree to provide (subject to our availability) either (i) additional guidance, assistance, or training, or (ii) specialized Consultation Services, then you agree to pay our then applicable charges, including our personnel's per diem charges and travel and living expenses. For purposes of this Agreement, "Consultation Services" may include any advice related to the operation of your BUSINESS, on-site reviews of your operations and additional training as needed, on-site training for you (or your Managing Owner), Designated Managers, or any of your other personnel, and other specialized assistance.

D. OPERATIONS MANUAL.

We will provide you (digital) access during the Term to our Operations Manual. We have the right to provide the Manual to you in electronic format, such as on a password protected

website. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules ("System Standards") that we periodically prescribe for operating a Bricks 4 Kidz Business and information on your other obligations under this Agreement. We may modify the Operations Manual periodically, in our sole judgment, to reflect changes in System Standards. For purposes of this Agreement, all written instructions or communications we or our affiliates provide to all, or a substantial number of, Bricks 4 Kidz Business franchise owners concerning aspects or modifications to the System shall be deemed part of the Operations Manual.

You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any person other than the BUSINESS's employees who need to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual.

At our option, we may post some or all of the Operations Manual on a restricted Website or extranet to which you will have access. (For purposes of this Agreement, "Website" means an interactive electronic document contained in a network of computers linked by communications software, including, without limitation, the internet and World Wide Web home pages). If we do so, you agree to monitor and access the Website or extranet for any updates to the Operations Manual or System Standards. Any passwords or other digital identifications necessary to access the Operations Manual on a Website or extranet will be deemed to be part of Confidential Information (defined in Section 6 below).

E. DELEGATION OF PERFORMANCE.

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

5. MARKS.

A. OWNERSHIP AND GOODWILL OF MARKS.

We own or have the right to license others to use the Marks in connection with the franchising, development, and operation of Bricks 4 Kidz Businesses. Therefore, you agree and acknowledge that the Marks are our (or our affiliate's) exclusive property, and that we are granting you a license (or sublicense, as applicable) to use the Marks in connection with the BUSINESS's development and operation. Your right to use the Marks is derived only from this Agreement and is limited to your operating the BUSINESS according to this Agreement and all System Standards we prescribe during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our and/or our affiliate's rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our and/or our affiliate's benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate the

BUSINESS under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks we authorize you to use. You may not at any time during or after the Term and any Renewal Term contest, or assist any other person in contesting, the validity, or our and/or our affiliate's ownership, of the Marks.

B. LIMITATIONS ON YOUR USE OF MARKS.

You agree to use the Marks within the Territory as the BUSINESS's sole identification, except that you agree to identify yourself as its independent owner in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a Website (other than our Website), or (5) in any other manner that we have not expressly authorized in writing.

You may not use any Mark in advertising the transfer, sale, or other disposition of the BUSINESS or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You agree to display the Marks prominently as we prescribe on forms, advertising, supplies, and other materials we designate. You agree to use the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.

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

D. DISCONTINUANCE OF USE OF MARKS.

If, in our sole judgment, it becomes advisable at any time for us and/or you to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your direct expenses of changing signage, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Subsection 5.D apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We may exercise these rights at any

time and for any reason, business or otherwise, that we think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

E. INDEMNIFICATION FOR USE OF MARKS.

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

6. CONFIDENTIAL INFORMATION.

We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating Bricks 4 Kidz Businesses, including (without limitation):

- (1) course and program content, including lesson plans and model plans;
- (2) training and operations materials and manuals;
- (3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, knowledge, and experience used in developing and operating Bricks 4 Kidz Businesses;
- (4) all client lists and records generated and/or otherwise maintained by Bricks 4 Kidz Businesses;
- (5) marketing, promotional and advertising research and programs for Bricks 4 Kidz Businesses;
- (6) knowledge of specifications for and suppliers of Operating Assets, Proprietary Products and other products and supplies, including supplier pricing and related terms;
- (7) any computer software or similar technology which is proprietary to us or the System, including, without limitation, digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;
- (8) knowledge of the operating results and financial performance of Bricks 4 Kidz Businesses other than the BUSINESS;
- (9) graphic designs and related intellectual property;
- (10) client solicitation, communication and retention programs, along with data and information used or generated in connection with those programs;

- (11) all data and other information generated by, or used in, the operation of the BUSINESS, including client names, addresses, phone numbers and other information supplied by any client (such as credit card information or personal information), and any other information contained at any time and from time to time in the Computer System or that visitors to the BUSINESS (including you and your personnel) provide to the Website for the network of Bricks 4 Kidz Businesses;
- (12) future business plans relating to Bricks 4 Kidz Businesses and the Bricks 4 Kidz franchise opportunity, including expansion and development plans; and
- (13) any other information that we reasonably designate as confidential or proprietary.

You acknowledge and agree that you will not acquire any interest in Confidential Information, other than the right to use it as we specify in operating the BUSINESS during the Term and any Renewal Term, and that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you agree, and you in fact do agree, that you:

- (a) will not use Confidential Information in any other business or capacity;
- (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during the Term and any Renewal Term and then thereafter for as long as the item is not generally known in the youth educational and entertainment industry;
- (c) will not sell, trade or otherwise profit in any way from the Confidential Information (including by selling or assigning any client names, addresses, phone numbers, e-mail contact information, or related data), except using methods that we may have authorized or approved in our sole judgment;
- (d) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form; and
- (e) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to BUSINESS personnel and others and using non-disclosure and noncompetition agreements with those having access to Confidential Information. We have the right to regulate the form of agreements that you use and to be a third party beneficiary of those agreements with independent enforcement rights.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known in the youth educational and entertainment industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the youth educational and entertainment industry through publication or communication by others (without violating an obligation to

us). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

All ideas, concepts, techniques, or materials relating to a Bricks 4 Kidz Business, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent that any item does not qualify as a "work made-for-hire" for us, by this paragraph you hereby assign ownership of that item, and all related rights to that item, to us, hereby waive all moral rights in that item, and hereby agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item (including signing assignment or other documents, and causing your owners, employees and contractors to do the same). You may not use any such idea, concept, technique or material in connection with the BUSINESS without our prior approval.

7. EXCLUSIVE RELATIONSHIP.

You acknowledge that we have granted you the Franchise in consideration of and reliance upon your agreement to deal exclusively with us. You therefore agree that, during the Term and any Renewal Term, neither you, any of your owners, nor any of your or your owners' spouses will:

- (a) have any direct or indirect controlling or non-controlling interest as an owner – whether of record, beneficially, or otherwise – in a Competitive Business, wherever located or operating (except that equity ownership of less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);
- (b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- (c) divert or attempt to divert any actual or potential business or client of the BUSINESS to a Competitive Business;
- (d) directly or indirectly loan any money or other thing of value to, or guarantee any other person's loan to, any Competitive Business or any owner, director, officer, manager, employee or agent of any Competitive Business, wherever located or operating; or
- (e) engage in any other activity which, in our sole opinion, might injure the goodwill of the Marks and System.

The term "Competitive Business" means (i) any business which derives more than five percent (5%) of its revenue from providing project-based engineering or "STEM" (science, technology, engineering and math) programs to children and/or selling or offering products similar to the Proprietary Products or (ii) any business granting franchises or licenses to

others to operate the type of business specified in subparagraph (i) (other than a Bricks 4 Kidz Business operated under a franchise agreement with us).

You agree to have all of the following persons sign, and you will submit to us an executed copy of, our then current form of Nondisclosure and Non-Competition Agreement (a current form of which is set forth in **Exhibit B**) from all of the following persons: (i) your Designated Manager and any supervisory or other employees who have received or will receive training from us, prior to their employment; (ii) if you are an Entity, all your officers, directors, shareholders, partners, members and owners, and those of any Entity directly or indirectly controlling you, concurrent with the execution of this Agreement, or at such time as they assume such status; and (iii) all of the persons enumerated in this Section 7 and Subsection 15.D below. You agree to provide us copies of all executed Nondisclosure and Non-Competition Agreements no later than ten (10) days following their execution.

8. SYSTEM STANDARDS.

A. APPROVED PRODUCTS, SERVICES, DISTRIBUTORS AND SUPPLIERS.

In order to protect our interest in the Services and Proprietary Products and to ensure the quality, uniformity, and distinctiveness of the Services and Proprietary Products, you shall offer, provide and sell through the BUSINESS only such Services and Proprietary Products as have been expressly approved in writing by us. You shall provide the Services using only the Marks, the Proprietary Products and the System, and such other equipment and products which may from time to time be expressly in writing approved by us for use and/or sale. You acknowledge that (i) the Services offered and sold under the System are created from proprietary methods and procedures developed and owned by us, (ii) any required Proprietary Products or equipment we may develop for the BUSINESS will be produced or manufactured using Marks and designs developed and owned by us, and (iii) you have entered into this Agreement in order to obtain the right to provide such Services offered under the System using Proprietary Products.

We have developed or may develop standards and specifications for types, models and brands of required Operating Assets, Proprietary Products and other products, materials and supplies. We reserve the right at any time and from time to time to approve specifications or suppliers and distributors of the above or other products and services that meet our reasonable standards and requirements. If we do so, you agree to purchase only such products and services meeting those specifications, and if we require it, only from distributors and other suppliers we have approved, including or limited to ourselves or our affiliates.

We may limit the number of approved distributors or suppliers (collectively "suppliers") with whom you may deal, designate sources that you must use, and/or refuse any of your requests for any reason, including that we have already designated an exclusive source (which might be us or our affiliate) for a particular item or service.

We and our affiliates may mark up and profit on the sale of goods or services to you and/or receive payments, rebates, or other material consideration from suppliers on account of such

suppliers' dealings with us, you and other franchise owners, and may keep or use any amounts so received without restriction and for any purpose we and our affiliates deem appropriate. We may concentrate purchases with one or more suppliers or distributors to obtain lower prices or the best advertising support or services. Approval of a supplier or distributor may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, client relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier or distributor at any time and from time to time.

If you would like to purchase any items from any unapproved supplier or distributor, you must submit to us a written request for approval of the proposed supplier or distributor. We have the right to inspect the proposed supplier's or distributor's facilities, and to require product samples from the proposed supplier or distributor to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. Either you or the proposed supplier or distributor must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We have no obligation to approve any new supplier, product, or service you propose. We reserve the right to periodically re-inspect the facilities and products of any approved supplier or distributor and to revoke our approval if the supplier or distributor does not continue to meet any of our criteria.

B. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.

You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the BUSINESS and must operate the BUSINESS in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to youth education and entertainment, child safety, occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. You, your Designated Manager, any personnel you hire to perform Services for the BUSINESS (sometimes referred to as "teachers") or any other personnel who attend the initial training program or will otherwise have contact with children must first pass a background check to determine whether you, your Designated Manager or such teachers and/or personnel have any criminal convictions or have engaged in any behavior that endangers the health, welfare, safety or education of children. All advertising and promotion by you must be completely factual and must conform to the highest standards of ethical advertising. The BUSINESS must in all dealings with its clients, suppliers, us and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other Bricks 4 Kidz Business. You must notify us in writing within five (5) days of 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, which may adversely affect your operation or financial

condition or that of the BUSINESS and of any notice of violation of any law, ordinance, or regulation relating to the BUSINESS.

C. MANAGEMENT OF THE BUSINESS/CONFLICTING INTERESTS.

You shall maintain a competent, conscientious, trained staff, including a fully-trained, full-time manager, which may be you (or your Managing Owner) or your Designated Manager, with responsibility for direct supervision of the BUSINESS, both of whom must have successfully completed the initial training program that we describe above in this Agreement. You shall take such steps as are necessary to ensure that any and all of the BUSINESS's teachers and other employees preserve good client relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as we may establish from time to time in the Operations Manual or otherwise in writing. You and your employees shall handle all client complaints, refunds, returns, and other adjustments in a manner that will not detract from the name and goodwill of the Marks, the System or us.

We reserve the right to approve or disapprove of any Designated Manager you appoint. If we disapprove of any Designated Manager you propose, you must promptly appoint a replacement Designated Manager satisfactory to us. If your relationship with a Designated Manager terminates for any reason, then you must promptly appoint a replacement Designated Manager that meets our approval. Even if you appoint a Designated Manager for day-to-day operations, you (or your Managing Owner) must remain active in overseeing the BUSINESS's ongoing business activities. If you (or your Managing Owner) own more than one Bricks 4 Kidz Business, then each such Bricks 4 Kidz Business must be under the full time, direct supervision of a Designated Manager we have approved and the supervision of you (or your Managing Owner).

You (or your Managing Owner) must keep us informed at all times of the identity of the Designated Manager, and ensure that such personnel are competent and proficient in their duties. You (or your Managing Owner) are solely responsible for all employment decisions for the BUSINESS, including hiring, firing, remuneration, personnel policies, training, benefits, and maintaining supervision and discipline, regardless of whether you received advice from us on any of these subjects.

D. INSURANCE REQUIREMENTS

During the Term you must maintain the following categories of insurance coverage, in force at your sole expense, all containing the minimum liability coverage we prescribe at any time and from time to time in the Operations Manual (unless otherwise indicated below):

- (1) Broad form comprehensive public liability, general liability with minimum limits one million dollars (\$1,000,000) per person and two million (\$2,000,000) aggregate per occurrence, product liability, and contractual liability insurance against claims for bodily and personal injury, death, property damage caused by or occurring in connection with the BUSINESS's operation, and sexual abuse and molestation

coverage which includes coverage for claims arising out of actual or alleged sexual abuse, sexual misconduct, molestation, or exploitation involving minors;

- (2) All risk or special form coverage for the BUSINESS against claims for bodily and personal injury, death and property damage caused by, or occurring in connection with, the BUSINESS's operation;
- (3) If any vehicle is used in connection with the operation of the BUSINESS, motor vehicle liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the BUSINESS's operation;
- (4) Worker's compensation and employer's liability insurance (in amounts authorized by statute), unemployment insurance and state disability insurance (as required by governing law) for your employees; and
- (5) Insurance coverage of such type, nature and scope sufficient to satisfy your indemnification obligations under Subsection 16.D below.

We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance and employment practices liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Required coverage shall include insurers' waiver of subrogation against us and you shall waive rights of recovery against us.

These insurance policies must name us, any affiliates we designate, and the Indemnified Parties (as defined in Subsection 16.D below) as additional named insureds for claims arising from the BUSINESS's operation and provide for thirty (30) days' prior written notice to us of a policy's material modification, cancellation or expiration. These insurance policies must be primary to and without right of contribution from any other insurance policy purchased by us or any other Indemnified Party; must not limit or reduce coverage for you if there is a claim by us or any one or more of the other Indemnified Parties; and must extend to and provide indemnity for all of your indemnification obligations to us and the other Indemnified Parties under this Agreement. You agree not to reduce the policy limits, restrict coverage, cancel or otherwise alter or amend your insurance policies without our prior written consent. If there is a claim by us or any one or more of the other Indemnified Parties against you, you must, upon our request, assign to us all rights which you then have or thereafter may have with respect to the claim against the insurer(s) providing the coverages described above.

You must provide us with copies of your Certificates of Insurance or other evidence we require evidencing the required coverages no later than ten (10) days before you commence operations at your BUSINESS. You must furnish us, on an annual basis, copies of your Certificates of Insurance or other evidence we require of your maintaining this insurance coverage and paying premiums. You must furnish us the original policies evidencing all such insurance coverages within five (5) days of our written request. You agree to renew all

policies and documents, and to furnish us copies of renewal Certificates of Insurance or other evidence we require of your maintaining this insurance coverage and paying premiums prior to the expiration date of the policy.

If you fail or refuse to obtain and maintain the insurance we specify, in addition to our other remedies, we may (but need not) obtain such insurance for you and the BUSINESS on your behalf, in which event you shall cooperate with us and reimburse us for all premiums, costs and expenses we incur in obtaining and maintaining the insurance, plus a reasonable fee for our time incurred in obtaining such insurance. If we obtain such insurance for you and the BUSINESS on your behalf, you must furnish all information necessary to obtain and maintain such insurance within fifteen (15) days of our request.

E. PRICING.

We reserve the right, to the fullest extent allowed by applicable law, to establish maximum, minimum, or other pricing requirements with respect to the prices you may charge for products and services. These rights may include (without limitation) prescribing the maximum and/or minimum retail prices which you may charge clients for the products and/or services offered by your BUSINESS; recommending retail prices; advertising specific retail prices for some or all products or services sold at your BUSINESS; to engage in marketing, promotional and related campaigns which you must participate in and which may directly or indirectly impact your retail prices; and, otherwise mandating, directly or indirectly, the maximum and/or minimum retail prices which your BUSINESS may charge the public for the products and services it offers. We may engage in any such activity either periodically or throughout the Term. Further, we may engage in such activity only in certain geographic areas (cities, states, regions) and not others, or with regard to certain subsets of franchisees and not others. You acknowledge that the prices we prescribe or suggest may or may not optimize the revenues or profitability of your BUSINESS and you irrevocably waive any and all claims arising from the establishment or suggestion of your BUSINESS's retail prices.

F. DISCOUNTS, GIVEAWAYS AND OTHER PROMOTIONS.

You acknowledge and agree that periodic discounts, giveaways and other promotions are an integral part of the System. Therefore, you agree to offer and participate in such discounts, giveaways and other promotions at your sole cost and expense, in accordance with our specifications. You further agree to honor the discounts, giveaways and other promotions offered by other Bricks 4 Kidz Business franchise owners under any such program we establish, as long as such compliance does not contravene any applicable law, rule or regulation.

G. COMPLIANCE WITH SYSTEM STANDARDS.

You acknowledge and agree that operating and maintaining the BUSINESS according to System Standards are essential to preserve the goodwill of the Marks and all Bricks 4 Kidz Businesses. Therefore, you agree at all times to operate and maintain the BUSINESS according to all of our System Standards, as we periodically modify and supplement them,

even if you believe that a System Standard, as originally issued or subsequently modified, is not in the System's or the BUSINESS's best interests. Although we retain the right to establish and periodically modify System Standards that you have agreed to maintain, you retain the right to and responsibility for the day-to-day management and operation of the BUSINESS and implementing and maintaining System Standards at the BUSINESS.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Subsections 8.A through 8.F above:

- (1) procedures, methods, and techniques for the Services, including lesson plans, model plans, and project kits;
- (2) purchasing and inventory requirements for Proprietary Products and other products and supplies so that the BUSINESS may operate at full capacity;
- (3) terms and conditions of the sale and delivery of, and terms and methods of payment for, Proprietary Products and other products and services that you obtain from us and affiliated and unaffiliated suppliers; and our and our affiliates' right not to sell you Proprietary Products, or other products or to provide you with services, or to do so only on a "cash-on-delivery" or other basis, if you are in default under any agreement with us;
- (4) sales, marketing, advertising, promotional and loyalty programs and materials and media, including social media, used in these programs ("social media" includes personal blogs, common social networks like Facebook, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and videosharing sites, and other similar social networking or media sites or tools);
- (5) use and display of the Marks on uniforms, stationery, forms, products, and other supplies;
- (6) issuing and honoring gift certificates;
- (7) staffing levels for the BUSINESS; identifying the BUSINESS's personnel; and employee qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);
- (8) days and hours of operation;
- (9) participation in market research and testing and product and service development programs and preparation of reports and other relevant information we may request regarding the market research, as well as participation in, and dues assessed for, advisory councils;
- (10) accepting credit and debit cards, other payment systems, and check verification services;

- (11) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and giving us copies of tax returns and other operating and financial information concerning the BUSINESS;
- (12) use of social media in connection with your BUSINESS's operation or otherwise referencing the System; and
- (13) any other aspects of operating and maintaining the BUSINESS that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Bricks 4 Kidz Businesses.

You agree that you are obligated to comply with all System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form during the Term (for example, via System extranet or Website), as we periodically modify them.

H. FMS STACK.

You are required to use certain software platforms, digital infrastructure, and related technology services designated or approved by us in the operation of your BUSINESS (collectively, the “FMS Stack”). The FMS Stack is an integral component of the System and is designed to support operational consistency, curriculum access, data security, reporting, and brand standards.

The FMS Stack is provided by us, our affiliates, and/or approved third-party vendors. At this time, there are no approved alternatives to the required components of the FMS Stack. You must maintain the required subscriptions and system access while operating your BUSINESS as described in Subsection 3.D and 3.E above.

The FMS Stack may include, without limitation:

- Our proprietary franchise management system, which may include customer relationship management (CRM), customer registration, scheduling, attendance tracking, communications, and payment processing tools;
- The X-One platform, including curriculum access, instructional content delivery, and system security controls;
- A unified accounting and financial management system, which may include tools or services designed to assist with:
 - Monthly reconciliation of bank accounts;
 - Monthly reconciliation of loans and lines of credit;
 - Proper categorization of accounts;
 - Preparation and filing of sales and use tax returns (where applicable);
 - Payroll processing, including issuance of Records of Employment (ROEs) where required; and
 - Payroll remittances; and Correspondence with applicable government authorities.

These tools and services are intended to assist with administrative functions only. You remain solely responsible for the accuracy of your financial records and compliance with all applicable laws, including tax, payroll, and employment obligations.

- A required business website and approved business email and collaboration tools; and
- Any additional, replacement, or upgraded technologies, systems, software, or platforms that we or our affiliates may implement or designate in the future to support the System.

I. MODIFICATION OF SYSTEM STANDARDS.

We periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may obligate you to invest additional capital in the BUSINESS and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve buying new Proprietary Products or Operating Assets, adding new Services, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

9. MARKETING.

A. GRAND OPENING ADVERTISING.

You must conduct a grand opening marketing program for your BUSINESS beginning seven (7) days prior to the scheduled opening date of the BUSINESS and continuing through ninety (90) days after the BUSINESS commences operations. The grand opening marketing program is intended to promote brand awareness, introduce your BUSINESS to the local market, and support the commencement of operations. You must comply with our then-current guidelines, standards, and instructions for the grand opening marketing program, as set forth in this Agreement, the Operations Manual, or other written or electronic communications we provide.

We or our affiliates may plan, coordinate, manage, or conduct certain grand opening marketing activities on your behalf and may engage one or more third-party service providers for such purposes. You must cooperate with us and our designated providers in connection with the planning, coordination, and execution of the grand opening marketing program.

The grand opening fee and related expenditures are disclosed separately in Subsection 3.G above. Except as expressly stated in this Agreement, you are responsible for any additional local marketing or promotional expenses you incur in connection with your grand opening.

B. ADVERTISING AND DEVELOPMENT FUND.

Recognizing the value of advertising and marketing to the goodwill and public image of Bricks 4 Kidz Businesses, we have established an Advertising and Development Fund (the "Fund") for the advertising, marketing, and public relations programs and materials we deem

appropriate. You agree to contribute to the Fund the amounts we require as set forth in Subsection 3.C above.

We have the right to collect for deposit into the Fund any advertising, marketing, or similar allowances paid to us by suppliers who deal with Bricks 4 Kidz Businesses and with whom we have agreed that we will deposit these allowances. (These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes, and which we and our affiliates therefore may use for any purposes we and they deem appropriate, as provided in Subsection 8.A above.)

We will direct all programs that the Fund finances, with sole control over the creative concepts, software tools, materials, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining an electronic commerce Website and/or related strategies; administering regional and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities.

We will account for the Fund separately from our other funds and not use the Fund for any of our general operating expenses. However, we may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund, the Fund's other administrative costs, travel expenses of personnel while they are on Fund business, meeting costs, overhead relating to Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions.

The Fund will not be our asset. Although the Fund is not a trust, we will hold all Fund contributions for the benefit of the contributors and use contributions only for the purposes described in this Subsection 9.B. We do not owe any fiduciary obligation to you for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, pay back outstanding principal amounts borrowed in prior years from us or third parties, or invest any surplus for future use. We will use all interest earned on Fund contributions to pay costs before using the Fund's other assets.

We will prepare an annual, unaudited statement of Fund collections and expenses and give you the statement upon written request. We reserve the right, in our sole determination, to have the Fund audited annually at the Fund's expense by an independent certified public accountant. We may incorporate the Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Subsection 9.B.

We intend the Fund to maximize recognition of the Marks and patronage of Bricks 4 Kidz Businesses. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising and marketing, that will benefit all Bricks 4 Kidz Businesses, we need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by Bricks 4 Kidz Businesses operating in that geographic area or that any Bricks 4 Kidz Business benefits directly or in proportion to its Fund contribution from the development of advertising and marketing materials or the placement of advertising and marketing.

We have the right, but no obligation, to use collection agents and institute legal proceedings to collect Fund contributions at the Fund's expense. We also may forgive, waive, settle, and compromise all claims by or against the Fund. Except as expressly provided in this Subsection 9.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Fund.

We may at any time defer or reduce contributions of a Bricks 4 Kidz Business franchise owner and, upon thirty (30) days' prior written notice to you, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Fund, we will distribute all unspent monies to our franchise owners, and to us and our affiliates, in proportion to their, and our, respective Fund contributions during the preceding twelve (12) month period.

C. BY YOU.

You agree to list and advertise the BUSINESS in at least one (1) online directory listing (e.g., Google or Yelp) as we designate or approve from time to time.

In addition to your grand opening obligation in Subsection 9.A above and your Fund contribution obligations in Subsection 9.B above, you agree to spend at least the Local Advertising Fee as set forth in **Exhibit A** on an ongoing basis to advertise and promote your BUSINESS (this may include the costs of yellow pages advertising). We may increase this required amount as set forth in **Exhibit A** at our sole determination and upon notice to you. Within thirty (30) days after the end of each month, you agree to send us, in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding month.

Your local advertising and promotion must follow our guidelines. All advertising and promotional materials that you develop for your BUSINESS must contain notices of our Website's domain name in the manner we designate. You may not develop, maintain, or authorize any Website that mentions or describes you or the BUSINESS or displays any of the Marks without our prior written approval. You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that we prescribe at any time and from time to time.

Before you use them, you agree to send us or our designated agency for approval samples of all advertising, promotional, and marketing materials which we have not prepared or previously disapproved including, but not limited to, press releases and interviews for publication in any media. If you do not receive written approval within ten (10) days after we or our designated agency receives the materials, they are deemed to be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or that we have (or were deemed) disapproved.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe at any time and from time to time. We may require you to use a Computer System to maintain certain sales data and other information and to report such information to us via a website or other means. We shall have independent access to the data when using the system from FMS Stack. You agree to give us in the manner and format that we prescribe at any time and from time to time:

- (a) On or before Wednesday of each week, a report on the BUSINESS's Gross Sales during the preceding week;
- (b) On or before the first (1st) day of each month, the BUSINESS's planned class and program schedule for the following sixty (60) days;
- (c) On or before the first (1st) day of each month, a report which includes the following: the BUSINESS's current class schedule, roster of clients and contact information for each class, locations and contact information where the BUSINESS is scheduled to perform the Services or performed the Services during the preceding month, class and program attendance records, client payment records, copies of any contracts entered into for the operation of the BUSINESS, and any other information we may require;
- (d) on or before the seventh (7th) day of each month, a report on the BUSINESS's Gross Sales during the preceding month;
- (e) within thirty (30) days after the end of each calendar quarter, the operating statements, financial statements, statistical reports, purchase records, and other information we request regarding you and the BUSINESS covering the previous calendar quarter and the fiscal year to date, and you must certify these statements are true and correct;
- (f) within ninety (90) days following the end of each fiscal year during the Term, annual profit and loss and source and use of funds statements and a balance sheet for the BUSINESS as of the end of the prior calendar year;
- (g) within thirty (30) days following your filing of tax returns for the BUSINESS, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to the BUSINESS and the Franchise.

You agree to verify and sign each report and financial statement in the manner we prescribe. We may disclose data derived from these reports, although we will not without your consent (unless required by law) disclose your identity in any materials that we circulate publicly. Moreover, we may, as often as we deem appropriate (including on a daily basis), access the Computer System and retrieve all information relating to the BUSINESS's operation.

You agree to preserve and maintain all records in a secure location at the Office for at least three (3) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, client lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers). We may require you to have audited financial statements prepared annually during the Term.

11. INSPECTIONS AND AUDITS.

A. OUR RIGHT TO INSPECT THE BUSINESS.

To determine whether you and the BUSINESS are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you:

- (1) attend and inspect the programs and classes conducted by the BUSINESS;
- (2) inspect, observe, photograph and videotape the programs and classes conducted by the BUSINESS and the BUSINESS's operation for consecutive or intermittent periods we deem necessary;
- (3) remove samples of any products and supplies;
- (4) interview the BUSINESS's personnel and clients; and
- (5) inspect and copy any books, records, and documents relating to the BUSINESS's operation. You agree to cooperate with us fully. If we exercise any of these rights, we will not interfere unreasonably with the BUSINESS's operation.

You acknowledge that any evaluation or inspection that we or our designated agents or representatives conduct is conducted in order to protect our interests in the System and Marks and is not intended to exercise, and does not constitute, in whole or in part, control over the day-to-day operation of the BUSINESS and you agree to never contend otherwise.

B. OUR RIGHT TO AUDIT.

We may at any time during your business hours, and without prior notice to you, examine your (if you are an Entity) and the BUSINESS's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of any amounts owed to us under this Agreement, you agree to pay us, within fifteen (15) days after receiving the examination report, the amount of the understatement, plus our service charges and interest (to be calculated as set

forth in Subsection 3.I above) on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, you agree to reimburse us for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. TRANSFER.

A. BY US.

You acknowledge that we maintain a staff to manage and operate the System and that staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular shareholder, director, officer, member or employee remaining with us in that capacity. We may change our ownership or form and/or assign this Agreement or any interest therein and any other agreement to a third party without restriction or notice to you. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any performance or other obligations under this Agreement.

B. BY YOU.

You understand and acknowledge that the rights and duties this Agreement creates are personal to you (or, if you are an Entity, to your owners) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the BUSINESS (or any right to receive all or a portion of the BUSINESS's profits or losses or capital appreciation related to the BUSINESS); (iii) all or substantially all of the assets of the BUSINESS; (iv) any ownership interest in you (regardless of its size); or (v) any ownership interest in any of your owners (if such owners are legal entities). A transfer of the BUSINESS's ownership, possession, or control, or substantially all of its assets, may be made only with a transfer of this Agreement. Any transfer without our approval is a breach of this Agreement and has no effect.

In this Agreement, the term "transfer" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- (a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- (b) merger or consolidation or issuance of additional securities or other forms of ownership interest;
- (c) any sale of a security convertible to an ownership interest;

- (d) transfer of an interest in you, this Agreement, the BUSINESS or all or substantially all of its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;
- (e) if you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, the BUSINESS or substantially all of its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- (f) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon the BUSINESS, or your transfer, surrender, or loss of the BUSINESS's possession, control, or management. You may grant a security interest (including a purchase money security interest) in the BUSINESS's assets (not including this Agreement) to a lender that finances your acquisition, development, and/or operation of the BUSINESS without having to obtain our prior written approval as long as you give us ten (10) days' prior written notice.

C. CONDITIONS FOR APPROVAL OF TRANSFER.

If you (and your owners) are fully complying with this Agreement, then, subject to the other provisions of this Section 12, we will approve a transfer that meets all of the requirements in this Subsection 12.C.

If you are an entity, your owners may transfer a non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur) if: (i) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and otherwise meet our then applicable standards for Bricks 4 Kidz Business franchise owners (including no ownership interest in or performance of services for a Competitive Business); (ii) you give us prior written notice of the transfer at least thirty (30) days before the proposed transfer, and later provide us final documentation of the consummated transfer; and (iii) you reimburse us, upon our demand at any time, for any costs we incur in connection with the proposed transfer (regardless of whether the proposed transfer actually transpires).

For any other proposed transfer (including a transfer of this Agreement, a transfer of a controlling ownership interest in you or one of your owners, or a transfer that is one of a series of transfers (regardless of the time period over which these transfers take place) which in the aggregate transfer this Agreement or a controlling ownership interest in you or one of your owners), all of the following conditions must be met before or concurrently with the effective date of the transfer:

- (1) the transferee has sufficient business experience, aptitude, and financial resources to operate the BUSINESS and passes a background check to our satisfaction;
- (2) you have paid all Royalties, Fund contributions and other amounts owed to us, our affiliates, and third party vendors; have submitted all required reports and statements;

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

- (3) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;
- (4) the transferee (or its managing owner) satisfactorily completes our training program;
- (5) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then current form of franchise agreement and related documents (including, without limitation, our then current form of Nondisclosure and Non-Competition Agreement and our then current form of Guaranty and Assumption of Obligations, if applicable), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and the Fund contributions, provided, however, that the execution of the new franchise agreement will terminate this Agreement (except for your guarantees, the post-termination obligations under this Agreement, and all other rights and obligations that survive termination or expiration of this Agreement), and the term of the new franchise agreement signed will expire on the expiration of this Agreement, unless we and the transferee otherwise agree in writing;
- (6) you or the transferee pays us a transfer fee as set forth in **Exhibit A**;
- (7) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, members, employees, and agents;
- (8) we have determined that the purchase price and payment terms will not adversely affect the transferee's operation of the BUSINESS;
- (9) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the BUSINESS are subordinate to the transferee's obligation to pay Royalties, Fund contributions, and other amounts due to us, our affiliates, and third party vendors and otherwise to comply with this Agreement;
- (10) (a) you have corrected any existing deficiencies of the BUSINESS of which we have notified in any communications and/or (b) the transferee agrees (regardless of cost) to add or replace Services, vehicles used by the BUSINESS, Operating Assets and/or Proprietary Products, and otherwise modify the BUSINESS in accordance with our then current requirements and specifications for Bricks 4 Kidz Businesses within the time period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken);

- (11) you and your transferring owners (and your and your owners' spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities proscribed in Subsection 15.D below; and
- (12) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Bricks 4 Kidz Businesses you own and operate) identify yourself or themselves or any business as a current or former Bricks 4 Kidz Business or as one of our franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Bricks 4 Kidz Business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

We may review all information regarding the BUSINESS that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us or we have made regarding the BUSINESS. In addition, you agree to reimburse us, upon our demand at any time before or after the intended effective date of the proposed transfer, for any costs we incur in connection with any proposed transfer that is subject to the immediately preceding conditions (1) through (12), regardless of whether the proposed transfer actually transpires.

D. TRANSFER TO A WHOLLY-OWNED CORPORATION OR LIMITED LIABILITY COMPANY.

Despite Subsection 12.C above, if you are fully complying with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than the BUSINESS and, if applicable, other Bricks 4 Kidz Businesses, in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all of the BUSINESS's assets are owned, and the BUSINESS's business is conducted, only by that single corporation or limited liability company. The corporation or limited liability company must expressly assume all of your obligations under this Agreement. Transfers of ownership interests in the corporation or limited liability company are subject to the conditions of Subsection 12.C above that otherwise apply to non-controlling transfers. You agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

E. YOUR DEATH OR DISABILITY.

- (1) **Transfer Upon Death or Disability.** Upon your or your Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Managing Owner's ownership interest in you, to a third party (which may be your or the Managing Owner's heirs, beneficiaries, or devisees). That transfer must be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all of the terms and conditions in this Section 12. A failure to transfer your interest in this Agreement or the Managing

Owner's ownership interest in you within this time period is a breach of this Agreement.

The term "disability" means a mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent you or the Managing Owner from supervising the BUSINESS's management and operation.

- (2) **Operation Upon Death or Disability.** Upon your or the Managing Owner's death or disability, your or the Managing Owner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager. The manager must complete our standard training program at your expense. A new Managing Owner acceptable to us also must be appointed for the BUSINESS, and that new Managing Owner must complete our standard training program, within sixty (60) days after the date of death or disability.

If, in our judgment, the BUSINESS is not being managed properly any time after your or the Managing Owner's death or disability, we may, but need not, assume the BUSINESS's management (or appoint a third party to assume its management). All funds from the BUSINESS's operation while it is under our (or the third party's) management will be kept in a separate account, and all expenses will be charged to this account. We may charge you (in addition to the Royalty, Fund contributions, and other amounts due under this Agreement) a Management Fee as set forth in Subsection 14.E, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume the BUSINESS's management under this subparagraph. We (or a third party) have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the BUSINESS incurs, or to any of your creditors for any products, other assets, or services the BUSINESS purchases, while we (or a third party) manage it.

F. EFFECT OF CONSENT TO TRANSFER.

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

G. OUR RIGHT OF FIRST REFUSAL.

If you (or any of your owners) at any time determine to sell or transfer for consideration an interest in this Agreement and the BUSINESS, or an ownership interest in you (except to or among your current owners, which is not subject to this Subsection 12.G), in a transaction that otherwise would be allowed under Subsections 12.B and C above, you (or your owners) agree to obtain from a responsible and fully disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which may include a letter of intent) relating

exclusively to an interest in you or in this Agreement and the BUSINESS. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

The right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Subsections 12.B and C above. We may require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you or your selling owner(s) within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we may substitute cash for any form of payment proposed in the offer (such as ownership interests in a privately-held entity);
- (2) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (3) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase; and
- (4) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including, without limitation, representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

If we exercise our right of first refusal, you and your selling owner(s) agree that, for two (2) years beginning on the closing date, you and they will be bound by the non-competition and non-solicitation covenants contained in Subsection 15.D below. We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Subsection 12.G.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Subsections 12.B and C above. This means that, even if we do not exercise our right of first refusal (whether or not it is properly triggered as provided above), if the proposed

transfer otherwise would not be allowed under Subsections 12.B and C above, you (or your owners) may not move forward with the transfer at all.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

13. EXPIRATION OF THIS AGREEMENT.

A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.

If you meet certain conditions, then you will have the option to acquire an additional successor Renewal Term. The qualifications and conditions for the Renewal Term are described below.

When this Agreement expires:

- (1) if you (and each of your owners) have substantially complied with this Agreement during the Term; and
- (2) if you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Subsection 13.B below) and on the date on which the Renewal Term of the successor franchise would commence, in full compliance with this Agreement and all System Standards; and
- (3) provided you agree (regardless of cost) to add or replace Services, vehicles used by the BUSINESS, Operating Assets and/or Proprietary Products, and otherwise modify the BUSINESS as we require to comply with System Standards then applicable for new Bricks 4 Kidz Businesses,

then you have the option to acquire a Renewal Term as provided in Subsection 1.E(2) commencing immediately upon the expiration of this Agreement, if you comply with our terms and conditions of renewal under this Agreement. You agree to sign the form of franchise agreement we then use to grant franchises for Bricks 4 Kidz Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement (the "Successor Franchise Agreement"). You must pay us a Successor Fee as defined in Subsection 1.E(2) upon signing the Successor Franchise Agreement in connection with your purchase of a successor Franchise for the Renewal Term.

If you (and each of your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise and on the date on which the Renewal Term commences, in full compliance with this Agreement and all System Standards, then you

acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during the Term under Subsection 14.A

B. GRANT OF A SUCCESSOR FRANCHISE.

You agree to give us written notice of your election to acquire a successor franchise no more than two hundred twenty (220) days and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you written notice of our decision (“Our Notice”):

- (1) to grant you a successor franchise;
- (2) to grant you a successor franchise on the condition that you correct existing deficiencies in your operation of the BUSINESS; or
- (3) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during the Term or were not in full compliance with this Agreement and all System Standards on the date you gave us written notice of your election to acquire a successor franchise.

If applicable, Our Notice will:

- (a) describe the remodeling, expansion, improvements, and/or modifications required to bring the BUSINESS into compliance with then applicable System Standards for new Bricks 4 Kidz Businesses; and
- (b) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

If Our Notice states that you must cure certain deficiencies in the BUSINESS’s operation as a condition to our granting you a successor franchise, we will give you written notice of our decision not to grant a successor franchise, based upon your failure to cure those deficiencies. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

C. AGREEMENTS/RELEASES.

If you satisfy all of the other conditions for a successor franchise, you and your owners agree to execute the Successor Franchise Agreement and any ancillary agreements we then customarily use in granting franchises for Bricks 4 Kidz Businesses (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from any and all of those contained in this Agreement. You and your owners

further agree to sign our current form of general release of any and all claims against us and our affiliates, shareholders, officers, directors, members, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution within thirty (30) days prior to the expiration of this Agreement to be an election by you not to acquire a successor franchise.

14. TERMINATION OF AGREEMENT.

A. BY US.

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

- (1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the Franchise or operating the BUSINESS;
- (2) you do not begin operating the BUSINESS within ninety (90) days after the Effective Date;
- (3) you (or your Managing Owner) and the Designated Manager do not satisfactorily complete the initial training program or you do not successfully complete all activities of the on-site support period to our satisfaction within ninety (90) days of completion of the initial training program;
- (4) you abandon or fail actively to operate the BUSINESS for fourteen (14) or more consecutive days, unless you close the BUSINESS for a purpose we approve or because of casualty or government order;
- (5) you (or your owners) make or attempt to make any transfer in violation of Section 12;
- (6) you (or any of your owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony, crime or other offense involving moral turpitude, child endangerment, or any other crime or offense which we reasonably believe adversely affects the System's reputation or the goodwill associated with the Marks;
- (7) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;
- (8) you (or any of your owners) engage in any dishonest or unethical conduct which, in our opinion, adversely affects the BUSINESS's reputation or the goodwill associated with the Marks;
- (9) you make any representation or warranty on our behalf that has not been specifically authorized in writing by us;
- (10) you (or any of your owners) knowingly make any unauthorized use or disclosure of any part of the Operations Manual or any other Confidential Information;

- (11) you violate any safety or sanitation law, ordinance, or regulation regulating the operation of the BUSINESS, or operate the BUSINESS in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours, after you receive notice from us or any other party;
- (12) you fail to pay us (or our affiliates) any amounts due and you do not correct the failure within ten (10) days after we deliver written notice of that failure to you;
- (13) you interfere with our right to attend and inspect the programs and classes conducted by the BUSINESS, or to inspect, observe, photograph and videotape the BUSINESS's operation, as provided in Section 11;
- (14) you fail to pay when due any amounts owed to clients, Bricks 4 Kidz Business franchise owners or third parties;
- (15) you fail to pay when due any federal or state income, service, sales, or other taxes due on the BUSINESS's operation, unless you are in good faith contesting your liability for these taxes;
- (16) you (or any of your owners) fail on two (2) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;
- (17) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; the BUSINESS is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or the BUSINESS is not vacated within thirty (30) days following the order's entry;
- (18) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;
- (19) you knowingly maintain false books or records, or submit any false reports to us;
- (20) you refuse to permit us to inspect the BUSINESS's books, records, or accounts upon request;
- (21) we (or any of our owners or affiliates) terminate any other agreement between you (or any of your owners or affiliates) and us (or any of our owners or affiliates) due to your (or any of your owners' or affiliates') failure to comply with the terms of such agreement; or

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

B. OUR ALTERNATE REMEDIES UPON YOUR DEFAULT.

In addition to, and without limiting, our other rights and remedies under this Agreement, any other agreement or applicable law, upon the occurrence of any event giving rise to our right to terminate this Agreement under the preceding Subsection 14.A, we may instead elect, at our sole option and upon providing you written notice, to take any or all of the following actions without terminating this Agreement:

- (1) temporarily or permanently reduce the size of the Territory, in which case the restrictions on us or our affiliates under Section 1 above will not apply in any geographic area removed from the preceding territorial boundaries;
- (2) temporarily remove information concerning the BUSINESS from any Website or extranet operated for the network of Bricks 4 Kidz Businesses, and/or restrict your or the BUSINESS's participation in other programs or benefits offered on or through any such Website or extranet;
- (3) suspend your and the BUSINESS's right to participate in any advertising, marketing, promotional, or public relations programs that we or the Fund provide, authorize, or administer; or
- (4) assume, or appoint a third party to assume, management of the BUSINESS in the manner provided in Subsection 14.E below.

C. CROSS DEFAULT.

Any default or breach by you (or any of your owners), or your affiliate (or any of your owner's affiliates) of any other agreement with us or our affiliate will be considered an event of default under this Agreement, and any default or breach by you (or any of your owners) of this Agreement will be considered an event of default or breach by you under any and all agreements between us or our affiliate and you (or any of your owners), or your affiliate (or any of your owner's affiliates). If the nature of the default under any other agreement would have been considered an event of default under this Agreement, then we or our affiliate will have the right to terminate all other agreements between us or our affiliate and you (or any of your owners), or your affiliate (or any of your owner's affiliates) in accordance with the termination provisions of this Agreement.

D. FAILURE TO CURE MAY BE DEEMED TERMINATION BY YOU.

Your failure to cure timely any breach by you of this Agreement about which we have provided you notice (and opportunity to cure, if applicable) pursuant to Subsection 14.A above, including but not limited to your failure to pay overdue Royalties, Fund contributions, or any other amounts due and owing to us or our affiliates under this Agreement, may be

irrevocably deemed a unilateral rejection and termination by you of this Agreement and all related agreements between you and us or our affiliates, even if we ultimately issue a formal notice of such termination, and you shall never contend or complain otherwise.

E. ASSUMPTION OF MANAGEMENT.

We have the right (but not the obligation), under the circumstances described below, to assume the BUSINESS's management (or to appoint a third party to assume its management) for any period of time we deem appropriate. If we (or a third party) assume the BUSINESS's management under subparagraphs (1) and (2) below, you agree to pay us (in addition to the Royalty, Fund contributions, and other amounts due under this Agreement) a management fee ("Management Fee") of Three Hundred Dollars (\$300) per day, plus our (or the third party's) direct out-of-pocket costs and expenses, if we (or a third party) assume the BUSINESS's management under this subparagraph.

If we (or a third party) assume the BUSINESS's management, you acknowledge that we (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to you or your owners for any debts, losses, or obligations the BUSINESS incurs, or to any of your creditors for any supplies, products, or other assets or services the BUSINESS purchases, while we (or the third party) manage it.

We (or a third party) may assume the BUSINESS's management under the following circumstances: (1) if you abandon or fail actively to operate the BUSINESS; (2) if you fail to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period we specify in our notice to you; or (3) if this Agreement expires or is terminated and we are deciding whether to exercise our option to purchase the BUSINESS under Subsection 15.E below.

Any exercise of our rights under subparagraphs (1) or (2) above in this Subsection 14.E will not affect our right to terminate this Agreement under Subsection 14.A above.

F. EARLY TERMINATION FEE.

Commencing on the second (2nd) anniversary of the date the BUSINESS commences operations and at any time thereafter during the Term, you will have the option to terminate this Agreement subject to the conditions set forth herein. Upon such termination, you will compensate us by paying us, as liquidated damages but not as a penalty, an early termination fee equal to one hundred percent (100%) of the total remaining Royalty payments for the initial term of this Agreement, and you must provide us a signed release of claims in a form we prescribe. Such termination under this Subsection 14.F will be subject to this Agreement's provisions relating to your obligations upon termination or expiration of this Agreement. In the event of termination, you must return the initial inventory of program supplies to us.

15. OUR AND YOUR RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION OF THIS AGREEMENT.

A. PAYMENT OF AMOUNTS OWED TO US.

- (1) You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalties, Fund contributions, interest, and all other amounts owed to us (and our affiliates) which then are unpaid. You agree we may collect funds from third parties owed to the BUSINESS to offset any amounts due to us. We will remit any remaining proceeds to you after all amounts due to us have been paid in full.
- (2) Your foregoing payment obligation arising under Subsection (1) above will give rise to, and remain until paid in full, a lien in our favor: (i) against any and all assets, property, equipment, signs and inventory owned by you or the BUSINESS at the time of termination or expiration; and (ii) against any payment obligation you may allege we have to you, any of your money we are holding, or any other amounts of yours which are otherwise in our possession on or after the effective date of termination or expiration. Our rights and your obligations under this Subsection 15.A shall survive termination or expiration of this Agreement until they are satisfied or later expire by their terms.

B. MARKS.

When this Agreement expires or is terminated:

- (1) you may not directly or indirectly at any time or in any manner (except with other Bricks 4 Kidz Businesses you own and operate) identify yourself or any business as a current or former Bricks 4 Kidz Business or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Bricks 4 Kidz Business in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;
- (2) you agree to discontinue the use of any Website, E-mail address, and social media used in connection with the BUSINESS or otherwise referring to the Marks or Bricks 4 Kidz Businesses;
- (3) you agree, at your expense, to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark; you agree, at your expense, to deliver to us within five (5) days all signs, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Bricks 4 Kidz Business that we request and allow us, without liability to you or third parties for trespass or any other claim, to enter the Office and remove these items from the BUSINESS;

- (4) you agree to notify within five (5) days the telephone company, all telephone directory publishers and all online listings (e.g., Google and Yelp) of the termination or expiration of your right to use any telephone, facsimile, or other numbers, telephone directory listings, and email addresses associated with any Mark; to authorize the transfer of these numbers and directory listings to us or at our direction; and/or to instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and
- (5) you agree to give us, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.
- (6) you agree to return to us all Proprietary Products and initial inventory of program supplies that was included with the original purchase of the business.

C. CONFIDENTIAL INFORMATION.

You agree that, when this Agreement expires or is terminated, (1) you will immediately cease using any of our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or the System) in any business or otherwise; (2) return to us all copies of the Operations Manual and any other confidential materials that we have provided you for your use during the Term; and (3) immediately deliver to us all training or other manuals furnished to you (including the Operations Manual and any supplements to the Operations Manual), computer software and database material, client lists, records and files, documents, instructions, display items, advertising and promotional material, any and all materials, signs and related items which bear our Marks or slogans and insignias and designs, advertising contracts, forms and other materials or property of ours, and any copies of them in your possession which relate to the operation of the BUSINESS. You may retain no copy or record of any of these items, except for your copy of this Agreement, any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law. You agree that the foregoing items, materials, client lists, files, software and other similar items are at all times considered to be our property for all purposes.

D. COVENANT NOT TO COMPETE AND NOT TO SOLICIT.

- (a) Upon our or your termination of this Agreement according to its terms and conditions,
- (b) your termination of this Agreement without cause, or
- (c) expiration of this Agreement (if we offer, but you elect not to acquire, a successor franchise, or if we do not offer you a successor franchise due to your failure to satisfy the conditions for a successor franchise set forth in Section 13),

you and your owners agree that, for two (2) years beginning on the effective date of termination or expiration of this Agreement, whichever is later, neither you nor any of your owners will have any direct or indirect interest (e.g., through a spouse) as an owner (whether

of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business (as defined in Section 7 above) located or operating:

- (i) within the Territory;
 - (ii) within a twenty-five (25) mile radius of the Territory; or
 - (iii) within the territory of any other Bricks 4 Kidz Business in operation or in the process of opening on the later of the effective date of the termination or expiration of this Agreement or the date on which all persons restricted by this Subsection 15.D begin to comply with this Subsection 15.D.
- (1) During the Term and for two (2) years beginning on the effective date of termination or expiration of this Agreement, whichever is later, neither you, any of your owners, nor any of your or your owners' spouses will employ or seek to employ any individual who is, or within six (6) months of such employment or solicitation was, employed by us, our affiliate or any Bricks 4 Kidz Business owner or location, or otherwise directly or indirectly induce or attempt to induce any such individual to leave that employment, without our or the prior employer's prior written consent. Notwithstanding anything to the contrary in this Agreement and in addition to our other remedies, you must pay us our then current solicitation fee for violation of this subparagraph, which obligation shall survive termination or expiration of this Agreement.
- (2) The restrictions above in this Subsection 15.D also apply after transfers, as provided in Section 12.C(11) above. If any person restricted by this Subsection 15.D refuses voluntarily to comply with these obligations, the two (2) year period for that person will commence with the entry of a court order enforcing this provision. The two (2) year period will be tolled, if applicable, for the period during which a restricted person is in breach of this Subsection 15.D and will resume when that person begins or resumes compliance. You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Subsection 15.D will not deprive you of your personal goodwill or ability to earn a living.

E. OUR RIGHT TO PURCHASE CERTAIN ASSETS OF THE BUSINESS.

Upon either party's termination of this Agreement, or upon expiration of this Agreement without renewal, we shall have the right and option, but not the obligation, to purchase some or all of the assets of the BUSINESS, including, without limitation, the Operating Assets at a purchase price equal to its then current book value determined using the straight-line method of depreciation. If we elect to exercise this option, we will deliver written notice to you of our election within thirty (30) days after the date of termination or expiration of this Agreement. We will have the right to inspect the assets of the BUSINESS at any time during this thirty (30) day period. You agree not to sell the assets of the BUSINESS to any third party during

this thirty (30) day period. If we elect to purchase the Operating Assets, we will be entitled to, and you must provide, all customary warranties and representations relating to the purchase of the assets of the BUSINESS, including, without limitation, representations and warranties as to the maintenance, function and condition of the assets and your good title to the assets (including that you own the assets free and clear of any liens and encumbrances), the validity of contracts and agreements, and the liabilities affecting the assets, contingent or otherwise. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, agents, successors and assigns. You shall deliver the assets to us within fifteen (15) days of receipt of our written notice to you of our election to purchase.

Regardless of whether or not we exercise our right to purchase the assets under this Subsection 15.E, we shall have the option, exercisable upon written notice to you within thirty (30) days after the date of termination or expiration of this Agreement, to repurchase some or all (at our option) of the Proprietary Products then owned by you. We have the unrestricted right to assign this option to purchase. The purchase price of all Proprietary Products will be as agreed upon by the parties, provided that the purchase price shall not exceed the prices paid by you for such products (less any freight and insurance charges). All purchase prices are freight-on-board ("F.O.B.") our premises. We may set off against the purchase price any and all amounts you then owe to us, if applicable.

F. CONTINUING OBLIGATIONS.

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

16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. INDEPENDENT CONTRACTORS.

You and we understand and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venture, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with clients, suppliers, public officials, BUSINESS personnel, and others as the BUSINESS's owner under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require at any time and from time to time.

None of your employees or other personnel will be considered to be our employees or personnel. Neither you nor any of your employees or personnel whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings,

levied or fixed by any city, state, provincial, or federal governmental agency. We will not have the power to hire or fire your employees or personnel. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees or personnel for qualification to perform certain functions for the BUSINESS does not directly or indirectly vest in us the power to hire, fire or control any such employee. You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of the BUSINESS and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which we are required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of the BUSINESS, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of the BUSINESS.

B. NO LIABILITY FOR ACTS OF OTHER PARTY.

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

C. TAXES.

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or the BUSINESS, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes and must reimburse us for any taxes that we must pay to any state taxing authority on account of either your operation or payments that you make to us.

D. INDEMNIFICATION.

You agree to indemnify, defend, and hold harmless us, our affiliates, and our and their respective shareholders, members, directors, officers, employees, agents, successors, and assignees (the "Indemnified Parties") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of the BUSINESS's operation, employment matters in connection with the BUSINESS, the business you conduct under this Agreement, or your breach of this Agreement, including, without limitation, those alleged to be or found to have been caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction. You agree to give us and the Indemnified Parties written notice of any action, suit, proceeding, claim, demand, inquiry or investigation that could be the basis for a claim for indemnification

by any of the Indemnified Parties within three (3) days of your actual or constructive knowledge of it. The Indemnified Parties shall have the right, in their sole discretion to: (i) retain counsel of their own choosing to represent them with respect to any claim; and (ii) control the response thereto and the defense thereof, including the right to enter into settlements or take any other remedial, corrective, or other actions. You agree to give your full cooperation to the Indemnified Parties in assisting the Indemnified Parties with the defense of any such claim, and to reimburse the Indemnified Parties for all of their costs and expenses in defending any such claim, including court costs and reasonable attorneys' fees, within ten (10) days of the date of each invoice delivered by the Indemnified Parties to you enumerating such costs, expenses and attorneys' fees.

For purposes of this indemnification, "claims" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including, without limitation, reasonable accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its or their losses and expenses, in order to maintain and recover from third parties fully a claim against you under this subparagraph. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this subparagraph. Your or any of the other Indemnified Parties' undertaking of defense and/or settlement will in no way diminish your obligation to indemnify us and the other Indemnified Parties and to hold us and any of the Indemnified Parties harmless.

17. ENFORCEMENT.

A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.

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

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

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

B. WAIVER OF OBLIGATIONS.

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Bricks 4 Kidz Businesses; the existence of franchise agreements for other Bricks 4 Kidz Businesses which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Fund contributions due afterward.

C. COSTS AND ATTORNEYS' FEES.

If we incur costs and expenses due to your failure to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree, whether or not we initiate a formal legal proceeding, to reimburse us for all of the costs and expenses that we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees.

D. RIGHTS OF PARTIES ARE CUMULATIVE.

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

E. CHOICE OF FORUM

THE PARTIES AGREE THAT, TO THE EXTENT ANY DISPUTES CANNOT BE RESOLVED DIRECTLY BETWEEN THEM, YOU MUST FILE ANY SUIT AGAINST US ONLY IN THE FEDERAL OR STATE COURT HAVING JURISDICTION WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME SUIT IS FILED. WE MAY FILE SUIT IN THE FEDERAL OR STATE COURT LOCATED IN THE JURISDICTION WHERE OUR PRINCIPAL OFFICES ARE LOCATED AT THE TIME SUIT IS FILED OR IN THE JURISDICTION WHERE YOU RESIDE OR DO BUSINESS OR WHERE THE FRANCHISED BUSINESS IS OR WAS OPERATED OR WHERE THE CLAIM AROSE. YOU CONSENT TO THE PERSONAL JURISDICTION OF THOSE COURTS OVER YOU AND VENUE IN THOSE COURTS.

F. GOVERNING LAW.

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF FLORIDA, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY FLORIDA LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SUBSECTION 17.F.

G. CONSENT TO JURISDICTION.

SUBJECT TO SUBSECTIONS 17.E AND F ABOVE AND THE PROVISIONS BELOW, YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE

RELATIONSHIP BETWEEN YOU AND US MUST BE COMMENCED IN THE STATE OR FEDERAL COURT OF COMPETENT JURISDICTION LOCATED CLOSEST TO OUR THEN CURRENT PRINCIPAL BUSINESS ADDRESS, AND YOU (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION YOU (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, YOU AND YOUR OWNERS AGREE THAT WE MAY ENFORCE THIS AGREEMENT AND ANY AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH YOU ARE DOMICILED OR THE BUSINESS IS LOCATED.

H. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SUBSECTION 16.D AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

I. BINDING EFFECT.

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

J. LIMITATIONS OF CLAIMS.

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR OUR RELATIONSHIP WITH YOU WILL BE BARRED UNLESS A JUDICIAL PROCEEDING IS COMMENCED WITHIN EIGHTEEN (18) MONTHS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

K. CONSTRUCTION.

The preambles and exhibits are a part of this Agreement which, together with any addenda or riders signed at the same time as this Agreement, constitutes our and your entire agreement, and supersedes all prior and contemporaneous oral or written agreements and understandings

between us and you relating to the subject matter of this Agreement. There are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or the BUSINESS (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representation made by us in our most recent franchise disclosure document (including exhibits and amendments) delivered to you or your representative.

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

Except as provided in Subsections 16.D and 17.F, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all of your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "affiliate" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "Control" means the power to direct or cause the direction of management and policies. The words "include" and "including" are meant to be illustrative and not exhaustive and are deemed to be read in all cases as "including, without limitation" and/or "including but not limited to."

If two or more persons are at any time the owners of the Franchise and the BUSINESS, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several. References to "owner" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and the BUSINESS or an ownership interest in you), including, without limitation, any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or the BUSINESS and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "controlling ownership interest" in you or one of your owners (if an Entity) mean the percent of the voting shares or other voting rights that results from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of

whether a "controlling ownership interest" is involved must be made as of both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

"Person" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

The term "BUSINESS" includes all of the assets of the Bricks 4 Kidz Business you operate under this Agreement, including its revenue.

The term "employee" includes all of the BUSINESS's personnel, including all managers, administrators, teachers and other personnel that perform Services for the BUSINESS, whether such person is classified as an employee of yours or an independent contractor.

This Agreement may be executed in multiple copies, each of which will be deemed an original.

18. NOTICES AND PAYMENTS.

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

- (a) at the time delivered by hand;
- (b) at the time delivered via computer transmission and, in the case of the Royalty, Fund contributions, and other amounts due, at the time we actually receive payment via the EDTA;
- (c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
- (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Any notice to us must be sent to the address specified on the first page of this Agreement. We may change these addresses for notice by giving you notice of the new address(es). Any notice that we send to you may be sent only to the one (1) person identified on **Exhibit A**, even if you have multiple owners, at the email or postal address specified on **Exhibit A**. You may change the person and/or address for notice only by giving us thirty (30) days' prior notice by any of the means specified in subparagraphs (a) through (e) above.

Any required payment or report which we do not actually receive during regular business hours on the date due will be deemed delinquent.

19. COMPLIANCE WITH ANTI-TERRORISM LAWS.

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Subsection 14.A(18) above.

20. ELECTRONIC MAIL.

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("**Official Senders**") to you during the Term.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term.

The consent given in this Section 20 shall not apply to the provision of notices by either party under this Agreement pursuant to Section 18 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

21. ELECTRONIC SIGNATURES.

The counterparts of this Agreement and all ancillary documents executed or delivered in connection with this Agreement may be executed and signed by electronic signature by any of the parties to this Agreement, and delivered by electronic or digital communications to any other party to this Agreement, and the receiving party may rely on the receipt of such document so executed and delivered by electronic or digital communications signed by electronic signature as if the original has been received. For the purposes of this Agreement, electronic signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or

process attached to or logically associated with a record and executed or adopted by a person with the intent to sign the record.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

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

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

EXHIBIT A TO THE FRANCHISE AGREEMENT

SUMMARY

1. FRANCHISEE INFORMATION

Franchisee:	
Office Address:	
Telephone Number:	
E-Mail Address:	
Managing Owner:	

2. OWNERSHIP INTERESTS IN FRANCHISE

Name	Percentage of Ownership

3. FRANCHISE

Franchise Name:	
Effective Date:	
Business Type:	☐ Creativity Center ☐ Creativity Center with MathX Program ☐ Mobile Business
Term:	five (5) years
Territory:	

4. FEES

Initial Franchise Fee:	☐ \$25,000 for Creativity Center ☐ \$23,000 for Mobile Business ☐ \$16,000 for subsequent Franchise Territory
Grand Opening Expenditures:	☐ \$2,000 for Creativity Center ☐ \$1,000 for Mobile Business
Initial Inventory: Program Supplies	☐ \$4,000 for Creativity Center ☐ \$3,000 for Mobile Business

Technology Setup Fee:	\$300
Royalty:	The greater of 7% of BUSINESS' Gross Sales and the Minimum Royalty Fee, plus any applicable taxes.
Minimum Royalty:	☐ \$700 per month for first Franchise Territory ☐ \$300 per month for subsequent Franchise Territory
Technology Fee:	Up to \$500 per month, currently \$250 per month for a Mobile Business and \$350 for a Creativity Center.
Marketing Fund:	The greater of 2% of BUSINESS' Gross Sales and \$150 per month, plus any applicable taxes.
Training Fee:	\$500 per person in attendance.
Conference Fee:	\$750 per person in attendance.
Conference Materials Fee:	\$1,000
Late Revenue Report Administrative Fee:	\$100 every two weeks until reports are submitted.
Franchise Fee to convert existing Mobile Business to Creativity Center:	\$2,000
Relocation Fee:	10% of our then-current Initial Franchise Fee.
Transfer Fee:	\$7,000
Local Advertising Fee:	Up to 3% of the BUSINESS' Gross Sales (currently at 2%), subject to a minimum of \$750 per month.

The undersigned have executed or caused their duly authorized representatives to execute this Exhibit as of the Effective Date.

FRANCHISEE:

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

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

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

EXHIBIT B TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

THIS NONDISCLOSURE AND NON-COMPETITION AGREEMENT (this "Agreement") is made as of this day of _____, is executed by Franchise Owner ("Individual", "me", or "I") for the benefit of **BFK FRANCHISE COMPANY LLC**, a Nevada limited liability company ("Company"), and for Franchise Company Name, a Franchise Company Location incorporated company whose principal business address is Franchise Company Address ("Franchisee").

Franchisee is a franchisee of Company pursuant to a franchise agreement entered into by those parties concerning a business operating, or to be operated, under the "Bricks 4 Kidz" name at Franchise Company Address (the "Franchise Agreement"). The franchised business Company authorizes Franchisee to operate under the Franchise Agreement is known as the "Business," which Business is one among all businesses that Company owns, operates, or franchises under the "Bricks 4 Kidz" name. I agree that, unless otherwise specified, all capitalized terms in this Agreement have those meanings ascribed to them in the Franchise Agreement.

I agree that during the term of my employment by, ownership participation in, association with or service to Franchisee, or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person, persons, partnership, proprietorship, association, corporation or entity, Company's proprietary and confidential information relating to the development and operation of Bricks 4 Kidz Businesses, including but not limited to the following concerning Bricks 4 Kidz Businesses:

- (1) course and program content, including lesson plans and model plans;
- (2) training and operations materials and manuals;
- (3) sales, marketing and advertising programs and techniques;
- (4) client lists and records;
- (5) identity of suppliers, and knowledge of specifications and pricing for products, materials, supplies and equipment that Company authorizes;
- (6) knowledge of operating results and financial performance of businesses in the network, other than those franchised businesses that Franchisee owns;
- (7) computer systems and software programs; and
- (8) any and all other information Company provides to me, Franchisee, Franchisee's Owners or Affiliates that is designated orally or in writing as proprietary or confidential, or by its nature would reasonably be understood to be proprietary or confidential, regardless of whether such information is specifically designated as

proprietary or confidential (collectively, all information referenced above, including examples (1) through (8), is known as the "Confidential Information").

Furthermore, any and all information, knowledge, know-how, techniques and information which the entities mentioned above (or their officers) designate as confidential is considered, and hereby acknowledged by me, to be Confidential Information for the purposes of this Agreement, except information which I can demonstrate came to my attention before disclosure or which had become or becomes a part of the public domain through publication or communication by others (unless the publication or communication violates a similar confidentiality agreement), but in no event through any act of mine.

I specifically understand that, without limitation, all the above items, concepts, and/or examples contained in the preceding paragraph constitute Confidential Information of Company, and I will not divert any business to competitors of Franchisee and/or Company. I will at no time copy, duplicate, record or otherwise reproduce any of the Confidential Information or material containing it, in whole or in part, store them in a computer retrieval or database, nor otherwise make them available to any unauthorized person.

I further agree that, during the term of my employment/service/association or ownership participation, I will not, directly or indirectly, engage or participate in any Competitive Business (defined below in this paragraph), any of which such prohibited behavior I understand and hereby explicitly acknowledge would or could be injurious to, or (in Company's sole judgment) have an adverse effect upon, Company's protectable interests in the Confidential Information, the "Bricks 4 Kidz" trademark or related Marks, or the goodwill and/or reputation of Bricks 4 Kidz Businesses generally. I agree that I am prohibited from engaging in any Competitive Business as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, advisor, or consultant. For purposes of this Agreement, a "Competitive Business" means any business that: (i) operates a business providing project-based engineering or "STEM" (science, technology, engineering and math) programs to children and/or selling or offering products similar to the Proprietary Products; or (ii) grants franchises or licenses to others to operate the type of business specified in the preceding subparagraph (i) (other than a Bricks 4 Kidz Business operated under a franchise agreement with Company). Despite the foregoing definition of a Competitive Business, nothing under this Agreement or the Franchise Agreement will prevent Individual from owning for investment purposes less than two percent (2%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange, and so long as neither Individual nor Franchisee controls the company in question.

Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I agree:

- (i) to return immediately to Company or Franchisee, as the case may be, all Confidential Information, and any material(s) containing a subset thereof, in my possession that

was utilized, or to which I had access, during my employment, association, service or ownership participation;

- (ii) to refrain, beginning upon such expiration or termination and forever thereafter, from any and all contacts with clients of Bricks 4 Kidz Businesses for any purpose whatsoever; and
- (iii) for a period of two (2) years, starting on the effective date of termination or expiration of my employment/service/association or ownership participation, to refrain from directly or indirectly (such as through any one or more of my spouse, legally-recognized domestic partner, parents, children or sibling(s) (collectively, "Immediate Family")) owning a legal or beneficial interest in, or rendering services or giving advice to: (a) any Competitive Business operating within the Territory or within a twenty-five (25)-mile radius of the Territory; (b) any Competitive Business operating within the territory of any Bricks 4 Kidz Business in operation or under construction on the effective date of termination or expiration of my employment/service/association/ ownership participation; or (c) any entity which grants franchises, licenses or other interests to others to operate any Competitive Business.

I acknowledge and understand that the provisions of this Agreement, including my representations, covenants, and warranties (as applicable) given hereunder, are necessary and integral to this Agreement and to Company's and Franchisee's interests under the Franchise Agreement, and are intended to:

- (i) preclude not only direct competition, but also all forms of indirect competition, such as consultation for Competitive Businesses, service as an independent contractor for Competitive Businesses, or any assistance or transmission of information of any kind which would be of any material assistance to a competitor;
- (ii) bind any person or entity having any legal or beneficial interest in me, or traceable to, down or through me, including (without limitation) any of member of my Immediate Family, any direct or indirect beneficiary, any partner (general or limited) or proprietor of mine, and any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me; and
- (iii) identify for me, toward the goal of preserving through this Agreement, Company's protectable legal interests in the System, clients of Bricks 4 Kidz Businesses, the Confidential Information, and the goodwill associated with the Marks.

I also expressly acknowledge my possession of skills and abilities of a general nature, and the opportunity for exploiting such skills in other ways than the operation or involvement in the activities of a Bricks 4 Kidz Business or a Competitive Business, so that enforcement of my covenants made in this Agreement will not deprive me of my personal goodwill or ability to earn a living after the effective date of expiration or termination of my relationship with

Franchisee, the Business, or Bricks 4 Kidz Businesses generally. If I fail or refuse to abide by any of my foregoing obligations or promises made under this Agreement, and Company or Franchisee obtains enforcement in a judicial proceeding, then my obligations and responsibilities specified under the breached covenant will be tolled during the period(s) of time that the covenant is breached and/or Company or Franchisee seeks to enforce it, and will continue for two (2) years starting from the effective date of the order enforcing the covenant.

I acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Company and Franchisee, for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by Company or Franchisee (or both), in any appropriate jurisdiction and venue (notwithstanding other references to resolution of actions exclusively in Company's home prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of Confidential Information under this Agreement. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these covenants not to compete was accomplished by and through my unlawful utilization of Company's Confidential Information. Further, I expressly agree that any claims I may have against Company will not constitute a defense to Company's enforcement of the covenants not to compete under this Agreement. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

If all, or any portion of, this covenant not to use Confidential Information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Franchisee and/or Company is a party, the court or agency will be empowered to revise and/or construe the covenant to fall within permissible legal limits, and should not invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part of this Agreement.

I agree that this Agreement and all relations and disputes between myself on the one hand, and Franchisee or Company on the other hand, whether sounding in contract, tort, or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of Florida without recourse to Florida (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of the State of Florida, and if the Business is located outside of the State of Florida and the provision would be enforceable under the laws of the state in which the Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant", unfair competition, fiduciary or any other doctrine of law of the State of Florida or any other state, which would not otherwise apply.

I further agree that any litigation arising out of or related to this Agreement, any breach of this Agreement, and any and all relations and/or disputes between myself on the one hand, and Franchisee or Company on the other hand, whether sounding in contract, tort, or otherwise, will be instituted exclusively in the U.S. District Court sitting nearest to Company's corporate headquarters (currently, St. Augustine, Florida). I agree that any dispute as to the aforementioned venue will be submitted to and resolved exclusively by such aforementioned court. Nonetheless, I agree that Franchisee or Company may enforce this Agreement and any awards in the courts of the state or states in which I am domiciled or the Business is located.

I IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ME, FRANCHISEE OR COMPANY. I hereby waive and covenant never to assert or claim that said venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens).

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, as of the day and year first written above.

FRANCHISEE:

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

INDIVIDUAL:

By: _____
Name: _____

EXHIBIT C TO THE FRANCHISE AGREEMENT

EFT AUTHORIZATION

DIRECT DEBIT AUTHORIZATION:

**AUTHORIZATION TO HONOR ELECTRONIC FUNDS TRANSFERS DRAWN BY
AND PAYABLE TO: BFK FRANCHISE COMPANY LLC**

Full Name and Phone # of Bank: _____

Bank Branch Location: _____

Bank Address: _____

City: _____ State: _____ Zip: _____

Bank Account in the name of: _____

BANK ROUTING NUMBER: _____

BANK ACCOUNT NUMBER: _____

Until further written notice by me, I authorize BFK FRANCHISE COMPANY LLC, to debit the account described above for payment of Royalty fees and Marketing fees, per the terms of my Franchise Agreement that I have agreed to pay to BFK FRANCHISE COMPANY LLC, on a monthly basis.

Date: _____

Signature of Franchisee: _____

Name of Franchisee: _____

Address & Phone# of Franchisee: _____

Please complete this form, attach a voided check, and forward to:

BFK FRANCHISE COMPANY LLC

EXHIBIT D TO THE FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given on _____

By (list each guarantor):

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by **BFK FRANCHISE COMPANY LLC**, a Nevada limited liability company ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that Franchise Company Name ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and enforcement requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may at any time and from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its owners, and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

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

If we are required to enforce this Guaranty in a judicial proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in the state or federal court of competent jurisdiction located closest to our then current principal business address (currently, St Augustine, Florida), and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any awards in the courts of the state or states in which he or she is domiciled.

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

GUARANTORS

PERCENTAGE OF OWNERSHIP

Name: _____

EXHIBIT E TO THE FRANCHISE AGREEMENT

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into on _____ (the “Effective Date”) by and between BFK Franchise Company LLC, a Nevada limited liability company, with its principal place of business at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (the “Franchisor”), and [Franchise Company Name] whose principal business address is [Franchise Company Address], and [Franchise Owner] principal member and individual [Franchise Owner] residing at [Franchise Owner Address] (“Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Bricks 4 Kidz business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media and software accounts, and use telephone listings linked to the Bricks 4 Kidz brand.

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

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

1. Definitions

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

2. Internet Advertising and Telephone Accounts

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

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

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

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

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

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

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

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

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

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

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

3. Miscellaneous

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

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

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers.

Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

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

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

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

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Nevada, without regard to the application of Nevada conflict of law rules.

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

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

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

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

USE IN HAWAII

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between BFK FRANCHISE COMPANY LLC, a Nevada limited liability company with its principal business address at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“we,” “us,” “our,” or “Franchisor”), and Franchise Company Name a Franchise Company Location incorporated company, whose principal business address is Franchise Company Address (“you,” “your,” or “Franchisee”).

SINCE THE FRANCHISOR’S AUDITED FINANCIAL STATEMENTS, INDICATE A NEGATIVE NET WORTH, A DEFERRAL OF THE PAYMENT OF THE INITIAL FRANCHISE FEE AND ANY OTHER INITIAL PAYMENTS MADE BY THE FRANCHISEE TO THE FRANCHISOR WILL NOT BE REQUIRED UNTIL ALL OF THE PRE-OPENING OBLIGATIONS OF THE FRANCHISOR HAVE BEEN SATISFIED AND THE FRANCHISE HAS OPENED FOR BUSINESS IN ACCORDANCE WITH THE HAWAII REVISED STATUTES (HRS) 482E-8 (E).

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

USE IN ILLINOIS

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between BFK FRANCHISE COMPANY LLC, a Nevada limited liability company with its principal business address at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”), and Franchise Company Name, a Franchise Company Location incorporated company, whose principal business address is Franchise Company Address (“**you**,” “**your**,” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “Franchise Agreement”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the franchised business that you will operate under the Franchise Agreement was made in the State of Illinois and the franchised business will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

However, Illinois law will apply to claims arising under the Illinois Franchise Disclosure Act.

3. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, the parties submit to the jurisdiction and venue of the state and federal courts of competent jurisdiction in Illinois for claims arising under the Illinois Franchise Disclosure Act.

4. **Waiver of Jury Trial.** The following language is added to the end of the second paragraph of Section 17.H of the Franchise Agreement:

However, this waiver shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

5. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, nothing in this Section shall shorten any period within which Franchisee may bring a claim under Section 705/27 of the Illinois Franchise Disclosure Act or constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois

Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

6. **Waivers Void.** The following language is added as a new Section 17.L of the Franchise Agreement:

Nothing in this Agreement shall constitute a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other Illinois law (as long as the jurisdictional requirements of that Illinois law are met).

7. Termination Rights. Franchisee rights upon termination and nonrenewal are set forth in Sections 705/19 and 705/20 of the Illinois Franchise Disclosure Act.
8. Payment of the Initial Franchise Fees and Development Fees will be deferred until Franchisor has met its initial obligations to the franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.
9. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

USE IN MARYLAND

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between BFK FRANCHISE COMPANY LLC, a Nevada limited liability company with its principal business address at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”), and [Franchise Company Name], a [Franchise Company Location] incorporated company, whose principal business address is [Franchise Company Address] (“**you**,” “**your**,” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “Franchise Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) the franchised business that you will operate under the Franchise Agreement will be located in Maryland.

2. **Acknowledgments.** The following language is added to the end of Section 1.B of the Franchise Agreement:

The acknowledgments and representations of the franchisee made in the franchise agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **Releases.** The following language is added to the end of Sections 4.A(4), 12.C(7), 13.C, and the first paragraph of Section 15.E of the Franchise Agreement:

However, such general release will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **Insolvency.** The following language is added to the end of Section 14.A(17) of the Franchise Agreement:

; termination upon insolvency might not be enforceable under federal insolvency law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce this provision to the maximum extent the law allows.

5. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

However, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

However, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, the limitation of such claims shall not act to reduce the three (3)-year statute of limitations afforded to you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives 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 franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonably 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 of other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

- (g) A provision which permits a franchisor to refuse to permit a transfer or 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 service.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL. ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

State of Michigan
Office of the Attorney General
Consumer Protection Division
Attention: Franchise Section
670 Law Building
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 335-7567

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

USE IN MINNESOTA

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between BFK FRANCHISE COMPANY LLC, a Nevada limited liability company with its principal business address at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”), and [Franchise Company Name], a [Franchise Company Location] incorporated company, whose principal business address is [Franchise Company Address] (“**you**,” “**your**,” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the franchised business that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.
2. **Releases.** The following language is added to the end of Sections 4.A(4), 12.C(7), 13.C, and the first paragraph of Section 15.E of the Franchise Agreement:

; however, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.
3. **Infringement.** The following language is added to the end of Section 5.C of the Franchise Agreement:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.
4. **Renewal and Termination.** The following is added to the end of Sections 13.B, 13.C, and 14.B of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.
5. **Governing Law.** The following is added to the end of Section 17.F of the Franchise Agreement:

However, nothing in this Section 17.F shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

6. **Consent to Jurisdiction.** The following is added to the end of Section 17.G of the Franchise Agreement:

However, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Section 17.G shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **Waiver of Punitive Damages and Jury Trial.** If required by the Minnesota Franchises Law, Section 17.H of the Franchise Agreement is deleted.

8. **Limitations of Claims.** The following is added to the end of Section 17.J of the Franchise Agreement:

However, Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

USE IN NEW YORK

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between BFK FRANCHISE COMPANY LLC, a Nevada limited liability company with its principal business address at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”), and [Franchise Company Name], a [Franchise Company Location] incorporated company, whose principal business address is [Franchise Company Address] (“**you**,” “**your**,” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the franchised business that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the franchised business in New York.
2. **Releases.** The following language is added to the end of Sections 4.A(4), 12.C(7), 13.C, and the first paragraph of Section 15.E of the Franchise Agreement:

, provided, however, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.
3. **Transfer by Us.** The following language is added to the end of Section 12.A of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.
4. **Termination by You.** The following language is added to the end of Section 14 of the Franchise Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.
5. **Governing Law and Consent to Jurisdiction.** The following language is added to the end of Sections 17.G and 17.H of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **Limitation of Claims.** The following language is added to the end of Section 17.J of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

7. **Application of Rider.** There are circumstances in which an offering made by us would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed to be made in New York if you are domiciled in and the franchise will be opened in New York. We are required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

USE IN NORTH DAKOTA

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between BFK FRANCHISE COMPANY LLC, a Nevada limited liability company with its principal business address at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”), and [Franchise Company Name], a [Franchise Company Location] incorporated company, whose principal business address is [Franchise Company Address] (“**you**,” “**your**,” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the franchised business will be located in North Dakota, and/or (b) the offer or sale of the franchise for the franchised business that you will operate under the Franchise Agreement was made in the State of North Dakota.
2. The Agreement shall be amended by the addition of the following Section 22:
 22. 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 Section 9-08-06, N.D.C.C., 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 on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

STATE RIDER ADDENDA TO FRANCHISE AGREEMENT

USE IN RHODE ISLAND

This Rider (the “**Rider**”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between BFK FRANCHISE COMPANY LLC, a Nevada limited liability company with its principal business address at 860 Hillview Ct Suite 310, Milpitas, CA 95035 (“**we**,” “**us**,” “**our**,” or “**Franchisor**”), and Franchise Company Name, a Franchise Company Location incorporated company, whose principal business address is Franchise Company Address (“**you**,” “**your**,” or “**Franchisee**”).

1. **Background.** We and you are parties to that certain Franchise Agreement effective as of _____ (the "Franchise Agreement"), that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Rhode Island and the franchised business that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.
2. **Governing Law.** The following language is added to the end of Section 17.F of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act. 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."

3. **Consent to Jurisdiction.** The following language is added to the end of Section 17.G of the Franchise Agreement:

To the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT F TO THE FRANCHISE AGREEMENT

RIDER TO THE WASHINGTON STATE ADDENDUM TO THE FRANCHISE AGREEMENT, AND ANY RELATED AGREEMENTS

The State of Washington has a statute, RCW 19.100.180, which 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 that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, 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 unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

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

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

Pursuant to RCW 19.100.080 it is inconsistent to automatically renew the franchise agreement at the end of its term. As a result, any such provision to automatically renew the franchise agreement at the end of its term is void and unenforceable in Washington.

Exhibit I of the Franchise Disclosure Document contains acknowledgments in paragraphs 5 and 12 which are impermissible under the Washington Franchise Investment Law. No franchisee in Washington is required to acknowledge these statements and any acknowledgment thereof will not be enforceable.

Pursuant to RCW 19.100.050 and WAC 460-80-400, the Division requires that the Franchisor defer collection of franchise fees until the Franchisor has provided all of its pre-opening obligations and the Franchisee is open for business.

Sections B (2), (3), (6), (12), and (14) of the Franchise Agreement do not apply in Washington.

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.

The parties have executed and delivered this Rider effective this day of _____

FRANCHISEE:

FRANCHISOR:

BFK FRANCHISE COMPANY LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

EXHIBIT C TO FDD
LIST OF STATE AGENTS FOR SERVICE OF PROCESS

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:

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202- 2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733

WASHINGTON	Washington Dept. of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT D TO FDD

List of Franchisees between October 1, 2024, and September 30, 2025.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Bricks 4 Kidz franchise system.

Name	Address	State	Phone
Don Kretsch	3334 E. Beechnut Place, Chandler, 85249	Arizona	480-717-7573
Alex Soriano	14533 Tribute Way, Bakersfield, 93314	California	818-425-1510
Christopher Rego	212 Bellerose Dr, San Jose, 95128	California	669-243-7018
Anthony Vu	424 S. Cooks Corner, Anaheim Hills, 92808	California	657-234-5439
Ben Aiken	485 Helen Ave, Lafayette, 94549	California	415-518-7583
Brent Fujii	1212 West Robinhood Dr Suite 3D, Stockton, 95207	California	209-910-4091
Deep Aman Singh	1637 S Main Street, Milpitas, 95035	California	650-307-4569
Farrah Javed	1135 Cottage Lane, Hercules, 94547	California	408-515-3095
Harita Soni	37050 Meadowbrook cmn #103, Fremont, 94536	California	920-246-5517
Itgel Battulga	512 1/2 S. Ogden Dr., Los Angeles, 90036	California	213-858-6285
Judy Bower	2790 Norwich Avenue, Clovis, 93611	California	559-285-1725
Kholoud Roushdi	8608 Utica Avenue Suite 213, Rancho Cucamonga, 91730	California	909-528-3814
Meshia Pink	1819 W 82nd Street, Los Angeles, 90047	California	310-862-6618
Pegah Mofrad	17400 Burbank Blvd, APT 218, Encino, 91316	California	818-461-4147
Simone Birbeire	115-B South Lucia Ave, Redondo Beach, 90277	California	310-803-6994
Stacey Foley	1219 Pearl Street, Alameda, 94501	California	707-278-6558
Wilson Chan	34880 Herringbone Way, Union City, 94587	California	510-936-8887
Linda Gamble	2327 33rd Street SE, Washington DC, 20020	District of Columbia	202-731-5697
David Carrion	7824 Wildlife Ct., Jacksonville, 32210	Florida	904-312-7621
John Fontana	3713 W. Dale Ave., Tampa, 33609	Florida	813-545-4282
Kristy Figueras	APT 864, 300 Granello Ave, Coral Gables, 33146	Florida	786-447-8338
Lina Correa	12258 SW 131st Ave, Miami, 33186	Florida	866-384-5501
Sandra Bolegoh	11523 Plambrush Trail, Bradenton, 34202	Florida	941-231-5930
Sara Pomponio	541 W. Hancock Street, Lakeland, 33803	Florida	863-333-5245
Tina Burgess	386 DaGama Dr, Clermont, 34715	Florida	407-603-5439
Benjamin Leblois	3476 Rockhaven Cir NE, Atlanta, 30324	Georgia	470-219-8898
BhavinKumar Shahpatel	8735 Dunwoody Place, STE N, Atlanta, 30350	Georgia	416-471-7530

Name	Address	State	Phone
Demetrius Fluker	52 Paddington Place, Acworth, 30101	Georgia	770-422-5439
Ron Watkins	3300 Hidden Valley Circle, Marietta, 30008	Georgia	404-302-7147
Dawn Sur	PO Box 5040, Kaneohe, 96744	Hawaii	808-255-5522
Betsy Russo	238 S. Grant Street, Westmont, 60559	Illinois	630-448-2451
Marisa Oar	917 W. Washington Blvd Unit 1, Chicago, 60612	Illinois	773-507-4878
Joseph Kosina	13299 W. 84th Place, Saint John, 46373	Indiana	219-316-4470
Paula Gray-Dietz	2410 NW Pleasant St., Ankeny, 50023	Iowa	515-259-1245
Beth Brown	2700 Belknap Beach Rd, Prospect, 40059	Kentucky	502-287-7588
Eric McFarland	652 Pickett's Mill Drive, Shreveport, 71115	Louisiana	318-734-5346
Smith Patel	54 Pemborke Street Unit D, Kingston, 02364	Massachusetts	774-222-6761
Sheryl Egner	665 Krystal Cove NW, Grand Rapids, 49534	Michigan	616-438-9993
Nancy Portscher	1840 Sparks Ct, Wildwood, 63011	Missouri	314-930-9535
Sandy Bryant	1551 South 104th Terrance, Kansas City, 64157	Missouri	913-980-2536
Amanda Elfrink	1400 N Rampart Blvd. #105, Las Vegas, 89128	Nevada	702-373-8416
Brandy Sharrock - Miller	77 Barnegat Rd, Hewitt, 07421	New Jersey	201-838-4855
Charles Tsocanos	748 Galloping Hill Rd, Franklin Lakes, 07417	New Jersey	201-562-3900
Cristina Espiritu	4 Lee Court, Jersey City, 07305	New Jersey	917-309-8585
Della Markferding	720 Monroe Street, E-505, Hoboken, 07030	New Jersey	201-747-7070
Karl Goldstein	1308 Poplar Avenue, Voorhees, 08043	New Jersey	856-335-5346
Tara Williams	P.O. Box 265, Newark, 07108	New Jersey	973-634-1277
Usha Sathappan	38 Thomas Drive, Robbinsville, 08691	New Jersey	732-789-8244
Arpit Varma	15 Venus Road, Syosset, 11791	New York	718-300-7305
LaShon Winstead	114-02 Guy R Brewer Blvd, Jamaica, 11434	New York	646-529-7280
Lauren Norris	175 Main Ave, Apt 106, Wheatley Heights, 11798	New York	631-920-2466
Alyson Smith	4 Greene Lane, Fletcher, 28732	North Carolina	828-674-2446
Bobbie-Jo Grinder	218 Buckingham Drive, Winterville, 28590	North Carolina	252-320-3973
Shanyn Stewart	4204, W.Sylvania AV, Suite 100, Toledo, 43623	Ohio	734-497-4422
Leslie Christopher	2617 Chateau Drive, Norman, 73069	Oklahoma	405-250-1382
Vanessa Hurtado	1015 S Lewis Rd, Collegeville, 19426	Pennsylvania	215-990-9763
Lilibeth Velez	Calle 3 HH14, Brisas del Mar , Luquillo, 00773	Puerto Rico	787-800-5439

Name	Address	State	Phone
Stephanie Kalaczynski	1309 Wild Olive Drive, Mount Pleasant, 29464	South Carolina	843-926-8680
Chris Howard	9648 Kingston Pike Ste 5, Knoxville, 37922	Tennessee	865-250-8560
Mohamed Ali Ziadia	1650 Murfreesboro Road Ste 232, Franklin, 37067	Tennessee	918-720-6656
Amisha Patel	Suite #1089, 5605 North MacArthur Boulevard, Irving, 75038	Texas	416-550-4988
Caryn Teeling	8720 Fredrick Drive, Frisco, 75033	Texas	214-784-0687
Irene Chomicki	1007 Woodridge Road, Waxahachie, 75165	Texas	469-383-2538
Karen Dunning	3221 Tehama Court, Austin, 78738	Texas	512-740-7556
Jason Dehaven	10984 Milestone Drive, Mechanicsville, 23116	Virginia	804-277-9718
Marsha Tolbert	4724 Kimmeridge Drive, Moseley, 23120	Virginia	804-833-3170
Shelly Whitaker	2009 Electric Road, Suite J, Roanoke, 24018	Virginia	540-380-2485
Ava Benami	4324 SW Mills Street, Seattle, 98136	Washington	206-328-5303
Jennie Rondel	7349 148th Ave NE, Redmond, 98052	Washington	425-243-9272
Tim Walker	2661 N Pearl St #421, Tacoma, 98407	Washington	253-777-3481

List of Franchisees Who left the System between October 1, 2024, and September 30, 2025.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the Bricks 4 Kidz franchise system.

Name	Address	State	Phone
Dawn Craig	2826 E Aster Dr, Phoenix, 85032	Arizona	602-723-0476
Frank Baum	30 Ulana St., Makawao, 96768	Hawaii	808-856-1012
Lacey Fondren	207 Oxford Place, Ridgeland, 39157	Mississippi	646-853-3375
Andy Sawyer	903 W. Pear Ave, Selah, 98942	Washington	509-945-5484

EXHIBIT E TO FDD

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDITIONAL DISCLOSURES FOR THE MULTI-STATE FRANCHISE DISCLOSURE DOCUMENT OF BFK FRANCHISE COMPANY LLC

The following are additional disclosures for the Franchise Disclosure Document of BFK Franchise Company LLC required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

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

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person identified in Item 2 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.A. Section 78a et seq., suspending or expelling such person from membership in such association or exchange.

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 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.
3. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT <https://docqnet.dfpi.ca.gov/>.

4. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.)

Covenant not to Compete. 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.

Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

Applicable Law. The Franchise Agreement requires application of the laws of Florida. This provision may not be enforceable under California law.

Releases. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The highest interest rate allowed by law in California for late payments is 10% annually.

The franchise agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

The franchisor will not enforce in California the prohibition on franchisee employing or soliciting for employment any current or former employee of franchisor or its affiliates (also known as a no-poach/non-solicitation provision) in section 15 of the franchise agreement that is disclosed in Item 17, rows q and r.

The California Department of Financial Protection and Innovation requires us to defer payment of the initial franchise fees and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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.

HAWAII

SINCE THE FRANCHISOR'S AUDITED FINANCIAL STATEMENTS, INDICATE A NEGATIVE NET WORTH, A DEFERRAL OF THE PAYMENT OF THE INITIAL FRANCHISE FEE AND ANY OTHER INITIAL PAYMENTS MADE BY THE FRANCHISEE TO THE FRANCHISOR WILL NOT BE REQUIRED UNTIL ALL OF THE PRE-OPENING OBLIGATIONS OF THE FRANCHISOR HAVE BEEN SATISFIED AND THE FRANCHISE HAS OPENED FOR BUSINESS IN ACCORDANCE WITH THE HAWAII REVISED STATUTES (HRS) 482E-8 (E).

ILLINOIS

Illinois law governs the franchise agreements.

Payment of the Initial Franchise Fees and Development Fees will be deferred until Franchisor has met its initial obligations to the franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to the Franchisor's financial condition.

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

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.

Franchisees' rights upon termination and non-renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

THIS FRANCHISOR HAS LITIGATION HISTORY. SEE ITEM 3 IN THE FRANCHISE DISCLOSURE DOCUMENT.

THE FRANCHISOR HAS RESERVED THE RIGHT, SUBJECT TO APPLICABLE LAW, TO DETERMINE THE AMOUNT TO BE CHARGED FOR PRODUCTS & SERVICES YOU PROVIDE IN YOUR FRANCHISED BUSINESS WITHOUT REGARD TO THE IMPACT SUCH PRICING WILL HAVE ON YOUR BOTTOM LINE (SEE SECTION 8E IN THE FRANCHISE AGREEMENT).

MARYLAND

1. Item 5, "Initial Fees," shall be amended by the addition of the following language:

The Maryland Securities Commissioner has required that, due to our financial condition, we defer the payment of the Initial Franchise Fee for each Bricks 4 Kidz Business until the relevant Bricks 4 Kidz Business opens for business. Upon the opening of each Bricks 4 Kidz Business, you must pay to us the Initial Franchise Fee for that Bricks 4 Kidz Business.

2. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by the addition of the following language:

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 et seq.).

The general release required as a condition of renewal, sale/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

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

3. Exhibit I, "Franchisee Disclosure Questionnaire," shall be amended by the addition of the following at the end of Exhibit I:

The representations under this Franchisee Disclosure Questionnaire are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives 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 franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer or 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 service.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL. ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO:

State of Michigan Office of the Attorney General Consumer Protection Division

Attention: Franchise Section 670 Law Building
525 West Ottawa Street Lansing, Michigan 48913
Telephone Number: (517) 335-7567

MINNESOTA

1. The Item 6 chart row entitled “Insufficient Funds Processing Fee” is replaced with the following to meet the requirements of Minnesota Statute 604.113 regarding the maximum allowable amount of the fee chargeable for insufficient payments:

Insufficient Funds Processing Fee	\$30, plus our expenses (or the maximum rate allowed by law, currently \$30)	As agreed	Due if you have insufficient funds in your EDTA to cover a payment, or, if you pay by check, a check is returned for insufficient funds
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2. The following language is added to the end of Item 13:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

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

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

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

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

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

Items 5 and 7 of the Franchise Disclosure Document, and the Fees sections of the Franchise Agreement, are hereby amended to state that in the State of Minnesota we will defer payment

of the initial franchise fees and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

NEW YORK

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

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

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

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

- A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business

activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for a franchisee to renew or extend**,” and Item 17(m), 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.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

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

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

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

NORTH DAKOTA

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., 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 on Claims. Requiring North Dakota franchisees to consent to a limitation on when claims may be brought.

RHODE ISLAND

1. The “Summary” sections of Item 17(v), entitled Choice of Forum, of the Disclosure Document is deleted and replaced with the following:

Litigation generally must be where our then current principal business address is located (currently St. Augustine, FL), except that, to the extent required by applicable law, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The “Summary” sections of Item 17(w), entitled Choice of law, of the Disclosure Document is deleted and replaced with the following:

Subject to federal law, and except as otherwise required by the Rhode Island Franchise Investment Act, the law of the state in which the majority of the Territory or the Office is located governs.

VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the “Summary” section of Item 17(h), entitled “**Cause**” **defined – non-curable defaults**, is amended by adding the following:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fees and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, AND
RELATED AGREEMENTS.**

The State of Washington has a statute, RCW 19.100.180, which 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 that may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights or remedies under the Act, such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

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

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

Pursuant to RCW 19.100.080 it is inconsistent to automatically renew the franchise agreement at the end of its term. As a result, any such provision to automatically renew the franchise agreement at the end of its term is void and unenforceable in Washington.

Exhibit I of the Franchise Disclosure Document contains acknowledgments in paragraphs 5 and 12 which are impermissible under the Washington Franchise Investment Law. No franchisee in Washington is required to acknowledge these statements and any acknowledgment thereof will not be enforceable.

Pursuant to RCW 19.100.050 and WAC 460-80-400, the Division requires that the Franchisor defer collection of franchise fees until the Franchisor has provided all of its pre-opening obligations and the Franchisee is open for business.

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.

EXHIBIT F TO FDD

SAMPLE FORM OF GENERAL RELEASE

BFK FRANCHISE COMPANY LLC

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

BFK FRANCHISE COMPANY LLC (“we,” “us,” “our,” or “Franchisor”) and the undersigned franchisee, _____ (“you,” “your,” or “Franchisee”), currently are parties to a certain franchise agreement dated _____ (the “Franchise Agreement”). You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal or transfer situation]

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

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, shareholders, members, directors, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby forever release and discharge us and our affiliates, our and their current and former officers, directors, shareholders, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Franchisor Parties”) from any and all claims, damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”) that you and any of the other Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Franchisor Parties (1) arising out of or related to the Franchisor Parties’ obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties’ relationship, from the beginning of time to the date of your signature below, with any of the Franchisor Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Franchisor Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity that is not bound by this paragraph.

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

The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

BFK FRANCHISE COMPANY LLC
a Nevada limited liability company

By: _____

Print Name: _____

Title: _____

FRANCHISEE

a/an _____

By: _____

Print Name: _____

Title: _____

EXHIBIT G TO FDD
OPERATIONS MANUAL TABLE OF CONTENTS



We **Learn.** We **Build.** We **Play.**

FRANCHISE OPERATIONS MANUAL

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Staffing	36

EXHIBIT H TO THE FDD
STATE EFFECTIVE DATES

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

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date states below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Utah	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I TO THE FDD
FRANCHISEE QUESTIONNAIRE

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Multi-Unit Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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

1. Franchisee (or Developer) has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee (or Developer) further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

Initial

2. Franchisee (or Developer) has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee (or Developer) and its efforts as an independent business operation.

Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development Agreement) contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee (or Developer) has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about

the business contemplated by the Franchise Agreement (or Multi-Unit Development Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer's) Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee (or Developer) acknowledges that it has received the BFK Franchise Company LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee (or Developer) acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee (or Developer) with respect to the Franchise Agreement (or Multi-Unit Development Agreement) or the relationship thereby created.

Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer's) advisers, has sufficient knowledge and experience in financial and business matters to make an informed

investment decision with respect to the Franchise granted by the Franchise Agreement (or Multi-Unit Development Agreement).

Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's (or Developer's) Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BFK FRANCISE COMPANY LLC, STROOMX LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE (OR DEVELOPER).

Initial

DO NOT SIGN THIS STATEMENT IF YOU ARE A RESIDENT OF OR INTEND TO OPERATE THE FRANCHISED BUSINESS IN CALIFORNIA.

The Acknowledgement Statement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

BFK FRANCHISE COMPANY LLC
a Nevada limited liability company

By: _____

Print Name: _____

Title: _____

PRINCIPAL:

By: _____

Print Name: _____

Title: _____

EXHIBIT J TO FDD

RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If BFK Franchise Company LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If BFK Franchise Company LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit C.

The franchisor is BFK Franchise Company LLC, located at 860 Hillview Ct, Suite 310, Milpitas, CA 95035. Its telephone number is 1-888-787-0069 and its e-mail is franchising@stroomx.com.

Issuance Date: January 16, 2026

The franchise seller for this offering is: Nishant Verma. 860 Hillview Ct, Suite 310, Milpitas, CA 95035.

We authorize the respective state agencies identified on Exhibit C to receive service of process for us in the particular state.

I have received a Disclosure Document dated January 16, 2026, that included the following Exhibits:

Exhibit A	Financial Statements	Exhibit F	Sample Form of General Release
Exhibit B	Franchise Agreement	Exhibit G	Operations Manual Table of Contents
Exhibit C	List of State Administrators	Exhibit H	State Effective Dates
Exhibit D	Lists of Current and Former Franchisees	Exhibit I	Franchisee Questionnaire
Exhibit E	State Addenda to Disclosure Document	Exhibit J	Receipts

Print Name

Signature

Date

Legal residence address

If signing on behalf of a company in addition to individually, please complete the following:

Company Name

Authorized Signatory

Signature

Date

Keep this copy for your records.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

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_____	_____	_____
Print Name	Signature	Date

Legal residence address

If signing on behalf of a company in addition to individually, please complete the following:

_____	_____	_____	_____
Company Name	Authorized Signatory	Signature	Date

Please sign this copy of the receipt, date your signature, and return it to us.