FRANCHISE DISCLOSURE DOCUMENT
WE ROCK THE SPECTRUM, LLC
A California limited liability company
18816 Ventura Boulevard
Tarzana, California 91356
Telephone: (818) 996-6620
www.wrtsfranchise.com

We Rock the Spectrum, LLC, a California limited liability company, offers franchises for the operation of We Rock The Spectrum Kid's Gyms ("**WRTS Kid's Gyms**") that provide a safe, nurturing and fun environment that includes unique equipment to assist children with neurological growth, sensory-based swings and toys, an indoor and mobile play structure, motor play toys and equipment and arts and crafts and physical fitness programs to foster learning, exploration and safe sensory experiences. We offer 3 franchise programs:

Single Gym Program. The total investment necessary to begin operation of a WRTS Kid's Gym is $178,525.30 to $388,425.30. This includes $66,860 that must be paid to the franchisor or affiliate.

Area Development Program. The total investment necessary to begin operation of the first of 2 WRTS Kid's Gyms under an Area Development Agreement is $199,525.30 to $412,425.30. This includes $86,860 that must be paid to the franchisor or affiliate.

We Rock on Wheels Program. The total investment necessary to begin operation of a mobile WRTS Kid's Gym is $99,625.30 to $111,675.30. This includes between $40,560 and $40,810 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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 payments to the Franchisor or its 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 Dina Kimmel, 18816 Ventura Boulevard, Tarzana, California 91356, (818) 996-6620.

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, N.W., 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.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS: APRIL 27, 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 H.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G 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 WRTS Kid's Gyms 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 WRTS Kid's Gyms franchisee?	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 and the area development agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.

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

3. **Unopened Franchises**. The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

WE ROCK THE SPECTRUM, LLC
UNIFORM FRANCHISE DISCLOSURE DOCUMENT
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor.

We Rock The Spectrum, LLC, a California limited liability company ("Franchisor"), was organized on September 18, 2013 and is the franchisor of WRTS Kid's Gyms. Our principal business address is 18816 Ventura Boulevard, Tarzana, California 91356. We do business under our corporate name as well as under the trade name and service mark "We Rock The Spectrum Kid's Gym For All Kids." We do not do business under any other names. To simplify the language in this Disclosure Document, "Franchisor," "we" or "us" means We Rock The Spectrum, LLC, the franchisor of We Rock The Spectrum Kid's Gyms. "You" or "Franchisee" means the business entity, person or persons who sign our agreements. The names and addresses of our agents for service of process appear in Exhibit I to this Disclosure Document.

Our Parents, Predecessors and Affiliates.

We have no predecessors or parent companies. Our affiliate, We Rock The Spectrum Kid's Gym, LLC (the "Operating Company") is a California limited liability company that was organized on September 8, 2010. The Operating Company currently owns and operates one WRTS Kid's Gym at 5520 Crebs Avenue, Tarzana, California 91356, which opened for business on September 1, 2010. Our affiliate, WRTS, LLC ("WRTS") is a California limited liability company that was organized on May 21, 2013. Our former affiliate, My Three J's, LLC ("Three J's") is a Florida limited liability company that was organized on January 3, 2014. Three J's owned and operated a WRTS Kid's Gym located at 19635 State Road 7, Suite 46, Boca Raton, Florida 33498 from April 2014 until November 2021 and sold the WRTS Kid's Gym to a franchisee in November 2021. Our affiliate, My Brother Rocks the Spectrum Foundation is a California non-profit corporation and a 501(c)(3) organization (the "Foundation") that provides financial assistance to ensure that all children, regardless of ability to pay, can attend WRTS camps, classes and social skills programs and support to the special needs community. The principal business address of the Operating Company, WRTS, and the Foundation is 18816 Ventura Boulevard, Tarzana, California 91536.

We have offered franchises for WRTS Kid's Gyms for sale since October 2013. Neither we nor WRTS or the Foundation operate a business of the type being franchised under this Disclosure Document. None of our affiliates have offered franchises for sale in this or any other line of business. From December 2012 through September 2013, the Operating Company and WRTS granted rights to operate WRTS Kid's Gyms ("Licensed WRTS Kid's Gyms") to licensees (the "Licensees") under License Agreements (the "License Agreements"). The Operating Company and WRTS no longer offer License Agreements to operate Licensed WRTS Kid's Gyms. The License Agreements were assigned to us in December 2013 and we assumed and agreed to perform all obligations owed to the Licensees under the License Agreements. Neither we nor our affiliates conduct any other business activities.

WRTS System.

A WRTS Kid's Gym franchise is an independently owned and operated children's gym that offers a safe, nurturing and fun environment for all children to foster learning, exploration and safe sensory experiences. You and other WRTS Kid's Gym franchisees will operate your WRTS Kid's Gym under a trade name that will combine the name of the city in which you will operate your WRTS Kid's Gym with the trade name "We Rock The Spectrum Kid's Gym For All Kids" (for example, "We Rock The Spectrum Kid's Gym For All Kids ~ Tarzana") and other trade names, service marks and trademarks (the "WRTS Marks") that we designate and

under the We Rock The Spectrum Kid's Gym methods and programs (the "WRTS System"). WRTS Kid's Gyms provide unique equipment to assist children with neurological growth, sensory-based swings and toys, an indoor and mobile play structure, motor play toys and equipment, an arts and crafts area, and physical fitness and other proprietary programs (the "WRTS Proprietary Programs").

WRTS Franchise Programs.

We offer 3 separate franchise programs in this Disclosure Document, although we may not necessarily grant you the opportunity to purchase under either of these programs:

Single Gym Program.

Under this program, you will sign our Franchise Agreement (Exhibit A) to operate one WRTS Kid's Gym at a location that you choose and that we accept (the "Franchised Location").

Area Development Program.

Under this program, we will assign you a defined geographic area (the "Development Area") within which you, as an area developer ("Area Developer"), must develop and operate a minimum of 2 WRTS Kid's Gyms within a specified period of time. The Development Area may be one or more cities, one or more zip codes or counties, or other defined geographic areas. You will sign an Area Development Agreement (Exhibit B) that will describe your Development Area, your development schedule and your development obligations. You and we will determine the Development Area and the number of WRTS Kid's Gyms that you will develop and operate on a case-by-case basis before you sign your Area Development Agreement. You must sign a separate Franchise Agreement for each WRTS Kid's Gym that you will open under the Area Development Agreement. The Franchise Agreement for your first WRTS Kid's Gym will be in the form attached as Exhibit A to this Disclosure Document and must be signed when you sign your Area Development Agreement. The Franchise Agreements for your additional WRTS Kid's Gyms will be signed after you select and we accept a Franchised Location for those WRTS Kid's Gyms and will be our then-current form of Franchise Agreement that we are then offering to new franchisees, which may contain terms and conditions that are materially different from the form of Franchise Agreement attached to this Disclosure Document as Exhibit A.

We Rock on Wheels Program.

If, in our direction, we determine that your proposed geographic area (the "Mobile Territory") is suitable for this program, we will, assign you a defined geographic area (the "Mobile Territory") within which you, as a We Rock on Wheels Franchisee, may purchase, open and operate up to 2 mobile WRTS Kid's Gyms ("a Mobile WRTS Kid's Gym") within a specified period of time. To operate a WRTS Kid's Gym you must either purchase a school bus or a recreational vehicle. A school bus is a bus specifically designed, manufactured and used for carrying students to and from school, home and school events. School buses are distinguished from other bus types by design characteristics mandated by Federal and state regulations. Federal safety standards in the United States require school buses to be painted school bus yellow and to be equipped with specific warning and safety devices. A recreational vehicle is a is a motor vehicle or trailer that includes living space designed for accommodation. Mobile WRTS Kid's Gyms are blue and must be detailed and equipped according to our requirements and standards.

Your Mobile Territory may be one or more cities, one or more zip codes or counties, or other defined geographic areas. You will sign a Franchise Agreement (Exhibit A) and an Addendum to the Franchise

Agreement in substantially the form of Exhibit G to the Franchise Agreement (the "WRTS Mobile Addendum") that will describe your Mobile Territory. You and we will determine the Mobile Territory and the number of Mobile WRTS Kid's Gyms that you will operate on a case-by-case basis before you sign your Franchise Agreement and your WRTS Mobile Addendum. You must sign a separate Franchise Agreement and WRTS Mobile Addendum for each Mobile WRTS Kid's Gym that you will operate. The Franchise Agreement for your first Mobile WRTS Kid's Gym will be in the form attached as Exhibit A to this Disclosure Document. The WRTS Mobile Addendum for your first Mobile WRTS Kid's Gym will be in substantially the form attached to the Franchise Agreement as Exhibit G. The Franchise Agreements and WRTS Mobile Addenda for your additional Mobile WRTS Kid's Gyms will be signed after you select and we accept a Mobile Territory for the Mobile WRTS Kid's Gyms and will be our then-current form of Franchise Agreement and WRTS Mobile Addendum that we are then offering to new franchisees, which may contain terms and conditions that are materially different from the form of Franchise Agreement attached to this Disclosure Document as Exhibit A and the form of WRTS Mobile Addendum attached to the Franchise Agreement as Exhibit G. All provisions of our Franchise Agreement will apply to a Mobile WRTS Kid's Gym unless otherwise stated in the WRTS Mobile Addendum. All references to a "WRTS Kid's Gym" in this Disclosure Document mean a traditional "brick and mortar" WRTS Kid's Gym and/or a Mobile WRTS Kid's Gym unless the context of its use indicates otherwise.

Competition.

WRTS Kid's Gyms will typically be located in shopping centers, strip malls and similar retail locations with easy access and available parking for customers. The principal market for the services offered by WRTS Kid's Gyms are infants to children age 13 years old and any age for children with special needs, and parents who are seeking play centers, indoor and outdoor activities, strength building, sensory processing, behavior modification, self-care skills and/or social interactions for their children. The market for children's gyms in general is competitive and well developed. WRTS Kid's Gyms will compete with other businesses that provide play centers, indoor and outdoor activities, strength building, and/or social interactions, both as stand-alone businesses and/or as part of schools, adult fitness centers and non-profit centers.

Special Industry Regulations.

Federal, state and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your WRTS Kid's Gym, including those that set standards pertaining to employee health and safety, fire safety and general emergency preparedness. In addition, you must comply with all local, state, and Federal laws that apply to your WRTS Kid's Gym including health, sanitation, no smoking, EEOC, OSHA, discrimination, employment and sexual harassment laws. The Americans with Disability Act of 1990 ("**ADA**") requires readily accessible accommodation for disabled people. The ADA requires any accommodation necessary to provide access to goods, service, facilities, privileges, advantages or accommodations to the public and may affect your building construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain all required real estate permits, licenses and operational licenses. The Americans with Disability Act of 1990 requires readily accessible accommodation for disabled people and therefore may affect your construction, site elements, entrance ramps, doors, seating, bathrooms, etc. You must obtain all required real estate permits, licenses and operational licenses.

If you purchase a school bus for your Mobile WRTS Kid's Gym, school busses are regulated by Federal and state law. Most states have transportation agencies that oversee and administer state laws. State laws can vary significantly from one state to the next. There may also be restrictions on licensing for your drivers and your Mobile WRTS Kid's Gyms. To drive a school bus in most states, you must have a commercial driver's license

with endorsements for driving a school bus. The specific requirements for these licenses and endorsements vary among states. You should consult with your local driver's license office about the requirements in your state.

If your state, city or county have laws that specifically apply to health clubs and fitness centers, and if your WRTS Kid's Gym is covered by these laws, you may be subject to some of the following types of requirements or prohibitions: (i) required annual registration of the WRTS Kid's Gym; (ii) required posting of a performance bond; (iii) required escrow of any fees collected before opening; (iv) required disclosure of all available membership levels, prices, sales, discounts, etc., (v) required membership contracts; (vi) limitations on length of membership term; (vii) limitations on frequency of dues increases; (viii) limitations on financing any initiation fee; (ix) required cancellation rights by members without penalty in certain situations; (x) restrictions on marketing and promotional claims; (xi) required annual licensing; (xii) specific requirement for restrooms and lockers; and (xiii) requirements for trained personnel (including CPR training).

If your state has laws that specifically apply to child care centers, and if your WRTS Kid's Gym falls within the scope of these laws, you may be subject to some of the following types of requirements or prohibitions: (i) required annual registration of the WRTS Kid's Gym; (ii) required posting of a performance bond; (iii) required safety training; (iv) required teacher-to-child ratios; (v) limitations on hours of operation; (vi) instructor licensing and/or accreditation; and (vii) required background checks on instructors.

We are in the process of filing Medicaid Waiver applications in each state where we offer and sell franchises, which will allow you to accept a Medicaid Waiver provided by your state, which will allow you to provide children with developmental disabilities access to the services and support your WRTS Kid's Gym provides.

State and local laws vary from area to area. You should consult with an attorney or business advisor about the laws, regulations and ordinances that may affect the operation of your WRTS Kid's Gym.

ITEM 2
BUSINESS EXPERIENCE

Dina Kimmel, Founder and Chief Executive Officer

Dina Kimmel is our Founder and has served as our Chief Executive Officer in Tarzana, California since September 2013. Ms. Kimmel is also the Founder of the Operating Company and has owned and operated the WRTS Kid's Gym in Tarzana, California since September 2010.

John Canaday, Franchise Development Director

Mr. Canaday has served as our Franchise Development Director in Tarzana, California since September 2015. Mr. Canaday has served as Co-Founder and President of Americas Franchising Group, LLC in Miami, Florida since October 2013.

Gail Field, Chief Operating Officer

Ms. Field has served as our Chief Operating Officer in Tarzana, California since February 2017. Ms. Field served as our Training Supervisor at our previous training facility in Boca Raton, Florida from October 2014 to November 2021.

Shane Stahl, Chief Marketing Officer

Mr. Stahl, the son of our Audit and Compliance Director, has served as our Chief Strategy Officer in Tarzana, California since January 2023. Mr. Stahl, the son of our Audit and Compliance Director, served as our Chief Strategy Officer in Tarzana, California from July 2019 to December 2022. Mr. Stahl served as our Corporate Tech Specialist from July 2017 to July 2019.

Kelly McAllister, Audit and Compliance Director

Ms. McAllister has served as our Audit and Compliance Director in Tarzana, California since September 2025. Ms. McAllister was a We Rock The Spectrum franchisee in Philadelphia, Pennsylvania from July 2021 to November 2025.

Joceline Olague, Creative Director

Ms. Olague has served as our Creative Director in Tarzana, California since November 2022. Ms. Olague served as a caregiver at TenderTouch Homecare in Chatsworth, California from August 2019 to November 2022.

Robin Hall, Med Waiver Operations Consultant

Ms. Hall has served as our Med Waiver Operations Consultant in Tarzana, California since October 2025. Ms. Hall has served as a current We Rock The Spectrum franchisee in Ann Arbor, Michigan since September 2024. Ms. Hall served as Account Executive of Salesforce in Ann Arbor, Michigan from May 2019 to October 2024.

Janelle Giacalone, Community Director

Ms. Gaicalone has served as our Community Director since January 2022. Ms. Gaicalone served as a Manager for our former affiliate, My Three J's, LLC, in Boca Raton, Florida from April 2014 to October 2022.

ITEM 3
LITIGATION

We Rock the Spectrum, LLC v. 5 hearts, LLC, Kindhearts, LLC, Amy Woszczynski and Abraham Woszczynski, United States District Court, District of Colorado, Case No. 17-cv-03055-RBJ-NYW, filed December 18, 2017. The defendant franchisee and guarantors executed a franchise agreement on May 18, 2016 to operate a WRTS Kid's Gym in Arvada, Colorado. On November 26, 2017, the franchisee sent us a notice of rescission of the franchise agreement and opened a competing business at the same location. We filed a complaint for breach of the franchise agreement, the covenant not to compete and the guarantee, seeking injunctive relief to prevent operation of a competing business, damages, disgorgement of profits, interest, costs and attorney fees. On January 31, 2018, the parties entered into a settlement agreement that dismissed the action, terminated the franchise agreement, required the former franchisee to de-identify the franchised Gym, cease use of our name and notify others of disaffiliation, required us to refund the territory development fee to the guarantors, and required us to refund deposits from the former franchisee's customers who booked events at the Gym.

Aleksandr Zeltser and Yelena Zeltser v. We Rock The Spectrum, LLC, Los Angeles Superior Court, Case No. BC716981, filed August 7, 2018. The Operating Company acquired the assets of the franchised Gym from its

franchisee on August 24, 2016 and operated the Gym until the assets of the Gym were sold to the Zeltsers on December 19, 2016. Differences subsequently arose between the Operating Company, us and the franchisees regarding the purchase transaction and operations at the Gym. On December 1, 2017, the parties terminated the franchise agreement and resolved their respective claims under a settlement agreement and release that provided for the purchase of the assets of the Gym by the Operating Company for $110,000 payable over time. This action alleged claims against us for breach of contract and breach of the implied covenant of good faith and fair dealing under the terms of the settlement agreement, which were denied. The court reclassified the action as a limited jurisdiction action since the amount in controversy was less than $25,000. The claims were paid in full prior to the Zeltsers' filing of a Motion for Summary Judgment, which was granted on November 19, 2019. Judgment was entered in the action and Notice of Entry of Judgment was issued on December 30, 2020, to declare Zeltsers the prevailing party, for the purpose of recovery of attorney fees and costs which the Operating Company disputed. Plaintiff's motion for attorney fees and prejudgment interest was heard on April 26, 2021, at which time an attorney fees award was denied, with only costs and prejudgment interest awarded to the Plaintiff, totaling approximately $5,350.87 as of September 9, 2021. There has been no collection efforts by the Plaintiff to date.

Other than these 2 matters, no other litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Single Gym Program.

You must pay us an initial franchise fee (the "Initial Franchise Fee") of $65,000 when you sign your Franchise Agreement (Exhibit A). Larger WRTS Kid's Gyms will provide you with room to service more children for open play, camps, break time and classes, permit birthday parties and classes to run simultaneously and can provide space for a sensory quiet room which will allow children to calm down faster. We will determine, in our discretion, whether you are a qualified candidate to open and operate a WRTS Kid's Gym of the size you request.

The Initial Franchise Fee includes payment for our "Required Equipment Package" for your WRTS Kid's Gym, which includes: a bolster swing, climbing structure, trampoline, zip line, zip box, crash pit, hammock swing, tunnel, hardware (webbing, carabiners, rotators), rope bridge, carpet swing and climbing mountain.

To be eligible to become a WRTS Kid's Gym franchisee, you must provide us with a background check which will include a criminal/civil record search and a credit check. We will not sign your Franchise Agreement until we receive a search and credit check that we deem acceptable in our discretion. If after you are approved as a WRTS Kid's Gym franchisee and complete our Initial Training Program, we determine that you do not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the WRTS System or the Franchise Agreement, including, but not limited to, criminal conduct or non-compliance with our standards and specifications, we have the option to either provide you with additional training, or terminate your Franchise Agreement and return 50% of your Initial Franchise Fee to you in exchange for a general release of all possible claims against us. We will retain the remaining 50% of the Initial

Franchise Fee in consideration for the administrative and other expenses we incur in determining whether you are suitable to operate a WRTS Kid's Gym and for our lost or deferred opportunities to grant a franchise to another party.

Area Development Program.

You must pay us a development fee (the "Development Fee") of $10,000 for each WRTS Kid's Gym you will develop under an Area Development Agreement. You must sign the Franchise Agreement for your first WRTS Kid's Gym and pay us an Initial Franchise Fee of $65,000, when you sign your Area Development Agreement. When you sign a Franchise Agreement for each subsequent WRTS Kid's Gym you will develop, you must pay us an Initial Franchise Fee of $65,000 for each subsequent WRTS Kid's Gym you will develop. You must sign our then-current Franchise Agreement and pay the Initial Franchise Fee for each WRTS Kid's Gym after you select and we approve the Franchised Location for each WRTS Kid's Gym.

Mobile WRTS Kid's Gym Program.

You must pay us an Initial Franchise Fee of $40,000 for each Mobile WRTS Kid's Gym when you sign your Franchise Agreement and your WRTS Mobile Addendum to your Franchise Agreement. Your Initial Franchise Fee includes payment for the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. Your Initial Franchise Fee also includes payment for the required bus graphics, WRTS trade dress and signs.

Apparel and Promotional Items.

You must pay us a non-refundable fee of $1,800 for certain apparel and promotional items for your WRTS Kid's Gym within 30 days after signing your Franchised Agreement. If you purchase a Mobile WRTS Kid's Gym, the apparel and promotional items will range from $500 to $750. After your WRTS Kid's Gym opens for business, you may purchase apparel from a recommended and approved supplier with our prior written approval of the supplier, your use of our logos and the types and colors of apparel.

ScreenCloud.

The Initial Franchise Fee includes the payment of ScreenCloud's $20 monthly fee to display your social media feeds on one monitor in your WRTS Kid's Gym during the term of your Franchise Agreement. If you install more than one monitor for your WRTS Kid's Gym to display your social media feeds, you must pay us a monthly fee, currently $20, for the ScreenCloud feed for each additional monitor.

Refunds, Different Fees and Financing.

Except as otherwise described above, All fees discussed in this Item 5 are fully earned by us when paid and are not refundable under any circumstances, even if you, as an Area Developer, fail to open any WRTS Kid's Gyms. We use the proceeds from Initial Franchise Fees to defray a portion of our expenses in connection with the sale and establishment of franchises, such as: (i) costs related to developing and improving our services; (ii) expenses of preparing and registering this Disclosure Document; (iii) legal fees; (iv) accounting fees; (v) costs of obtaining and screening franchisees; and (vi) general administrative expenses. The Initial Franchise Fee and Development Fee are uniform to all parties applying to purchase a WRTS Kid's Gym.

ITEM 6
OTHER FEES [1]

Name Of Fee	Amount	Due Date	Remarks
Royalty Fees	5% of Gross Revenue	On the 1st day of each calendar month on the Gross Revenue of your WRTS Kid's Gym during the immediately preceding calendar month following the opening of your WRTS Kid's Gym.	"Gross Revenue" means all revenue derived from your operation of your WRTS Kid's Gym and all other income related to the WRTS Kid's Gym including business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit and all proceeds from the sale of coupons, gift certificates or vouchers. If and when applicable, Gross Revenue will also include all revenue derived from your participation in your state Medicaid Waiver program, as described in the Manuals. "Gross Revenue" will not include the amount of bona fide refunds paid to customers, the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.
Post-Opening Additional Training Fee	$250 per day for each of our representatives who provide Additional Training Programs, plus our out-of-pocket expenses, including all transportation costs, food, lodging and similar costs.	On demand.	We may require you, your general manager and or other supervisorial or managerial personnel to attend Additional Training Programs, at our discretion.
Inspection Fee	$500 per re-inspection.	On demand.	Payable if we must revisit your WRTS Kid's Gym for an inspection after you have already been notified of any deficiency or unsatisfactory condition.
Insurance	Actual amount of unpaid premiums and our out of pocket costs.	On demand.	Payable if you fail to maintain required insurance coverage and if we elect to obtain coverage for you.
Renewal Fee	$5,000	When you exercise an option to renew	Payable when you renew your Franchise Agreement for your WRTS

Name Of Fee	Amount	Due Date	Remarks
		the term of your Franchise Agreement for your WRTS Kid's Gym.	Kid's Gym after the expiration of the initial 10 year term of your Franchise Agreement and/or after the expiration of the initial 5 year term of your WRTS Mobile Addendum to your Franchise Agreement.
Transfer Fee	$10,000	Before the transfer becomes effective.	Payable when you transfer your Franchise Agreement or Area Development Agreement, as applicable, subject to applicable state law.
Transfer Broker Fee	$15,000	Before the transfer becomes effective.	Payable if you use one of our representatives to assist you in transferring your Franchise Agreement or Area Development Agreement to a third-party purchaser, as applicable.
Annual Conference Fee	$0 to $500	Upon demand at least 30 days before the date of the Annual Franchise Conference.	You must pay us a Franchise Conference Fee to reimburse us for a portion of our direct costs to provide the Annual Franchise Conference, if you attend the Annual Franchise Conference in person. You will not be required to pay the Annual Conference Fee, if you attend the Annual Conference via Zoom or another virtual platform designated by us.
Late Charge	15% per year or the highest amount allowed by law, which is currently 10% annually in California, calculated weekly.	Continues to accrue until paid.	Payable if any check, draft, electronic or other payment is unpaid because of insufficient funds or if any sums due to us are not paid promptly when due. You must also pay any bank fees we incur in the amount of at least $50.
Early Termination Damages	$5,000 to $10,000	Within 30 days following the date of termination.	Payable only if you attempt to terminate your Franchise Agreement prior to the expiration date. Payable as follows: (i) $5,000 if you attempt to terminate your Franchise Agreement any time after the fourth anniversary of the effective date or (ii) $10,000 if you attempt to terminate your Franchise Agreement on or after the effective date through the fourth anniversary of the effective date.

Name Of Fee	Amount	Due Date	Remarks
Audit Fees	Cost of audit plus interest at the highest rate allowed by law, which is currently 10% in California, (not to exceed 18%) from the date of underpayment.	Upon demand.	Payable only if an audit reveals an understatement of 3% or more of Gross Revenue.
New Supplier Testing Fees	Up to $1,000 per supplier	As incurred with the deposit payable before inspection.	If you propose to purchase any products from a supplier that we have not previously approved, we have the right to inspect the supplier's facilities and products and you must reimburse us for costs to do so.
Relocation Fee	$2,500	When we approve your request to relocate your WRTS Kid's Gym.	You must obtain our consent prior to the relocation of your WRTS Kid's Gym.
Relocation Assessment	An amount equal to the Royalty Fees you paid for your original WRTS Kid's Gym during the last preceding calendar year plus an additional 10%.	On demand.	If we consent to a relocation of your WRTS Kid's Gym, you must secure the new Franchised Location and open your replacement WRTS Kid's Gym at the new Franchised Location within 12 months from the date we approve the new Franchised Location. If you fail to do so, we can bill you for the Relocation Assessment as described in this chart.
Post-Termination Gross Revenue	5% of the revenue you derive from the gross revenue of a competitive business.	On the 5th day of each month on the gross revenue of the competitive business during the preceding month.	Payable only if you violate an enforceable covenant not to compete after the expiration, transfer or termination of your Franchise Agreement.
Reimbursement of money we pay on your behalf	Actual costs	On the 5th day of each month.	Covers any payments you fail to make that we make on your behalf.
Attorneys' Fees, Expenses and Costs	Actual costs	Upon demand.	If we incur legal expenses to enforce any provision of your Franchise Agreement, we can recover our attorney's fees, expenses and court costs.
Indemnification Expenses	Actual costs	Upon demand.	You must indemnify, defend and hold us and our affiliates free and harmless from all claims of third parties arising

Name Of Fee	Amount	Due Date	Remarks
			out of your Franchise Agreement and your WRTS Kid's Gym.
Interim Management Fee	$250 per day plus the out of pocket costs we incur, if any.	Upon demand.	If you are in default under your Franchise Agreement, as the result of the death or incapacity of an owner or upon the occurrence of a public safety concern at your WRTS Kid's Gym, and we elect to assume interim management of your WRTS Kid's Gym during the pendency of any cure period or in lieu of immediately terminating your Franchise Agreement, we will charge you a fee for our management services.
Encroachment Fee	$1,000	Upon demand.	If you, at any time, operate your Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error, you must pay us an encroachment fee.
ScreenCloud	Currently, $20 per month, not exceed $100 per month.	Upon Demand.	ScreenCloud provides you with access to social media feeds. The Initial Franchise Fee includes the payment of ScreenCloud's $20 monthly fee to display your social media feeds on one monitor during the term of your Franchise Agreement. You must pay us a monthly fee for each ScreenCloud feed, if you install more than one monitor in your WRTS Kid's Gym.
Atak Interactive	$100 per month	Monthly.	You must pay all costs related to website hosting and maintenance to Atak Interactive. Atak Interactive currently charges $100 per month.
Patch	$30 per month; $0.02 per SMS text message; $0.01 database overage per additional contact over 15,000.	Monthly.	You must subscribe to Patch to participate in all marketing and promotional campaigns we conduct, and pay Patch a fee, which is $30 per month, for your subscription. You must also pay $0.02 per SMS text message; $0.01 database overage per additional contact over 15,000. These fees are paid by the us and you will be charged monthly to reimburse us.

Name Of Fee	Amount	Due Date	Remarks
ABTek	$20.10 per month, for each email address you use.	Monthly.	You must pay a monthly fee to ABTek to establish and maintain a MailFlow account for each email address that you use.
Roller	$305 per month.	Monthly.	You must pay a monthly fee to Roller to use Roller's business management services.
Private Offering Fee (Franchise Agreement and Area Development Agreement)	$10,000 or such greater amount as is necessary to reimburse us for our reasonable costs and expenses with reviewing the proposed offering.	Before offering.	Payable for each proposed private offering of securities, partnership or other ownership interests in Franchisee and is in addition to any Transfer Fee under any Franchise Agreement.

NOTES:

1. Unless otherwise noted, all fees are uniformly imposed by and are payable to us by credit card, electronic funds transfer or other automatic payment mechanism we designate and are non-refundable. You authorize us to debit from your designated primary business checking or savings operating account all funds due and payable to us for Royalty Fees and other sums that you owe to us or our affiliates. None of these fees are imposed by a cooperative.

2. Interest begins from the date of the underpayment.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

SINGLE WRTS KID'S GYM

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Initial Franchise Fee (Note 1)	$65,000	$65,000	Cash or credit card provided that you reimburse us for our credit card processing fee	When you sign your Franchise Agreement	Us
Grand Opening Marketing	$1,000	$2,000	As arranged	Before your Opening Date	Various Vendors
Rent and Security Deposit (3 months) (Note 2)	$16,800	$75,000	As arranged	As required by your Landlord	Landlord
Construction Costs and Build Out	$65,000	$175,000	As arranged	Before your Opening Date	Various Vendors

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
(Note 3)					
Architect (Note 3)	$0	$4,000	As arranged	Before your Opening Date	Various Vendors
Furniture and Supplies (Note 4)	$2,500	$2,500	As arranged	Before your Opening Date	Various Vendors
Insurance (Note 5)	$5,500	$10,000	As arranged	Before your Opening Date	Insurance Agent
Business Licenses	$100	$1,000	Cash	Before your Opening Date	City, County, State
Professional Services (Legal and/or Accounting) (Note 6)	$1,000	$4,000	As arranged	Before your Opening Date	Various Vendors
Computer System (Hardware and Software)	$1,000	$2,000	As arranged	Before your Opening Date	Vendors
Phone and Utilities (Note 7)	$200	$500	As arranged	Before your Opening Date	Phone, Utility Companies
Apparel and Promotional Items	$1,800	$1,800	As arranged	Before your Opening Date	Us
Signage	$4,200	$8,200	As arranged	Before your Opening Date	WRTS Approved Suppliers; other Vendors
Monthly fee for the ScreenCloud feed for 1 additional monitor, Roller, Atak Interactive, Patch and ABTek for the first 3 months of operation	$1,425.30	$1,425.30	As arranged	As incurred	Approved Suppliers
Video Surveillance and Related Equipment	$500	$1,000	As arranged	Before your Opening Date	Vendors
Other Operating Funds (3 months) (Note 8)	$15,000	$25,000	As arranged	As incurred	WRTS Approved Suppliers, various vendors and employees

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Initial Training Program Travel and Living Expenses (Note 11)	$1,500	$3,000	As arranged	As incurred	Various Vendors
Grand Opening Expenses, Including Travel and Living Expenses (Note 11)	$1,000	$2,000	As arranged	As incurred	Various Vendors
TOTAL (Note 12)	**$178,525.30**	**$388,425.30**			

AREA DEVELOPMENT AGREEMENT
(FOR 2 WRTS KID'S GYMS)

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
INITIAL INVESTMENT TO OPEN 1st WRTS KID'S GYM					
Initial Investment 1st WRTS Kid's Gym (Note 10)	**$178,525.30**	**$388,425.30**	See Above	See Above	See Above
Development Fees (Note 1)	$20,000	$20,000	Cash or credit card provided that you reimburse us for our credit card processing fee	When you sign your Area Development Agreement	Us
Additional Legal Fees (Note 6)	$1,000	$4,000	Cash	As Incurred	Various
TOTAL (Note 12)	**$199,525.30**	**$412,425.30**			

YOUR ESTIMATED INITIAL INVESTMENT
MOBILE WRTS KID'S GYM

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Initial Franchise Fee (Note 1)	$40,000	$40,000	Cash or credit card provided that you reimburse us for our credit card processing fee	When you sign your Franchise Agreement	Us
Grand Opening Marketing	$1,000	$2,000	As arranged	Before your Opening Date	Various Vendors

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment is To Be Made
Insurance (Note 5)	$1,500	$2,000	As arranged	Before your Opening Date	Insurance Agent
Business and Bus Operating Licenses	$200	$500	Cash	Before your Opening Date	City, County, State
Professional Services (Legal and/or Accounting) (Note 6)	$500	$1,000	As arranged	Before your Opening Date	Various Vendors
Computer System (Hardware and Software)	$1,000	$2,000	As arranged	Before your Opening Date	Vendors
Apparel and Promotional Items	$500	$750	As arranged	Before your Opening Date	Us
6-72 Diesel Passenger Bus or RV, Detailing, Equipment, and optional security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater (Note 9)	$50,000	$55,000	As arranged	Before your Opening Date	Third Party Supplier
Monthly fee for the ScreenCloud feed for 1 additional monitor, Roller, Atak Interactive, Patch and ABTek for the first 3 months of operation	$1,425.30	$1,425.30	As arranged	As incurred	Approved Suppliers
Other Operating Funds (3 months) (Note 8)	$1,000	$2,000	As arranged	As incurred	WRTS Approved Suppliers, various vendors and employees
Initial Training Program Travel and Living Expenses (Note 11)	$1,500	$3,000	As arranged	As incurred	Various Vendors
Grand Opening Expenses and On-Site Training, Including Travel and Living Expenses (Note 11)	$1,000	$2,000	As arranged	As incurred	Various Vendors
TOTAL (Note 12)	**$99,625.30**	**$111,675.30**			

All fees are uniformly imposed by and payable to us by credit card, or electronic funds transfer or other automatic payment mechanism we designate and are non-refundable. You authorize us to debit from your designated primary business checking or savings operating account all funds due and payable to us for royalty fees and other sums that you owe to us or our affiliates. We currently do not offer financing for any purpose, but reserve the right to do so in the future. We do not guarantee your note, lease or other obligations.

NOTES

1. The Initial Franchise Fee and the Development Fee are described in Item 5 of this Disclosure Document. The Initial Franchise Fee and the Development Fee are not refundable except as otherwise described in Item 5. Under our Single Gym Program, the Initial Franchise Fee includes payment for our "Required Equipment Package" for your WRTS Kid's Gym, which includes: a bolster swing, climbing structure, trampoline, zip line, zip box, crash pit, hammock swing, tunnel, hardware (webbing, carabiners, rotators), rope bridge, carpet swing and climbing mountain. Under our We Rock on Wheels Program, the Initial Franchise Fee includes payment for the required bus graphics, WRTS trade dress and signs and for the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. The Initial Franchise Fee includes the payment of ScreenCloud's $20 monthly fee to display your social media feeds on one monitor in your WRTS Kid's Gym during the term of your Franchise Agreement.

2. This estimate assumes that your Franchised Location will be a leased, unimproved, unfinished retail store-type site and is based on the assumption that the Franchised Location will be rented and that the landlord will require 1 to 2 months' rent as a security deposit. In highly desired business and commercial districts or when franchisees elect to lease spaces larger than our standard recommended space, rent might be higher. The size of WRTS Kid's Gyms generally 3,500 to 10,000 square feet. Monthly lease payments for WRTS Kid's Gyms of this size usually range from $4,200 to $15,000 per month. Larger WRTS Kid's Gyms will provide you with room to service more children for open play, camps, break time and classes, permit birthday parties and classes to run simultaneously and can provide space for a sensory quiet room which will allow children to calm down faster. The low estimate assumes a monthly lease payment of $4,200 for each of your first 3 months of operation and a lease security deposit equal to 1 months' rent. The high estimate assumes a monthly lease payment of $15,000 for each of your first 3 months of operation and a lease security deposit equal to 2 months' rent.

3. The estimate includes approximately $7,000 to $8,900 for the purchase and installation of a steel safety swing apparatus, which varies based on gym size. The remainder of the estimate includes carpet, paint and tenant improvements and contractor professional fees. You are responsible for the costs of preparing architectural, engineering and construction drawings and site and space layout and exterior signage plans.

4. The estimate includes furniture and supplies for the arts and crafts area, tables, chairs, mats, and one 1080-HD Video Monitor which must continuously display social media feeds from ScreenCloud or other social media feed providers that we designate for your WRTS Kid's Gym.

5. The figure given is the current annual rate if you obtain all insurance required in the Manuals. You must also obtain property and casualty insurance, which varies by size and location of the WRTS Kid's Gym. We estimate that the annual cost of all required insurance coverage will range from $5,500 to $10,000 for your WRTS Kid's Gym and $1,500 to $2,000 for your Mobile WRTS Kid's Gym. You may also have an obligation under state law to obtain workers compensation or other forms of insurance. This estimate does not include an amount for workers compensation insurance since those rates can vary widely depending on your state and number of employees.

6. This estimate includes legal review and negotiation of the proposed lease for your WRTS Kid's Gym and accounting assistance in setting up your books. Additional Legal Fees in the Area Development chart above reflects additional legal costs you may incur as a result of signing an Area Development Agreement.

7. You must have a separate business phone line and answering machine or voicemail used exclusively for your WRTS Kid's Gym, and a broadband Internet connection. You will purchase a minimum order of $1,500 of WRTS Kid's Gym apparel, sweatshirts and bags from WRTS before you open your WRTS Kid's Gym. If you purchase a Mobile WRTS Kid's Gym, your minimum order for WRTS Kid's Gym apparel, sweatshirts and bags will range from $500 to $750.

8. You must, at all times, maintain adequate reserves and working capital sufficient for you to fulfill all your obligations under your Franchise Agreement and to cover the risks and contingencies of your WRTS Kid's Gym for at least 3 months. The estimates provided above include estimated employee wages, including opening cash, and other miscellaneous expenses incurred before you begin operating your WRTS Kid's Gym and during the first 3 months of operations. These amounts are the minimum recommended levels to cover operating expenses, including employee's salaries and wages for 3 months. We have relied upon the experience of the Operating Company in developing these estimates, and the experience of our WRTS franchisees if and to the extent that they shared this information with us.

9. You must purchase one standard model 66-72 diesel passenger bus ("Bus"), or a Class A or Class C Recreational Vehicle ("RV"), according our standards and specifications, to house your Mobile WRTS Kid's Gym. Your Bus or RV must be equipped with one air conditioning unit and one heater and the following 15 pieces of equipment, which are included as a part of your Initial Franchise Fee: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. You must add the detailing and equipment to your Bus or RV to comply with our requirements at your expense. The cost for the Bus or RV, detailing and equipment for one Bus or RV ranges from $55,000 to $65,000. You will also have the option to equip your Bus or RV with a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater at your expense. The cost for a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater for one Bus or RV is $7,850. You may use a third party supplier of your choice to purchase the Bus or RV, detailing and equipment, however, the third party supplier must be approved by us in writing. The décor and layout of your Mobile WRTS Kid's Gym, the graphics, detailing and equipment, trade dress and signs must comply with our requirements. These estimates include the cost of shipping, which will vary depending on factors such as fuel costs, freight, and delivery destination. These estimates do not include the cost of mechanical inspections and/or updates to meet Federal, state and/or local safety and emission standards.

10. The Initial Investment for your first WRTS Kid's Gym is taken from the first chart above, which is the total estimated cost to open one WRTS Kid's Gym.

11. You must make arrangements for and pay any and all expenses incurred for the persons you select to attend our Initial Training Program (as defined in Item 11), including transportation, lodging, meals and wages. We provide our Initial Training Program without charge for up to 2 persons, but you must pay a fee of $250 per week for each additional attendee you send to our Initial Training Program. The amount you will spend will depend, in part, on the distance you must travel and the type of accommodations you choose. In addition, you must pay the expenses for one of our trainers, who will also provide on-site training assistance, to attend your Grand Opening, including transportation, lodging and meals. We will send one additional person to your Grand Opening at our expense. The amount you must spend will depend, in part, on the distance our person must travel and the type of accommodations we choose. These estimates include the costs for 2 people to attend the Initial Training Program for 7 to 10 days and one person to attend your Grand Opening for 1-3 days, as necessary.

12. These are estimates only. All of these amounts are non-refundable unless otherwise noted.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICE

Except as described below, you have no obligation to purchase or lease from us, from suppliers approved by us or in accordance with specifications we issue:

WRTS Approved Suppliers. You may only use suppliers that we have accepted and approved ("WRTS Approved Suppliers") because they have demonstrated to us their ability to supply products and services for WRTS Kid's Gyms meeting our specifications as to brand names, models, contents, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. We will provide you with our Manuals and various supplemental bulletins and notices that will contain the specifications, standards and restrictions for your purchase of products and services. We will also provide you with a list of WRTS Approved Suppliers that we may update from time to time. You must operate your WRTS Kid's Gym in strict compliance with the standard procedures, policies, rules and regulations contained in the Manuals. All "WRTS Branded Products" we designate for use and sale at your WRTS Kid's Gym must be purchased from WRTS Approved Suppliers. "WRTS Branded Products" are products that bear any of the WRTS Marks, including products that are prepared, sold and/or manufactured in strict accordance with our methods, standards and specifications, including, without limitation, sensory equipment, toys, recreational equipment, souvenirs and novelty items.

We and the Operating Company may sell certain supplies, merchandise and other materials to you and our other WRTS franchisees ("WRTS Merchandise and Supplies"), such as WRTS Kid's Gym apparel, sweatshirts and bags. WRTS is the sole Approved Supplier for most WRTS Merchandise and Supplies. There are no other approved suppliers in which any of our officers own an interest. Approximately 50% of your start-up expenses and 85% of your ongoing expenses will be for purchases from WRTS Approved Suppliers or purchases according to our specifications. We may specify gluten and wheat free food products, puzzles and games, sensory-based toys, gluten free play dough and puzzle piece jewelry and certain computer hardware, software, modems and peripheral equipment or other merchandise, supplies, services and equipment for your WRTS Kid's Gym. You will buy these items from our designated suppliers.

Equipment and Fixtures.

You must purchase and install, at your expense, all fixtures, furnishings, equipment, décor and signs as we direct. You must purchase these items from WRTS Approved Suppliers. You may not install any merchandise, furnishings, interior or exterior décor items, supplies, fixtures or equipment in your WRTS Kid's Gym unless they have been approved by us in writing.

Computer Equipment.

You must purchase, lease or license all computer hardware and software we designate for your WRTS Kid's Gym at your expense. You must maintain and update all computer hardware and software as we require.

Bus or RV.

You must purchase a Bus or RV to house a Mobile WRTS Kid's Gym from a third party supplier of your choice, however, the third party supplier must be approved by us in writing. Your Bus or RV must be detailed and equipped according to our requirements and standards.

Approval of Suppliers.

We and WRTS may sell certain supplies, merchandise and other materials to you and our other franchisees. WRTS is the sole approved supplier for all WRTS Kid's Gym apparel, sweatshirts and bags. There are no other approved suppliers in which any of our officers own an interest.

If you desire to purchase merchandise or services from a supplier other than us or a WRTS Approved Supplier, you must submit a request to us in writing and obtain our prior written approval. You must identify the proposed supplier, its name and address, and the items you desire to purchase from that supplier. You must submit a written request to us for approval of the proposed supplier, together with any evidence of conformity with our standards and specifications as we may reasonably require or request the supplier itself to do so. Our specifications and standards for supplier approval are generally available upon written request. If product specifications for the item are not set forth in the Manuals, we will furnish the general specifications to you at your request. We may condition our approval on the supplier agreeing in writing not to disclose any confidential information regarding us or our operations, to comply faithfully with our specifications for the items it sells, to sell any materials bearing the WRTS Marks only to our franchisees, and on the supplier demonstrating to our reasonable satisfaction that it is able to supply commodities meeting our specifications on a continuing basis, and that the supplier is, and will continue to be, of good standing in the business community with regard to its financial soundness and the reliability of its product and service. We also have the right to require, as a condition of approval, that our representatives are permitted to inspect the supplier's facilities and that you deliver to us all information, specifications and samples that we reasonably designate for testing. You must pay us a fee not to exceed the actual cost of the inspection testing. In addition to product testing, a facility audit may be required, and you must pay us, in advance, a deposit of up to $1,000, before we begin any inspection. You will be responsible for any additional costs and expenses associated with the inspection of the facility. We will use our good faith efforts to notify you of our decision within 60 days after we receive your request for approval and all requested back-up information. You may not use a supplier unless we notify you of our approval in writing. We may revoke a supplier's approval for failure to comply with our requirements and specifications. We will disapprove or withdraw our approval of any supplier by written notice to you.

When you purchase items from us or the Operating Company, you must use the form of purchase order we provide. We may change our prices, delivery terms and other terms upon prior written notice, but our prices to you will be the same as the prices charged to similarly situated franchisees. We have negotiated purchase arrangements with primary suppliers for the benefit of WRTS franchisees and may continue to do so in the future. If we negotiate a purchase agreement for your WRTS Kid's Gym, you must participate in the purchasing program.

You will not receive any material benefits from us or any supplier other than as described above. We may derive benefits from purchases made by WRTS franchisees from WRTS Approved Suppliers in the form of volume discounts or rebates paid to us or the Operating Company and from our or the Operating Company's sale of merchandise or services to you, which are sold to you at our cost plus a reasonable markup. We do not provide or withhold material benefits to you based on whether or not you purchase through the sources we

designate or approve (except that your purchase of items from unapproved suppliers constitutes a breach of your Franchise Agreement). Except for the potential volume discounts and rebates from WRTS Approved Suppliers, we do not expect to receive benefits from WRTS Approved Suppliers; however, we reserve the right to do so in the future. For the fiscal year ended December 31, 2025, we received a rebate of $1,585.16 from a WRTS Approved Supplier for purchases made by WRTS franchisees. For the fiscal year ended December 31, 2025, we did not derive any revenues from franchisees' purchases of products or services. For the fiscal year ended December 31, 2025, the Operating Company derived revenues of $ 154,560.39 from purchases or leases of required products or services by WRTS franchisees, which is 42% of WRTS' total revenue of $366,491.25based on its unaudited financial statements for fiscal year 2025.

Insurance.

You must obtain and maintain during the term of your Franchise Agreement insurance policies protecting you us, WRTS, and the Operating Company. The insurance must be underwritten by insurers licensed and admitted to write coverage in the state in which your WRTS Kid's Gym is located, with a rating of "A Class VIII" or better as set forth in the most recent edition of A.M. Best's Key Rating Guide. These policies must include the coverage required by us, WRTS and the Operating Company, which generally include: (i) "Special Form" property insurance to cover your business personal property and business interruption insurance, customarily obtained by similar businesses in the principal trade area; (ii) comprehensive commercial general liability (CGL) insurance in an amount of not less than $1,000,000 per occurrence and $1,000,000 in the aggregate, products and completed operation aggregate of $2,000,000, personal & advertising injury of $1,000,000, damage to rented premises of $100,000, sexual/physical abuse or molestation of $50,000 per occurrence and $100,000 in the aggregate; (iii) hired and non-owned auto of $1,000,000 and a separate accident policy with coverage of $25,000 per participant and $25,000 in the aggregate; (iv) if you will have an owned auto registered to your WRTS Kid's Gym, a business auto policy in an amount of $1,000,000 or higher; (v) workers' compensation insurance for statuary limits (usually $1,000,000); and (vi) employer's liability insurance in an amount not less than $1,000,000. If you operate a Mobile WRTS Kid's Gym, you will need additional liability insurance. Our Manuals may require you to obtain and maintain additional coverage and/or coverage with adjusted policy limits during the term of your Franchise Agreement.

At least 10 days before you must obtain any insurance and, after that date, at least 30 days before the expiration of any policy, you must deliver to us, Certificates of Liability Insurance evidencing the types and minimum amounts of the required coverages as set forth above, and naming us, WRTS, and the Operating Company as "additional insureds." If you do not obtain and maintain the required insurance, we may, but are not obligated to, obtain the insurance for you and charge you for its costs as well as our costs to obtain the insurance and interest on the amount paid on your behalf at the maximum rate permitted by applicable law. We will not otherwise derive income from purchasing insurance for you.

Credit Cards.

You are required to honor all credit, charge, courtesy and cash cards approved by us in writing. To the extent you store, process, transmit or otherwise access or possess cardholder data in connection with the operation of your WRTS Kid's Gym, you are required to maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("PCI DSS"), currently found at www.pcisecuritystandards.org for the protection of cardholder data throughout the Term of your Franchise Agreement. You are responsible for the security of cardholder data in the possession or control of any of subcontractors you engage to process credit cards. All subcontractors must be identified to and approved by us in writing prior to sharing cardholder data with the subcontractor. You must, if requested to do so by us,

provide appropriate documentation to us to demonstrate compliance with applicable PCI DSS requirements by you and all identified subcontractors.

Atak Interactive.

Atak Interactive, Inc. is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must establish an Atak Interactive account through Atak Interactive, Inc. or another website and social media service that we designate. Currently, there are no other approved suppliers for these services. We will pay the costs for website hosting and maintenance prior to the approved opening date of your WRTS Kid's Gym. You must pay all costs related to website hosting and maintenance to Atak Interactive. Atak Interactive currently charges $65 per hour and uses 15 minute billing increments. We estimate your cost for Atak Interactive services will be $65 a month, however, this amount may vary based on the frequency of your use of Atak Interactive's services. You must pay for any costs incurred for any services other than website hosting and maintenance that you choose to receive from Atak Interactive, Inc., including class updates and other changes to the content of the website.

Patch.

Patch is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must subscribe to Patch or other marketing and social media services that we approve to permit you to participate in all marketing and promotional campaigns we conduct and to access and use our branded mobile application. Currently there are no other approved suppliers for these services. As of December 31, 2025, we estimate your cost to subscribe to Patch will be $30 per month for marketing and promotional campaigns. The monthly fees associated with your Patch account will be charged to us and we will charge you monthly to reimburse us.

ScreenCloud.

ScreenCloud, Inc. is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must continuously display social media feeds in your WRTS Kid's Gym from ScreenCloud or other social media feed providers that we designate on one 1080-HD Video Monitor that you must purchase, at your expense. The requirements for ScreenCloud are further described in Item 11. Currently there are no other approved suppliers for these services. As of December 31, 2025, your Initial Franchise Fee includes the payment of ScreenCloud's $20 monthly fee to display your social media feeds on one monitor during the term of your Franchise Agreement . If you purchase more than one monitor to display your social media feeds, you must pay us a monthly fee, currently $20, for the ScreenCloud feed for each additional monitor installed in your WRTS Kid's Gym.

ABTek.

ABTek is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must establish and maintain an account with an email and hosted exchange service provider that we designate. We currently require you to establish a MailFlow account with ABTek. There are no other approved suppliers for these services. As of December 31, 2025, your cost to establish your MailFlow account with ABTek will be $20.10 per month, for each email address that you use.

Roller.

Roller ("Roller") is a WRTS Approved Supplier. Throughout the term of your Franchise Agreement, you must only use Roller's business management services or another business management service provider we designate. You must agree to abide by Roller's terms of service when you sign your Franchise Agreement. When you sign your Franchise Agreement, you must also sign the Purchased Services Compliance and Indemnity Agreement in the form attached to this Disclosure Document as Exhibit C. In addition, you must use Roller's credit card processing system to process your credit card transactions. As of December 31, 2025, your cost for Roller will be $305 per month. There are no other approved suppliers for these services.

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(s) In Agreement	Disclosure Document Items
a. Site selection and acquisition/lease	Articles 5 and 7 of the Franchise Agreement; Section 5.1 of the Area Development Agreement	Items 8, 11 and 12
b. Pre-opening purchases/leases	Articles 5, 7, 10, 11 and 12 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 1.3; Article 5 of the Area Development Agreement	Items 5, 7, 8 and 15
c. Site development and other pre-opening requirements	Articles 5 and 6 of the Franchise Agreement; Section 6.1 of the Area Development Agreement	Items 7, 11 and 16
d. Initial and ongoing training	Article 6, Sections 7.4 - 7.7 of the Franchise Agreement	Items 6 and 11
e. Opening	Section 5.3 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 4	Item 11
f. Fees	Articles 4, 6, 7, 11 and 13; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 3; Article 4 and Exhibit A of the Area Development Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/ Manuals	Articles 7, 8 and 9 of the Franchise Agreement	Items 8, 11 and 16
h. Trademarks and proprietary information	Articles 8 and 9 of the Franchise Agreement	Items 13 and 14
i. Restrictions on merchandise/services offered	Article 7 of the Franchise Agreement	Items 8 and 16

Obligation	Section(s) In Agreement	Disclosure Document Items
j. Warranty and member service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	Section 2.1 and Exhibit A of the Area Development Agreement	Item 12
l. Ongoing product/service purchases	Articles 7 and 11 of the Franchise Agreement	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	Articles 2, 3 and 7 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 5.3	Items 7 and 16
n. Insurance	Article 12 of the Franchise Agreement	Items 7 and 8
o. Advertising	Article 11 of the Franchise Agreement	Items 6, 7, 11 and 13
p. Indemnification	Sections 5.4, 7.16, 14.6 and 19.4 of the Franchise Agreement	Items 6, 12 and 17
q. Owner's participation/ management/staffing	Article 7 of the Franchise Agreement	Item 15
r. Records and reports	Sections 10.1, 10.3, 10.4, 10.5 and 10.6 of the Franchise Agreement	Items 6, 11 and 17
s. Inspections and audits	Article 5, Section 6.7, Articles 7 and 8, and Section 10.6 of the Franchise Agreement	Items 6, 11 and 17
t. Transfer	Article 13 of the Franchise Agreement, Article 9 of the Area Development Agreement	Items 6 and 17
u. Renewal	Sections 3.2 – 3.5 of the Franchise Agreement; Section 2.6 of the Area Development Agreement	Items 6 and 17
v. Post-termination obligations	Article 15 of the Franchise Agreement; Article 12 of the Area Development Agreement	Items 6 and 17
w. Non-competition covenants	Article 16 of the Franchise Agreement; Article 13 of the Area Development Agreement	Item 17
x. Dispute resolution	Article 23 of the Franchise Agreement; Article 15 of the Area Development Agreement	Item 17
y. Taxes and Permits	Articles 4, 5 and 18 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 4.1	Items 1 and 7
z. Computer hardware and software	Section 7.10 of the Franchise Agreement; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 4.1	Item 16

Obligation	Section(s) In Agreement	Disclosure Document Items
aa.: Security Interest	Sections 4.8 and 15.12 of the Franchise Agreement	Item 10
bb. Early Termination Damages	Section 15.6 of the Franchise Agreement	Item 6

ITEM 10
FINANCING

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

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

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

Before Opening.

We have the following obligations to you before you open your WRTS Kid's Gym for business:

1. **Site Selection Assistance**. You are solely responsible for selection of the site of your WRTS Kid's Gym, which will be subject to our review and acceptance. However, we may, without obligation, assist you in locating a site for your WRTS Kid's Gym. The factors we consider in accepting WRTS Kid's Gym locations include general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. (Franchise Agreement, Section 5.1).

2. **Site Design**. We will provide you with a copy of our specifications for the décor and layout of a WRTS Kid's Gym and the required fixtures, equipment, furnishings, décor, trade dress and signs. You are responsible for the costs of preparing architectural, engineering and construction drawings and site and space layout and exterior signage plans. You must design and construct your WRTS Kid's Gym in accordance with our standards and specifications. You are responsible for the cost of construction and remodeling of your WRTS Kid's Gym. (Franchise Agreement, Sections 5.2 and 7.26).

3. **Manuals**. After you sign your Franchise Agreement, we will provide you with access to our operations manual, which may consist of one or more manuals ("Manuals") to use during the term of your Franchise Agreement which may include audio, video, compact disks, computer software, other electronic media and/or written materials. At our option, we may post some or all of the Manuals on a restricted website, intranet, or extranet to which you will have access. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. We may, from time to time, update or change the Manuals in our sole discretion. (Franchise Agreement, Section 6.5). You will be given the opportunity to review the Manuals before you sign your Franchise Agreement. Our Manuals currently contain 233 pages. You must operate your WRTS Kid's Gym in compliance with the terms of your Franchise Agreement and the Manuals, including your required participation in your state's Medicaid Waiver program, if any. You alone will exercise day-to-day control over all operations, activities and elements of the WRTS Kid's Gym, including over your employees. Under no circumstance will we do so or be deemed to do so. The various requirements, restrictions, prohibitions, specifications and procedures of the WRTS System with which you must comply under your

Franchise Agreement and the Manuals do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your WRTS Kid's Gym, but only constitute standards to which you must adhere when exercising your control over the day-to-day operations of your WRTS Kid's Gym consistent with our policies. (Franchise Agreement, Section 7.3).

4. **Initial Training Program**. We provide an Initial Training Program and opening assistance as described below. The Initial Training Program is not provided if you or any of your affiliates own or operate a WRTS Kid's Gym when you sign your Franchise Agreement. (Franchise Agreement, Section 6.1). You will be responsible for any and all expenses incurred in connection with training including the costs of transportation, lodging, meals, and any wages. (Franchise Agreement, Section 7.4).

5. **WRTS Approved Suppliers**. We will designate our WRTS Approved Suppliers for you after you sign your Franchise Agreement. All WRTS Branded Products must be purchased from WRTS Approved Suppliers. (Franchise Agreement, Section 6.9).

6. **WRTS Merchandise and Supplies**. We will provide you with a list of WRTS Merchandise and Supplies (Franchise Agreement, Section 6.9).

7. **Bus or RV Specifications and Design; Graphics**. If you are eligible to own and operate a Mobile WRTS Kid's Gym, you may use a third party supplier of your choice to purchase the Bus or RV, detailing and equipment, however, the third party supplier must be approved by us in writing. Your Bus or RV must comply with our standards and specifications and must be equipped with one air conditioning unit, one heater and the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. You must add the graphics, detailing, equipment, WRTS trade dress and signs to your Bus or RV to comply with our requirements at your expense. You have the option to equip your Bus or RV with a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater at your expense. The décor and layout of your Mobile WRTS Kid's Gym, the graphics, detailing and equipment, trade dress and signs must comply with our requirements. (WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 1.3).

8. **Virtual Training**. We may provide any or all portions of the Pre-Opening Initial Training Program and/or pre-opening on-site opening assistance remotely over a virtual communication platform designated by us. (Franchise Agreement, Section 6.8).

Post-Opening Obligations.

We have the following obligations to you during the operation of your WRTS Kid's Gym:

1. **On Site Opening Assistance**. We will provide on-site training and assistance for up to 7 days after your first WRTS Kid's Gym opens for business to the public. (Franchise Agreement, Section 6.3). We do not provide on-site opening assistance to you or your affiliates if you already own or operate a WRTS Kid's Gym when you sign your Franchise Agreement or if you sign a renewal Franchise Agreement. (Franchise Agreement, Section 6.2).

2. **Post-Opening Initial Training Programs**. We may, at your request and our discretion, provide additional Initial Training Programs for your new or replacement supervisorial and managerial personnel. (Franchise Agreement, Section 6.3).

3. **Post-Opening Additional Training Programs**. If we determine it to be necessary, we may provide your supervisorial or managerial employees and you with additional training programs ("Additional Training Programs"). (Franchise Agreement, Sections 6.4 and 7.6).

4. **Post-Opening Consultation**. We may provide regular consultation and advice to you in response to inquiries from you regarding administrative and operating issues that you bring to our attention. We may make recommendations that we deem appropriate to assist your efforts. However, you alone will establish all requirements, consistent with our policies, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom you will offer and sell your products and services; and (iii) the suppliers from whom you obtain any products or services used in or at the WRTS Kid's Gym for which we have not established WRTS Approved Suppliers. (Franchise Agreement, Section 6.6).

5. **WRTS Approved Suppliers**. We will provide you with updates to our list of WRTS Approved Suppliers. (Franchise Agreement, Section 6.9).

6. **Inspections**. We may examine your WRTS Kid's Gym to confer with your supervisorial or managerial employees, inspect and check operations, food, beverages, furnishings, interior and exterior décor, supplies, fixtures and equipment, or use mystery shoppers to determine whether your WRTS Kid's Gym is being operated in accordance with your Franchise Agreement, WRTS System and the Manuals. (Franchise Agreement, Sections 6.7 and 7.7).

7. **Pricing Guidelines**. We may provide pricing guidelines for WRTS Branded Products and WRTS Merchandise and Supplies, subject to applicable law. (Franchise Agreement, Section 7.12).

8. **Manuals**. We will continue to provide you with access and updates to our Manuals during the term of your Franchise Agreement which may include audio, video, compact disks, computer software, other electronic media and/or written materials. We may, from time to time, update or change the Manuals in our sole discretion. (Franchise Agreement, Section 6.5).

9. **WRTS Proprietary Programs, WRTS Marks and WRTS System**. We will permit you to use the WRTS Proprietary Programs, the WRTS Marks and the WRTS System during the term of your Franchise Agreement. (Franchise Agreement, Section 2.1).

10. **Confidential Information**. We will provide you with access to our confidential information during the term of your Franchise Agreement. (Franchise Agreement, Article 9).

11. **Toll Free Telephone Number**. We may now or in the future establish a toll free telephone number for the purpose of accepting and confirming customer orders nationwide, customer service, and customer follow-up and satisfaction surveys. If we establish a toll free number, you must comply with our procedures for implementing the nationwide service as we specify in the Manuals or otherwise in writing. (Franchise Agreement, Section 6.13).

12. **Virtual Training and Inspections**. We may provide all or any portions of the Post-Opening Additional Initial Training Programs, Additional Training Programs, post-opening on-site opening assistance, post-opening consultations and/or post-opening inspections remotely over a virtual communication platform designated by us. (Franchise Agreement, Section 6.8).

Delegation of Obligations.

Our obligations may be performed by any of our employees or agents as we may direct. You consent and agree to the delegation of our obligations to a designee, employee or agent of ours in your Franchise Agreement. (Franchise Agreement, Section 6.11).

Site Selection/Lease/Purchase of Real Estate.

If you do not already have a location when you sign your Franchise Agreement, you must purchase or lease a site for your WRTS Kid's Gym promptly after you sign your Franchise Agreement. You must identify one or more sites that meet our then-current standards and specifications and submit the site to us for approval. We will notify you in writing whether the site is accepted or rejected within about 30 days after we receive all of the information we require to evaluate the site. You must submit your proposed lease to us to allow us at least 15 days to confirm that the required provisions in Section 5.1.2 of the Franchise Agreement have been included in the lease and/or that you and your landlord have executed an Collateral Assignment of Lease attached as Exhibit E to our Franchise Agreement in the form we specify, and you must provide us with a fully signed copy of any lease you sign following our acceptance. (Franchise Agreement, Section 5.1.3). If we do not accept a site within 10 days of our receipt of your site review request, the site will be deemed rejected. You must deliver a fully executed copy of your Lease to us within 90 days after you sign your Franchise Agreement and must open your WRTS Kid's Gym for business within 180 days from the date you sign your Franchise Agreement. (Franchise Agreement, Section 5.3). If you are purchasing the Franchised Location, you must submit the contract for purchase and sale to us for approval at least 15 days before you sign it, and provide a fully signed copy of the contract to us within 15 days following closing. (Franchise Agreement, Section 5.1.3). At the time you sign each Franchise Agreement under an Area Development Agreement, you must locate sites for your WRTS Kid's Gyms. We must approve the site and our then-current standards for WRTS Kid's Gym sites will apply. After you have located a site, you must submit it to us for our review and request us to consider and approve the site. Following receipt of our acceptance of a site, you must negotiate a lease or purchase agreement for the site and submit a copy to us. (Area Development Agreement, Section 5.2). We will then give you execution copies of our then-current Franchise Agreement for the proposed location. You must return the signed Franchise Agreement to us within 30 days after you receive the execution copies of the Franchise Agreement. (Area Development Agreement, Section 5.2). You may not enter into any Lease for a site unless and until we have approved the site and the Lease in writing. (Area Development Agreement, Section 5.2).

You may not open your WRTS Kid's Gym at the Franchised Location for business until you receive our written authorization, which may be subject to our satisfactory inspection of your WRTS Kid's Gym at the Franchised Location. (Franchise Agreement, Section 5.3).

You may not relocate your WRTS Kid's Gym to any other location without our prior written consent. If we consent to a relocation of your WRTS Kid's Gym, you will have 180 days from the date of our approval of the new Franchised Location to secure the new Franchised Location and to open and operate a WRTS Kid's Gym at the new Franchised Location. If you fail to secure a new Franchised Location within 180 days of the date we approve the new Franchised Location, we may extend the time for you to do so; however, we will then have the right to estimate and bill you for royalty fees for the time period following the 180 day period based upon the royalty fees we received for your original WRTS Kid's Gym during the identical periods of the last preceding calendar year plus an additional 10% of such amount or, if your WRTS Kid's Gym was not in operation during the identical period of the last preceding year, based upon the average royalty fees you paid

during the number of months your original WRTS Kid's Gym was in operation plus an additional 10% of that amount. (Franchise Agreement, Section 5.4).

Length of Time to Open Your WRTS Kid's Gym/ Mobile WRTS Kid's Gym.

You must deliver a fully executed copy of the Lease to us within 90 days after you sign your Franchise Agreement, and you must open your WRTS Kid's Gym for business within 180 days after you sign your Franchise Agreement, unless we agree otherwise. (Franchise Agreement, Sections 5.1 and 5.3). Failure to do so will result in default under your Franchise Agreement and we may terminate your franchise. (Franchise Agreement, Section 14.2). A WRTS Kid's Gym usually opens for business within 60 to 180 days after you sign your Franchise Agreement. Factors that may affect the length of time between signing of a Franchise Agreement and opening for business include the time necessary to: identify a location that we will accept; obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; complete construction, remodeling, alteration, and improvement of the Franchised Location, including the installation of fixtures, equipment, and signs; and the hiring and training of personnel. Delays in opening may be caused by inclement weather, material or labor shortages, labor actions, slows, equipment shortages and similar factors.

You must open your Mobile WRTS Kid's Gym for business within 90 days after you sign your Franchise Agreement, unless we agree otherwise in writing. (Mobile WRTS Addendum, Exhibit G to Franchise Agreement, Section 4.2). Failure to do so will result in default under your Franchise Agreement and we may terminate your franchise. (Franchise Agreement, Section 14.2). A Mobile WRTS Kid's Gym usually opens for business within 60 to 90 days after you sign your Franchise Agreement. Factors that may affect the length of time between signing of a Franchise Agreement and the opening of a Mobile WRTS Kid's Gym for business include the time necessary to: obtain a Bus or RV from its manufacturer; obtain any financing you need; obtain required permits and governmental agency approvals; fulfill local ordinance requirements; installation of fixtures, equipment, and signs; and the hiring and training of personnel. Delays in opening may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

Computer System.

You must purchase or lease the computer hardware and software, credit card reader, barcode scanner dedicated telephone and power lines, modems, printers, and other computer-related accessories or peripheral equipment that we approve, according to our specifications. The purpose of the computer hardware and software is for recording revenues and other record keeping and central functions. The estimated cost of a computer system is approximately $1,000 - $2,000,. The software you must use for recording revenues and other record keeping functions is provided by our approved supplier, Roller. You are required to pay Roller's current fee for these services, as described in Item 6. You must help us connect your computer system with a computer system used by us or our affiliates. We may retrieve all data and information from your computer system and there are no contractual limitations on our right to do so. You must strictly comply with our specifications for all items associated with your computer system, and operate your computer system in accordance with our specifications. (Franchise Agreement, Section 10.1).

Training for the use of the software will be provided by the supplier. You must, at your expense, train your employees to properly operate the computer system, keep your computer system in good repair, and if we determine that modifications will benefit the System, you must modify your computer hardware, software, telephone and power lines, and other computer-related facilities at your expense as we direct. There are no

limitations on the frequency or cost of this obligation. You will not be required to replace the computer system for your WRTS Kid's Gym any more frequently than once every 30 months. We estimate the annual cost to upgrade or update your computer system will not exceed $250 - $500. (Franchise Agreement, Section 10.2).

ScreenCloud.

We will provide you access to social media feeds through ScreenCloud. The Initial Franchise Fee includes the payment of ScreenCloud's monthly fee, currently $20, to display your social media feeds on one monitor during the term of your Franchise Agreement. If you install more than one monitor to display your social media feeds, you must pay us a monthly fee, currently $20, for the ScreenCloud feed for each additional monitor installed. The monthly ScreenCloud fee may increase in the future, which we estimate will not exceed $100 per month. If you will be operating a "brick and mortar" WRTS Kid's Gym, you must purchase and install, at your expense, at least one 80" 1080-HD video monitor, in addition to any other equipment we determine is necessary to receive social media feeds from ScreenCloud at the WRTS Kid's Gym. Except as otherwise directed by us, you must continuously display the ScreenCloud social media feeds at the WRTS Kid's Gym. (Franchise Agreement, Section 7.30).

We may, from time to time, modify the ScreenCloud equipment requirements you must purchase and install at the WRTS Kid's Gym, and you must comply with these modifications upon written notice from us. We may discontinue your ScreenCloud feed at any time and for any reason, in our sole discretion. You must remove all monitors or other equipment related to ScreenCloud from the WRTS Kid's Gym immediately upon notice from us to do so. (Franchise Agreement, Section 7.30).

Internet.

We have registered the Internet domain name www.wrtsfranchise.com and have established a site using this domain name. You acknowledge that the domain name is our sole property. You may not use in any manner any computer medium or electronic medium (for example, any Internet home page, e-mail address, web site, domain name, URL, bulletin board, newsgroup or other Internet related medium or activity) that contain the WRTS Marks, or any other words, symbols or terms confusingly similar to the WRTS Marks without our express prior written consent. We will include a link on our website for your WRTS Kid's Gym webpage. (Franchise Agreement, Section 20.1).

We have the sole right to market on the Internet and use the WRTS Marks on the Internet, including all use of websites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, cobranding and other arrangements, and in all other forms of electronic media. You may not separately register any domain name or any portion of a domain name containing the WRTS Marks or participate or market on any website or other form of electronic media (including social technology, social media and social networking platforms) using the WRTS Marks unless you first obtain written approval from us. Your general conduct on the Internet or other forms of electronic media, including your use of the WRTS Marks or any marketing, is subject to the terms and conditions of your Franchise Agreement and any other rules, requirements or policies that we may identify. (Franchise Agreement, Sections 2.3 and 20.3).

Intranet.

We may, at our option, establish an Intranet through which our franchisees may communicate with each other, and through which we may communicate with you and may disseminate the Manuals, updates and other confidential information to you. If we establish an Intranet, you must establish and maintain an electronic

connection with the Intranet that allows us to send messages to and receive messages from you. We will have reasonable discretion and control over all aspects of the Intranet, including the content and functionality of the Intranet. You will only have the privilege, and not the right, to use the Intranet, subject to your compliance with our policies. (Franchise Agreement, Section 7.26).

Marketing Fund.

As of December 31, 2025, we have not established a marketing fund and there is no marketing fund to which you must contribute. We do not reserve the right to establish a marketing fund during the term of your Franchise Agreement. We are not obligated to conduct marketing for you, however if we choose to do so, we may use any form of media we deem appropriate, including preparing and producing video, audio and written marketing materials (which may be prepared in-house, or we may employ national or regional marketing agencies), sponsorship of events, administering regional and multi-regional marketing programs including purchasing direct mail and other media marketing, and employing marketing agencies to assist with marketing efforts, supporting public relations, market research and other marketing and promotional activities, campaigns, test marketing, marketing surveys, public relations activities, website development/operation for portal, Internet, Intranet and URL services and for 800 or similar numbers. (Franchise Agreement, Section 11.1). We are not obligated to spend any amount on marketing in your "Exclusive Territory."

Local Marketing Expenditure.

As of December 31, 2025, we do not require you to make local marketing expenditures. We do not reserve the right to require local marketing expenditures during the term of your Franchise Agreement. If you choose to market your WRTS Kid's Gym, you must submit to us before use, samples of all local marketing materials, and descriptions of all local marketing programs, not prepared or previously approved by us, for our approval. You may not use any marketing material or program or use the WRTS Marks in any public manner without our prior written approval. (Franchise Agreement, Section 11.2). We have not established a local or regional advertising cooperative and you have no obligation to participate in a local or regional advertising cooperative at this time.

The Area Development Agreement does not impose any obligation to spend any money on marketing in addition to any money you may have to spend under your Franchise Agreement.

Advisory Council.

We have not established an advisory council for WRTS Franchisees to advise us on marketing policies.

Initial Training Program.

We will provide an Initial Training Program in the WRTS System and methods of operation (the "Initial Training Program") at our WRTS Kid's Gym in Tarzana, California, and at our franchised locations in: (i) Jacksonville, Florida, (ii) Philadelphia, Pennsylvania, (iii) Cincinnati, Ohio, (iv) Sugarland, Texas (v) Forest Hill, Maryland (vi) Bristol, Tennessee, (vii) Jupiter/Tequesta, Florida or (viii) Triad, North Carolina , and/or your WRTS Kid's Gym; and/or by video and audio applications such as Zoom, Skype and FaceTime, for up to 2 persons selected by you who must include your "Principal Owner" and "General Manager" or other supervisorial or managerial personnel. Your Principal Owner and General Manager may be the same person. You will be responsible for all expenses incurred in connection with attendance at the Initial Training Program

including the costs of transportation, lodging, meals, and any wages. An "Owner" is each current and future direct or indirect shareholder, member, general or limited partner, trustee or other equity owner if you are an entity. A "Principal Owner" is the individual you designate and we accept to serve as the primary operator of the WRTS Kid's Gym who will act as your representative in all matters with us as your liaison with us and the remaining Owners, and who shall have the authority to act on your entity's behalf without the active participation of any other Owner. (Franchise Agreement, Section 6.1). In addition, before your WRTS Kids Gym opens for business, your Principal Owner and General Manager must each show evidence of prior certification as a Registered Behavior Technician ("RBT"), or successfully complete training to become certified as an RBT ("RBT Certification Training") with our Approved Supplier of RBT Certification Training, which is currently Autism BX, LLC ("Autism BX"). RBT Certification Training with Autism BX consists of 40 hours of online training, completion of a competency assessment and passing an exam. We will bear the expense of RBT Certification Training for your Principal Owner and General Manager; however, you must pay any fees incurred thereafter to renew or maintain RBT certification status. (Franchise Agreement, Section 7.4).

You must complete our Initial Training Program to our satisfaction and open your WRTS Kid's Gym within 180 days after you sign your Franchise Agreement. If your WRTS Kid's Gym is your first WRTS Kid's Gym, we will provide training, instructors, a training manual, and other materials at no charge to you. The Initial Training Program will consist of approximately 7 – 10 days of training that must be completed prior to commencing the operation of your WRTS Kid's Gym. We will not provide the Initial Training Program if you or your affiliate currently (or an Owner of either) owns or operates a WRTS Kid's Gym or if your Franchise Agreement is signed as a renewal Franchise Agreement. (Franchise Agreement, Sections 6.1 and 7.4).

INITIAL TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Check List	0	1	Tarzana, California/Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North Carolina and/or your WRTS Kid's Gym /Virtual communication platform/your WRTS Kid's Gym
Location Search	0	3	Tarzana, California/Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North Carolina /Virtual communication platform / your WRTS Kid's Gym
Gym Setup	0	6	Tarzana, California/ Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North Carolina /Virtual communication platform/your WRTS Kid's Gym
Software Training	0	5	Tarzana, California/Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
			Carolina /Virtual communication platform/your WRTS Kid's Gym
Training on Daily Programs Offered	0	15	Tarzana, California/Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North Carolina /Virtual communication platform/your WRTS Kid's Gym
Safety Procedures Training	0	6	Tarzana, California/Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North Carolina /Virtual communication platform/your WRTS Kid's Gym
Camps/Birthday Parties	0	2	Tarzana, California/Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North Carolina /Virtual communication platform/your WRTS Kid's Gym
Marketing	0	2	Tarzana, California/Jacksonville, Florida/ Philadelphia, Pennsylvania/Cincinnati, Ohio/ Sugarland, Texas/Forest Hill, Maryland/ Bristol, Tennessee/Jupiter (Tequesta), Florida/Triad, North Carolina /Virtual communication platform/your WRTS Kid's Gym
TOTAL	**0**	**40**	

The Initial Training Program will be conducted as often as necessary to ensure that WRTS Kid's Gym franchisees complete training before their WRTS Kid's Gyms open for business. The primary instructional material for the Initial Training Program will be the WRTS Manuals. The Initial Training Program will be supervised by Dina Kimmel, who has approximately 15 years of experience with us and the Operating Company's WRTS Kid's Gym; Shane Stahl, who has approximately 8 years of experience working with us; and Gail Field, who has approximately 11 years of experience working with us and our previous Affiliate-Owned WRTS Kid's Gym in Boca Raton, Florida. You must faithfully attend all phases of the Initial Training Program and complete it to our satisfaction, as certified by us in writing. Your failure to successfully complete any aspect of the Initial Training Program, as we determine in our sole discretion, constitutes grounds for termination of your Franchise Agreement. (Franchise Agreement, Section 14.2.12). We may allow you to retake the Initial Training Program in our sole discretion.

Post-Opening On-Site Assistance.

For your first WRTS Kid's Gym, we will provide on-site training and assistance to your supervisorial or managerial personnel for up to 7 days after your WRTS Kid's Gym opens for business. We will not provide any on-site assistance for your second and subsequent WRTS Kid's Gyms. We will select the employees

providing the on-site training and the length of time that on-site training is provided. (Franchise Agreement, Section 6.2).

Post-Opening Additional Training Programs.

If we determine it to be necessary, we may provide you or your supervisorial or managerial employees with Additional Training Programs. We will select the time and location of all Additional Training Programs. You must pay us our then-current Additional Training Fee, which is currently $250 per day, for each of our representatives that provide these programs to defray our direct costs of providing these programs. You will be responsible for all expenses incurred in connection with attendance at the Initial Training Program including the costs of transportation, lodging, meals, any wages, and similar costs incurred in connection with attendance at the Post-Opening Additional Training Programs. (Franchise Agreement, Sections 6.4 and 7.6).

Virtual Training and Assistance.

We may provide all or any portions of the Pre-Opening Initial Training Program, Post-Opening Additional Initial Training Programs, Additional Training Programs, post-opening on-site opening assistance and/or post-opening consultations remotely over a virtual communication platform designated by us. (Franchise Agreement, Sections 6.8 and 7.8).

Annual Franchise Conference.

We may hold an Annual Franchise Conference for all WRTS franchisees each year. Your Principal Owner and General Managers must attend the Annual Franchise Conference. You must pay us a $500 Franchise Conference Fee to reimburse us for a portion of the direct costs to provide the Annual Franchise Conference upon demand at 30 days before the date of the Annual Franchise Conference, if you attend the Annual Franchise Conference in person. You do not pay the Annual Conference Fee, if you attend the Annual Conference via Zoom or another virtual platform designated by us. (Franchise Agreement, Section 7.36).

ITEM 12
TERRITORY

Franchise Agreement.

You will be permitted to operate your WRTS Kid's Gym at a specific location that we accept, as described in your Franchise Agreement. You will receive an exclusive territory as described in Exhibit A of your Franchise Agreement ("Exclusive Territory"). The continuation of your Exclusive Territory does not depend on achieving certain sales volumes or market penetration, however, you will no longer receive an Exclusive Territory if you are in default under your Franchise Agreement or any other agreement with us. Our acceptance of your Franchised Location will be based upon a variety of factors which may include the viability of the then-current location and demographics including, number of households, household income, vehicular traffic, and number of WRTS Kid's Gyms near the proposed new location. You may face competition from other WRTS Kid's Gyms that we or our affiliates franchise or own, outside of your Exclusive Territory.

The Franchise Agreement will designate the Franchised Location and you will conduct business only at the Franchised Location. We will not own, operate, sell or issue a franchise for any other WRTS Kid's Gym inside your Exclusive Territory, if you are in good standing under your Franchise Agreement. We will establish your Exclusive Territory when we approve the Franchised Location. We will set forth your Exclusive Territory in

your Franchise Agreement. Your Exclusive Territory may be limited to the actual site of the Franchised Location or will be outlined on Exhibit A of your Franchise Agreement. Factors that we consider in determining the size of your Exclusive Territory include the demographics, population size, age and income levels, neighboring and adjacent retail tenants, road visibility, traffic patterns and proximity of other WRTS Kid's Gyms or competitors serving the same market area. Provided you are not in default under your Franchise Agreement, we will not own, operate, sell or issue a franchise to another franchisee in your Exclusive Territory. There are no other radius restrictions or minimum population requirements that limit where we can franchise or operate another WRTS Kid's Gym.

Mobile WRTS Kid's Gym

If you own and operate a Mobile WRTS Kid's Gym under a Franchise Agreement and WRTS Mobile Addendum, we grant you the right to operate in a specified Mobile Territory, subject to our approval. The Mobile Territory may be one or more cities, counties, states, or some other defined area. The Mobile Territory will be specified in your WRTS Mobile Addendum. During the term of the Franchise Agreement and WRTS Mobile Addendum, we will not operate or grant a license or franchise to any other person to operate a Mobile WRTS Kid's Gym in your Mobile Territory. We will consider the demographics, population, traffic patterns, potential trade area and other relevant information when we establish your Mobile Territory. You may not operate your Mobile WRTS Kid's Gym within 2 miles of any WRTS Kid's Gym that is owned by another WRTS franchisee (a "Protected Zone"). We may reduce or enlarge a Protected Zone at any time. If you, at any time, operate your Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error, you must pay us an encroachment fee of $1,000 (the "Encroachment Fee"). In addition, you will also be considered to be in default under your Franchise Agreement.

Rights We Reserve

We and our affiliates expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, open and operate, and to grant franchises to third parties to develop, open and operate, WRTS Kid's Gyms outside the Exclusive Territory, regardless of their proximity to the Exclusive Territory; (ii) develop, open and operate, and to grant franchises to third parties to develop, open and operate any other business, other than a "Competitive Business," under marks and systems different from the WRTS Marks and the WRTS System within and outside the Exclusive Territory; (iii) produce, license, distribute and market WRTS Branded Products through any outlet, whether inside or outside of the Exclusive Territory (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the World Wide Web section of the Internet, mail order catalogs, direct mail marketing and other distribution methods; (iv) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, co-branding and other arrangements, and in all other forms of electronic media; (v) to purchase, merge, acquire or affiliate with an existing Competitive Business or franchise network or a non-competitive business or franchise network, chain or any other business regardless of the location of their facilities, and to operate, franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which may be proximate to your WRTS Kid's Gyms; and (vi) develop, open or operate and to franchise or license others to develop, open or operate WRTS Kid's Gyms at any "Non-Traditional Venue" outside of the Exclusive Territory regardless of their proximity to your WRTS Kid's Gym. We are not required to pay you any compensation if we exercise any of these options.

Relocation

You may not relocate the WRTS Kid's Gym without our written approval. If we approve any relocation of your WRTS Kid's Gym, you must de-identify the former location. If you fail to de-identify your former WRTS Kid's Gym site you must reimburse and indemnify and hold us harmless from all costs and expenses, including attorney's fees, arising out of your failure to de-identify. A "Competitive Business" is any children's gym or other business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and any business that looks like, copies, imitates, or operates with similar trade dress or décor to a WRTS Kid's Gym. "Non-Traditional Venues" are atypical sites, including a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings such as office buildings, business complexes, recreational facilities, educational, medical, governmental and other types of institutional facilities, sites in retail locations.

You may not advertise or solicit business outside of your Exclusive Territory. Under your Franchise Agreement, continuation of your location rights does not depend upon the volume of sales generated or on your penetration of the market potential. You do not have the right to acquire additional franchises, options, rights of first refusal or similar rights to acquire additional franchises within the Exclusive Territory or any contiguous territories, although you may apply for the right to operate additional WRTS Kid's Gyms under separate Franchise Agreements.

Area Development Agreement

Under the Area Development Agreement, we grant you the right to develop and operate 2 or more WRTS Kid's Gyms at venues in a specified Development Area, subject to our approval. The Development Area may be one or more cities, counties, states, or some other defined area. The Development Area will be specified on Exhibit A to the Area Development Agreement. The term of the Area Development Agreement expires 5 years following the effective date of the Area Development Agreement. During the term of the Area Development Agreement, we will not operate or grant a license or franchise to any other person to operate a WRTS Kid's Gym in your Development Area.

We will determine or approve the location of each WRTS Kid's Gym under the Franchise Agreement at the time each Franchise Agreement is signed, and our then-current standards for approving sites and determining Exclusive Territories will apply. You will receive an exclusive territory as described in Exhibit A of your Area Development Agreement (the "Development Area"). We expressly reserve the exclusive, unrestricted right, in our sole and absolute discretion, directly and indirectly to: (i) develop, own and operate, and to grant franchises to third parties to develop, own and operate, WRTS Kid's Gyms outside your Development Area, regardless of their proximity to your Development Area; (ii) develop, own and operate, and to grant franchises to third parties to develop, own and operate any other business, other than a Competitive Business, under marks and systems different from the WRTS Marks and the WRTS System within and outside your Development Area; (iii) produce, license, distribute and market WRTS Branded Products through any outlet, whether inside or outside of the Development Area (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the Internet, mail order catalogs, direct mail marketing and other distribution methods; (iv) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, marketing, co-branding and other arrangements, and in all other forms of electronic media; (v) to purchase, merge, acquire or affiliate with an existing Competitive Business or franchise network or a non-

competitive business or franchise network, chain or any other business regardless of the location of their facilities, and to operate, franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following our purchase, merger, acquisition or affiliation, regardless of the location of these facilities, which may be proximate to your WRTS Kid's Gyms; and (vi) own or operate and to franchise or license others to own or operate WRTS Kid's Gyms at any Non-Traditional Venue outside of your Development Area regardless of their proximity to any WRTS Kid's Gyms developed or under development by you. We are not required to pay you any compensation if we exercise any of these options.

If you fail to meet any of your obligations under the Area Development Agreement, including the development obligations, or commit a material breach of any Franchise Agreement signed by you under the Area Development Agreement, or a material breach of any other agreement between you and us, we may terminate your right to develop, open and operate new WRTS Kid's Gyms in the Development Area. The termination of your right to develop WRTS Kid's Gyms in your Development Area, however, will not terminate any rights granted under your Franchise Agreements then in effect between you and us, absent a breach of your Franchise Agreement itself. After the expiration of the term of your Area Development Agreement, we may own, operate, franchise or license others to operate additional WRTS Kid's Gyms anywhere, without restriction, including in your Development Area, subject only to the territorial rights reserved to you in the individual Franchise Agreements.

If you satisfy the Development Obligation and desire to develop, open and operate additional WRTS Kid's Gyms in the Development Area, you will have the right (the "Additional Development Rights") to extend the term of your Development Agreement for an additional 5 years. If you desire to extend the term of your Development Agreement for an additional 5 years, you must notify us in writing (the "Additional Development Notice") that you desire to do so and provide us with a proposal for the development and opening of additional WRTS Kid's Gyms in the Development Area (the "Additional Development Obligation"), setting forth the number of additional WRTS Kid's Gyms you propose to open and the proposed opening dates for each WRTS Kid's Gym during the extended term. We may, but have no obligation to, accept your proposed Additional Development Obligation or grant you the Additional Development Rights in our sole discretion. (Area Development Agreement, Section 2.6).

If we accept the proposed Additional Development Obligation, you and we will sign our then-current form of Area Development Agreement (the "Additional Area Development Agreement") for the Additional Development Obligation if, and only if (i) you have fully performed your obligations under your Area Development Agreement and all other agreements between us and are in good standing on the date of the Additional Development Notice and on the date we sign the Additional Area Development Agreement; (ii) you have demonstrated your then-current financial ability to timely implement and complete the Additional Development Obligation; (iii) you continue to operate the aggregate number of WRTS Kid's Gyms in the Development Area as required by your initial development obligation; (iv) you sign the Additional Area Development Agreement and deliver it to us with the initial development fees payable to us for the Additional Development Rights; and (v) you sign and deliver a general release to us in a form acceptable to us. (Area Development Agreement, Section 2.6.2).You must sign our then-current Franchise Agreement and pay us our then-current initial franchise fee for each additional WRTS Kid's Gym you will open in the Development Area. (Area Development Agreement, Section 2.6.1). If we elect not to grant you the Additional Development Rights, your Area Development Agreement will expire on its scheduled expiration date. (Area Development Agreement, Section 2.6.1).

General

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned facilities which provide similar products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

ITEM 13
TRADEMARKS

As a WRTS Kid's Gym franchisee, you are licensed to use and display the WRTS Marks during the term of your Franchise Agreement only for the operation of your WRTS Kid's Gym. You may not license or sublicense any trademarks, service marks, trade names, logotypes or commercial symbols owned by us or our affiliates. WRTS is the owner of all rights, titles and interests in the WRTS Marks. WRTS has registered the following marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"), except for the mark "MY BROTHER ROCKS THE SPECTRUM" which the Foundation has registered on the Principal Register of the USPTO:

Mark	Registration Number	Registration Date
We Rock The Spectrum Kid's Gym	4039663	October 11, 2011 (Renewed January 22, 2021)
	4612496	September 30, 2014 (Renewed September 5, 2024)
	4639552	November 18, 2014 (Renewed September 5, 2024)
"FINALLY A PLACE WHERE YOU NEVER HAVE TO SAY I'M SORRY "	4604414	September 16, 2014 (Renewed September 5, 2024)

Mark	Registration Number	Registration Date
WE ROCK THE SPECTRUM	4996563	July 12, 2016
WRTS	4996561	July 12, 2016
	4996565	July 12, 2016
MY BROTHER ROCKS THE SPECTRUM	4996566	July 12, 2016
WE ROCK ON WHEELS	5118198	January 10, 2017
We Bring The Sensory Play to You!	5118199	January 10, 2017
"Finally a Place Where You Never Have to Say I'm Sorry"	5118200	January 10, 2017
PLAY WITH A PURPOSE	6156276	September 22, 2020

WRTS has not filed any application to register, on either the Supplemental or Principal Register of the USPTO, the following WRTS Marks for our We Rock on Wheels Program:

Mark


We do not have a federal registration for this We Rock on Wheels mark. Therefore, this trademark does not have as many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

We also claim common law rights to the trade and service marks we license to you. WRTS has filed all required affidavits and will file all required affidavits and renewals as they become due.

WRTS has granted us an exclusive and perpetual license to use the WRTS Marks for the franchising of WRTS Kid's Gyms under a License Agreement dated October 22, 2013 (the "Trademark License Agreement"). The Trademark License Agreement authorizes us to sell franchises for WRTS Kid's Gyms. The exclusive license may only be terminated for cause by WRTS, but we do not anticipate any issue with your use of the WRTS Marks because WRTS' members are principals of ours. If the license is terminated, you may have to switch to a different trademark, which may increase your expenses. With the exception of this Trademark License Agreement, there are no agreements currently in effect or contemplated that would significantly limit our right to use or license the use of our marks in any manner.

On June 2, 2023, a third party, who owns the mark "BRAVERY KIDS GYM PLAY WITH A PURPOSE" initiated a proceeding within the Trademark Trial and Appeal Board, seeking to cancel WRTS's trademark registration with Registration No. 6156276. The cancellation proceeding is No. 92082451. On October 2, 2024, The Trademark Trial and Appeal Board terminated the cancellation proceeding.

There are currently no other effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the WRTS Marks. There are no prior superior rights or infringing uses actually known to us that could materially affect your use of the WRTS Marks. We have not, however, conducted an exhaustive search of users of names that may be the same or similar to the WRTS Marks. There may be similar uses to the WRTS Marks of which we are unaware, that could arise from prior users.

You will use the trade name "We Rock The Spectrum Kid's Gym For All Kids" combined with the name of the city in which you will operate your WRTS Kid's Gym to identify your WRTS Kid's Gym. If the franchisee is an entity, you may not use the WRTS Marks, or our trade name, or any words or symbols which are confusingly phonetically or visually similar to the WRTS Marks, as all or part of the franchisee's name. You must obtain a fictitious or assumed business name registration as we require or under applicable law. You must identify yourself as the owner of your WRTS Kid's Gym by placing your name on all checks, invoices, receipts, contracts, stationary and other documents that bear the WRTS trade name, trademarks, or service marks.

You must notify us of any infringement of, challenge to, or unauthorized use of the licensed name or marks that comes to your attention, including any claim, suit or demand against you. We may take actions we deem appropriate to protect our name or the WRTS Marks but we are not obligated by the Franchise Agreement to do so. We have the sole right to control any litigation involving our trade name or the WRTS Marks and to compromise or settle any claim, in our discretion, at our sole cost and expense, using lawyers of our own choosing, and you must cooperate fully in defending any claim, and you may participate at your own expense in the defense or settlement. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. You agree in your Franchise Agreement not to contest, directly or indirectly, our ownership, right, title, or interest in the WRTS Marks, or contest our sole right to register, use, or license others to use those names and the WRTS Marks.

We may add to, delete, or modify any or all of the WRTS Marks. You must modify or discontinue the use of the WRTS Marks, at your expense, if we modify or discontinue it. We will not compensate you if we modify or discontinue use of the WRTS Marks.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We own no right in or to any patents. There are no pending patent or copyright applications that are material to your WRTS Kid's Gym. We have no registered copyrights, but we claim copyright protection for the Manuals and all marketing material that may be distributed by us. We will loan you one copy of or provide you with electronic access to the Manuals for confidential use in your WRTS Kid's Gym. You may not disclose, publish, sell, show, or reproduce the Manuals and must return it to us intact upon termination or expiration of your Franchise Agreement.

We regard our pricing software, list of approved independent suppliers and manufacturers, the WRTS Proprietary Programs, and all the information contained in the Manuals, as proprietary information owned by us. You agree, as part of your Franchise Agreement, not to contest our exclusive ownership of the copyrights, trade secrets, processes, methods, procedures, formulae, techniques, and other proprietary information to which we claim exclusive rights. You are not given any rights in other trade secrets or proprietary or confidential information developed by us in the future. You must implement any reasonable procedures we may adopt to protect our trade secrets including restrictions on disclosures to your employees and requiring employees who will have access to our trade secrets to sign employment agreements containing non-disclosure and non-competition provisions.

There are no prior superior rights or infringing uses actually known to us that could materially affect your use of the copyrights, trade secrets, processes, methods, procedures, or other proprietary information described above. There are no agreements currently in effect that limit our rights to use or license the above-mentioned proprietary information in any manner. You must promptly notify us of any unauthorized use of the WRTS Proprietary Programs, any challenge to the validity of the WRTS Proprietary Programs, or any challenge to our ownership of, right to use and to license others to use, or your right to use, the WRTS Proprietary Programs. We have the right to direct and control any administrative proceeding or litigation involving the WRTS Proprietary Programs, including any settlement. We have the right to take action against uses by others that may constitute infringement of the WRTS Proprietary Programs. If we determine that you have used the WRTS Proprietary Programs in accordance with your Franchise Agreement, we will defend you against any third party claim, suit, or demand arising out of your use of the WRTS Proprietary Programs. If we determine that you have not used the WRTS Proprietary Programs in accordance with your Franchise Agreement, you must pay for the cost of defense, including the cost of any judgment or settlement. In any litigation regarding

your use of the WRTS Proprietary Programs you must sign all documents and do whatever is necessary to defend or prosecute the action, including becoming a nominal party to any legal action. Unless litigation results from your use of the WRTS Proprietary Programs in a manner inconsistent with the terms of your Franchise Agreement, we will reimburse you for your out-of-pocket costs.

If you develop any new concept, process or improvement in the WRTS System (an "Improvement"), you must promptly notify us and provide us with all necessary related information, without compensation. Any Improvement will become our sole property and we will be the sole owner of all related intellectual property rights. You must assign any rights you may have or acquire in the Improvements, to us, including the right to modify the Improvement, and you will waive and/or release all rights of restraint and moral rights to the Improvements. You will assist us in obtaining and enforcing the intellectual property rights to any Improvement in any and all countries and you agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You will appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property right related to any Improvement.

All data pertaining to your WRTS Kid's Gym and all data you create or collect in connection with your operation of the WRTS Kid's Gym (collectively, "WRTS Data"), including, data pertaining to, or otherwise concerning, the WRTS Kid's Gym's customers, or that you otherwise collect, including data uploaded to, or downloaded from your computer system, or data uploaded, downloaded, or created using any artificial intelligence program is WRTS Data and is our sole property. We have the right to review and use the WRTS Data in any manner that we deem appropriate without any compensation to you. You just provide us with copies and/or originals of the WRTS Data within 5 days after our request for the WRTS Data at no cost to us and at any time during the term of your Franchise Agreement and upon the expiration and/or termination of your Franchise Agreement. We license the use of the WRTS Data to you during the term of your Franchise Agreement, at no cost to you, solely for your use in the operation of your WRTS Kid's Gym. You must maintain the WRTS Data as secret and confidential must not make any of the WRTS Data available to any unauthorized person without our prior written consent of and then only in the manner we permit.

The goodwill associated with all phone and fax numbers, email addresses, domain names, websites or webpages, social media and other Internet addresses used in operation of the WRTS Kid's Gym is an asset that belongs to us. Upon cancellation, termination or expiration of the Franchise Agreement, you will be deemed to have assigned to us or our designee all right, title and interest in and to these and/or services associated with the same. You must sign the instruments we request to confirm the assignments and transfers to us.

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

You must designate a Principal Owner acceptable to us who will be responsible for the operational decisions of your WRTS Kid's Gym. Your Principal Owner must devote his or her full time to the WRTS Kid's Gym only in a management capacity and not as a staff member behind the service counter and must own at least 51% interest in your equity or voting rights (unless you are a publicly held entity or a wholly-owned subsidiary of a publicly-held entity) when you sign your Franchise Agreement. Under certain circumstances we may waive or reduce the requirement that your Principal Owner must have a 51% interest in your equity or voting rights. You must also designate a General Manager who will be the individual responsible for your WRTS Kid's Gym in the absence of the Principal Owner. Your Principal Owner and General Manager may be the same person. Your General Manager does not have to own an equity interest in you or the franchise. Your WRTS Kid's Gym must, at all times, be directly supervised by the Principal Owner or by a General Manager or other

supervisorial or managerial personnel who have successfully completed our Initial Training Program. You must provide comprehensive initial training programs, additional training programs for your other employees and ensure that your WRTS Kid's Gym is at all times under the direct control of the Principal Owner or a General Manager and other employees fully trained by you. Each Owner must successfully complete RBT Certification Training with Autism BX. We may require each of your Owners, General Managers and other supervisorial and managerial personnel who will have access to any confidential information to sign an Employee Confidentiality Agreement in substantially the form attached as Exhibit D to the Franchise Agreement. None of the provisions in the Confidentiality and Non-Disclosure Agreement are intended to prohibit or restrict any activity which prohibition or restriction violates your employees' rights to engage in protected concerted activity under the National Labor Relations Act.

If you are an entity, all present and future Owners of the equity or your voting rights, including spouses (and family members who live in the same household, excluding minor children) must execute a written Guarantee in a form we require, personally, irrevocably and unconditionally guaranteeing, jointly and severally, with all other guarantors, the full payment and performance of your obligations to us and to our affiliate. Upon each transfer or assignment of your interest in your Franchise Agreement, or other change in your ownership interests, and at any other time we request, these holders must re-execute a written Guarantee in a form we require.

All employees you hire or employ at your WRTS Kid's Gym will be your employees and your employees alone, and will not, for any purpose, be deemed to be our employees or subject to our direct or indirect control, most particularly with respect to any mandated or other insurance coverage, taxes or contributions, or requirements regarding withholdings, levied or fixed by any governmental authority. You will file your own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments for your employees and operations. We will not have the power to hire or fire your employees. Our authority under the Franchise Agreement to train and approve your supervisorial or managerial personnel for qualification to perform certain functions at your WRTS Kid's Gym does not directly or indirectly vest us with the power to hire, fire or control any of your personnel. You and you alone will be solely responsible for all hiring and employment decisions and functions relating to the WRTS Kid's Gym, including those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether you have received advice from us on these subjects or not. Any guidance we may give you regarding employment policies should be considered merely examples. You will be responsible for establishing and implementing your own employment policies, and should do so in consultation with local legal counsel experienced in employment law.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only offer WRTS Proprietary Programs at your WRTS Kid's Gym and only in accordance with the WRTS System. You may not use the WRTS System or the WRTS Marks anywhere except at the Franchised Location designated in your Franchise Agreement, unless you receive our specific written approval for operating at another location(s). We must pre-approve the use of any additional services, programs or products that you develop for your WRTS Kid's Gym. If we approve such items, you may use them only in your WRTS Kid's Gym. You may not sell or otherwise distribute the items to other WRTS franchisees or to any other person or entity without our written permission. We have the right, but no obligation, to make these items part of the WRTS System. We may add, delete, and change the WRTS Proprietary Programs that you may or must offer, in our unrestricted discretion, and this may require you to purchase additional equipment.

There are no limits on our right to make changes. You may not operate any co-branding system without our prior written consent, which may be withheld unless we recognize the co-branding chain as an approved co-brand for operation within WRTS Kid's Gyms. "Co-branding" includes the operation of an independent business, product line or operating system owned or licensed by another franchisor that is featured or incorporated within the Franchised Location or is adjacent to the Franchised Location and is operated in a manner likely to cause the public to perceive that it is related to your WRTS Kid's Gym.

We may, on occasion, require you to test market products and/or services at your WRTS Kid's Gym. You must cooperate with us in conducting these test marketing programs and must comply with all rules and regulations established by us. We reserve the right to set maximum franchisee prices, prices in price promotions, pricing methodology and form, and actual or minimum prices, each to the extent permitted by law.

No vending, gaming machines, payphones, automatic teller machines, Internet kiosks or other mechanical or electrical devices are permitted in your WRTS Kid's Gym without our prior written consent. (Franchise Agreement, Section 7.24). You cannot sell WRTS Branded Products or WRTS Merchandise and Supplies on the Internet, establish an account, or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the WRTS Kid's Gym franchise system, us or any of our affiliates, without our prior approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This Table lists certain important provisions of the Franchise Agreement and Area Development Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

FRANCHISE AGREEMENT

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
a. Length of the term of the franchise	Section 3.1; WRTS Mobile Addendum (Exhibit G to Franchise Agreement) Article 2.	10 years. 5 years under the Mobile Addendum (Exhibit G to Franchise Agreement).
b. Renewal or extension of the term	Section 3.2; WRTS Mobile Addendum (Exhibit G to Franchise Agreement) Article 2.	Two additional 5 year options. If you do not extend the term for your WRTS Mobile Kid's Gym, the rights granted to operate the WRTS Mobile Kid's Gym will terminate and you will have to de-identify your Bus or RV.
c. Requirements for Franchisee to renew or extend	Sections 3.3 – 3.4	You must have complied with your obligations during the term of your Franchise Agreement; sign our then-current form of Franchise Agreement that may contain terms and conditions materially different from those in your original Franchise Agreement; pay a renewal fee and sign a General

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
		Release Agreement in substantially the form of Exhibit F attached to this Disclosure Document. The fees payable under your renewal Franchise Agreement will be at the rates then applicable to new WRTS Kid's Gyms.
d. Termination by Franchisee	Not Applicable	Not Applicable (subject to applicable state law)
e. Termination by Franchisor without cause	Not Applicable	Not Applicable
f. Termination by Franchisor with cause	Sections 14.1 – 14.4 and 16.4	We can terminate if you materially default under your Franchise Agreement or Area Development Agreement or any other agreement between you and us (subject to applicable state law).
g. "**Cause**" defined – curable defaults	Section 14.3	You have 10 days to cure non-payment of fees and 30 days to cure non-compliance with defaults not listed in Section 14.2 (subject to applicable state law).
h. "**Cause**" defined non-curable defaults	Sections 14.1, 14.2 and 14.4; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 6.1	Non curable defaults include: bankruptcy, foreclosure, or insolvency; abandonment; unapproved transfers; repeated defaults, even if cured; misrepresentations in acquiring your license; health or safety violations; trademark misuse; conviction of a felony; failure, for a period of 10 days after notification of noncompliance, to comply with any state or local law or regulation applicable to the operation of your WRTS Kid's Gym; knowingly maintaining false books or records or submitting false reports or knowingly underreporting orders; materially misusing the WRTS Marks; making an unauthorized use of the trade secrets or confidential information; purchasing products from non-approved suppliers; failure to sell and offer for sale all and only authorized services and merchandise required by Franchisor or failure to discontinue selling and offering for sale any services or merchandise that Franchisor may, in its sole discretion, disapprove in writing at any time, within 10 days after receipt of written notice from Franchisor to do so; and a breach of your obligations under the Franchise Agreement which by its nature is not capable of being cured by you; and failure to obtain promised funding within 10 days of signing the Franchise Agreement; engaging in fraudulent, dishonest, unethical, immoral or similar conduct in connection with your operation of the WRTS Kid's Gym; and engaging in any lewd or immoral conduct whether or not in connection with your operation of the

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
		WRTS Kid's Gym. You may not use the Mobile WRTS Kid's Gym for any purpose not authorized by the Franchise Agreement; you may not, at any time, operate the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error (subject to applicable state law).
i. Franchisee's obligations on termination/ nonrenewal	Article 15	You must cease use of our trademarks, de-identify your WRTS Kid's Gym, pay all amounts due to us, and return the Manuals to us. If you attempt to terminate the Franchise Agreement prior to the Expiration Date or the expiration date of any Renewal Term, you must pay us Early Termination Damages in the amount of $5,000 to $10,000 within 30 days following the date of termination. The amount of Early Termination Damages will be dependent upon when you attempt to terminate before the Expiration Date. We may, at our option, assume all telephone numbers for your WRTS Kid's Gym. You must, at our option, cancel or assign to us your rights to any Internet websites or webpages or e-mail addresses or assumed fictitious or corporate names that contain the WRTS Marks. See also "r" below.
j. Assignment of contract by Franchisor	Section 13.1	No restriction on our right to assign.
k. "**Transfer**" by Franchisee – definition	Section 13.2	Includes transfer of the agreement or change in ownership of the entity that owns it.
l. Franchisor approval of transfer by Franchisee	Section 13.2	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor's approval of transfer	Sections 13.2 and 13.4	The proposed transferee must qualify, successfully complete our Initial Training Program, sign our then-current Franchise Agreement (provided, that the term of the new Franchise Agreement will be the remaining term of the existing Franchise Agreement) and you must be in good standing, sign a General Release Agreement in substantially the form of Exhibit F attached to this Disclosure Document and pay our transfer fee (See also "r" below). If your Franchise Agreement has been signed under an Area Development Agreement, except as described below, you must concurrently assign all other existing Franchise Agreements to the same assignee.

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
n. Franchisor's right of first refusal to acquire Franchisee's business	Section 13.3	We can match any offer for your business.
o. Franchisor's option to purchase Franchisee's business	Section 15.8; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 7.1	When your Franchise Agreement expires or is terminated, we have the option to purchase the assets of your WRTS Kid's Gym that we elect to purchase.
p. Death or disability of Franchisee	Section 13.5	Your spouse, heirs or personal representative have 180 days to purchase your interest in the Franchise Agreement or complete an assignment of the interest to a qualified, approved third party, subject to the transfer provisions.
q. Non-competition covenants during the term of the franchise	Section 16.2; WRTS Mobile Addendum, Exhibit G to Franchise Agreement, Section 1.2	You may not be involved with any competing business without our prior written consent. Competing business means any business that offers indoor or outdoor play centers for children which feature swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, an arts and crafts area, and/or the sale of related products or services or any business similar to the WRTS Kid's Gym. You may not (i) divert any present or prospective customer to any competitor, or perform any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System; or (ii); operate the Mobile WRTS Kid's Gym within two (2) miles of any WRTS Kid's Gym owned by another WRTS franchisee. If you do so, whether intentionally or in error, you must pay us an Encroachment Fee and are subject to default under your Franchise Agreement (subject to applicable state law).
R. Non-competition covenants after the franchise is terminated or expires	Sections 16.3 and 16.4	You are prohibited for 2 years following the termination, transfer or expiration of your Franchise Agreement, from owning or rendering services to any competing business located at the Franchised Location or within a 20 mile radius of any WRTS Kid's Gym or the Franchised Location. If you violate the post-term covenant not to compete, you must pay us, throughout the 2 year period following the termination, transfer, or expiration of your Franchise Agreement, 5% of the gross revenue of any business that provides similar services at the Franchised Location or any site within 20 miles of any WRTS Kid's Gym or the Franchised Location (subject to applicable state law).

Provision	Section(s) in Franchise Agreement (Exhibit A)	Summary
s. Modification of the agreement	Section 22.5	All modifications to the Franchise Agreement must be in writing and signed by both parties.
t. Integration/ merger clause	Section 22.5	Only the terms of the Franchise Agreement 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	None	None
v. Choice of forum	Section 23.1	All proceedings will be held in Los Angeles County, California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.
w. Choice of law	Section 23.1	California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.

AREA DEVELOPMENT AGREEMENT

Provision	Section in Area Development Agreement (Exhibit B)	Summary
a. Length of the term of the Area Development Agreement	Article 3	5 years.
b. Renewal or extension of the term	Section 2.6	If you satisfy the Development Obligation and desire to develop, open and operate additional WRTS Kid's Gyms in the Development Area, you will have the right to extend the term of your Development Agreement for an additional 5 years provided you comply with the applicable conditions.
c. Requirements for Area Developer to renew or extend	Section 2.6	You must have complied with your obligations during the term of your Development Agreement; satisfy your Development Obligation before the expiration of your initial Development Agreement term; sign our then-current form of Development Agreement that may contain terms and conditions materially different from those in your original Development Agreement; and pay a Renewal Fee.
D. Termination by Area Developer	Not Applicable	Not Applicable (subject to applicable state law)
e. Termination by Franchisor without cause	Not Applicable	Not Applicable

Provision	Section in Area Development Agreement (Exhibit B)	Summary
f. Termination by Franchisor with "**cause**"	Section 11.1	We can terminate if you materially default under your Area Development Agreement, an individual Franchise Agreement, or any other agreement between you and us (subject to applicable state law).
g. "**Cause**" defined - curable defaults	Section 11.3	You have 10 days to cure non-payment of fees and 30 days to cure non-compliance with defaults not listed in Section 11.2 (subject to applicable state law).
h. "**Cause**" defined - defaults which cannot be cured	Sections 11.1, 11.2 and 11.5	Non-curable defaults include: unapproved transfers; failure to meet your development obligation; failure for a period of 10 days after notification of noncompliance to comply with any Federal, state or local law or regulation applicable to the operation of the franchise; any breach for unfair competition described in Section 8.1; cross defaults; a breach of your obligations under the Area Development Agreement which by its nature is not capable of being cured by you; failure to obtain promised funding within 10 days of signing the Area Development Agreement; engaging in fraudulent, dishonest, unethical, immoral or similar conduct in connection with your development of WRTS Kid's Gyms; and engaging in any lewd or immoral conduct whether or not in connection with your development of WRTS Kid's Gyms (subject to applicable state law).
i. Area Developer's obligation on termination/non-renewal	Article 12	You will have no further right to develop or operate additional WRTS Kid's Gyms which are not, at the time of termination, the subject of a then existing Franchise Agreement between you and us. You may continue to own and operate all WRTS Kid's Gyms under then existing Franchise Agreements; and you must honor all post-termination obligations. You must reimburse us the amount of the actual damages that we suffer as a result of the termination of your Area Development Agreement during the period that we estimate will expire while we search for a replacement Area Developer.
j. Assignment of contract by Franchisor	Section 9.1	No restrictions on our right to assign.
k. "**Transfer**" by Area Developer	Section 9.2	Includes transfer of the agreement or change in ownership of the entity which owns it.
l. Franchisor's approval of transfer by Area Developer	Section 9.2	Transfers require our prior written consent, which will not be unreasonably withheld.
m. Conditions for Franchisor's approval of transfer	Sections 9.2 and 9.4	You may not transfer any Franchise Agreement signed under the Area Development Agreement except with our written consent and a simultaneous assignment of the Area Development Agreement and all of the Franchise Agreements signed under the Area Development Agreement to the same assignee.

Provision	Section in Area Development Agreement (Exhibit B)	Summary
n. Franchisor's right of first refusal to acquire Area Developer's business	Section 9.3	We may match any offer to purchase your business.
o. Franchisor's option to purchase Area Developer's business	Section 9.1	We may sell our assets, the WRTS Marks, or the WRTS System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring (each a "Capital Event") all without your consent or approval by you. Upon the occurrence of a Capital Event, we have the right to compel you to sell to us the assets of all your WRTS Gyms, whether or not they are open or under construction.
p. Death or disability of Area Developer	Section 9.5	Your spouse, heirs or personal representative has 180 days to purchase your interest in the Area Development Agreement or complete an assignment of the interest to a qualified, approved third party, subject to the transfer provisions.
q. Non-competition covenants during the term of the Franchise	Section 13.2	You may not be involved with any competing business without prior written consent. You may not divert any present or prospective customer to any competitor, or perform any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System (subject to applicable state law).
r. Non-competition covenants after the Franchise is terminated or expires	Section 13.3	You are prohibited for 2 years following the termination, transfer or expiration of your Area Development Agreement, from owning or rendering services to any competing business at a Franchised Location, except under another effective Franchise Agreement with us, or any location within a 20 mile radius of any WRTS Kid's Gym or a Franchised Location (subject to applicable state law).
s. Modification of the Agreement	Section 18.5	The Area Development Agreement can be modified or amended only by written agreement of all of the parties.
t. Integration/merger clause	Section 18.5	Only the terms of the Area Development Agreement and its attachments are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Area Development Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	None	None

Provision	Section in Area Development Agreement (Exhibit B)	Summary
v. Choice of forum	Sections 15.1 and 15.2	All proceedings will be held in Los Angeles County, California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.
w. Choice of law	Section 15.2	California, subject to applicable state law. See the State Specific Addenda (Exhibit E) attached to this Disclosure Document.

ITEM 18
PUBLIC FIGURES

No compensation or other benefit is given or promised to a public figure for the use of a public figure in the name or symbol of the WRTS Kid's Gym or the endorsement or recommendation of the WRTS Kid's Gym by a public figure in advertisements. You do not have the right to use the name of any public figure in promotional efforts or marketing without prior written approval from us. No public figures are involved in the actual management or control of We Rock The Spectrum, LLC.

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 of a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Franchisor's management by contacting Dina Kimmel, 18816 Ventura Boulevard, Tarzana, California 91356, (818) 996-6620; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEM-WIDE UNIT SUMMARY
FOR FISCAL YEARS 2023 to 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised				
	2023	56	76	+20
	2024	76	96	+20
	2025	96	117	+21
Company Owned				
	2023	1	1	0
	2024	1	1	
	2025	1	1	0
Total Outlets				
	2023	57	77	+20
	2024	77	97	+20
	2025	97	118	+21

TABLE NO. 2
TRANSFERS OF OUTLETS FROM. FRANCHISEES TO NEW OWNERS
FOR FISCAL YEARS 2023 to 2025

State	Year	Number Of Transfers
California		
	2023	1
	2024	1
	2025	0
Florida		
	2023	2
	2024	1
	2025	2
Georgia		
	2023	1
	2024	0
	2025	0
Illinois		
	2023	2
	2024	0
	2025	0
Louisiana		
	2023	1
	2024	0
	2025	0
Maryland		
	2023	0
	2024	1
	2025	0
Minnesota		
	2023	0
	2024	0
	2025	1
Missouri		
	2023	1
	2024	0
	2025	0
New York		
	2023	1
	2024	0
	2025	1
Ohio		
	2023	0
	2024	0
	2025	1
Oklahoma		
	2023	0

State	Year	Number Of Transfers
	2024	1
	2025	0
Pennsylvania		
	2023	0
	2024	0
	2025	2
Tennessee		
	2023	1
	2024	0
	2025	1
Texas		
	2023	1
	2024	4
	2025	0
Total Outlets		
	2023	11
	2024	8
	2025	8

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR FISCAL YEARS 2023 to 2025

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
Alabama								
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Arizona								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California								
	2023	5	2	0	0	0	0	7
	2024	7	0	1	0	0	0	6
	2025	6	0	0	0	0	0	6
Colorado								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	2	0	0	0	0	2
Florida								
	2023	8	2	0	0	0	0	10

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
	2024	10	3	0	0	0	0	13
	2025	13	2	1	0	0	0	14
Georgia								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Hawaii								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Illinois								
	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4
	2025	4	1	0	0	0	0	5
Indiana								
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Kentucky								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Louisiana								
	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	1	0	0	0	0	4
Maryland								
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Massachusetts								
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Michigan								
	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	0	4
	2025	4	1	0	0	0	0	5
Minnesota								
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
Mississippi								
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Missouri								
	2023	2	0	0	0	0	1	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Nebraska								
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New Jersey								
	2023	4	0	0	0	0	0	4
	2024	4	1	0	0	0	0	5
	2025	5	2	0	0	0	0	7
New Mexico								
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New York								
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	0	0	0	3
North Carolina								
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
North Dakota								
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Ohio								
	2023	2	1	0	0	0	0	3
	2024	3	2	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Oklahoma								
	2023	1	2	0	0	0	0	3
	2024	3	2	0	0	0	0	5
	2025	5	0	1	0	0	0	4
Pennsylvania								
	2023	1	0	0	0	0	0	1

State	Year	Outlets At Start Of Year	Outlets Opened	Termina-tions	Non-Renewals	Re-Acquired By Franchisor	Ceased Operations - Other Reasons	Outlets At End Of The Year
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
South Carolina								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
South Dakota								
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Tennessee								
	2023	4	3	0	0	0	0	7
	2024	7	1	0	0	0	0	8
	2025	8	1	0	0	0	0	9
Texas								
	2023	9	2	0	0	0	0	11
	2024	11	1*	1*	0	0	0	11
	2025	11	8	2	0	0	0	17
Virginia								
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Washington								
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Wisconsin								
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Total Outlets								
	2023	56	21	0	0	0	1	76
	2024	76	22	2*	0	0	0	96
	2025	96	25	4	0	0	0	117

*One of these locations opened and closed in 2024.

TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR FISCAL YEARS 2023 to 2025

State	Year	Outlets At Start Of The Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold To Franchisee	Outlets At End Of The Year
California*							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1
Totals*							
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
	2025	1	0	0	0	0	1

TABLE NO. 5
PROJECTED U.S. OPENINGS AS OF DECEMBER 31, 2025

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company Owned Outlet In The Next Fiscal Year
Alaska	1	0	0
California	4	3	1
Colorado	0	2	0
Florida	6	2	0
Georgia	1	1	0
Iowa	1	0	0
Illinois	1		
Louisiana	0	1	0
Massachusetts	1	1	0
Michigan	3	1	0
Mississippi	1	0	0
Minnesota	1	1	0
Missouri	1	0	0
New Jersey	2	2	0
North Carolina	4	2	0
New York	2	2	0
Ohio	2	1	0
Pennsylvania	2	0	0
Rhode Island	1	0	0
South Carolina	1	1	0
Texas	8	2	0
Virginia	4	1	0
Washington	1	0	0
Totals	48	24	1

Exhibit H lists the names of all current and former franchisees, their addresses and the telephone numbers of their outlets as of December 31, 2025.

No franchisees have not communicated with us within 10 weeks of the issuance date of this disclosure document.

There are no independent franchisee organizations that have asked to be included in this Disclosure Document.

During the last 3 fiscal years we have signed confidentiality clauses with current and/or former franchisees. In some instances, current and/or former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all of the franchisees will be able to communicate with you.

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

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit G are our audited financial statements as of December 31, 2025, December 31, 2024 and December 31, 2023. Our fiscal year end is December 31.

ITEM 22
CONTRACTS

Attached:

Exhibit A is our current form of Franchise Agreement.

Exhibit B is our current form of Area Development Agreement.

Exhibit C is our current form of Purchased Services Compliance and Indemnity Agreement.

Exhibit D is our current form of Confidentiality Agreement for Prospective Franchisees.

Exhibit E is our current form of State Specific Addenda.

Exhibit F is our current form of General Release Agreement.

ITEM 23
RECEIPTS

2 copies of an acknowledgment of your receipt of this Disclosure Document appear as Exhibit J. Please return one copy to us and retain the other for your records.

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A
FRANCHISE AGREEMENT AND ATTACHMENTS

EXHIBIT A

WE ROCK THE SPECTRUM, LLC

FRANCHISE AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT
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EXHIBIT F	SBA ADDENDUM
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WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made and entered into as of the "**Effective Date**" set forth on **Exhibit A**, by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company ("**Franchisor**"), on the one hand, and the individuals or Entity identified as "**Franchisee**" on **Exhibit A**, on the other hand, who are individually referred to in this Agreement as a "**Party**", and collectively referred to in this Agreement as "**Parties**", with reference to the following facts:

A. Franchisor and Franchisor's Affiliate, We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "**Operating Company**"), have developed the "**WRTS System**" for the establishment and operation of children's gyms that provide a safe, nurturing and fun environment for all children, foster learning, exploration and safe sensory experiences (a "**WRTS Kid's Gym**" or the "**WRTS Kid's Gyms**") under certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, without limitation, the mark "**We Rock The Spectrum Kid's Gym For All Kids**" and other trade names, service marks and trademarks that are now designated and may hereafter be designated by Franchisor (collectively, the "**WRTS Marks**").

B. The distinguishing characteristics of WRTS Kid's Gyms include, without limitation, unique equipment to assist children with neurological growth, sensory-based swings and toys, indoor play structure, motor play toys and equipment, arts and crafts areas, physical fitness programs, manuals, materials, services, and related written content created, owned, and copyrighted or copyrightable by the Operating Company (collectively, the "**WRTS Proprietary Programs**"), distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings for the WRTS Kid's Gyms; service standards; uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; specifications for equipment and fixtures; defined product offerings; Franchisor specified pricing; restrictions on ownership; and marketing, public relations and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "**WRTS System**"). Franchisor has obtained the right to use and to license others to use the WRTS Marks, the WRTS Proprietary Programs and the WRTS System from its Affiliate.

C. Franchisee desires to obtain a license and franchise to develop, own and operate one WRTS Kid's Gym under the WRTS Marks, the WRTS Proprietary Programs and the WRTS System and the standards established by Franchisor from time to time, and Franchisor is willing to grant Franchisee a license and franchise under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, THE PARTIES AGREE:

1. DEFINITIONS

The capitalized terms in this Agreement that are not defined elsewhere in the text of this Agreement are assigned these definitions:

"**Abandon**" means (i) Franchisee's failure, at any time during the Term, to keep the WRTS Kid's Gym open and operating for business for a period of five (5) consecutive days; (ii) Franchisee's failure to keep the WRTS Kid's Gym open and operating for any period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that Franchisee does not intend to continue to operate the WRTS Kid's Gym, unless the failure to operate is due to Force Majeure (subject to Franchisee's continuing compliance with this Agreement); (iii) the withdrawal of permission from the Landlord that results in Franchisee's

inability to continue operation of the WRTS Kid's Gym at the Franchised Location; or (iv) a closure of the WRTS Kid's Gym required by Applicable Law.

"**Affiliate"** or "**Affiliates**" mean any Person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a Person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of the Person or Entity whether by contract or otherwise.

"**Applicable Law**" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of the WRTS Kid's Gym that are in effect on or after the Effective Date, as they may be amended from time to time.

"**Business Judgment**" means that Franchisor is allowed to exercise its judgment however Franchisor believes is appropriate in a given circumstance without limitation, subject to the use of that discretion in any reasonable way as more fully described in this Agreement.

"**Co-Branding**" means the operation of an independent business, product line or operating system owned or licensed by another Entity (not Franchisor) that is featured or incorporated within the WRTS Kid's Gym or is adjacent to the WRTS Kid's Gym and operated in a manner likely to cause the public to perceive it is related to the WRTS Kid's Gym. An example would be an independent ice cream store or counter installed within the WRTS Kid's Gym.

"**Competitive Business**" means any children's gym or other business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and any business that looks like, copies, imitates, or operates with similar trade dress or décor to a WRTS Kid's Gym.

"**Constituents**" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

"**Crisis Management Event**" means any event that occurs at or about the WRTS Kid's Gym that has or may cause harm or injury to customers or employees, including, without limitation, tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings, epidemics, pandemics or any other circumstance which may damage the WRTS System, the WRTS Marks, or the image or reputation of Franchisor and its Affiliates.

"**Default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Electronic Signature"** means any electronic symbol and/or process attached to or logically associated with a document and executed by a Party with the intent to sign such document, including facsimile, email, or other electronic signatures.

"**Entity**" means any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. If Franchisee is an Entity, the Entity shall conduct no business other than the operation of the WRTS Kid's Gym.

"**Equity**" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"**Exclusive Territory**" means the geographic area designated on **Exhibit A**.

"**Expiration Date**" means the tenth anniversary of the Effective Date as set forth on **Exhibit A**.

"**Force Majeure**" means any event (i) that was reasonably unforeseeable as of the Effective Date, (ii) that is beyond the reasonable control, directly or indirectly, of a Party, (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence, (iv) that does not result from the fault or negligence of that Party or its agents, employees or contractors, and (v) that causes performance by that Party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of the foregoing criteria, "**Force Majeure**" includes (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe), (b) strikes, lockouts or other industrial disturbances, (c) war, terrorist acts, riot, or other civil disturbance, (d) unilateral governmental action impacting WRTS Kid's Gyms generally, and (e) contagious diseases, epidemics, pandemics, transportation shortages, inadequate supply of labor, material or energy, or a Party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency. Neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Franchisee by any lender, Landlord, contractor, or other Person, or Franchisee's financial inability to perform or Franchisee's insolvency, shall be an event of Force Majeure thereunder, except to the extent that such act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. An event of Force Majeure will not affect or change Franchisee's obligation to pay Royalty Fees, ScreenCloud, Interim and Management Fees, or any other fees owed to Franchisor when due.

"**Franchised Location**" means the site of the WRTS Kid's Gym as set forth on **Exhibit A**.

"**General Manager**" means an individual who is responsible for overseeing the operation of the WRTS Kid's Gym in the absence of the Principal Owner.

"**General Release**" means the form of general release prescribed by Franchisor of any and all known and unknown obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the General Release is executed.

"**Good Standing**" means Franchisee is in substantial compliance with the material requirements of this Agreement, the Manuals and all other agreements then in effect between Franchisor, or its Affiliates, and Franchisee, and has substantially cured each curable Default for which Franchisor has issued a Notice of Default to Franchisee within the time periods set forth in Article 14.

"**Governmental Authority**" means all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"**Gross Revenue**" means all revenue derived from the operation of the WRTS Kid's Gym and from the sale of all services and merchandise sold at or from the WRTS Kid's Gym, and all other income of every kind and nature related to the WRTS Kid's Gym including, without limitation, business interruption insurance related

to the non-operation of the WRTS Kid's Gym, whether for cash or credit, and regardless of collection in the case of credit and all proceeds from the sale of coupons, gift certificates or vouchers. If and when applicable, Gross Revenue will also include all revenue derived from Franchisee's participation in Franchisee's state Medicaid Waiver program, as described in the Manuals."**Gross Revenue**" shall not include the amount of bona fide refunds paid to customers, the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.

"**Initial Franchise Fee**" means the $65,000 initial fee that Franchisee must pay Franchisor for the right to operate the WRTS Kid's Gym under this Agreement.

"**Initial Term**" means the ten (10) year period commencing on the Effective Date and ending on the Expiration Date.

"**Initial Training Program**" means Franchisor's seven (7) to ten (10) day initial training program that Franchisor shall provide for up to two (2) Persons selected by Franchisee who must include the Principal Owner and General Manager, at no charge to Franchisee before the WRTS Kid's Gym Opens for Business and that Franchisor may provide at other times during the Term, upon Franchisee's request, and by mutual arrangement of the Parties for the fees described in this Agreement. Franchisor may modify the Initial Training Program at any time and from time to time without notice.

"**Landlord**" means the owner of the Franchised Location who enters into a Lease with Franchisee for the Franchised Location.

"**Lease**" means any agreement, however denominated, that allows Franchisee to occupy a Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license and similar arrangement between Franchisee and a Landlord.

"**Manuals**" means Franchisor's Operations Manuals, which may consist of one or more manuals, and any other written directive related to the WRTS System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

"**NACHA**" means the National Automated Clearing House Association, an organization that establishes the standards and rules followed by financial institutions for transferring payments.

"**Non-Traditional Venues**" means a broad variety of atypical sites, including, without limitation, a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings such as office buildings, business complexes, recreational facilities, educational, medical, governmental and other types of institutional facilities, sites in retail locations.

"**Notice of Default**" means a written notice from one Party to another Party demanding the cure of a Default and demanding that the defaulting Party provide evidence of the cure to the other Party.

"**Open,**" "**Open For Business,**" and "**Opened**" means that Franchisee has actually begun to offer its services for sale to the public from the WRTS Kid's Gym.

"**Opening Date**" means the day that (i) Franchisee receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at the WRTS Kid's Gym; and (ii) Franchisee actually begins to offer its services to the public from the WRTS Kid's Gym, whichever occurs last, which shall be no later than the first anniversary of the Effective Date as set forth on **Exhibit A**.

"**Owner**" means each of the individuals listed on **Exhibit B** and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of **Exhibit C**.

"**Payment Network**" means Visa, MasterCard and any credit or debit card network issuing credit or debit cards and/or their duly authorized entities, agents or affiliates.

"**Payment Processors**" means all credit card, debit card and/or ACH processors whose services Franchisor may require Franchisee to utilize, as well as payment gateway service providers.

"**Payment Rules**" means the operating rules and regulations of Payment Processors and any applicable Payment Network, as in effect from time to time.

"**Person**" means any natural person or Entity.

"**Principal Owner**" means the individual designated by Franchisee on **Exhibit B** and accepted by Franchisor to serve as the primary operator of the WRTS Kid's Gym, to serve as the authorized representative of Franchisee, who shall have at least a fifty-one percent (51%) interest in the Equity of Franchisee, who shall act as Franchisee's representative in all matters with Franchisor as Franchisee's liaison with Franchisor and the Owners, and who shall have the authority to act on behalf of Franchisee during the Term without the active participation of any other Owner.

"**Relocation Fee**" means the $2,500 fee that Franchisee must pay Franchisor if Franchisee requests Franchisor to consent to a relocation of the WRTS Kid's Gym.

"**Renewal Fee**" means the $5,000 fee that Franchisee must pay Franchisor to extend the Initial Term and each Renewal Term.

"**Renewal Term**" means successive periods, each for five (5) years.

"**Renewal Term Expiration Date**" means the fifth anniversary of the commencement date of each Renewal Term.

"**Restricted Person**" means Franchisee, and each of its Owners and Affiliates, and the respective officers, directors, managers and Affiliates of each of them, and the spouse of each of the foregoing who are individuals.

"**Term**" the Initial Term unless this Agreement is extended for one or more Renewal Terms, in which case "**Term**" shall mean both the Initial Term and the Renewal Terms.

"**Then-Current**" means the form of agreement then-currently provided by Franchisor to similarly situated prospective WRTS Franchisees which may contain terms and conditions that are materially different from this Agreement, or if not then being so provided, then a form of agreement selected by Franchisor in its discretion which previously has been delivered to and executed by a WRTS Franchisee of Franchisor, or, as the context of this Agreement indicates, the fees then-currently charged by Franchisor or its Affiliates, or Franchisor's specifications, standards or the like.

"**Transfer Fee**" means the $10,000 fee that Franchisee must pay Franchisor as a condition precedent to an Assignment of this Agreement.

"**Website**" means an interactive electronic document contained in a network of computers linked by communication software that refers to the WRTS Kid's Gym, the WRTS Marks, Franchisor or the WRTS System, and includes Internet and World Wide Web home pages.

"**WRTS Approved Suppliers**" means suppliers of services, merchandise, equipment, supplies, materials, furniture, fixtures and equipment for WRTS Kid's Gyms that have been accepted and approved by Franchisor because they have demonstrated to Franchisor their ability to supply products and services for WRTS Kid's Gyms meeting Franchisor's specifications as to brand names, models, contents, compliance with governmental standards and regulations, reliability with respect to delivery and consistency in the quality of their products or services. Franchisor and its Affiliates may be WRTS Approved Suppliers.

"**WRTS Branded Products**" means any product now existing or developed in the future that bears any of the WRTS Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor's methods, standards and specifications, including, without limitation, sensory equipment, toys, recreational equipment, souvenirs and novelty items.

"**WRTS Trade Secrets**" means proprietary and confidential information of Franchisor and the Operating Company, including, specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of operating WRTS Kid's Gyms, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that Franchisee can show was already lawfully in Franchisee's possession before receipt from Franchisor.

2. **GRANT**.

2.1 **Grant**. Franchisor hereby grants to Franchisee the right, and Franchisee undertakes the obligation, to use the WRTS Proprietary Programs, the WRTS Marks and the WRTS System solely in connection with the operation of one (1) WRTS Kid's Gym (the "**WRTS Kid's Gym**") at, and only at, the Franchised Location. Franchisee shall not sublicense, sublease, subcontract or enter any management agreement providing for the right to operate the WRTS Kid's Gym or to use the WRTS Marks, the WRTS Proprietary Programs, or the WRTS System under this Agreement.

2.2 **Exclusive Territory**. During the Initial Term, if Franchisee is not in Default under this Agreement or any other agreement between Franchisor, its Affiliates and Franchisee, neither Franchisor nor its Affiliates shall own, operate, sell or issue a franchise for any other WRTS Kid's Gym to be located within the Exclusive Territory.

2.3 **Rights Reserved by Franchisor**. Franchisor and its Affiliates expressly reserve all other rights with respect to the WRTS System, the WRTS Marks and WRTS Kid's Gyms, including the exclusive unrestricted right, in their discretion, directly and indirectly, through their employees, Affiliates, representatives, licensees, assigns, agents and others, to (i) develop, open and operate, and to grant franchises to third parties to develop, open and operate, WRTS Kid's Gyms outside the Exclusive Territory, regardless of their proximity to the Exclusive Territory; (ii) develop, open and operate, and to grant franchises to third parties to develop, open and operate any other business, other than a Competitive Business, under marks and systems different from the WRTS Marks and the WRTS System outside the Exclusive Territory, regardless of their proximity to the Exclusive Territory; (iii) produce, license, distribute and market WRTS Kid's Gym Branded Products through any outlet, outside of the Exclusive Territory (regardless of its proximity to the Franchised Location), and through any distribution channel, including by means of the World Wide Web section of the Internet, mail order catalogs, direct mail advertising and other distribution methods; (iv) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email

addresses, metatags, linking, advertising, Co-Branding and other arrangements, and in all other forms of electronic media; (v) purchase, merge, acquire or affiliate with an existing Competitive Business or franchise network or a non-competitive business or franchise network, chain or any other business regardless of the location of their facilities, and to operate, franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation outside of the Exclusive Territory, regardless of the location of these facilities (which Franchisee acknowledges may be proximate to the WRTS Kid's Gyms); (vi) develop, open or operate and to franchise or license others to develop, open or operate WRTS Kid's Gyms at any Non-Traditional Venue outside of the Exclusive Territory regardless of their proximity to the WRTS Kid's Gym; (vii) acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at WRTS Kid's Gyms and to franchise, license or create similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating; (viii) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by any business providing products and services similar to those provided at WRTS Kid's Gyms, or by another business, even if such business operates, franchises and/or licenses Competitive Businesses; and (ix) engage in all other activities that this Agreement does not expressly prohibit.

2.4 **Modifications to the WRTS System and WRTS Proprietary Programs**. Franchisee acknowledges that the WRTS System, the WRTS Proprietary Programs and the services and merchandise offered by WRTS Kid's Gyms may be modified by Franchisor at any time and from time to time during the Term. Franchisee shall comply, at its expense, with all modifications following receipt of notice to do so from Franchisor, including, without limitation, all requirements to implement the modifications and shall complete their implementation within the time that Franchisor may reasonably require.

3. INITIAL AND EXTENDED TERM

3.1 **Initial Term**. The Initial Term shall commence on the Effective Date and shall expire on the Expiration Date, unless sooner terminated as provided in this Agreement. If the term of the Lease for the Franchised Location is for less than ten (10) years, including any extension of the term, the Initial Term shall be for a period identical to the term of the Lease. Franchisee shall have no right or option to extend or renew the Term except as provided in Section 3.2. If Franchisee does not elect to extend the Term, this Agreement shall terminate on the Expiration Date.

3.2 **Renewal Right**. Upon the expiration of the Initial Term, Franchisee shall have the right (the "**Renewal Right**") to enter into a new franchise agreement in the Then-Current form then generally being offered to prospective WRTS Franchisees (a "**Renewal Franchise Agreement**") for successive Renewal Terms. If Franchisee desires to exercise the Renewal Right for a Renewal Term, Franchisee shall, no later than twelve (12) months prior to the Expiration Date or Renewal Term Expiration Date, as the case may be, notify Franchisor in writing (the "**Renewal Notice**") that Franchisee desires to extend the Initial Term or Renewal Term for the duration of the Renewal Term or the next successive Renewal Term. If Franchisee exercises a Renewal Right, this Agreement shall terminate on the next Renewal Term Expiration Date. This Agreement is not otherwise renewable.

3.3 **Conditions to Renewal**. Franchisee may exercise its Renewal Rights only if all of the following conditions precedent are satisfied prior to the Expiration Date or Renewal Expiration Date, as the case may be: (i) Franchisee shall fully perform all of its obligations under this Agreement, any Area Development Agreement and all other agreements binding the Parties and shall be in Good Standing on the date of the Renewal Notice, on the date of Franchisor's execution of the Renewal Franchise Agreement and on the Expiration Date or Renewal Term Expiration Date, as the case may be; (ii) Franchisee shall, prior to the

commencement date of the Renewal Term, undertake and complete at its expense, the remodeling, renovation, modernization, and refurbishing of the Franchised Location and the WRTS Kid's Gym to comply with Franchisor's Then-Current specifications and standards for new WRTS Kid's Gyms; (iii) Franchisee shall not have committed three (3) or more material Defaults during any eighteen (18) month period during the then-expiring Initial Term or Renewal Term, as the case may be, which are subject to notices of Default issued by Franchisor, whether or not the Defaults were cured; (iv) Franchisee shall continue to comply with the terms and conditions of this Agreement; (v) Franchisee shall satisfy Franchisor's Then-Current qualifications and training requirements; (vi) Franchisee shall execute and deliver to Franchisor a General Release; (vii) each Owner and each Owner's spouse of Franchisee execute and deliver to Franchisor a personal guarantee, in a form then satisfactory to Franchisor, jointly and severally guaranteeing Franchisee's performance of its obligations under the Renewal Franchise Agreement; (viii) Franchisee shall pay Franchisor a Renewal Fee (only for the first Renewal Term) when Franchisee issues the Renewal Notice to Franchisor; and (ix) Franchisee execute the Renewal Franchise Agreement and delivered it to Franchisor.

3.4 **Renewal Procedures**. Following the expiration of any waiting periods required by Applicable Law and no more than thirty (30) days after Franchisee receives franchise disclosure document, if applicable, and the execution copies of the Renewal Franchise Agreement, Franchisee shall execute the copies of the Renewal Franchise Agreement and return them to Franchisor. If Franchisee has exercised a Renewal Right in accordance with Section 3.2 and satisfied all of the conditions in Section 3.3 and this Section 3.4, Franchisor shall execute the Renewal Franchise Agreement. If Franchisee fails to perform any of the acts, or deliver any of the notices required under this Article 3 in a timely fashion, the failure to do so shall be deemed an election by Franchisee to not exercise the applicable Renewal Right and shall automatically cause the applicable Renewal Right to lapse and expire.

3.5 **Notice Required by Law**. If Applicable Law requires Franchisor to give notice to Franchisee prior to the expiration of the Initial Term or a Renewal Term, as the case may be, this Agreement shall remain in effect on a week-to-week basis until Franchisor has given the notice required by Applicable Law. If Franchisor is not offering new franchises, is in the process of revising, amending or renewing its form of franchise agreement or franchise disclosure document, or is not lawfully able to offer Franchisee its Then-Current form of franchise agreement, at the time Franchisee delivers a Renewal Notice, Franchisor may, in its discretion, either: (i) offer to renew this Agreement upon the same terms set forth in this Agreement for a Renewal Term determined in accordance with Section 3.2; or (ii) offer to extend the Term on a week-to-week basis following the expiration of the Term for as long as it deems necessary or appropriate so that it may lawfully offer its Then-Current form of franchise agreement.

3.6 **Month-to-Month Agreement**. If Franchisee does not sign Franchisor's Then-Current Franchise Agreement prior to the Expiration Date and Franchisee continues to accept the benefits of this Agreement after it expires, then at Franchisor's option, this Agreement may be treated either as (i) expired as of the Expiration Date with Franchisee then operating without a license to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Month-to-Month Agreement**") until one party provides the other with written notice of such party's intent to terminate the Month-to-Month Agreement, in which case the Month-to-Month Agreement will terminate thirty (30) days after receipt of the notice to terminate the Month-to-Month Agreement, or such longer notice period as is required by Applicable Law. In the latter case, all of Franchisee's obligations shall remain in full force and effect during the Month-to-Month Agreement as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Month-to-Month Agreement.

4. FEES AND PAYMENTS

4.1 **Initial Franchise Fee**. Franchisee shall pay Franchisor the Initial Franchise Fee on the Effective Date. The Initial Franchise Fee includes payment for Franchisor's "**Required Equipment Package**" for Franchisee's WRTS Kid's Gym, which includes: a bolster swing, climbing structure, trampoline, zip line, zip box, crash pit, hammock swing, tunnel, hardware (webbing, carabiners, rotators)rope bridge, carpet swing and climbing mountain. The Initial Franchise Fee shall be fully earned and non-refundable when paid, in consideration for the administrative and other expenses incurred by Franchisor to qualify Franchisee as a WRTS franchisee and for Franchisor's lost or deferred opportunities to enter into a Franchise Agreement for the Exclusive Territory with another franchisee; provided, however, that if this Agreement is terminated by Franchisor under Section 14.2.1, Franchisor shall retain fifty percent (50%) of the Initial Franchise Fee to Franchisee within thirty (30) days after the date this Agreement is terminated in exchange for a General Release from Franchisee in favor of Franchisor. The Parties acknowledge and agree that the actual damages to be suffered by Franchisor in this circumstance are difficult, if not impossible, to determine, and that, under all the facts and circumstances, this calculation of Franchisor's potential damages and retention of this portion of the Initial Franchise Fee by Franchisor, is a reasonable, good-faith estimate of those damages.

4.2 **Royalty Fees**. Franchisee shall pay to Franchisor, without deduction, abatement or offset, a continuing royalty fee in an amount equal to five percent (5%) of Gross Revenue (the" **Royalty Fees**"). Royalty Fees for the first month following the Opening of the WRTS Kid's Gym and for each month of the Term thereafter shall be paid in the manner set forth in Section 4.4.

4.3 **Time of Payments**. Royalty Fee payments shall be paid on a monthly basis, on the 1st day of each calendar month, calculated on the Gross Revenue of the WRTS Kid's Gym during the preceding calendar month. All payments made pursuant to Sections 4.2 shall be accompanied by the reports or statements required under Section 10.5. Any report or payment not actually received by Franchisor on or before its due date shall be deemed overdue. If any payment under this Agreement is overdue, Franchisee shall pay to Franchisor, immediately upon demand, in addition to the overdue amount, interest on the amount from the date it was due until paid, at the rate of fifteen percent (15%) per annum, calculated weekly, or the maximum rate permitted by law, whichever is less. Entitlement to the interest shall be in addition to any other remedies Franchisor may have including, without limitation, the right of set-off to withdraw or retain, from time to time and without notice to Franchisee, any amounts due and unpaid by Franchisee from any accounts or amounts otherwise payable to Franchisee. If any check, draft, electronic or otherwise, is unpaid because of insufficient funds or otherwise, then Franchisee shall pay Franchisor's expenses arising from the non-payment, including bank fees in the amount of at least $50 and any other related expenses incurred by Franchisor. Franchisee shall not be entitled to set-off any payments required to be made under this Article 4 against any monetary claim Franchisee believes it may have against Franchisor.

4.4 **Other Payments**. In addition to all other payments provided in this Agreement, Franchisee shall pay Franchisor and its Affiliates promptly when due (i) all amounts advanced by Franchisor or which Franchisor has paid, or for which Franchisor has become obligated to pay on behalf of Franchisee for any reason whatsoever; and (ii) all amounts due for any reason, including on account of purchases of the WRTS Proprietary Programs, supplies or services relating to the WRTS Kid's Gym.

4.5 **EFT and Pre-Authorized Payments**. Franchisee hereby authorizes Franchisor to initiate debit entries and/or credit collection entries to Franchisee's designated primary business operating checking or savings account for the payment of Royalty Fees and all other sums that may become due to Franchisor, or its Affiliates, from Franchisee.

4.5.1 At Franchisor's request, Franchisee, at Franchisee's sole cost and expense, shall instruct its bank to pay the amount of its Royalty Fees and all other sums that may become due to Franchisor, or its Affiliates, directly to Franchisor from Franchisee's account, by electronic funds transfer or other automatic payment mechanism which Franchisor may designate ("**EFT**") and upon the terms and conditions set forth in the Manuals, and promptly upon Franchisor's request, Franchisee shall execute or re-execute and deliver to Franchisor the pre-authorized check forms and other instruments or drafts required by Franchisor's bank, payable against Franchisee's bank account, to enable Franchisor to draw Franchisee's Royalty Fees and all other sums that may become due to Franchisor, or its Affiliates. Franchisee shall make funds available for withdrawal by Franchisor by electronic transfer on the dates of each month as Franchisor shall designate throughout the Term. If Franchisor elects to utilize this method of payment of the obligations, Franchisee shall maintain a single bank account for the payments and shall maintain the minimum balance in the account as Franchisor may reasonably specify from time to time. Franchisee shall not alter or close the account except upon Franchisor's prior written approval. Any failure by Franchisee to implement the EFT payment method in strict accordance with Franchisor's instructions shall constitute a material Default of this Agreement.

4.5.2 If Franchisee is delinquent more than two (2) times in any continuous twelve (12) month period during the Term in the payment of Royalty Fees or other fees, or of other sums due to Franchisor, or to its Affiliates, or fails to report its Gross Revenue on a timely basis, Franchisor may require Franchisee to implement a system prescribed by Franchisor which shall permit Franchisor unilaterally to estimate and draw down the amounts owed by Franchisee, which system may include automatic debits, use of Franchisee pre-authorized checks, other instruments or authority or any other arrangement Franchisor may prescribe. Franchisor may base its estimates of Royalty Fees and similar payments which are calculated based on Franchisee's historically reported Gross Revenue. Franchisee shall promptly implement the system in strict accordance with Franchisor's instructions and failure to do so shall constitute a material Default of this Agreement.

4.6 **Application of Fees**. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments made by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, interest or any other indebtedness, in the amounts and in the order as Franchisor shall determine.

4.7 **Security Interest**. Franchisee and the Owners hereby grant Franchisor a security interest in and to all leasehold improvements, fixtures, furnishings and equipment, inventory, supplies and vehicles located at or used in connection with the WRTS Kid's Gym, now or hereafter acquired by Franchisee, together will all accounts, payment intangibles, attachments, accessories, additions, substitutions and replacements, all cash and non-cash proceeds derived from insurance or the disposition of the assets, all rights of Franchisee to use the WRTS Marks, trade names, trade styles, patents, copyrights and their registrations, trade secret information and other proprietary rights, and all rights granted, owned or licensed to Franchisee under this Agreement for the use of the WRTS Marks, trade names, trade styles, patents, copyrights, trade secret information and other proprietary rights, to secure payment and performance of all debts, liabilities and obligations of any kind, whenever and however incurred, from Franchisee to Franchisor. Franchisee hereby authorizes Franchisor to, prepare and file all Uniform Commercial Code financing statements and other documents naming Franchisee and the Owners as debtors that may be necessary or desirable to evidence, perfect and continue the priority of this security interest under the Uniform Commercial Code wherever applicable. If Franchisee is in Good Standing under this Agreement and all other agreements between Franchisee and Franchisor or its Affiliates, Franchisor and its Affiliates shall, upon request of Franchisee, execute a written subordination of its security interest to lenders providing equipment or other financing for the WRTS Kid's Gym. If Franchisee is in Default of any of the terms and conditions of this Agreement, Franchisor may, in its discretion, exercise its rights with respect to its security interest. In that event, Franchisee shall remain liable for any deficiency remaining due to Franchisor and shall be entitled to recover any surplus which results after the application of the proceeds derived from the enforcement of the security interest.

5. FRANCHISED LOCATION, CONSTRUCTION AND OPENING FOR BUSINESS

5.1 **Franchised Location**. Franchisee shall operate the WRTS Kid's Gym only at the address set forth on **Exhibit A** attached to this Agreement (the "**Franchised Location**"). If the Franchised Location has not been acquired by Franchisee by the Effective Date, Franchisee shall execute a Lease for the Franchised Location with a third party Landlord within ninety (90) days following the Effective Date. Promptly following the Effective Date, Franchisee shall locate one or more proposed sites which meet Franchisor's Then-Current standards and specifications. Franchisee shall submit to Franchisor all demographic and other information regarding the proposed sites and its neighboring areas that Franchisor shall require, in the form prescribed by Franchisor (the "**Site Review Request**"). If Franchisor does not deliver written notice to Franchisee that Franchisor accepts or rejects a proposed site within ten (10) days of receipt of Franchisee's Site Review Request or receipt of any additional requested information, whichever is later, the site shall be deemed rejected. Franchisor may voluntarily (without obligation) assist Franchisee in selecting an acceptable site for the Franchised Location. Franchisee acknowledges its sole responsibility for finding the Franchised Location.

5.1.1 If Franchisor accepts the proposed site, Franchisor shall notify Franchisee of its preliminary acceptance of the site (the "**Preliminary Acceptance**"), which Preliminary Acceptance shall be subject to further analysis by Franchisor and the successful negotiation by Franchisee of a final Lease for the site acceptable to Franchisor, and other conditions that Franchisor may impose. Promptly following the Effective Date or Franchisee's receipt of a Preliminary Acceptance, Franchisee shall negotiate a Lease and shall submit a copy of the proposed Lease to Franchisor for approval at least fifteen (15) days before Franchisee signs the Lease to allow Franchisor to confirm that the provisions set forth in Section 5.1.2 have been included in the proposed Lease and that the Landlord and Franchisee have executed a Collateral Assignment of Lease in the form attached as **Exhibit E**. Franchisee shall not create any obligations on Franchisor's behalf or grant the Landlord any rights against Franchisor, or agree to any term, condition or covenant in the Lease which is inconsistent with any provision of this Agreement.

5.1.2 The Lease shall provide, unless Franchisor otherwise consents in writing prior to the execution of the Lease that (i) the Lease may not be amended, assigned or sublet without Franchisor's prior written consent; (ii) Franchisor shall have the right (but not the obligation) to succeed to Franchisee's rights under the Lease if Franchisee fails to exercise any option to renew, and or extend the term of the Lease; (iii) upon Franchisee's Default under the Lease, the Landlord shall notify Franchisor in writing at least fifteen (15) days prior to the termination or non-renewal of the Lease; (iv) Franchisor shall have an option to assume the Lease upon the termination or expiration of the Lease for any reason by giving written notice of the election to Franchisee and the Landlord; (v) Franchisee shall have the unrestricted right, without the Landlord's consent, to assign or sublet the Franchised Location to Franchisor, or any franchisee or licensee approved by Franchisor; (vi) Franchisor shall have the right to enter the Franchised Location to remove all of the WRTS Marks from the Franchised Location and modify the décor of the Franchised Location so that it no longer resembles, in whole or in part, an WRTS Kid's Gym if Franchisee fails to do so, and (vii) upon any renewal of the Lease, Franchisor will cooperate with the Landlord will cooperate and use reasonable best efforts to adjust the expiration dates of both the renewal Lease and this Agreement or Renewal Franchise Agreement, as applicable, so that the term of the renewal Lease will expire contemporaneously with the expiration of the Term of this Agreement or Renewal Franchise Agreement, as applicable. Franchisor may voluntarily (without obligation) assist Franchisee in locating an acceptable site for the WRTS Kid's Gym. Franchisor's acceptance of any proposed Lease is based solely on Franchisor's own interests. Franchisee acknowledges and agrees that although Franchisor may consult with Franchisee regarding the terms of a Lease and the negotiations with a Landlord, it is Franchisee's sole responsibility to negotiate, review and approve the Lease or purchase agreement for the WRTS Kid's Gym.

5.1.3 Promptly following Franchisor's receipt of evidence of Franchisee's satisfaction of all conditions set forth in the Preliminary Acceptance, Franchisor shall notify Franchisee of its final acceptance of the site (the "**Final Acceptance**"). Franchisee shall not enter into any Lease for the Franchised Location unless and until Franchisee has received a Final Acceptance from Franchisor for the proposed site. Franchisee shall provide Franchisor with a fully signed copy of the Lease within fifteen (15) days after the Lease is signed by the Landlord and Franchisee. Following Franchisee's execution of the Lease for the Franchised Location, the Parties shall complete and execute an addendum to **Exhibit A** to identify the Franchised Location.

5.2 **Construction**. Following the Effective Date and before the renovation or construction of the WRTS Kid's Gym, Franchisor shall provide Franchisee with Franchisor's specifications for the design and layout of the WRTS Kid's Gym and the required fixtures, equipment, furnishings, décor, trade dress, and signs. Franchisee shall at its sole cost and expense promptly cause the Franchised Location and the WRTS Kid's Gym to be constructed, equipped and improved in accordance with these standards and specifications, unless Franchisor shall, in writing, agree to any modifications thereof. Franchisee shall employ a designer, architect, engineer, and general contractor of its own selection as necessary, and at its sole cost and expense, to prepare architectural, engineering and construction drawings and site plans, and to obtain all permits required to construct, remodel, renovate and/or equip the Franchised Location and the WRTS Kid's Gym. All plans, and modifications and any revisions thereto, shall be submitted to Franchisor for its prior review and acceptance before Franchisee's commencement of construction. Franchisee shall be responsible, at Franchisee's expense, for obtaining all zoning classifications, permits and clearances, including, but not limited to, certificates of occupancy and mall clearances and fire and health department approvals, which may be required by Federal, state or local laws, ordinances or regulations. Franchisee shall certify in writing to Franchisor that all classifications, permits and clearances have been obtained. Franchisee shall also take reasonable steps to ensure that the Franchised Location complies with all applicable requirements of the Americans with Disabilities Act. Franchisee shall provide Franchisor with written notice to Franchisor of the date construction commences within seven (7) days after commencement and shall thereafter provide Franchisor with regular updates regarding the status of the construction of the WRTS Kid's Gym.

5.3 **Open For Business**. Franchisee shall, at its expense, complete construction (including all exterior and interior carpentry, electrical, plumbing, heating, ventilation, air conditioning, painting and finishing work, and installation of all furniture, fixtures, equipment and signs) in accordance with the final plans and construction schedule approved by Franchisor. Franchisee shall deliver a fully executed copy of an approved Lease to Franchisor within ninety (90) days after the Effective Date and shall Open the WRTS Kid's Gym for business within one hundred eighty (180) days after the Effective Date, or, if the WRTS Kid's Gym is subject to an Area Development Agreement between Franchisor and Franchisee, within the Development Period set forth in the Area Development Agreement, subject only to Force Majeure. Franchisee shall notify Franchisor of the anticipated construction completion date and, within a reasonable time after construction is completed, Franchisor shall have the right, but not the obligation, to conduct a final inspection of the WRTS Kid's Gym. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Franchisee shall not Open the WRTS Kid's Gym without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with the specifications of the approved final plans and Franchisor's standards and completion of the Initial Training Program required by Franchisor and Franchisee's compliance with staffing and other requirements set forth in the Manuals and applicable to the operations of the WRTS Kid's Gym. Franchisee shall Open the WRTS Kid's Gym for business following receipt of a certificate of occupancy and no more than ten (10) days after receipt of Franchisor's written authorization to Open.

5.4 **Relocation**. To protect the WRTS System, the WRTS Marks, the WRTS Proprietary Programs and the goodwill associated with the same, Franchisee may not relocate the WRTS Kid's Gym without Franchisor's

prior written consent. Franchisee shall pay Franchisor a Relocation Fee when Franchisee requests Franchisor's consent to a relocation of the WRTS Kid's Gym. If Franchisor consents to any relocation, Franchisee shall de-identify the former Franchised Location in the manner described in this Agreement and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorneys' fees, arising out of Franchisee's failure to do so. If Franchisor consents to a relocation of the WRTS Kid's Gym during the Term, Franchisee shall have one hundred eighty (180) days from the date of Franchisor's approval of the new Franchised Location to secure the new Franchised Location and to Open and operate the WRTS Kid's Gym at the new Franchised Location. Once Franchisee has identified the new Franchised Location, Franchisor has approved it, and the Lease has been submitted to Franchisor to allow Franchisor at least fifteen (15) days to confirm that the provisions set forth in Section 7.13 have been included in the proposed Lease and/or that the Landlord and Franchise have executed a Collateral Assignment of Lease in the form attached as **Exhibit E**. Franchisor will prepare an addendum to **Exhibit A** and provide it to Franchisee. If Franchisee fails to secure the new Franchised Location within one hundred eighty (180) days of the date of Franchisor's approval of the new Franchised Location, Franchisor, in its discretion, may terminate this Agreement.

6. OBLIGATIONS OF FRANCHISOR

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

6.1 **Pre-Opening Initial Training Program**. Prior to the Opening Date of the WRTS Kid's Gym, Franchisor shall provide an Initial Training Program in the WRTS System and methods of operation at Franchisor's training facilities in Franchisor's corporate office; Affiliate-owned WRTS Kid's Gym located in Tarzana, California; or franchised WRTS Kid's Gyms located in: (i) Jacksonville, Florida, (ii) Philadelphia, Pennsylvania, (iii) Cincinnati, Ohio, (iv) Sugarland, Texas (v) Forest Hill, Maryland (vi) Bristol, Tennessee, (vii) Jupiter/Tequesta, Florida (viii) Triad, North Carolina; and the WRTS Kid's Gym or remotely via Zoom, Skype or FaceTime. During the Initial Training Program, Franchisor shall disclose the WRTS System and the WRTS Proprietary Programs and requirements to Franchisee, which may be changed and/or supplemented from time to time during the Term. The Initial Training Program shall not be provided by Franchisor if (i) Franchisee or any Affiliate of Franchisee owns or operates a WRTS Kid's Gym as of the Effective Date; or (ii) this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall determine the contents and manner of conducting the Initial Training Program in its discretion, however, the Initial Training Program will be structured to provide practical training in the implementation and operation of a WRTS Kid's Gym. Franchisor shall provide the training, instructors, Manuals and other materials without charge for up to two (2) supervisorial or managerial personnel of Franchisee selected by Franchisee, which must include the Principal Owner and General Manager. Franchisor shall, in its sole discretion, select the time and location of the Initial Training Program.

6.2 **Post-Opening On Site Opening Assistance**. For Franchisee's first WRTS Kid's Gym, Franchisor will provide on-site training and assistance for up to seven (7) days after Franchisee's WRTS Kid's Gym Opens to the public at no additional cost to Franchisee. On-site opening assistance shall not be provided by Franchisor if Franchisee or any Affiliate of Franchisee owns or operates a WRTS Kid's Gym as of the Effective Date; or this Agreement is executed as a Renewal Franchise Agreement. Franchisor shall select the representatives who will provide the on-site training and the length of time that on-site training will be provided.

6.3 **Post-Opening Initial Training Programs**. Following the Opening Date of the WRTS Kid's Gym, Franchisor may, at Franchisee's request and at Franchisor's discretion, provide additional Initial Training

Programs ("**Post-Opening Initial Training Programs**") for new or replacement supervisorial or managerial personnel of Franchisee, subject to the availability of Franchisor's personnel. Franchisor shall, in Franchisor's sole discretion, select the time and location of all Post-Opening Initial Training Programs.

6.4 **Post-Opening Additional Training Programs**. If Franchisor determines it to be necessary, Franchisor may provide Franchisee or Franchisee's supervisorial or managerial employees with additional training programs ("**Additional Training Programs**") subject to the availability of Franchisor's personnel. Franchisor shall, in Franchisor's sole discretion, select the time and location of all Additional Training Programs.

6.5 **Manuals**. Franchisor shall provide Franchisee with access to the Manuals during the Term, which may include audio, video, compact disks, computer software, other electronic media and/or written materials. At Franchisor's option, Franchisor may post some or all of the Manuals on a restricted Website, intranet, or extranet to which Franchisee will have access. Franchisor may, from time to time in its sole discretion, revise the Manuals to incorporate changes to the WRTS System and/or the WRTS Proprietary Programs. The Manuals, as modified by Franchisor from time to time, are an integral part of this Agreement and all provisions now or hereafter contained in the Manuals or otherwise communicated to Franchisee in writing are expressly incorporated into this Agreement by this reference and made a part of this Agreement.

6.6 **Post-Opening Consultation**. Following the Opening Date of the WRTS Kid's Gym, Franchisor may provide regular consultation and advice to Franchisee in response to Franchisee's inquiries about specific administrative and operating issues that Franchisee brings to Franchisor's attention including, without limitation, mandatory and recommended specifications, standards and operating procedures of the WRTS System. Franchisor's consultation and advice may be provided by telephone, in writing, electronically, in person, or by other means. Franchisee acknowledges and agrees that the results of Franchisee's efforts to operate a WRTS Kid's Gym rests solely with Franchisee. Franchisor may make recommendations that it deems appropriate to assist Franchisee's efforts. However, Franchisee alone shall establish all requirements, consistent with the policies of Franchisor, regarding (i) employment policies, hiring, firing, training, wage and hour requirements, record keeping, supervision, and discipline of employees; (ii) the individuals to whom Franchisee will offer and sell its products and services; and (iii) the suppliers from whom Franchisee obtains any products or services used in or at the WRTS Kid's Gym for which Franchisor has not established WRTS Approved Suppliers.

6.7 **Post-Opening Inspections and Evaluations**. Franchisor's authorized representatives shall have the right, but not the obligation, from time to time, to enter the WRTS Kid's Gym during business hours, to examine the WRTS Kid's Gym, to confer with Franchisee's supervisorial and managerial personnel, inspect and check operations, furnishings, interior and exterior décor, supplies, fixtures and equipment, use mystery shoppers to determine whether the WRTS Kid's Gym is being operated in accordance with this Agreement, the WRTS System and the Manuals. Franchisor shall use reasonable efforts to avoid materially disrupting the operation of the WRTS Kid's Gym during an inspection.

6.8 **Virtual Training, Assistance and Inspections**. Franchisor may provide any or all portions of the Pre-Opening Initial Training Program, Post-Opening Additional Initial Training Programs, Additional Training Programs, pre and post-opening on-site opening assistance, post-opening consultations and/or post-opening inspections remotely over a virtual communication platform designated by Franchisor.

6.9 **Merchandise, Supplies and Suppliers**. Franchisor shall provide Franchisee with a list of the WRTS Approved Suppliers for the construction, equipping and operation of the WRTS Kid's Gym following the Effective Date and shall further provide Franchisee with updated lists of the WRTS Approved Suppliers periodically during the Term. Franchisor and its Affiliates may be Approved Suppliers of certain WRTS Kid's

Gym merchandise and supplies to be purchased by Franchisee ("**WRTS Merchandise and Supplies**"), and may designate themselves as the sole suppliers of certain WRTS Merchandise and Supplies.

6.10 **Assignment**. Upon the occurrence of an Assignment, the Proposed Buyer must be trained by Franchisor as a condition to the granting of Franchisor's consent to the Assignment. All costs for this training shall be included in the Transfer Fee payable by Franchisee in accordance with Section 13.4.7.

6.11 **Franchisor's Rights In Fulfilling Obligations**. In fulfilling its obligations to Franchisee pursuant to this Agreement, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor and its Affiliates shall have the right (i) to take into account, as Franchisor sees fit, the effect on and the interests of other WRTS Kid's Gyms in which Franchisor has an interest and on Franchisor's and its Affiliates' own activities; and (ii) to share market and product research, and other proprietary and non-proprietary business information, with other WRTS Kid's Gyms in which Franchisor has an interest, or with Franchisor's Affiliates. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement may be performed by any designee, employee or agent of Franchisor, as Franchisor may direct.

6.12 **Responsibility of Franchisee**. Notwithstanding the provisions of this Article 6, Franchisee shall be and remain responsible for the day-to-day operation of the WRTS Kid's Gym at all times and shall hold Franchisor, its Affiliates, and their respective directors, officers, employees and agents, harmless therefrom. Franchisee shall not look to Franchisor for performance of regular operational duties.

6.13 **Toll Free Telephone Number**. Franchisor has the right, but not the obligation, to establish and maintain a toll free telephone number for the purpose of accepting and confirming customer orders nationwide, customer service, and customer follow-up and satisfaction surveys. If Franchisor establishes a toll free number, Franchisee shall comply with Franchisor's procedures for implementing the nationwide service as Franchisor specifies in the Manuals or otherwise in writing.

6.14 **Delegation of Duties**. Franchisee acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.

7. OBLIGATIONS OF FRANCHISEE

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

7.1 **Importance of the WRTS Kid's Gym Standards**. Franchisee acknowledges and agrees that every detail of the WRTS Proprietary Programs, the WRTS System and the WRTS Kid's Gym is essential to Franchisee, Franchisor, and other WRTS Kid's Gym franchisees in order to: (i) develop and maintain quality operating standards; (ii) increase the demand for the WRTS Proprietary Programs, WRTS Kid's Gyms and other related services and merchandise sold by all franchisees operating under the WRTS Proprietary Programs and the WRTS System; and (iii) protect Franchisor's reputation and goodwill. Franchisee shall maintain Franchisor's high standards with respect to facilities, services, merchandise and operations.

7.2 **Use of Franchised Location**. Franchisee shall utilize the Franchised Location solely for the operation of the WRTS Kid's Gym; shall keep the WRTS Kid's Gym Open and in normal operation for the minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing; and shall refrain from using or permitting the use of the Franchised Location for any other purpose or activity. The WRTS Marks, any

Internet domain names, URLs, copyrights, toll-free "1-800", "1-888" and "1-877" telephone numbers or other like toll-free telephone numbers which may be utilized by Franchisor, or its Affiliates, and their mnemonics and other identifying marks constituting a part of the WRTS Proprietary Programs, now or in the future, shall be used solely in connection with the operation of the WRTS Kid's Gym at the Franchised Location. Nothing contained in this Agreement shall be construed to authorize or permit the use by Franchisee of the WRTS Proprietary Programs or the WRTS Marks, any Internet domain names, URLs, toll-free "1-800", "1-888" or "1-877" telephone numbers, or any confusingly similar imitations of the same, at any location other than the Franchised Location, on the World Wide Web section of the Internet or for any other purpose whatsoever.

7.3 **Adherence to WRTS Kid's Gym Standards**. To ensure that the highest degree of quality and service is maintained, Franchisee shall continuously operate the WRTS Kid's Gym throughout the Term in compliance with the terms of this Agreement and the Manuals. Franchisee acknowledges and agrees that Franchisee alone shall exercise day-to-day control over all operations, activities and elements of the WRTS Kid's Gym, including over Franchisee's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the WRTS System that Franchisee must comply with under this Agreement, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the WRTS Kid's Gym, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control over the day-to-day operations of the WRTS Kid's Gym consistent with the policies of Franchisor. Franchisee shall comply with Franchisor's standards and shall operate the WRTS Kid's Gym in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Franchisee shall refrain from: (i) deviating from the standards, specifications and procedures without Franchisor's prior written consent; and (ii) otherwise operating in any manner which reflects adversely on the WRTS Proprietary Programs or the WRTS Marks. Without limiting the generality of the foregoing, Franchisee agrees:

7.3.1 That Franchisee shall treat all information contained in the Manuals as Confidential Information and shall use all reasonable efforts to keep the information confidential. Franchisee shall not, without Franchisor's prior written consent, copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make them available to any Person not required to have access to their contents in order to carry out their employment functions. Franchisee shall comply with all mandatory requirements now or hereafter included in the Manuals, and acknowledges and agrees that a Default under any mandatory requirement of the Manuals shall constitute a Default under this Agreement and grounds for termination. Franchisee shall ensure that its copy of the Manuals is kept current at all times, and in the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by Franchisor shall be controlling.

7.3.2 To sell and offer for sale only the authorized services and merchandise that meet Franchisor's uniform standards of quality, as have been expressly approved for sale in writing by Franchisor under the specific name designated by Franchisor.

7.3.3 To sell and offer for sale all authorized services and merchandise required by Franchisor in the Manuals or otherwise in writing as being part of the WRTS Proprietary Programs, or discontinue selling and offering for sale any services or merchandise that Franchisor may, in its sole discretion, disapprove in writing at any time.

7.3.4 To purchase and install, at Franchisee's expense, all fixtures, furnishings, equipment, décor, signs and other items as Franchisor may reasonably direct from time to time in the Manuals or otherwise in writing in accordance with Franchisor's standards and specifications; and shall refrain from installing or

permitting to be installed on or about the Franchised Location, any fixtures, furnishings, equipment, décor, signs, vending or game machines or other items not previously approved in writing as meeting Franchisor's standards and specifications.

7.3.5 That all brochures, advertisements, containers, bags, packaging and other like articles used in connection with the WRTS Kid's Gym shall conform to Franchisor's specifications, shall be imprinted with the WRTS Marks, if and as specified by Franchisor, and shall be purchased by Franchisee from a distributor or manufacturer approved in writing by Franchisor (which may include Franchisor or its Affiliates), as provided in Section 7.4, which approval will not be unreasonably withheld.

7.4 **Pre-Opening Initial Training Program**. Franchisee's Principal Owner and General Manager shall attend and complete the Initial Training Program to Franchisor's satisfaction before the WRTS Kid's Gym Opens for business. Franchisee shall not commence operation of the WRTS Kid's Gym until the Initial Training Program has been completed. Franchisee acknowledges that because of Franchisor's superior skill and knowledge with respect to the training and skill required to manage a WRTS Kid's Gym, Franchisor, in its sole discretion, shall determine if Franchisee, the Principal Owner, the General Manager and/or other supervisorial or managerial personnel have satisfactorily completed the Initial Training Program. Franchisee will be responsible for any and all expenses incurred in connection with attendance at training including the costs of transportation, lodging, meals, and any wages. Prior to the Opening Date, Franchisee's Principal Owner and General Manager shall each show evidence of prior certification as a Registered Behavior Technician ("**RBT**"), or successfully complete training to become certified as an RBT ("**RBT Certification Training**") with WRTS Approved Suppliers of RBT Certification Training. The RBT Certification Training shall consist of 40 hours of online training, completion of a competency assessment and passing an exam. Franchisor shall bear the expense of RBT Certification Training for Franchisee's Principal Owner and General Manager; however, Franchisee shall be responsible for the payment of any fees incurred subsequent to RBT Certification Training to renew or maintain RBT certification status.

7.5 **Post-Opening Initial Training Programs**. Following the Opening Date of the WRTS Kid's Gym, Franchisee may request and Franchisor may, in its discretion, provide Post-Opening Initial Training Programs for new or replacement supervisorial or managerial personnel of Franchisee.

7.6 **Post-Opening Additional Training Programs**. Following the Opening Date of the WRTS Kid's Gym, the Principal Owner and each General Manager or other supervisorial or managerial personnel of Franchisee shall attend Additional Training Programs as required by Franchisor. Franchisee shall pay Franchisor a fee of $250 per day for each of Franchisor's representatives who provides Additional Training Programs (a "**Post-Opening Additional Training Fee**") to defray Franchisor's direct costs to provide the Additional Training Programs. In addition, Franchisee shall arrange and pay all transportation costs, food, lodging and similar costs incurred in connection with attendance at the Additional Training Programs. Franchisee will be responsible for any and all expenses incurred in connection with attendance at training including the costs of transportation, lodging, meals, and any wages.

7.7 **Post-Opening Inspections**. Following the Opening Date of the WRTS Kid's Gym, if any inspection of the WRTS Kid's Gym by Franchisor indicates any deficiency or unsatisfactory condition at the WRTS Kid's Gym, Franchisor will notify Franchisee in writing of the deficiencies and Franchisee shall promptly correct, remedy or repair the deficiency or unsatisfactory condition. In addition, if any inspection indicates any deficiency or unsatisfactory condition which requires a re-inspection of the WRTS Kid's Gym within a period of thirty (30) days, Franchisee shall pay Franchisor, upon demand, a fee of $500 for each re-inspection of the WRTS Kid's Gym and shall, in addition, reimburse Franchisor for its out of pocket expenses for the re-inspection, including for transportation food and lodging.

7.8 **Virtual Training, Assistance and Inspections**. Franchisor may provide any or all portions of the Pre-Opening Initial Training Program, Post-Opening Additional Initial Training Programs, Additional Training Programs, pre and post-opening on-site opening assistance, post-opening consultations and/or post-opening inspections remotely over a virtual communication platform designated by Franchisor.

7.9 **POS System; Computer Hardware and Software and Sound System**. Franchisee shall purchase, use and maintain a computerized point of sale cash collection system (the "**POS System**"), a back office computer and printer, including all related hardware and software, cameras and a DVR, televisions, and a sound system, each as specified in the Manuals or otherwise by Franchisor in writing for the WRTS Kid's Gym. The POS System shall at all times be capable of accessing the Internet for the purpose of implementing software, transmitting and receiving data, and accessing the Internet for ordering and maintaining the POS System. The POS System shall be electronically linked to Franchisor, and Franchisee shall allow Franchisor to poll the POS System on a daily or other basis at the times and in the manner established by Franchisor, with or without notice, and to retrieve transaction information including sales and other operations data that Franchisor deems appropriate. Franchisor may require Franchisee to update, upgrade or replace the POS System, including hardware and/or software, from time to time, upon written notice, provided that Franchisee shall not be required to replace the POS System any more frequently than once every three (3) years. In addition, Franchisee shall purchase, lease or license all computer hardware and software designated by Franchisor for the WRTS Kid's Gym at Franchisee's expense. During the Term, Franchisee shall maintain and update all computer hardware and software as required by Franchisor.

7.10 **Purchases of Services, Merchandise, Equipment, Supplies and Materials**. Franchisee shall purchase all services, merchandise, equipment, supplies and materials used or sold by the WRTS Kid's Gym, solely from WRTS Approved Suppliers. Franchisee acknowledges and agrees that Franchisor, and its Affiliates, may negotiate purchase arrangements with suppliers for Franchisee's benefit and may derive revenue or obtain rebates, bulk pricing discounts or allowances for their own account from approved or designated suppliers if rebates or other considerations become available because of Franchisee's purchases of services or merchandise. If Franchisee desires to purchase services or merchandise from other than WRTS Approved Suppliers, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with the evidence of conformity with Franchisor's specifications as Franchisor may reasonably require, or shall request the supplier itself to do so. Franchisor may require Franchisee or the proposed supplier to reimburse Franchisor for all of Franchisor's actual costs in reviewing the application of the proposed and all current and future reasonable costs and expenses, including travel and living costs, related to inspecting, re-inspecting and auditing the proposed supplier's facilities, equipment, and products, and all product testing costs paid by Franchisor to third parties. At Franchisor's request, Franchisee shall pay Franchisor, in advance, a deposit of up to $1,000, before Franchisor begins any inspection. Franchisor shall notify Franchisee of Franchisor's decision to approve or disapprove a proposed supplier within sixty (60) days after Franchisor's receipt of the necessary information from Franchisee. Franchisor may from time to time re-inspect and re-evaluate the facilities and merchandise of any WRTS Approved Supplier and revoke its general approval of particular services, merchandise or suppliers when Franchisor determines, in its sole discretion, that the services, merchandise or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of revocation, Franchisee shall cease to sell any disapproved services, merchandise and cease to purchase from any disapproved supplier.

7.11 **Purchases from Franchisor or its Affiliates**.

7.11.1 All WRTS Merchandise and Supplies purchased from Franchisor, or its Affiliates, shall be purchased in accordance with the purchase order format issued from time to time by Franchisor, the current form of which shall be set forth in the Manuals. Franchisor or its Affiliates may change the prices, delivery terms and other terms relating to its sale of WRTS Merchandise and Supplies to Franchisee on prior written

notice, provided, that the prices shall be the same as the prices charged to similarly situated WRTS Kid's Gym franchisees and which shall be reasonable based upon the costs associated with the WRTS Merchandise and Supplies. Franchisor, or its Affiliates in its discretion, may discontinue the sale of any WRTS Merchandise and Supplies at any time if in Franchisor's or its Affiliates judgment its continued sale becomes unfeasible, unprofitable or otherwise undesirable. All merchandise orders by Franchisee shall be subject to acceptance by Franchisor at Franchisor's designated offices, and Franchisor reserves the right to accept or reject, in whole or in part, any order placed by Franchisee.

7.11.2 Each order placed by Franchisee, whether oral or written, for any WRTS Merchandise and Supplies shall be deemed to incorporate all of the terms and conditions of this Agreement, shall be deemed subordinate to this Agreement in any instance where any term or condition of the order conflicts with any term or condition of this Agreement, and shall include the information as Franchisor may from time to time specify, and shall be submitted on the form of purchase order as may be prescribed by Franchisor from time to time. No purchase order submitted by Franchisee shall contain any terms except as approved in writing by Franchisor, nor be deemed complete unless all of the information required by the prescribed purchase order form, as revised from time to time, is provided by Franchisee. No new or additional term or condition contained in any order placed by Franchisee shall be deemed valid, effective or accepted by Franchisor unless the term or condition shall have been expressly accepted by Franchisor in writing.

7.11.3 Franchisor or its Affiliates shall not be liable to Franchisee on account of any delay or failure in the manufacture, delivery or shipment of WRTS Merchandise and Supplies caused by Force Majeure or other events or circumstances beyond Franchisor's reasonable control including events such as labor or material shortages, conditions of supply and demand, import/export restrictions or disruptions in Franchisor's supply sources. Franchisor or its Affiliate shall not be liable to Franchisee for unavailability of, or delay in shipment or receipt of, merchandise because of temporary product shortages, order backlogs, production difficulties, delays, unavailability of transportation, fire, strikes, work stoppages, or other causes beyond the reasonable control of Franchisor or its Affiliate. If any goods or products sold by Franchisor or its Affiliate are not in sufficient supply to fully fulfill all orders, Franchisor or its Affiliate may allocate the available supply among itself, its Affiliates and others, including Franchisee and other franchisees, in any way Franchisor or its Affiliate deems appropriate, which may result in Franchisee not receiving any allocation of certain goods or products as a result of a shortage.

7.11.4 On the expiration or termination of this Agreement, or in the event of any Default by Franchisee of this Agreement, Franchisor or its Affiliates shall not be obligated to fill or ship any orders then pending or, in the case of termination or non-renewal, made any time thereafter by Franchisee, and Franchisor may notify its WRTS Approved Suppliers of any impending termination or expiration of this Agreement and may, among other things, instruct the suppliers to deliver only the quantity of supplies or merchandise as is reasonably necessary to supply Franchisee's needs prior to the Expiration Date or termination date of this Agreement.

7.12 **Prices**. Subject to Applicable Law, Franchisor shall have the right to establish pricing guidelines for WRTS Branded Products and WRTS Merchandise and Supplies and, subject to Applicable Law, Franchisee shall comply with, and be bound by, prices which may be established by Franchisor. Subject to Applicable Law, Franchisee shall honor the terms of all promotional or discount programs that Franchisor may offer to the public for WRTS Kid's Gyms and shall comply with all pricing policies that Franchisor may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. Franchisee shall also provide WRTS Branded Products and WRTS Merchandise and Supplies designated by Franchisor on terms Franchisor specifies, including free-of-charge. Franchisee shall not issue coupons or discounts of any type for use at the WRTS Kid's Gym except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion.

7.13 **Maintenance of Franchised Location**. Franchisee shall maintain the Franchised Location (including adjacent public areas) in a clean, orderly condition and in excellent repair; and, in connection therewith, Franchisee shall, at its expense, make the additions, alterations, repairs and replacements under this Agreement (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, the periodic repainting, repairing and replacing of obsolete or deteriorated signs, furnishings, fixtures, equipment and décor as Franchisor may reasonably direct by written notice to Franchisee. Franchisee shall complete all work specified in any notice within the time frame Franchisor may reasonably specify.

7.14 **Re-Imaging of WRTS Kid's Gym**. Franchisee shall, at its expense, make the alterations, additions or modifications to the WRTS Kid's Gym as Franchisor may reasonably require to accommodate changes made by Franchisor to the WRTS System. Franchisee shall have one hundred-eighty (180) days from receipt of notice from Franchisor regarding re-imaging requirements in which to make the required alterations, additions or modifications to the Franchised Location.

7.15 **Refurbishment of WRTS Kid's Gym**. At Franchisor's request, but not more often than once every thirty (30) months, and in addition to any work which Franchisee may undertake pursuant to other Sections of this Agreement, Franchisee shall refurbish the WRTS Kid's Gym, at its expense, to conform to the building design, trade dress, color schemes and presentation of the WRTS Marks in a manner consistent with the Then-Current public image for new or remodeled WRTS Kid's Gyms, including, without limitation, replacement or renovation of equipment; remodeling, redecoration and modifications to existing improvements and reasonable structural changes that Franchisor may reasonably require or that may be required by Applicable Law. The cost to Franchisee for the refurbishment of the WRTS Kid's Gym shall not exceed $20,000 for refurbishment of the interior of the WRTS Kid's Gym and shall not exceed $10,000 for refurbishment of the exterior of the WRTS Kid's Gym, plus an annual increase in each of these amounts at the anniversary of the Effective Date, by an amount equal to the percentage increase in the Consumer Price Index, all Urban Consumers, published by the U.S. Department of Labor Statistics or any successor Index, for the metropolitan area surrounding the Franchised Location for the period most comparable to the yearly anniversary date.

7.16 **Franchisee Employee Policy; Uniforms and Employee Appearance**.

7.16.1 After the WRTS Kid's Gym has Opened to the public, Franchisee shall maintain a competent, conscientious and trained staff, and shall take the steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous and knowledgeable service; and meet the minimum standards as Franchisor may establish from time to time in the Manuals or otherwise in writing. Franchisee shall conduct background checks of each individual employed at the WRTS Kid's Gym, together with any other checks required by Applicable Law through a reputable investigative company and in accordance with all legal requirements. Franchisee is responsible for adequately training its employees according to the specific guidelines in the Manuals and ensuring that they are competent and of good character and comply with all statutory requirements to work with children. The WRTS Kid's Gym shall be under the direct control of a General Manager in the absence of Franchisee or the Principal Owner. Following the Opening Date of the WRTS Gym, Franchisee shall provide comprehensive initial training programs, additional training programs for its supervisorial and managerial personnel and other employees and shall ensure that the WRTS Gym is at all times under the direct control of supervisorial or managerial employee trained by Franchisee and solely dedicated to operation of the WRTS Kid's Gym and other employees who have been fully trained by Franchisee and solely dedicated to operation of the WRTS Kid's Gym. If Franchisee, or its Affiliates, own and operate multiple WRTS Kid's Gyms, Franchisor may require, in its sole discretion, Franchisee to employ a General Manager to be responsible for the oversight of operations at all WRTS Kid's Gyms owned and operated by Franchisee, or its Affiliates.

7.16.2 All employees hired by or working for Franchisee shall be the employees of Franchisee, and Franchisee alone, and shall not, for any purpose, be deemed to be employees of Franchisor or subject to Franchisor's direct or indirect control, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any Governmental Authority. Franchisee and Franchisor will each file their own tax, regulatory and payroll reports, and be responsible for all employee benefits and workers compensation insurance payments with respect to their respective employees and operations. Franchisee acknowledges and agrees that Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to certify Franchisee's supervisorial or managerial personnel for qualification to perform certain functions at the WRTS Kid's Gym does not directly or indirectly vest in Franchisor the power to hire, fire or control any of Franchisee's personnel. Franchisee alone shall be solely responsible for all hiring and employment decisions and functions relating to the WRTS Kid's Gym, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision and discipline of employees, regardless of whether Franchisee has received advice from Franchisor on these subjects or not. Franchisee acknowledges and agrees that any guidance Franchisee receives from Franchisor regarding employment policies should be considered as examples, that Franchisee alone is responsible for establishing and implementing its own employment policies, and that Franchisee understands that Franchisee should do so in consultation with local legal counsel experienced in employment law. Franchisee shall indemnify, defend, reimburse and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorney's fees, arising out of any claim made by or for the benefit of any employee of Franchisee against Franchisor regarding employment decisions and employee functions of the WRTS Kid's Gym, including, without limitation, those relating to hiring, firing, training, wages and hour requirements, record keeping, supervision, and discipline of employees.

7.16.3 Franchisee shall cause all employees, while working in the WRTS Kid's Gym, to: (i) wear uniforms of the color, design and other specifications as Franchisor may designate from time to time; and (ii) present a neat and clean appearance. If Franchisor removes the type of uniform utilized by Franchisee from the list of approved uniforms, Franchisee shall have ninety (90) days from receipt of written notice of the removal to discontinue use of its existing inventory of uniforms and implement the approved type of uniform. In no case shall any employee of Franchisee wear his or her WRTS Kid's Gym uniform while working for Franchisee at any location other than the WRTS Kid's Gym or off-site at a WRTS Kid's Gym event.

7.17 **Modification to the WRTS Proprietary Programs and WRTS System**. Franchisee shall not implement any modification to the WRTS Proprietary Programs or the WRTS System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any proposed modification, and shall provide to Franchisor the information as Franchisor requests regarding the modification. Franchisor shall have the right to incorporate the modification into the WRTS Proprietary Programs and the WRTS System without compensation to Franchisee.

7.18 **Lease and Other Agreements**. Franchisee shall comply with all terms of its Lease with the Landlord for the Franchised Location and all other agreements affecting the operation of the WRTS Kid's Gym and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of or to renew the Lease for the Franchised Location.

7.19 **Prices for the WRTS Proprietary Programs and Merchandise**. Subject to Applicable Law, following the Opening Date of the WRTS Kid's Gym, Franchisor shall have the right to establish pricing guidelines for the services and products sold at the WRTS Kid's Gym and, subject to Applicable Law, Franchisee shall comply with, and be bound by, prices which may be recommended, suggested or advertised by Franchisor. Subject to Applicable Law, Franchisee shall honor the terms of all promotional or discount programs that Franchisor

may offer to the public for WRTS Kid's Gyms and shall comply with all pricing policies that Franchisor may specify, including minimum and maximum price policies, minimum advertised price policies and unilateral price policies. Franchisee shall also provide services and products designated by Franchisor on terms Franchisor specifies, including free-of-charge. Franchisee shall participate in all gift certificate and/or gift card administration programs as may be designated by Franchisor from time to time. Franchisee shall honor all coupons, gift certificates, gift cards and other programs or promotions as directed by Franchisor. Franchisee shall fully participate in all guest loyalty or frequent customer programs now or in the future adopted or approved by Franchisor. Franchisee shall not issue coupons or discounts of any type for use at the WRTS Kid's Gym except as approved by Franchisor in writing, which may be withheld in Franchisor's sole and absolute discretion.

7.20 **Participation in Programs**. Franchisee shall at all times cooperate with Franchisor and other franchisees of Franchisor and shall actively participate in any and all sales, public relations, promotional programs which may be developed and implemented by Franchisor which call for the cooperation of Franchisee and other franchisees of Franchisor and shall further cooperate in any additional programs which may be established and designated by Franchisor from time to time including participating in market research programs, the test-marketing of new merchandise and other similar programs, and shall purchase a reasonable quantity of new merchandise for test-marketing, promote the sale of the tested merchandise and provide Franchisor with timely reports and test results of the programs for its review, analysis and compilation.

7.21 **Notification of Investigation or Violation**. Franchisee shall notify Franchisor by telephone within twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, concerning any health, liquor or narcotics laws or regulations, and notify Franchisor in writing within five (5) days of the commencement of any investigation, action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the WRTS Kid's Gym.

7.22 **Signs**. Franchisee shall maintain approved signs and/or awnings at, on or near the front of the WRTS Kid's Gym, identifying the Franchised Location as a WRTS Kid's Gym For All Kids, which shall conform in all respects to Franchisor's specifications and requirements and the layout and design plan approved for the Franchised Location as set forth in the Manuals or as otherwise specified by Franchisor, subject only to restrictions imposed by Applicable Law. On receipt of notice by Franchisor of a requirement to alter any existing sign on the WRTS Kid's Gym, Franchisee will, at Franchisee's cost, make the required changes within sixty (60) days, subject to the approval of the Landlord if required by Franchisee's Lease.

7.23 **Compliance with Applicable Laws**. Franchisee shall meet and maintain the highest standards and ratings applicable to the operation of the WRTS Kid's Gym, and shall timely obtain any and all permits, certificates or licenses necessary for the lawful operation of the WRTS Kid's Gym including, without limitation, licenses to do business, fictitious name registration, sales tax permits, certificate of occupancy, health permits and fire clearances. Franchisee shall operate the WRTS Kid's Gym as a clean, orderly, legal and respectable place of business in accordance with Franchisor's policies and shall comply with all Applicable Laws. Franchisee shall not cause or allow any part of the WRTS Kid's Gym or the Franchised Location to be used for any immoral or illegal purpose. Franchisee shall in all dealings with its customers, suppliers, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct and refrain from engaging in any action which will cause Franchisor to be in violation of any Applicable Law. If Franchisee shall receive any notice, report, fine, test results or the like from any Governmental Authority, Franchisee shall promptly send a copy of the same to Franchisor.

7.24 **Vending or Other Machines**. Except as provided in the Manuals or previously approved in writing by Franchisor, Franchisee shall not cause or permit vending, gaming machines, pay telephones, automatic

teller machines, Internet kiosks or any other mechanical or electrical device to be installed or maintained at the Franchised Location.

7.25 **Co-Branding**. Franchisee may not engage in any Co-Branding in or in connection with the WRTS Kid's Gym except with Franchisor's prior written consent. Franchisor shall not be required to approve any Co-Branding chain or arrangement except in its discretion, and only if Franchisor has recognized that Co-Branding chain as an approved Co-Brand for operation within WRTS Kid's Gyms.

7.26 **Intranet**. Franchisor may, at its option, establish and maintain an Intranet through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information. Franchisor shall have sole and absolute discretion and control over all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely, and may dismantle it at any time without liability to Franchisee.

7.26.1 If Franchisor establishes an Intranet, Franchisee shall only have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time. Such standards and specifications, protocols and restrictions may relate to, among other things: (i) the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) communications between or among WRTS Franchisees that endorse or encourage Defaults of any WRTS Franchise Agreement, or other agreement with Franchisor, or its Affiliates; (iii) confidential treatment of materials that Franchisor transmits via the Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet; and (vi) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any Person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other Person may assert.

7.26.2 Upon receipt of notice from Franchisor that Franchisor has established the Intranet, Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

7.26.3 If Franchisee shall Default under this Agreement or any other agreement with Franchisor or its Affiliates, Franchisor may, in addition to, and without limiting any other rights and remedies available to Franchisor, disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manuals.

7.27 **Improvements**. If Franchisee develops any new concept, process or improvement in the WRTS System (an "**Improvement**"), Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any Improvement shall become the sole property of Franchisor and Franchisor shall be the sole owner of all related intellectual property rights. Franchisee hereby assigns to Franchisor any rights Franchisee may have or acquire in the Improvements, including the right to modify the Improvement, and Franchisee waives and/or releases all rights of restraint and moral rights therein and thereto. Franchisee shall assist Franchisor in obtaining and enforcing the intellectual property rights to any

Improvement in any and all countries and further agrees to execute and provide Franchisor with all necessary documentation for obtaining and enforcing the rights. Franchisee hereby irrevocably designates and appoints Franchisor as Franchisee's agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of intellectual property right related to any Improvement. If the foregoing provisions of this Section 7.27 are found to be invalid or otherwise unenforceable, Franchisee hereby grants Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the Improvement to the extent the use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

7.28 **Authorization to Release Information and Use Images**. Franchisee hereby authorizes (and agrees to execute any other documents deemed necessary to effect the authorization) (i) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other Persons or entities with whom Franchisee does business to disclose to Franchisor any financial information in their possession relating to Franchisee or the WRTS Kid's Gym which Franchisor may request; (ii) Franchisee further authorizes Franchisor to disclose to prospective franchisees or other third parties data from Franchisee's reports if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable; (iii) Franchisor to photograph and film Franchisee, its employees, the public and all areas of the Franchised Location, without further authorization from, or compensation to, Franchisee and to use their images for marketing and promotion of the Franchised Location, other WRTS Kid's Gyms and franchises for WRTS Kid's Gyms(iv) Franchisor to disclose to third parties, including but not limited to Franchisee's Landlord or bank, information about Franchisee relating to Franchisee's obligations or performance under this Agreement if Franchisor determines, in Franchisor's sole discretion, that the disclosure is necessary or advisable.

7.29 **Adequate Reserves and Working Capital**. Franchisee shall, at all times, maintain adequate reserves and working capital sufficient for Franchisee to fulfill all of Franchisee's obligations under this Agreement and to cover the risks and contingencies of the WRTS Kid's Gym for at least one hundred eighty (180) days.

7.30 **Atak Interactive**. Franchisee shall establish and maintain throughout the Term an account with Atak Interactive, or its successors, to permit Franchisee to participate in approved social media marketing. Franchisor reserves the right to change its required vendor for related social media marketing, or the services Franchisor requires Franchisee to obtain, at any time, in its sole discretion, in which event, Franchisee must establish and maintain an account with the replacement vendor, or obtain new or additional services, immediately upon notice from Franchisor. Franchisor shall pay the costs for website maintenance prior to the Opening Date of the WRTS Kid's Gym. Thereafter, Franchisee shall pay all costs related to maintenance of Franchisee's Atak account and any ongoing fees for any services Franchisee choses to receive from Atak Interactive.

7.31 **ScreenCloud**. Franchisee shall purchase and install, at Franchisee's sole expense, one 1080-HD video monitor and all other equipment necessary, as determined by Franchisor, in its sole determination, to receive social media feeds from ScreenCloud, or its successors, at the WRTS Kid's Gym. Franchisee must continuously display the ScreenCloud social media feeds at the WRTS Kid's Gym, except as otherwise directed by Franchisor. Franchisor may, from time to time, modify the vendor and video monitoring and ancillary equipment requirements for the vendors and video monitors and all ancillary equipment that Franchisee must purchase and install at the WRTS Kid's Gym, and Franchisee must comply with the modifications immediately upon written notice from Franchisor to do so. The Initial Franchise Fee includes the payment of ScreenCloud's Then-Current monthly fee to display Franchisee's social media feeds on one monitor for the term of this Agreement. If Franchisee installs more than one monitor, Franchisee shall pay Franchisor the Then-Current monthly fee on the 1st day of each month for the right to receive the ScreenCloud feed on each additional monitor installed at the WRTS Kid's Gym. Franchisor reserves the right to discontinue the ScreenCloud feed at any time and for any reason, in Franchisor's sole discretion, without any liability to Franchisee. Franchisee

shall immediately remove any monitors or other equipment for ScreenCloud from the WRTS Kid's Gym immediately upon notice from Franchisor to do so. All costs related to providing the ScreenCloud feed to the WRTS Kid's Gym, except for the monthly fee for the first monitor, as they may change from time to time, shall be borne by Franchisee.

7.32 **Email and Hosted Exchange Server Account**. Franchisee shall establish an email and hosted exchange server account with ABTek, or its successors, at Franchisee's expense. Franchisor reserves the right to change its required vendor for email and hosted exchange service at any time, in its sole discretion, in which event, Franchisee must establish and maintain an account with the replacement vendor immediately upon notice by Franchisor.

7.33 **Roller**. Franchisee shall use certain business management services (the "**Purchased Services**"), which are currently provided by Roller, Inc., throughout the Term. Upon the execution of this Agreement, Franchisee and Franchisor shall enter into the Purchased Services Compliance and Indemnity Agreement (the "**Purchased Services Agreement**") with respect to the Purchased Services. Any Default by Franchisee under the Purchased Services Agreement shall constitute a Default under this Agreement. Franchisor reserves the right to modify the Purchased Services, change the vendors of the Purchased Services and discontinue providing the Purchased Services at any time without notice to Franchisee. Franchisee must comply with the modifications or discontinue Franchisee's use of the Purchased Services immediately upon written notice from Franchisor to do so.

7.34 **Patch**. Franchisee shall establish and maintain throughout the Term an account with Patch, or its successors, to permit Franchisee to participate in all marketing and promotional campaigns conducted by Franchisor and for access and use Franchisor's branded mobile application. The monthly fees associated with Franchisee's Patch account will be charged to Franchisor and Franchisor will charge Franchisee monthly to reimburse Franchisor. Franchisor reserves the right to change its required vendor for marketing and social media software at any time, in its sole discretion, in which event, Franchisee must establish and maintain an account with the replacement vendor immediately upon notice by Franchisor.

7.35 **Rights of Franchisor**. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation and use of the services described in Sections 7.30, 7.31, 7.32, 7.33 and 7.34, in Franchisor's sole discretion, if Franchisee is in Default under this Agreement, or any other agreement with Franchisor or Franchisor's Affiliates, Franchisor may disable or terminate right to use these services without prior notice and without any liability or recourse as against Franchisor, or its Affiliates, until the Default is cured.

7.36 **Annual Franchise Conference**. Franchisor may hold an Annual Franchise Conference for all WRTS franchisees each year. Franchisee shall pay Franchisor a $500 Franchise Conference Fee to cover the direct costs for the Annual Franchise Conference, if Franchisee attends the Annual Franchise Conference in person. Franchisee will not be required to pay the Annual Conference Fee, if Franchisee attends the Annual Conference via Zoom or another virtual platform designated by Franchisor.

7.37 **Notifications and Crisis Management Events**. Franchisee shall notify Franchisor in writing within (i) twenty-four (24) hours, and confirm in writing within two (2) days thereafter, of any investigation or violation, actual or alleged, of any health, safety or licensing laws or regulation related to the WRTS Kid's Gym; and (ii) five (5) days of the commencement of any investigation, action, suit, or proceeding or of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other Governmental Authority which may adversely affect the operation or financial condition of the WRTS Kid's Gym. Franchisee shall immediately inform Franchisor's Chief Executive Officer (or as otherwise instructed in the Manuals) by telephone of the

occurrence of a Crisis Management Event. Franchisee shall cooperate fully with Franchisor with respect to Franchisor's response to a Crisis Management Event.

7.38 **Credit Cards**. Franchisee shall honor all credit, charge, courtesy and cash cards approved by Franchisor in writing. To the extent Franchisee shall store, process, transmit or otherwise access or possess cardholder data in connection with the operation of the WRTS Kid's Gym, Franchisee shall maintain the security of cardholder data and adhere to the then-current Payment Card Industry Data Security Standards ("**PCI DSS**"), currently found at www.pcisecuritystandards.org, for the protection of cardholder data throughout the Term. Franchisee shall be and remain responsible for the security of cardholder data in the possession or control of any subcontractors Franchisee engages to process credit cards. All subcontractors must be identified to and approved by Franchisor in writing prior to sharing cardholder data with the subcontractor. Franchisee shall, if requested to do so by Franchisor, provide appropriate documentation to Franchisor to demonstrate compliance with applicable PCI DSS requirements by Franchisee and all identified subcontractors.

7.39 **WRTS Data**. All data pertaining to the WRTS Kid's Gym and all data created or collected by Franchisee in connection with Franchisee's operation of the WRTS Kid's Gym, including, without limitation, data pertaining to, or otherwise concerning, the WRTS Kid's Gym's customers and other pertinent data about the WRTS Kid's Gym collected by Franchisee, including, without limitation, data uploaded to, or downloaded from Franchisee's computer system or data uploaded, downloaded, or created using any artificial intelligence program (collectively "**WRTS Data**") is WRTS Confidential Information and is the sole property of Franchisor. Franchisor shall have the right to review and use the WRTS Data in any manner that Franchisor deems appropriate without any compensation to Franchisee. Franchisee shall provide Franchisor with copies and/or originals of the WRTS Data within five (5) days after Franchisor's request for the WRTS Data at no cost to Franchisor and at any time during the Term and upon the expiration and/or termination of this Agreement. Franchisor hereby licenses use of the WRTS Data to Franchisee during the Term, at no cost, solely for Franchisee's use in the operation of the WRTS Kid's Gym. Franchisee shall maintain the WRTS Data as secret and confidential throughout the Term and shall not make any of the WRTS Data available to any unauthorized Person without the prior written consent of Franchisor and then only in the manner permitted by Franchisor.

7.40 **Data Security Safeguards**. Franchisee shall exert Franchisee's best efforts to protect its customers against a cyber-event, including, without limitation, a data breach or other identity theft or theft of personal information (collectively, a "**Cyber Event**"). If a Cyber Event occurs, regardless of whether the Cyber Event affects only the WRTS Kid's Gym, Franchisor reserves the right, but shall not have any obligation, to perform and/or control and/or cause its third-party consultants to perform and/or control all aspects of the response to the Cyber Event including, without limitation, the investigation, containment and resolution of the Cyber Event and all communications within the WRTS franchise system and with vendors and suppliers, Governmental Authorities and the general public. Franchisor's control of the response to a Cyber Event may potentially affect or interrupt operations of the WRTS Kid's Gym, but shall not create any liability for Franchisor or additional rights for Franchisee, entitle Franchisee to damages or relieve Franchisee of Franchisee's indemnification obligations under Section 18.4. Franchisee shall reimburse Franchisor for all of Franchisor's out-of-pocket costs and expenses incurred in responding to and remedying any Cyber Event caused solely by Franchisee or the WRTS Kid's Gym. Franchisee shall at all times be compliant with (i) the NACHA ACH Security Framework; (ii) the Payment Rules; (iii) Applicable Law regarding data privacy, data security and security breaches; and (iv) Franchisor's security policies and guidelines, all as may be adopted and/or amended from time to time (collectively, "**Data Security Safeguards**"). Franchisee shall obtain advice from Franchisee's own legal and security consultants to ensure that Franchisee operates the WRTS Kid's Gym at all times in full compliance with the Data Security Safeguards. Notwithstanding Franchisor's right to perform and/or control all aspects of a response to a Cyber Event, Franchisor shall make commercially reasonable efforts to coordinate its response with Franchisee and Franchisee's insurance carrier(s) and to

cooperate with Franchisee's insurance carrier(s) regarding insurance coverage of the Cyber Event to the extent reasonably practicable under the circumstances.

7.41 **Payment of Debts and Taxes**. Franchisee shall be solely responsible for selecting, retaining and paying Franchisee's employees; the payment of all invoices for the purchase of goods and services used in connection with operating the WRTS Kid's Gym and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the opening and operation of the WRTS Kid's Gym. Franchisee shall pay all obligations, liabilities and refunds to suppliers, lessors, landlords, creditors and customers on a timely basis. Franchisee shall indemnify and pay Franchisor, if Franchisor makes any payment or is held responsible for any debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between suppliers, lessors, creditors, customers and WRTS franchisees, as required by Section 4.5. Franchisee's failure to do so shall constitute a default under this Agreement whether Franchisee's failure to pay such debts occurs during the Term or following the expiration or termination of this Agreement Franchisee shall make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, and personal property and real estate taxes arising from Franchisee's operation of the WRTS Kid's Gym. Franchisee shall pay and indemnify Franchisor if Franchisor is held responsible for any of these taxes.

7.42 **Privacy**. Franchisee shall comply with all Applicable Laws pertaining to the privacy of customer, employee and transactional information ("**Privacy Laws**"). Franchisee shall also comply with Franchisor's standards and policies pertaining to Privacy Laws. If there is a conflict between Franchisor's standards and policies pertaining to Privacy Laws and actual Applicable Law, Franchisee shall (i) comply with the requirements of Applicable Law; (ii) immediately give Franchisor written notice of the conflict; and (iii) promptly and fully cooperate with Franchisor and Franchisor's counsel in determining the most effective way, if any, to meet Franchisor's standards and policies pertaining to Privacy Laws within the bounds of Applicable Law. Franchisee shall not publish, disseminate, implement, revise, or rescind a data privacy policy without Franchisor's prior written consent to such policy.

7.43 **Communications**. Franchisee shall respond to all communications with Franchisor, including electronic communications, in a timely manner. Franchisee's repeated failure to do so shall constitute a Default under this Agreement.

8. WRTS MARKS

Franchisor and its Affiliates continue to develop, use and control the use of the WRTS Marks in order to identify for the public the source of services and products marketed under the WRTS Marks and the WRTS System, and to represent the WRTS System's high standards of quality, appearance and service. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

8.1 **Franchisor Representations Concerning the WRTS Marks**. Franchisor represents with respect to the WRTS Marks that (i) all steps reasonably necessary to preserve and protect the validity of the WRTS Marks, and Franchisor's right to use and license others to use, the WRTS Marks will be taken; and (ii) Franchisor will use and permit Franchisee and other WRTS Kid's Gym franchisees to use the WRTS Marks only in accordance with the standards and specifications attendant to this Agreement which underlie the goodwill associated with and symbolized by the WRTS Marks.

8.2 **Franchisee Representations Concerning the WRTS Marks**. If Franchisee is an Entity, Franchisee shall not use the WRTS Marks, or Franchisor's trade name, or any words or symbols which are confusingly phonetically or visually similar to the WRTS Marks, as all or part of Franchisee's name. In addition, Franchisee shall (i) use only the WRTS Marks designated by Franchisor, shall use them only in the manner authorized and permitted by Franchisor and only with the letters "®", "**TM**," "**SM**" or "©", as appropriate, as instructed by Franchisor, whenever and wherever the WRTS Marks shall be used; (ii) use the WRTS Marks only for the operation of the WRTS Kid's Gym, and only at the Franchised Location or in connection with Franchisor approved marketing for the WRTS Kid's Gym; (iii) operate and advertise the WRTS Kid's Gym only under the name "**WE ROCK THE SPECTRUM KID'S GYM FOR ALL KIDS ~ [NAME OF CITY]**" without any other prefix or suffix, unless otherwise authorized or required by Franchisor; (iv) identify itself as an independent franchisee-owner of the WRTS Kid's Gym in conjunction with any use of the WRTS Marks or the operation of the WRTS Kid's Gym, including, but not limited to, the use on invoices, receipts, business stationery and contracts, as well as at conspicuous locations on the Franchised Location as Franchisor may designate in writing, with the form and content of the identification shall comply with standards set forth in the Manuals; (v) use the WRTS Marks only in the manner authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement; (vi) not use the WRTS Marks to incur any obligation or indebtedness on behalf of Franchisor; (vii) not use the WRTS Marks as part of its corporate or other legal name; (viii) execute any documents deemed necessary by Franchisor, or its Affiliates, to obtain protection for the WRTS Marks or to maintain their continued validity and enforceability; and (ix) not use the WRTS Marks in connection with the operation of a non-profit organization or the use of third party fundraising services.

8.3 **Unauthorized Use**. Franchisee shall promptly notify Franchisor of any suspected unauthorized use of or any challenge to the validity of the WRTS Marks, or any challenge to Franchisor's or Franchisor's Affiliate's ownership of, Franchisor's license to use and to license others to use, or Franchisee's right to use, the WRTS Marks licensed under this Agreement. Franchisee acknowledges that Franchisor, or its Affiliate, has the right to direct and control any administrative proceeding or litigation, or other adjudicative proceeding involving the WRTS Marks, including any settlement thereof. Franchisor, or its Affiliate, has the right, but not the obligation, to take action against uses by others that may constitute infringement of the WRTS Marks. Franchisor shall defend Franchisee against any third party claim, suit or demand arising out of Franchisee's use of the WRTS Marks. If Franchisor, in its reasonable discretion, determines that Franchisee has used the WRTS Marks in accordance with this Agreement, the cost of the defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its sole discretion, determines that Franchisee has not used the WRTS Marks in accordance with this Agreement, the cost of the defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee's use of the WRTS Marks, Franchisee shall execute any and all documents and do the acts as may, in the opinion of Franchisor, be necessary to carry out the defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that the litigation is the result of Franchisee's use of the WRTS Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket litigation costs in doing the acts.

8.4 **Franchisee Acknowledgments Concerning the WRTS Marks**. Franchisee expressly understands and acknowledges that (i) Franchisor is the owner of all right, title and interest in and to the WRTS Marks and the goodwill associated with and symbolized by them and Franchisor has the right to use and license others to use the WRTS Marks; (ii) the WRTS Marks are valid and serve to identify the WRTS Kid's Gyms and those who are franchised under the WRTS System; (iii) during the Term and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, Franchisor's ownership of the WRTS Marks, nor take any other action which may tend to jeopardize Franchisor's interest in this Agreement, or Franchisor's right to use, and to license others to use, the WRTS Marks; (iv) Franchisee's use of the WRTS Marks pursuant to this Agreement does not give Franchisee any ownership interest or other interest in or to the WRTS Marks other than the license granted by this Agreement; (v) any and all goodwill arising from Franchisee's use of the

WRTS Marks shall inure solely and exclusively to the benefit of Franchisor, and upon expiration or termination of this Agreement and the license in this Agreement granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use. In addition, Franchisee shall not use any WRTS Marks (i) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Franchisee under this Agreement), (ii) in connection with unauthorized services or products, (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system, or (iv) in any other manner not expressly authorized in writing by Franchisor, or (v) in connection with, supporting, endorsing, promoting or otherwise advocating, advertising or marketing, in favor of or against any political party or candidate or cause or position at any time, which shall include using its products, branded paper products or goods.

8.5 **Use of Different Marks**. Franchisor reserves the right to change, revise or substitute different proprietary marks for use in identifying the WRTS Proprietary Programs, the WRTS System, the WRTS Kid's Gym and the services and merchandise sold or offered for sale through the WRTS Kid's Gym, if the WRTS Marks no longer can be used, or if Franchisor, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the WRTS Proprietary Programs and the WRTS System. In these circumstances, the use of the substituted proprietary marks shall be governed by the terms of this Agreement, and Franchisor shall not compensate Franchisee for the substitution. If Franchisor's currently licensed WRTS Marks can no longer be used, Franchisee shall promptly implement use of the substitution Marks.

8.6 **Inspections**. Franchisor shall have the right, at all reasonable times, at the WRTS Kid's Gym and elsewhere, to inspect Franchisee's use of the Marks as part of appropriate quality control. Upon request, Franchisee shall submit to Franchisor all packages, labels, marketing displays, marketing brochures and other materials used in connection with WRTS Branded Products and Franchisee specifically undertakes to amend to the satisfaction of Franchisor any package, labels, marketing displays, marketing brochures and other materials which are not approved by Franchisor.

8.7 **Changes in Law**. In the event that the trademark law is amended so as to render inapplicable any of the provisions of this Agreement, Franchisee shall execute any documents, and do the acts and things as in the opinion of Franchisor may be necessary to affect the intent and purpose of the provisions of this Agreement; provided, however, that Franchisor shall bear all costs associated with the request.

9. CONFIDENTIAL INFORMATION

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

9.1 **WRTS Confidential Information**. Franchisee represents and warrants that Franchisee's knowledge of the elements of the WRTS Proprietary Programs, the WRTS System and any other proprietary data that may be disclosed to Franchisee by Franchisor, or any Affiliate of Franchisor, including, without limitation, any and all confidential and/or proprietary knowledge, data or information of Franchisor and any and all confidential and/or proprietary knowledge, data or information which Franchisee has obtained or obtains from Franchisor and which Franchisor treats as proprietary or designates (whether or not in writing or electronic form) is "**WRTS Confidential Information**", whether or not Franchisor correctly or incorrectly designates the same as WRTS Confidential Information.

9.1.1 By way of illustration, but not limitation, WRTS Confidential Information includes all tangible and intangible information (whether or not in electronic form) relating to the WRTS Proprietary Programs, the WRTS Marks, the WRTS System, the Manuals and Franchisor and its Affiliates' business

operations, products, merchandise and services, routines, methods, techniques, manuals, equipment, materials, related written content, disclaimers, handout items, teaching aids, sources of materials and equipment, information management, computer hardware and software, data, other content, formulations, patterns, compilations, programs, devices and processes, know-how, business relationships, WRTS Data, customer contact information and contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental merchandise and services, Websites, advertisements or ancillary products, merchandise and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators and customers, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, WRTS Trade Secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationship between Franchisor and other companies, Persons or entities and any other information or material considered proprietary by Franchisor, whether or not correctly or incorrectly designated as WRTS Confidential Information by Franchisor but that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor and which is subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy or any other information in oral, written, graphic or electronic form which, given the circumstances surrounding the disclosure, would be considered confidential. WRTS Confidential Information also includes the manner in which any of the above-described items may be combined with other information or services or synthesized or used by Franchisee.

9.1.2 WRTS Confidential Information does not include any information that: (i) was in the lawful and unrestricted possession of Franchisee prior to its disclosure by Franchisor; (ii) is or becomes generally available to the public by acts other than those of Franchisee after receiving it; (iii) has been received lawfully and in good faith by Franchisee from a third party who did not derive it from Franchisor; or (iv) is shown by acceptable evidence to have been independently developed by Franchisee.

9.2 **Maintain Confidentiality**. Franchisee shall not, during the Term or thereafter, communicate, divulge or use for the benefit of, anyone else, any WRTS Confidential Information, knowledge or know-how concerning the methods of operation of the WRTS Kid's Gym which may be communicated to Franchisee, or of which Franchisee may be apprised, by virtue of Franchisee's operation under the terms of this Agreement, Franchisee may only divulge WRTS Confidential Information to Franchisee's supervisorial and managerial employees who must have access to it in order to perform their employment responsibilities.

9.3 **Irreparable Injury from Disclosure of WRTS Confidential Information**. Franchisee acknowledges that failure to comply with the requirements of this Article 9 will result in irreparable injury to Franchisor and the WRTS System for which no adequate remedy at law may be available, and Franchisee consents to the issuance of and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Article 9.

9.4 **Confidentiality Covenants from Individuals Associated with Franchisee**. Franchisee shall require any supervisorial and managerial employee who may have access to any WRTS Confidential Information of Franchisor to execute the Employee Confidentiality Agreement in substantially the form of **Exhibit D** attached to this Agreement to maintain the confidentiality of information they receive in connection with their association with Franchisee.

9.5 **No Restriction**. Nothing in this Article 9 is intended to prohibit or restrict any activity which prohibition or restriction violates Franchisee's employees' rights to engage in protected concerted activity under the National Labor Relations Act.

10. ACCOUNTING AND RECORDS

10.1 **Computer and Video Surveillance System**. Franchisee shall purchase, use and maintain a personal computer system and video surveillance system as specified in the Manuals or otherwise by Franchisor in writing for use in connection with the WRTS Kid's Gym. Franchisor may also designate certain computer software to be used in the operation of the WRTS Kid's Gym. Franchisor may require Franchisee to maintain an e-mail account and connect the computer system to a dedicated telephone line (or other communications medium specified by Franchisor) at all times and be capable of accessing the Internet via a designated third party network. Franchisee shall obtain all software and hardware, including digital still and video cameras, as Franchisor may specify to enable Franchisee to send and receive e-mail and digital photos and streaming video or other multimedia signals and information to and from the WRTS Kid's Gym, and Franchisee shall, from time to time, upon Franchisor's request transmit digital photos and real time video and audio signals of the WRTS Kid's Gym to, and in the form and manner prescribed by, Franchisor. Franchisee shall purchase any upgrades, enhancements or replacements to the computer system and/or hardware and software as Franchisor may from time to time require. Upon request, Franchisee shall permit Franchisor to access the computer system and the files stored therein via any means specified, including electronic polling communications.

10.2 **Maintenance of Computer Systems and Video Surveillance System**. Franchisee shall, at its expense, keep its computer system and video surveillance system in good maintenance and repair, and, at its expense, and following Franchisor's determination that same will prove economically or otherwise beneficial to all WRTS Kid's Gym franchisees, promptly install the additions, changes, modifications, substitutions and/or replacements to the computer system, software, video surveillance system, telephone and power lines, and other computer-related facilities, as Franchisor directs. Updates or replacement of the computer system, both hardware and software, and video surveillance system, may be required, but Franchisee will not be required to replace the computer system or video surveillance system any more frequently than once every thirty (30) months.

10.3 **Maintenance of Records**. Franchisee shall prepare, during the Term, and shall preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

10.4 **Submission of Financial Statements and Tax Returns**. Upon written request from Franchisor to do so, Franchisee shall, at its expense, provide Franchisor with an electronic copy of Franchisee's financial statements showing the results of operations of the WRTS Kid's Gym for each fiscal year during the Term. The statements shall include a statement of income and balance sheet, and shall be furnished within ninety (90) days after the end of each fiscal year of Franchisee.

10.5 **Submission of Performance Reports**. Franchisee shall, at its expense, provide Franchisor with a monthly statement on the 10th day of each month of each year of the Term, on electronic forms prescribed by Franchisor, accurately reporting all revenue and expense activity during the preceding calendar month and the other data and information regarding operation of the WRTS Kid's Gym as Franchisor may require. The statement shall be due and remitted to Franchisor in connection with Franchisee's payment of Royalty and other payments in accordance with Sections 4.2, 4.3 and 4.4. Each statement by Franchisee shall be true and correct. Franchisee also shall provide to Franchisor, for review or auditing, the other forms, sales reports, cash register receipts, records, information and data as Franchisor may reasonably designate, on the forms and in

the manner as are reasonably designated by Franchisor. In addition, Franchisee shall submit monthly statistical control forms and other financial, operational and statistical information that Franchisor may require (i) to assist Franchisee in the operation of the WRTS Gym; (ii) to allow Franchisor to monitor Gross Revenue, purchases, costs and expenses; (iii) to enable Franchisor to develop chain wide statistics; (iv) to assist Franchisor in the development of new products or services or the removal of existing unsuccessful products or services; and (v) to generally improve chain-wide understanding of the WRTS System.

10.6 **Audit of Franchisee Records**. Franchisor, or its designated agents, shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts and business tax returns of Franchisee. Franchisor shall also have the right, at any time, to have an independent audit made of the books and records of Franchisee. If an inspection or audit reveals that any payments due to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date the amount was due until paid, at the rate of eighteen percent (18%) per annum calculated monthly, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of three percent (3%) or more, Franchisee shall, in addition to repayment of monies owed with interest, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wages expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies Franchisor may have because of the under reporting.

10.7 **Use of Financial Statements In Franchise Disclosure Document**. Franchisee hereby irrevocably consents to Franchisor's use of information contained in its financial statements, at Franchisor's election, in Franchisor's Franchise Disclosure Document for the offer and sale of franchises.

11. MARKETING

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

11.1 **Marketing**. Franchisor has sole discretion over all marketing and public relations programs and activities for WRTS Kid's Gyms, including the creative concepts, materials and endorsements used and the geographic market, media placement and allocation. Franchisor may prepare and produce materials and programs as Franchisor determines, including video, audio and written marketing materials employing marketing agencies, sponsorship of sporting, charitable or similar events, administering regional and multi-regional marketing programs including purchasing direct mail and other media marketing, and employing marketing agencies to assist with marketing efforts, supporting public relations, market research and other marketing and promotional activities, campaigns, test marketing, marketing surveys, public relations activities, Website development/operation for portal, Internet, Intranet and URL services and for 800 or similar numbers.

11.2 **Local Marketing Expenditures**. Franchisor does not require Franchisee to make local marketing expenditures. If Franchisee chooses to conduct local marketing and promotion of the WRTS Kid's Gym, Franchisee shall conduct all local marketing and promotion in accordance with the policies and provisions with respect to format, content, media, geographic coverage and other criteria as are from time to time contained in the Manuals, or as otherwise directed by Franchisor, and shall not use or publish any marketing material or in any way use or display any of the WRTS Marks except in accordance with said policies and provisions. Franchisee shall submit samples of all marketing and promotional plans and materials to Franchisor for Franchisor's approval and may only commence use of the materials after they have been

approved, in writing, by Franchisor. Franchisor shall have the right at any time after Franchisee commences use of any materials to prohibit further use, effective upon written notice to Franchisee.

11.3 **Preparation and Approval of Franchisee Marketing Materials**. All local marketing and promotion by Franchisee shall be in the media and of the type and format as Franchisor may approve, shall be conducted in a dignified manner, and shall conform to the standards and requirements as set forth in the Manuals or otherwise in writing. Franchisee shall not use any marketing or promotional plans or materials unless and until Franchisee has received written approval from Franchisor, pursuant to this Section 11.3. Approval, if granted, shall remain in effect until notice from Franchisor to discontinue further use. Franchisee shall submit samples of all marketing and promotional plans and concepts to Franchisor (through the mail, return receipt requested) at least fifteen (15) days prior to Franchisee's planned launch of any local marketing program. Franchisor also shall have the right at any time after Franchisee commences use of the material to prohibit further use, effective upon receipt of written notice by Franchisee.

12. INSURANCE

12.1 **Franchisee's Insurance Obligations**. Franchisee shall obtain, prior to commencement of construction of the WRTS Kid's Gym, and shall maintain in full force and effect during the Term, at Franchisee's expense, an insurance policy or policies protecting Franchisee and Franchisor against any demand or claim with respect to personal and bodily injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the construction and operation of the WRTS Kid's Gym in the types and amounts as specified in the Manuals or otherwise by Franchisor.

12.1.1 Each policy or policies shall: (i) be underwritten by insurers licensed and admitted to write coverage in the state in which the WRTS Kid's Gym is located, with a rating of "**A Class VIII**" or better as set forth in the most recent edition of A.M. Best's Key Rating Guide; (ii) name Franchisor, the Operating Company and our Affiliates and partners, shareholders, directors, agents and employees as additional insureds; and (iii) comply with the requirements prescribed by Franchisor in writing at the time the policies are obtained, and provide at least the types and minimum amounts of coverage specified below or as revised by the Manuals.

12.1.2 Insurance coverage shall include, at a minimum (i) "**Special Form**" property insurance to cover Franchisee's business personal property and business interruption insurance, customarily obtained by similar businesses in the principal trade area of the WRTS Kid's Gym; (ii) comprehensive commercial general liability (CGL) insurance in an amount of not less than $1,000,000 per occurrence and $1,000,000 in the aggregate, products and completed operation aggregate of $2,000,000, personal & advertising injury of $1,000,000, damage to rented premises of $100,000, sexual/physical abuse or molestation of $50,000 per occurrence and $100,000 in the aggregate; (iii) hired and non-owned auto of $1,000,000 and a separate accident policy with coverage of $25,000 per participant and $25,000 in the aggregate; (iv) if Franchisee will have an owned auto registered to the WRTS Kid's Gym, a business auto policy in an amount of $1,000,000 or higher; (v) workers' compensation insurance for statuary limits (usually $1,000,000) and (vi) employer's liability insurance in an amount not less than $1,000,000. Franchisor reserves the right to change the insurance requirements during the term of this Agreement, including the types of coverage and the amounts of coverage. Franchisee must comply with any changes to these requirements.

12.2 **Waiver of Subrogation**. In connection with any and all insurance required to be maintained by Franchisee under Section 12.1, Franchisee and Franchisee's insurers shall agree to waive their rights of subrogation against Franchisor, and Franchisee shall provide evidence of the waiver in accordance with Section 12.5.

12.3 **Franchisee's Insurance Obligation Not Affected By Franchisor's Insurance**. Franchisee's obligation to obtain and maintain insurance shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 19.4.

12.4 **Additional Required Endorsement**. All public liability and property damage policies shall contain a provision that Franchisor, the Operating Company and their Affiliates, although named as an additional insureds, shall nevertheless be entitled to recover under the policies on any loss occasioned to Franchisor, the Operating Company and its Affiliates, partners, shareholders, officers, directors, agents or employees by reason of the negligence of Franchisee.

12.5 **Certificates of Insurance**. At least ten (10) days prior to the time any insurance is first required to be carried by Franchisee, and thereafter at least thirty (30) days prior to the expiration of any policy, Franchisee shall deliver to Franchisor, and its Affiliates, Certificates of Insurance evidencing the proper types and minimum amounts of required coverage ("**Certificates**"). All Certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Franchisor, and its Affiliates, in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by the Certificates. Certificates evidencing the insurance required by this Article 12 shall name Franchisor, and its Affiliates, and each of their Affiliates, partners, shareholders, directors, agents and employees as additional insureds on the additional-insured Grantor of Franchise Form CG-2029 or an insurer's comparable form, and shall expressly provide that any interest of each shall not be affected by any breach by Franchisee of any policy provisions for which the Certificates evidence coverage.

12.6 **Right to Secure Insurance on Behalf of Franchisee**. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as the requirements may be revised from time to time by Franchisor in the Manuals or otherwise in writing, Franchisor and/or its Affiliates shall have the right and authority (but not the obligation) to immediately procure the insurance and to charge the same to Franchisee, which charges, together with the expenses of Franchisor and/or its Affiliates in so acting, shall be payable by Franchisee immediately upon notice. If Franchisor and/or its Affiliates procure insurance on behalf of Franchisee, Franchisee shall additionally pay Franchisor interest on the amount due to Franchisor at the maximum rate permitted by Applicable Law. The foregoing remedies shall be in addition to any other remedies Franchisor and its Affiliates may have.

13. TRANSFER OF INTEREST

13.1 **Transfer by Franchisor**. Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any Person or legal Entity without the consent or approval of Franchisee. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and the Operating Company may sell their assets, the WRTS Marks, the WRTS Proprietary Programs, or the WRTS System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring all without the consent or approval of Franchisee. With regard to any of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or related to the loss of Franchisor's name, the WRTS Marks (or any variation thereof), the WRTS Proprietary Programs, or the WRTS System and/or the loss of association with, or identification of, We Rock The Spectrum, LLC, as Franchisor under this Agreement. Franchisee specifically waives any and all other claims, demands or damages arising from or related to the foregoing merger, acquisition and other business combination activities

including, without limitation, any claim of divided loyalty, breach of fiduciary duty, fraud, breach of contract or breach of the implied covenant of good faith and fair dealing. Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities which Franchisee acknowledges may be proximate to the WRTS Kid's Gyms. In connection with any of the foregoing, at Franchisor's request, Franchisee shall deliver to Franchisor a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Franchisee is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Franchisee agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

13.2 **Assignment by Franchisee**. Franchisee acknowledges and agrees that the rights granted to Franchisee under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Franchisee and, if Franchisee is an Entity, that of the individuals listed on **Exhibit B** and each future direct or indirect shareholder, member, general or limited partner, trustor, trustee, beneficiary or other Equity Owner of Franchisee. Accordingly, to protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Franchisee shall not offer, sell, or negotiate the sale of its rights under this Agreement to any third party, either in Franchisee's own name or in the name and/or on behalf of Franchisor, except as otherwise provided in this Agreement. Franchisee acknowledges and agrees that Franchisee has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly, (i) any interest in this Agreement; or (ii) the right to use the WRTS System, the WRTS Proprietary Programs, or the WRTS Marks (an "**Assignment**") without Franchisor's prior written consent. Franchisor shall not unreasonably withhold its consent to an Assignment if, in Franchisor's judgment, Franchisee satisfies the conditions to the Assignment identified in this Agreement.

13.2.1 Franchisee shall not, without Franchisor's prior written consent, which may be withheld by Franchisor in its discretion (i) offer for sale or transfer at public or private auction any of the rights of Franchisee under this Agreement; and (ii) directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Franchisee shall provide not less than ten (10) days prior written notice (which notice shall contain the name and address of the secured party and the terms of the pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

13.2.2 For purposes of this Agreement, each of the following events is an Assignment subject to the conditions to transfer identified in this Agreement: (i) the death or incapacity of any Owner; (ii) the offer or sale of securities of Franchisee pursuant to a transaction subject to registration under applicable securities laws or by private placement pursuant to a written offering memorandum; (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20%) in the aggregate, whether in one or more transactions, of the Equity or voting power of Franchisee, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes control of Franchisee; (iv) the issuance of any securities by Franchisee which itself or in combination with any other transactions results in the Owners, as constituted on the Effective Date, owning less than fifty percent (50%)

of the outstanding Equity or voting power of Franchisee; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of the Franchisee, however effected. Franchisee shall promptly provide Franchisor with written notice (stating the information that Franchisor may from time to time require) of each and every transfer, Assignment and encumbrance by any Owner of any direct or indirect Equity or voting rights in Franchisee, notwithstanding that the same may not constitute an "**Assignment**" as defined under this Article 13.

13.2.3 Neither Franchisor's right of first refusal nor the other conditions of Assignment shall apply to a transfer by Franchisee of all of Franchisee's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "**Qualified Assignment**").

13.2.4 Any attempted or purported Assignment which fails to comply with the requirements of this Article 13 shall be null and void and shall constitute a Default under this Agreement.

13.3 **Right of First Refusal**. Except with respect to a Qualified Assignment, if Franchisee or an Owner receives a bona fide written offer ("**Third Party Offer**") from a third party (the "**Proposed Buyer**") to purchase or otherwise acquire any interest in Franchisee which will result in an Assignment within the meaning of this Agreement, Franchisee or the Proposed Buyer, shall, within fourteen (14) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment.

13.3.1 Franchisee, or the Proposed Buyer, shall attach to its application for consent to the Assignment a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications; (ii) a copy of the proposed transferee's current financial statement, and (iii) any other information material to the Third Party Offer, proposed transferee and proposed Assignment or that Franchisor requests.

13.3.2 Franchisor or its nominee shall have the right, exercisable by written notice ("**Purchase Notice**") given to Franchisee or the Proposed Buyer, within thirty (30) days following receipt of the application for consent to the Assignment and all supporting information, to notify Franchisee or the Proposed Buyer that it will purchase or acquire the rights, assets, Equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer; and (ii) deduct from the purchase price all amounts then due and owing from Franchisee to Franchisor under this Agreement or otherwise.

13.3.3 If Franchisor or its nominee elects to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that the Purchase Notice was issued by Franchisor.

13.3.4 If Franchisor does not elect to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take place no later than ninety (90) days following the date that the Third Party Offer was received by Franchisee. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Franchisor shall have a right of first refusal to accept the new terms subject to the conditions stated in this Section 13.3.

13.4 **Conditions of Assignment to Third Party**. As a condition to obtaining Franchisor's consent to an Assignment, all of the following conditions must be satisfied:

13.4.1 The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new WRTS Kid's Gym Franchisees, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

13.4.2 Franchisee must be in Good Standing on the date consent is requested and until the date of closing of the Assignment.

13.4.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Franchisee or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

13.4.4 The Proposed Buyer must sign Franchisor's Then-Current form of Franchise Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects, except that the term of replacement Franchise Agreement shall be the remaining Term. In exchange for signing the Then-Current Franchise Agreement, the Proposed Buyer shall receive the rights provided for in this Agreement. If the Proposed Buyer is an Entity, each Owner and each Owner's spouse of the Proposed Buyer shall jointly and severally guarantee the Proposed Buyer's performance of its obligations in the Then-Current Franchise Agreement under a Guarantee in substantially the form of **Exhibit C**. If Franchisor is not offering new WRTS Kid's Gym franchises, is in the process of revising, amending or renewing Franchisor's form of Franchise Agreement or its Franchise Disclosure Document or is not lawfully able to offer Franchisor's Then-Current form of Franchise Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the Term on substantially the same terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Franchise Agreement.

13.4.5 Franchisee will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the transfer, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of WRTS Confidential Information.

13.4.6 Franchisee and the Proposed Buyer shall execute a General Release in favor of Franchisor.

13.4.7 Franchisee shall pay Franchisor a Transfer Fee to apply against Franchisor's administrative and other costs to process the Assignment.

13.4.8 Franchisee shall pay Franchisor the Then-Current "**Transfer Broker Fee**" if Franchisee uses one of Franchisor's representatives to assist in the Assignment of the Franchise Agreement to a third-party purchaser.

13.4.9 Franchisee must simultaneously transfer its rights to all contracts for which continuation is necessary for operation of the WRTS Kid's Gym to the Proposed Buyer and satisfy any separate conditions to obtain any third party consents required for the transfer of Franchisee's rights to the Proposed Buyer. The Proposed Buyer must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained.

13.4.10 Franchisee's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the Proposed Buyer's obligations owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Franchisee and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Franchisee only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

13.4.11 Except when the transferee is an existing Franchisee or franchisee of Franchisor, the Proposed Buyer and a supervisorial or managerial employee of the Proposed Buyer who will have general management and supervisory responsibilities for the WRTS Kid's Gym who is acceptable to Franchisor, must complete, to Franchisor's sole satisfaction, the Initial Training Program prior to the effective date of the Assignment.

13.4.12 The Proposed Buyer must conform the WRTS Kid's Gym with Franchisor's Then-Current appearance and design standards and equipment specifications applicable to new WRTS Kid's Gyms.

13.4.13 Franchisee must sign a Guarantee in substantially the form of **Exhibit C** under which Franchisee will personally guarantee the Proposed Buyer's obligations under the new Franchise Agreement in favor of Franchisor.

13.5 **Death or Incapacity**. In the event of the death or incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated Owner, or the remaining Owners (the "**Successor**") shall have one hundred eighty (180) days from the date of death or incapacity in which to (i) purchase the interest of the deceased or incapacitated Owner; or (ii) complete an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party, subject to the provisions of this Article 13. If a Successor has not purchased the interest of the deceased or incapacitated Owner or completed an Assignment of the interest of the deceased or incapacitated Owner to a qualified, approved third party within one hundred eighty (180) days from the date of death or incapacity, Franchisor may terminate this Agreement.

13.6 **Transfer by Franchisee in Bankruptcy**. If, for any reason, this Agreement is not terminated pursuant to Section 14.1 and this Agreement is to be assumed by, and assigned to, any Person or Entity who has made a bona fide offer to accept an assignment of this Agreement pursuant to the United States Bankruptcy Code, notice of the proposed assignment or assumption, setting forth (i) the name and address of the Proposed Buyer; and (ii) all of the terms and conditions of the proposed assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the Proposed Buyer's offer to accept assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the assignment and assumption. Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed assignment and assumption, to accept an assignment of this Agreement to itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the Proposed Buyer.

13.7 **Restriction on Publicly Traded and Private Securities.** Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Franchisee shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee

or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Franchisee and Franchisor, and its Affiliates. Franchisor may, at its option, require Franchisee's offering materials to contain a written statement prescribed by Franchisor concerning the limitations described in the preceding sentence. Franchisee, its Owners and other participants in the offering must fully agree in writing to defend and indemnify Franchisor, its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Franchisee shall pay to Franchisor a non-refundable fee of $10,000, which shall be in addition to any Transfer Fee under any Franchise Agreement and/or Development Agreement or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Franchisee shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Article 13.

14. DEFAULT AND TERMINATION

14.1 **Termination In the Event of Bankruptcy or Insolvency**. Franchisee shall be deemed to be in Default under this Agreement, and all rights granted to Franchisee in this Agreement shall automatically terminate without notice to Franchisee, (i) if Franchisee or its Principal Owner becomes insolvent or makes a general assignment for the benefit of creditors; (ii) if a petition in bankruptcy is filed by Franchisee or its Principal Owner or such a petition is filed against and not opposed by Franchisee; (iii) if Franchisee or its Principal Owner is adjudicated as bankrupt or insolvent; (iv) if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or its Principal Owner or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or its Principal Owner; (v) if a receiver or other custodian (permanent or temporary) of Franchisee's or its Principal Owner's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) if proceedings for a composition with creditors under any state or federal law is instituted by or against Franchisee or its Principal Owner; (vii) if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); (viii) if Franchisee or its Principal Owner is dissolved; (ix) if execution is levied against Franchisee's or its Principal Owner's business or property; (x) if suit to foreclose any lien or mortgage against the Franchised Location or assets is instituted against Franchisee or its Principal Owner and not dismissed within thirty (30) days; (xi) or if the real or personal property of the WRTS Kid's Gym is sold after levy thereupon by any sheriff, marshal or constable.

14.2 **Termination with Notice and Without Opportunity to Cure**. Franchisee shall be in Default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Franchisee any opportunity to cure the Default, effective immediately upon receipt of notice by Franchisee upon the occurrence of any of the following events:

14.2.1 If Franchisor concludes (in its sole and absolute discretion) that Franchisee does not appear to possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the WRTS System or this Agreement after Franchisee completes the Initial Training Program; however, Franchisor may, at its option and sole discretion, provide Franchisee with additional training in lieu of termination under this Section 14.2.1.

14.2.2 If Franchisor and Franchisee fail to agree on a site, and/or if Franchisee fails to deliver a fully executed copy of a Lease for the Franchised Location to Franchisor within ninety (90) days after the Effective Date and/or if Franchisee fails to construct and Open the WRTS Kid's Gym for business within one hundred eighty (180) days from the Effective Date, subject only to Force Majeure.

14.2.3 If Franchisee at any time ceases to operate or otherwise Abandons the WRTS Kid's Gym without the consent of Franchisor, or loses the right to possession of the Franchised Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the WRTS Kid's Gym is located. If, however, through no fault of Franchisee, the Franchised Location is lost, damaged or destroyed and repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after the event in which to apply for Franchisor's approval to relocate the WRTS Kid's Gym in accordance with Section 5.4 of this Agreement and/or reconstruct the WRTS Kid's Gym for the remaining Term, which approval shall not be unreasonably withheld.

14.2.4 If Franchisee or an Owner is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the WRTS Marks, the WRTS System, the WRTS Proprietary Programs, the goodwill associated therewith, or Franchisor's interest in this Agreement.

14.2.5 If any purported Assignment of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the WRTS Kid's Gym is made to any third party without Franchisor's prior written consent, contrary to the terms of Article 13.

14.2.6 If an approved Assignment as required by Section 13.5, is not effected within the time provided following the death or permanent incapacity (mental or physical) of Franchisee.

14.2.7 If Franchisee fails to comply with the covenants in Article 16 or fails to deliver to Franchisor the executed covenants required under Section 9.4 or Section 16.8.

14.2.8 If, contrary to the terms of Article 9, Franchisee, any Owner or employee of Franchisee, discloses or divulges the contents of the Manuals or other WRTS Confidential Information provided to Franchisee by Franchisor.

14.2.9 If Franchisee or any Owner has made any material misrepresentations in connection with Franchisee's application to Franchisor for the franchise granted in this Agreement.

14.2.10 If Franchisee, after curing a Default pursuant to Section 14.3, commits the same, similar or different Default again, whether or not cured after notice.

14.2.11 If Franchisee loses, through renovation, forfeiture, failure to renew, or otherwise, any license required with respect to the operation of the WRTS Kid's Gym.

14.2.12 If Franchisee or the Principal Owner fails to successfully complete the Initial Training Program required by Section 6.1.

14.2.13 If Franchisee understates any payment to Franchisor by three percent (3%) or more, or understates any payment in any amount, twice in any two (2) year period.

14.2.14 If an imminent threat or danger to public health or safety results from the operation of the WRTS Kid's Gym.

14.2.15 If Franchisee knowingly maintains false books or records or submits any false reports or statements to Franchisor.

14.2.16 If Franchisee fails to obtain or maintain required insurance coverage.

14.2.17 If, within ten (10) days after receipt of written notice from Franchisor that any required payment is overdue, Franchisee fails to make the payment to Franchisor, Franchisor's Affiliates, or, to Franchisee's landlord, suppliers, creditors or employees unless, with respect to Franchisee's landlord, suppliers, creditors or employees, Franchisee notifies Franchisor of the existence of a bona fide dispute and takes immediate action to resolve it.

14.2.18 If Franchisee fails to make timely payments upon any obligation of Franchisee upon which Franchisor has advanced any funds for or on behalf of Franchisee, or upon which Franchisor is acting as a guarantor of Franchisee, or Default upon or breach of any provision of any promissory note or other evidence of indebtedness or any agreement relating to this Agreement concerning any obligation of Franchisee which arises from the WRTS Kid's Gym.

14.2.19 If Franchisee or any Owner or any other franchisee of Franchisor which controls, is controlled by, or is under common control with Franchisee fails to comply with any or all of the terms of this Agreement or any other agreement between Franchisor, or its Affiliates, and Franchisee within ten (10) days after receipt of written notice from Franchisor to do so.

14.2.20 If Franchisee Defaults in the repayment or performance of any obligation or financing transaction with third parties under which this franchise, the Franchised Location or any asset of the WRTS Kid's Gym is pledged as security for Franchisee's performance.

14.2.21 If, contrary to the terms of Section 7.3, Franchisee purchases any merchandise, equipment, supplies or materials to be used at the WRTS Kid's Gym from any suppliers who are not WRTS Approved Suppliers and fails to remove the same from the WRTS Kid's Gym and cease all use of the same within ten (10) days after receipt of written notice from Franchisor to do so.

14.2.22 If, contrary to the terms of Section 7.3, Franchisee fails to sell and offer for sale all and only authorized services and merchandise required by Franchisor or fails to discontinue selling and offering for sale any services or merchandise that Franchisor may, in its sole discretion, disapprove in writing at any time, within ten (10) days after receipt of written notice from Franchisor to do so.

14.2.23 If Franchisee fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the franchise.

14.2.24 If Franchisee Defaults in any obligation under this Agreement or any other agreement between Franchisor and Franchisee that is not by its nature capable of being cured by Franchisee.

14.2.25 If Franchisee or the Owners use abusive language when communicating with Franchisor, Franchisor's staff or with customers, or denigrate the WRTS System or portray it in an unflattering light on the Internet or otherwise.

14.2.26 If funding promised or otherwise represented to be made available to Franchisee or its Owners on the condition that Franchisee sign this Agreement is not made available to Franchisee or its Owners within ten (10) business days after Franchisee signs this Agreement.

14.2.27 If, in Franchisor's Business Judgment, Franchisor has grounds to believe that Franchisee or any of its Owners, officers, directors, or key employees has engaged or attempted to engage, through one or more affirmative acts or a failure to act, in any fraudulent, dishonest, unethical, immoral, or similar conduct in connection with the WRTS Kid's Gym's operation, whether such conduct is directed at or reasonably

expected to impact the WRTS Kid's Gym, the System, the Franchisor or its Affiliates, suppliers, other franchisees, or another third party.

14.2.28 If, in Franchisor's Business Judgment, Franchisor has grounds to believe that Franchisee or any of its Owners, officers, or directors has engaged in any lewd or immoral conduct, whether or not in connection with the WRTS Kid's Gym's operation.

14.3 **Termination with Notice and Opportunity to Cure**. Except as otherwise provided in Sections 14.1 and 14.2, Franchisee shall have thirty (30) days after its receipt from Franchisor of a written Notice of Default within which to remedy any Default under this Agreement or any Addendum executed along with this Agreement, and to provide evidence thereof to Franchisor. If any Default is not cured within the specified time, or a longer period as Applicable Law may require, Franchisor shall have the right to terminate this Agreement by providing written Notice of Termination to Franchisee. Franchisee shall be in Default pursuant to this Section 14.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manuals, or failure to carry out the terms of this Agreement in good faith.

14.4 **Cross-Default**. Any Default by Franchisee under the terms and conditions of this Agreement, any Area Development Agreement or any other agreement between Franchisor, its Affiliates, and Franchisee, or its Owners or Affiliates, shall be deemed to be a Default of each and every other agreement. In the event of the termination, for any cause, of this Agreement or any other agreement between the Parties, Franchisor may, at its option, terminate any or all of the agreements, and disable Franchisee's ability to use the WRTS Kid's Gym Website, all social media pages and web pages associated with the WRTS Kid's Gym.

14.5 **Notice Required By Law**. Notwithstanding anything to the contrary contained in this Article 14, in the event any valid, Applicable Law of a competent Governmental Authority having jurisdiction over this Agreement and the Parties shall limit Franchisor's rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by the laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, hearing or dispute relating to this Agreement or the termination thereof.

14.6 **Interim Management**. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, after Franchisor has given Franchisee written notice that Franchisee is in Default, as a result of the death or incapacity of an Owner or upon the occurrence of a public safety concern at the WRTS Kid's Gyms, Franchisor may (but is not obligated to) assume interim management of the WRTS Kid's Gym during the pendency of any cure period or in lieu of immediately terminating this Agreement. If Franchisor elects to assume interim management of the WRTS Kid's Gym (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor shall not be liable for any debts, losses, costs or expenses incurred in the operation of the WRTS Kid's Gym during any interim management period; (iii) Franchisor will charge the Interim Management Fee, currently $250 per day, plus the actual out of pocket costs Franchisor incurs, for the management services (the "**Interim Management Fee**"); and (iv) Franchisee agrees to, and hereby does, indemnify and hold Franchisor harmless against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the WRTS Kid's Gym, other than those arising solely from the gross negligence or willful misconduct of Franchisor. Franchisor may delegate its responsibilities under this Section 14.6 to any designee, employee or agent of Franchisor, as Franchisor may direct.

14.7 **Delay by Force Majeure**. Franchisee shall provide Franchisor, within five (5) days after the occurrence of an event that Franchisee believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Franchisee's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor upon Franchisor's assessment of the event causing the delay. If Franchisor determines that the Default is the result of an event of Force Majeure, the required date for performance by Franchisee shall be extended by the number of days equal to the number of days that the Force Majeure exists. Franchisee shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Franchisee's progress and diligence in responding to and overcoming the event of Force Majeure. An event of Force Majeure will not affect or change Franchisee's obligation to pay Royalty Fees, ScreenCloud, Interim and Management Fees, or any other fees owed to Franchisor when due during the event of Force Majeure.

15. OBLIGATIONS UPON TERMINATION AND EXPIRATION

15.1 **General**. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, upon termination or expiration of this Agreement, all rights granted under this Agreement to Franchisee shall forthwith terminate, and Franchisee shall immediately cease to operate the WRTS Kid's Gym, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

15.2 **Cessation of Use of WRTS Confidential Information and the WRTS Marks**. Franchisee shall immediately and permanently cease to use, by marketing or in any other manner whatsoever, the WRTS Proprietary Programs and the WRTS System, confidential methods, procedures and techniques associated with the same, and all of the WRTS Marks and distinctive forms, slogans, signs, symbols and devices associated with WRTS Kid's Gym. Franchisee will immediately lose all rights to the Website for the WRTS Kid's Gym and any social media page or webpage for the WRTS Kid's Gym. Franchisee acknowledges and agrees that Franchisee's use of the WRTS Marks after the expiration or termination of this Agreement shall constitute an unauthorized use of the WRTS Marks and shall, in addition to all other remedies to which Franchisor may pursue, entitle Franchisor to recover damages for trademark infringement and counterfeiting.

15.3 **Cancellation of Assumed Name Registration**. Franchisee shall take the action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the WRTS Marks; and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement.

15.4 **Assignment of Lease**. If Franchisee leases the Franchised Location under a Lease with a Landlord, Franchisee shall, at Franchisor's request, immediately assign to Franchisor any interest which Franchisee has in any Lease for the Franchised Location. In the event Franchisor does not request assignment of the Lease, Franchisee, within thirty (30) days after termination or expiration of this Agreement, shall make the modifications or alterations to the Franchised Location (including, without limitation, the changing of the color scheme and other distinctive design features, and the changing of and assigning to Franchisor of, the telephone number) as may be necessary to distinguish the appearance of the Franchised Location from that of other WRTS Kid's Gyms, and shall make the specific additional changes to this Agreement as Franchisor may reasonably request for that purpose. If Franchisee fails or refuses to comply with the requirements of this Section 15.4 following Franchisor's demand that Franchisee do so, Franchisor shall have the right to immediately enter into negotiations with the Landlord of the Franchised Location regarding assignment and assumption of the Lease and to enter the Franchised Location and conduct business at the WRTS Kid's Gym,

without being guilty of trespass or any other tort. In addition, Franchisor may make or cause to be made changes to the WRTS Kid's Gym as may be required to enable Franchisor, or its Affiliates, or another franchisee of Franchisor, to continue the operation of the WRTS Kid's Gym, all at the expense of Franchisee, which expense Franchisee shall pay to Franchisor upon demand.

15.5 **Modification of Franchised Location to Avoid Public Confusion**. Franchisee agrees, in the event Franchisee continues to operate or subsequently begins to operate any other business at the Franchised Location, not to use any reproduction, counterfeit copy, or colorable imitation of the WRTS Marks, either in connection with the other business or the promotion thereof, which, in Franchisor's sole discretion, is likely to cause confusion, mistake, or deception, or which, in Franchisor's sole discretion, is likely to dilute Franchisor's rights in and to the WRTS Proprietary Programs, the WRTS Marks and the WRTS System. Franchisee further agrees not to utilize any designation of origin or description or representation which, in Franchisor's sole discretion, falsely suggests or represents an association or connection with Franchisor constituting unfair competition.

15.6 **Prior Payments; Early Termination Damages**. Franchisor may retain all fees paid to Franchisor pursuant to this Agreement, and Franchisee shall immediately pay any and all amounts remaining due to Franchisor and its Affiliates. If this Agreement terminates due to a Default by Franchisee, Franchisee shall pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the Default, which obligation shall remain, until paid in full, a lien in favor of Franchisor against assets of the WRTS Kid's Gym. Franchisee hereby appoints Franchisor as its attorney-in-fact, with full power and authority to execute on Franchisee's behalf all documents necessary to obtain and perfect this lien. If Franchisee attempts to terminate this Agreement prior to the Expiration Date, or the expiration date of any Renewal Term, if applicable, then, in addition to any other remedies available to Franchisor, Franchisee shall pay Franchisor, within thirty (30) days following the date of termination, an amount equal to: (a) $10,000, if Franchisee attempts to terminate this Agreement on or after the Effective Date through the fourth anniversary of the Effective Date; or (b) $5,000, if Franchisee attempts to terminate this Agreement any time after the fourth anniversary of the Effective Date (collectively, the "**Early Termination Damages**"). Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages Franchisor will incur upon Franchisee's early termination of this Agreement due to the complications inherent in determining the amount of revenue lost by Franchisor and the uncertainty regarding the number of months that will expire while Franchisor searches for a replacement franchisee for the WRTS Kid's Gym or for a replacement WRTS Kid's Gym location in the trade area of the WRTS Kid's Gym. Franchisor and Franchisee further acknowledge and agree that the Early Termination Damages are a reasonable, good-faith estimate of those damages and the Early Termination Damages do not include any other damages, including damages to Franchisor's reputation with the public and landlords, or damages arising from a violation of any provision of this Agreement, other than damages for lost revenue.

15.7 **Return of Manuals and Other WRTS Confidential Information**. Franchisee shall immediately deliver to Franchisor the Manuals and all other manuals, records, correspondence, files and any instructions containing WRTS Confidential Information relating to the operation of the WRTS Kid's Gym which are in Franchisee's possession; and all copies thereof (all of which are acknowledged to be the property of Franchisor).

15.8 **Purchase of Business Assets**. Upon the expiration of this Agreement or the termination of this Agreement for any Default of Franchisee, Franchisor shall have the option, but no obligation, to be exercised by written notice to Franchisee within thirty (30) days after the Expiration Date or Termination Date, to purchase the assets of the WRTS Kid's Gym that Franchisor elects to purchase (collectively, the "**Business Assets**"). The purchase price for the Business Assets (the "**Purchase Price**") shall be the "**Fair Market Value**" of the Business Assets as determined under this Section 15.8, less the amount of any money due from

Franchisee to Franchisor under this Agreement on the Expiration Date or Termination Date. "**Fair Market Value**" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "**Exercise Date**"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor and Franchisee shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser who shall determine the Purchase Price in writing and submit its report to Franchisor and Franchisee. Franchisor and Franchisee shall each pay one half (1/2) of the costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in forty-eight (48) equal monthly payments and shall bear interest at a rate of the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Business Assets.

15.9 **Franchisee Payment of Franchisor's Costs and Advances**. Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, advanced or incurred by Franchisor prior or subsequent to the termination or expiration of this Agreement granted in obtaining enforcement of any provisions of this Article 15.

15.10 **Compliance with Post Term Covenants**. All covenants, obligations and agreements of Franchisee which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, shall survive the termination or expiration.

15.11 **Electronic Communications and Media**. The goodwill associated with all phone and fax numbers, email addresses, domain names, Websites or webpages, social media and other Internet addresses used in operation of the WRTS Kid's Gym ("Electronic Communications and Media") is an asset that belongs to Franchisor. Franchisor shall have the option, exercisable by written notice within thirty (30) days after the cancellation, termination or expiration of this Agreement, to take an assignment of all Electronic Communications and Media for the WRTS Kid's Gym. If Franchisor exercises this option, Franchisee will be deemed to have assigned to Franchisor or Franchisor's designee all right, title and interest in and to these and/or services associated with the same. Franchisee shall notify the telephone company, domain name registrars and all listing agencies of the cancellation, termination or expiration of its right to use the Electronic Communications and Media associated with the WRTS Kid's Gym, and shall authorize their transfer to Franchisor. Franchisee hereby appoints Franchisor as its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as may be necessary to effect an assignment of all Electronic Communications and Media for the WRTS Kid's Gym. This power of attorney is coupled with an interest and shall survive the cancellation, termination or expiration of this Agreement. Franchisee, by executing this Agreement, authorizes Franchisor and hereby appoints Franchisor and all of Franchisor's officers as Franchisee's attorney-in-fact to direct the telephone company, domain name registrars and all listing agencies to transfer the same to Franchisor, should Franchisee fail or refuse to do so. The telephone company, domain name registrars and all listing agencies may accept this Agreement as conclusive evidence of Franchisor's exclusive rights to the Electronic Communications and Media and Franchisor's authority to direct their transfer. Franchisee must sign the instruments Franchisor requests to confirm the assignments and transfers to Franchisor. Franchisee shall not be entitled to any compensation from Franchisor if Franchisor exercises this option.

15.12 **Security Interest**. Franchisee acknowledges and agrees that in addition to any other rights and remedies to which Franchisor and its Affiliates may be entitled, Franchisor and its Affiliates may enforce any

rights and remedies of a secured party under the UCC as enacted in the state where the Franchised Location is located, pursuant to the security interest granted in Section 4.9, including, without limitation, the right to enter the Franchised Location to remove and repossess any products or goods in which Franchisor or its Affiliates have been granted a security interest, without notice to Franchisee. Franchisee hereby waives and releases Franchisor and its Affiliates from any and all claims in connection therewith and arising therefrom. At the request of Franchisor or its Affiliates following the event of a Default, Franchisee shall assemble and make available to Franchisor and its Affiliates all products and goods in which Franchisor or its Affiliates have been granted a security interest at a place to be designated by Franchisor or its Affiliates which is reasonably convenient to both Parties.

16. COVENANTS

16.1 **No Prior Experience, Information or Knowledge**. Franchisee specifically acknowledges and agrees that prior to becoming a franchisee of Franchisor, Franchisee had no experience, information or knowledge whatsoever about a children's gym or a business that offers any combination of indoor or outdoor play centers for children which feature swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, an arts and crafts area, and/or the sale of related products or services or a WRTS Kid's Gym and that Franchisee's knowledge of the WRTS Confidential Information was obtained solely from Franchisor, following Franchisee's training by Franchisor and Franchisee's subsequent operation of the WRTS Kid's Gym under this Agreement. In addition, Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable specialized training and WRTS Confidential Information, including, without limitation, WRTS Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor, the WRTS Proprietary Programs, and the WRTS System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

16.2 **Non-Competition During Term of Agreement**. Franchisee and each Restricted Person covenants that during the Term, except as otherwise approved in writing by Franchisor, and each Restricted Person shall not, either directly or indirectly, for itself, or through, on behalf of or in conjunction with any Person, or legal Entity (i) divert or attempt to divert any present or prospective customer of the WRTS Kid's Gym to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the WRTS Proprietary Programs, the WRTS Marks or the WRTS System; or (ii) own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in (as owner or otherwise) or relationship or association with, any Competitive Business.

16.3 **Non-Competition After Transfer, Expiration or Termination of Agreement**. Except as Franchisor otherwise approves in writing, commencing upon the date of: (i) the termination or expiration of this Agreement; (ii) the occurrence of any Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 16.3, and continuing for an uninterrupted period of two (2) years thereafter, Franchisee and each Restricted Person shall not, without Franchisor's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person, Persons, or legal Entity, own, maintain, advise, operate, engage in, be employed by, make loans to, or have any interest in or relationship or association with any Competitive Business located at the Franchised Location or within a twenty (20) mile radius of any WRTS Kid's Gym or the Franchised Location.

16.4 **Violation of Non-Compete**. If Franchisee or any Restricted Person violates Section 16.3 during the two (2) year period following (i) the termination or expiration of this Agreement; (ii) the occurrence of any

Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16.3, in addition to all other remedies available to Franchisor, Franchisee and/or the Restricted Person shall pay Franchisor, throughout the two (2) year period, five percent (5%) of all revenue derived from the operation of the Competitive Business, including the sale of any merchandise, other products and services at or from the Competitive Business, and all other income of every kind and nature of the Competitive Business ("**Post Termination Gross Revenue**") in violation of Section 16.3. Franchisee shall account for and pay the five percent (5%) of the Post Termination Gross Revenue to Franchisor on the tenth day of each month on the Post Termination Gross Revenue of the Competitive Business during the previous month. Franchisor shall have the right to audit the books and records of the competing business to confirm Franchisee's compliance with this Section 16.4, upon prior notice to Franchisee.

16.5 **Exceptions to Non-Compete Covenants**. Sections 16.2 and 16.3 shall not apply to ownership by Franchisee or a Restricted Person of a less than five percent (5%) beneficial interest in the outstanding Equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934**.**

16.6 **Reducing Scope of Covenants**. Franchisee understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 16.2 and 16.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

16.7 **Reasonable Good Faith Estimate**. Franchisor and Franchisee acknowledge and agree that it would be impossible and impracticable to determine the precise amount of damages and expenses Franchisor will incur (1) if Franchisee or any Restricted Person shall commit any violation of Section 16.3 during the two (2) year period following (i) the termination or expiration of this Agreement; (ii) the occurrence of any Assignment during the Term; (iii) the cession of the Restricted Person's relationship with Franchisee; or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of Section 16.3 or (2) if Franchisor expressly grants Franchisee permission in writing to compete with Franchisor pursuant to an arrangement made under Section 16.6 or otherwise due to the complications inherent in determining the amount of revenue lost by Franchisor because of the uncertainty regarding the number of months left to complete the term then in effect, the uncertainty regarding the Gross Revenue of the WRTS Kid's Gym during the remainder of the term then in effect, the amount of Royalty Fees Franchisee would have paid Franchisor based upon the Gross Revenue of the WRTS Kid's Gym and the like as well as the amount of the fees that Franchisor will collect from Franchisee upon the occurrence of the circumstances described in Section 16.4. Franchisor and Franchisee further acknowledge and agree that the Post Termination Gross Revenue fee is a reasonable, good faith estimate of the damages.

16.8 **Non-Solicitation**. Franchisee agrees that at no time during the Term, nor for a period of two (2) years after the expiration or termination of this Agreement, shall Franchisee, directly or indirectly, solicit or induce any Person who is a client or customer of Franchisor in an attempt to enter into any business relationship with a client or customer of Franchisor if the business relationship is competitive with any aspect of Franchisor's business or reduce or eliminate the business the client or customer conducts with Franchisor.

16.9 **Enforceability of Covenants Not Affected by Franchisee Claims**. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 16. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 16.

16.10 **Covenants from Individuals**. Franchisee shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 16 (including covenants applicable upon the termination of a Person's relationship with Franchisee) from any or all of the following Persons: (i) all supervisorial and managerial employees of Franchisee who have attended any training program described in Section 6.1; (ii) all officers, directors, members and holders of a beneficial interest of five percent (5%) or more of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation or limited liability company; and (iii) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Franchisee is a partnership. Every covenant required by this Section 16.10 shall be in a form approved by Franchisor, including, without limitation, specific identification of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

16.11 **Breach of Covenants Causes Irreparable Injury**. Franchisee acknowledges that Franchisee's violation of any covenant of this Article 16 or any action described in Sections 14.2, 14.3 or 18.3 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the conduct or action.

17. ENTITY FRANCHISEE

If Franchisee is a corporation, partnership or limited liability company:

17.1 **Representations of Franchisee**. Franchisee represents and warrants that the information set forth in **Exhibit B**, which is attached to this Agreement and by this reference made a part hereof, is accurate and complete in all material respects. Franchisee shall notify Franchisor in writing within ten (10) days of any change in the information set forth in **Exhibit B**, and shall submit to Franchisor a revised **Exhibit B**, certified by Franchisee as true, correct and complete and upon acceptance thereof by Franchisor shall be attached to this Agreement as **Exhibit B**. Franchisee promptly shall provide the additional information as Franchisor may from time to time request concerning all Persons who may have any direct or indirect financial interest in Franchisee.

17.2 **Requirements**. Franchisee shall: (i) furnish Franchisor with a copy of its articles of incorporation, partnership agreement or articles of organization, shareholders' agreement or operating agreement, as well as the other documents as Franchisor may reasonably request; (ii) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the WRTS Kid's Gym; (iii) maintain stop transfer instructions on its records against the transfer of any Equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to Franchisor, appears which references the transfer restrictions imposed by this Agreement; (iv) not issue any non-voting securities convertible into voting securities; and (v) maintain a current list of all Owners of record and all beneficial Owners of any Equity interests of Franchisee and furnish the list to Franchisor upon request. In addition, each present and future shareholder, partner or member of Franchisee shall jointly and severally guarantee Franchisee's performance of each and every provision of this Agreement by executing a Guarantee in substantially the form of **Exhibit C** to this Agreement.

18. TAXES

Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes,

intangible property taxes, gross receipt taxes, taxes on Royalty Fees and any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor by reason of the furnishing of merchandise, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license, or Lease of property or property rights provided by this Agreement. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or Applicable Law.

19. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

19.1 **No Fiduciary Relationship**. This Agreement does not create a fiduciary relationship between the Parties to this Agreement. Franchisee shall be an independent contractor; and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever.

19.2 **Public Notice of Independent Status**. Franchisee shall conspicuously identify itself and the WRTS Kid's Gym in all dealings with its customers, contractors, suppliers, public officials and others, as an independent franchisee of Franchisor, and shall place the notice of independent ownership in its WRTS Kid's Gym and on all forms. Franchisor shall have the right to specify the language of any notice.

19.3 **Independent Contractor**. Franchisee acknowledges and agrees that it is not authorized to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name; and that Franchisor shall in no event assume liability for or be deemed liable under this Agreement as a result of any action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its conduct of the WRTS Kid's Gym or for any claim or judgment arising therefrom against Franchisee or Franchisor.

19.4 **Indemnification**. Franchisee its Owners and Affiliates (collectively, the "**Indemnitors**") shall indemnify and hold harmless to the fullest extent by law, Franchisor, its Affiliates and their respective directors, officers, employees, shareholders and agents, (collectively the "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, or claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof, and regardless of whether the same is between Indemnitors and Indemnities which arises directly or indirectly from, as a result of, or in connection with Franchisee's operation of the WRTS Kid's Gym, regardless of whether same resulted from any breach or Default by Franchisee under this Agreement, including, but not limited to, claims arising as a result of the maintenance and operation of the Franchised Location (collectively, an "**event**"), and regardless of whether same resulted from any strict or vicarious liability imposed by law on the Indemnitees; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Indemnities (except to the extent that joint liability is involved, in which event the indemnification provided in this Agreement shall extend to any finding of comparative negligence or contributory negligence attributable to Franchisee). For the purpose of this Section 19.4, the term "**losses and expenses**" shall be deemed to include compensatory, exemplary or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses. Franchisee shall give Franchisor prompt notice of any event of which it is aware, for which indemnification is required, and, at the expense and risk of Franchisee, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement thereof, provided that Franchisor will seek the advice and counsel of Franchisee. Any assumption of Franchisor shall not modify Franchisee's indemnification obligation. Franchisor may, in its sole and absolute discretion, take the actions as

it seems necessary and appropriate to investigate, defend, or settle any event or take other remedial or corrective actions with respect thereof as may be, in Franchisor's sole and absolute discretion, necessary for the protection of the indemnities or the WRTS Marks.

20. INTERNET AND WEB SITES

20.1 **Internet**. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, Website, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the WRTS Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Franchisee shall not separately register any domain name or any portion of any domain name containing the WRTS Marks or participate or market on any Website or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the WRTS Marks without Franchisor's prior written consent. Franchisee's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Franchisee commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Franchisee.

20.2 **Franchisor's Website**. Franchisor shall establish and maintain monthly, one or more Internet Websites that shall be used to provide information about the WRTS Kid's Gym to the public. Franchisor will also establish social media outlets, including Facebook, Instagram and X accounts, for the WRTS Kid's Gym, and will provide content for these social media outlets for up to three (3) months before the WRTS Kid's Gym Opens for Business. Franchisor has sole discretion and control over the establishment, design and content of the Website that identifies the WRTS Kid's Gym. Franchisor shall have the right, at its sole option, from time to time, to (i) change, revise, or eliminate the design, content and functionality of the Website; (ii) make operational changes to the Website; (iii) change or modify the URL and/or domain name of the Website; (iv) substitute, modify, or rearrange the Website, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to comply with Applicable Laws, or respond to changes in market conditions or technology and respond to any other circumstances; (v) limit or restrict end-user access (in whole or in part) to the Website; and (vi) disable or terminate the Website without any liability to Franchisee. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation on Franchisor's Website in Franchisor's sole discretion, if Franchisee is in Default under this Agreement, or any other agreement with Franchisor or Franchisor's Affiliates, Franchisor may disable or terminate presence on Franchisor's Website, without prior notice and without any liability or recourse as against Franchisor, or its Affiliates, and remove all references to the WRTS Kid's Gym on Franchisor's Website until the Default is cured.

20.3 **Electronic Commerce**. Franchisee will not use the WRTS Proprietary Programs, the WRTS Marks or the WRTS System to advertise, promote or sell any services or merchandise through the Internet, nor will Franchisee offer or sell any product or service that is identified with the WRTS Proprietary Programs, the WRTS Marks or the WRTS System, including, but not limited to, WRTS Branded Products, products such as gluten and/or wheat free food products, puzzles, games, sensory based toys, gluten free playdough, or puzzle piece jewelry or other merchandise that bears the WRTS Marks through the Internet. Franchisee's breach of this restriction will constitute willful trademark infringement and a material breach of this Agreement. Franchisor may, at its discretion, use the Web site described in Section 20.2 or may establish another facility on the Internet for the purpose of engaging in electronic commerce with respect to services and merchandise that are identified with the WRTS Proprietary Programs, the WRTS Marks or the WRTS System.

20.4 **Assignment Upon Termination or Expiration**. Franchisee shall, at the option and request of Franchisor, assign to Franchisor all rights to all e-mail addresses, URLs, domain names, Internet listings, and Internet accounts related to the WRTS Kid's Gym following demand by Franchisor upon Franchisee's misuse of the same and/or the termination or expiration of this Agreement. Furthermore, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact with full power and authority for the sole purpose of assigning these rights to Franchisor. This appointment shall be deemed to be coupled with an interest and shall continue in full force and effect until the termination or expiration of this Agreement.

21. APPROVALS, WAIVERS AND NOTICES

21.1 **Obtaining Approvals**. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and the approval or consent must be obtained in writing. Franchisor makes no warranties or guarantees, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

21.2 **No Waiver**. No delay, waiver, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising out of any breach or Default by Franchisee, or by any other franchisee, of any of the terms, provisions or covenants thereof, and no custom or practice by the Parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any right, option or power as against Franchisee, or as to a subsequent breach or Default by Franchisee. Subsequent acceptance by Franchisor of any payments due to it under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, covenants or conditions of this Agreement.

21.3 **Notices.** All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission (to the email address given below if confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

We Rock The Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Fax: (818) 650-2261
Attention: Chief Executive Officer
Email: dina@wrtsfranchise.com

With a copy (which shall not constitute notice) to:

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan,

A Law Corporation
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764
Email: bkurtz@lewitthackman.com

Notices to Franchisee: See **Exhibit A**

Either Party may change its address for the purpose of receiving notices, demands and other communications as in this Agreement provided by a written notice given in the manner aforesaid to the other Party.

22. ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION

22.1 **Waiver and Delay**. No waiver by Franchisor of any Default, or series of Defaults in performance by Franchisee, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it under this Agreement or under any agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or performance of Franchisee's obligations under this Agreement or any Franchise Agreement or other agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

22.2 **Survival of Covenants**. The covenants contained in this Agreement which, by their nature or terms, require performance by the Parties after the termination or expiration of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

22.3 **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Franchisee and his or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

22.4 **Joint and Several Liability**. If Franchisee consists of more than one Owner, the obligations and liabilities of each Person or Entity to Franchisor are joint and several.

22.5 **Entire Agreement**. This Agreement, any Exhibits to this Agreement and any ancillary agreements between Franchisee and Franchisor, or any Affiliate, which are executed contemporaneously with this Agreement, constitute the entire and complete Agreement between Franchisor (and, if applicable, any Affiliate) and Franchisee concerning the subject matter thereof, and supersede all prior agreements. Except for those permitted under this Agreement to be made unilaterally by Franchisor, no amendment, change, or variation from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim representations Franchisor made to Franchisee in the Franchise Disclosure Document or in any related document that Franchisor heretofore furnished to Franchisee.

22.6 **Gender and Construction**. The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense.

Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Franchisee that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. To protect the WRTS System, the WRTS Marks, the WRTS Trade Secrets and the goodwill associated with the same, on any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

22.7 **Severability; Modification**. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

22.8 **Survival of Obligations After Expiration or Termination of Agreement**. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive the expiration or termination.

22.9 **Survival of Modified Provisions**. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with a court or agency order.

22.10 **Titles and Recitals**. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. The statements set forth in Recitals A through C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

22.11 **Responsibility**. The term "**Franchisee**" as used in this Agreement shall refer to each Person executing this Agreement as Franchisee, whether the Person is one of the Owners, spouses, partners, shareholders, members, trustees, trustors or beneficiaries or Persons named as included in Franchisee, and shall apply to each Person as if he or she were the only named Franchisee in this Agreement. If Franchisee consists of more than one Owner, the obligations and liabilities of each Owner to Franchisor are joint and several.

23. DISPUTE RESOLUTION

23.1 **Judicial Relief**. Franchisor and Franchisee agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California ("Courts"). To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts.

23.2 **Limitations**. Franchisor and Franchisee agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or its breach must be commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability; or (ii) one (1) year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability.

23.3 **Governing Law**. This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 23.3 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

23.4 **Specific Performance**. Franchisor and Franchisee acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, Franchisor and Franchisee agree that the provisions of this Agreement shall be specifically enforceable. Franchisor and Franchisee further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically restrained, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Franchisee might otherwise have.

23.5 **Injunctive Relief**. Franchisee acknowledges and agrees that irreparable harm could be caused to Franchisor by Franchisee's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Franchisee's use of the WRTS Marks and Confidential Information (including any proprietary software used in connection with the Franchised Location); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Franchisee's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the WRTS Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) prohibit any act or omission by Franchisee or its employees that constitutes a violation of Applicable Law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Franchisee's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Franchisee waives all damage claims if the injunction is wrongfully issued.

23.6 **Exclusive Remedy**. In no event shall either Franchisor or Franchisee make or have any claim for money damages based on any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement. Each Party waives any

claim for damages. Neither Party may claim any damages by way of set-off, counterclaim or defense. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

23.7 **Attorneys' Fees**. In any legal action or proceeding brought to enforce any provision of this Agreement or arising out of, or in connection with, this Agreement, the prevailing party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a court of competent jurisdiction.

23.8 **No Withholding of Payments**. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its Affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's Affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

23.9 **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.

23.10 **WAIVER OF CLASS ACTIONS OR OTHER COLLECTIVE ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

23.11 **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. Except for any damages or losses incurred by Franchisor as a result of or arising out of any of Franchisee's (i) breach of its non-compete or confidentiality obligations under this Agreement, (ii) misuse or breach of its obligations under this Agreement as it relates to or arises out of the WRTS Marks or the WRTS System, (iii) fraud or willful misconduct, or (iv) any other illegal conduct or bad faith actions, Franchisor hereby waives to the fullest extent permitted by law, any right to or claim for any punitive damages (and only punitive damages) against Franchisee arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise).

23.12 **Consequential Damages**. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, Franchisee's waiver of any right to claim any consequential damages. Nothing in this Section 23.10 or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the Term if it is terminated due to Franchisee's default, which the Parties agree and acknowledge Franchisor may claim under this Agreement.

23.13 **Survival**. The provisions of this Article 23 shall survive the expiration, termination or non-renewal of this Agreement.

24. ACKNOWLEDGMENTS

24.1 **Anti-Terrorism Laws**. Neither Franchisee nor any of its Owners conducts any activity, or has failed to conduct any activity, if the action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the International Money Laundering Abatement and Anti-Terrorist Financing Act ("**Patriot Act**") and any amendments or successors thereto.

24.1.1 Neither Franchisee, any of its Owners nor any employee of either of them is named as a "**Specially Designated Nationals**" or "**Blocked Persons**" as designated by the U.S. Department of the Treasury's Office of Foreign Assets Control. Currently, this list is published under the internet website address "www.treas.gov/offices/enforcement/ofac/sdn/". Franchisee is neither directly nor indirectly owned or controlled by the government of any country that is subject to a United States embargo. Nor does Franchisee or its Owners act directly or indirectly on behalf of the government of any country that is subject to a United States embargo. Franchisee agrees that it will notify Franchisor in writing immediately of the occurrence of any event, which renders the foregoing representations and warranties of this paragraph incorrect.

24.1.2 Franchisee represents that it understands and has been advised by legal counsel on the requirements of the Applicable Laws referred to above, including the United States Foreign Corrupt Practices Act (currently located at www.usdoj.gov/criminal/fraud/fcpa.html), any local foreign corrupt practices laws and the Patriot Act (currently located at www.epic.org/privacy/terrorism/hr3162.html), and hereby acknowledges the importance to Franchisor, the WRTS System and the Parties' relationship of their respective compliance with any applicable auditing requirements and any requirement to report or provide access to information to Franchisor or any government, that is made part of any Applicable Law. Franchisee shall take all reasonable steps to require its consultants, agents and employees to comply with the laws prior to engaging or employing any such Persons.

24.2 **Atypical Arrangements**. Franchisor may modify the offer of its franchises to other franchisees in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions and obligations in this Agreement. Franchisor may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Franchise Agreements previously executed or executed after the date of this Franchise Agreement with other WRTS Kid's Gym franchisees in a non-uniform manner.

24.3 **Additional Documents.** Each of the Parties agrees to execute, acknowledge and deliver to the other Party and to procure the execution, acknowledgment and delivery to the other Party of any additional documents or instruments which either Party may reasonably require to fully effectuate and carry out the provisions of this Agreement.

24.4 **Business Judgment**. Notwithstanding any provision in this Agreement to the contrary, Franchisee and the Owners acknowledge and agree that:

24.4.1 This Agreement (and the relationship of the Parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions or refrain from taking actions not inconsistent with the explicit rights and obligations of Franchisee and the Owners hereunder that may affect Franchisee and the Owners' interests favorably or adversely. Franchisor shall use its Business Judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests, promotion, and benefit of the WRTS System and other WRTS franchisees, WRTS Kids Gyms generally, and specifically without considering the individual interests of Franchisee or the Owners or the individual interests of any other WRTS franchisee. Franchisee and the Owners acknowledge and agree that Franchisor shall have

no liability to Franchisee or the Owners for the exercise of its discretion in this manner; and even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification, no trier of fact in any legal action shall substitute his or her judgment for Franchisor's judgment so exercised and no such action or decision shall be subject to challenge for abuse of discretion. If Franchisor takes any action or Franchisor chooses not to take any action in its discretion with regard to any matter related to this Agreement and its actions or inaction are challenged for any reason, the Parties expressly direct the trier of fact to find that Franchisor's reliance on a business reason in the exercise of its discretion is to be viewed as a reasonable and proper exercise of its discretion, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

24.4.2 In granting its approval of the Franchised Location, designating suppliers, setting standards and the like, Franchisor shall exercise its Business Judgment. However, in the exercise of its Business Judgment, Franchisor shall not be liable to Franchisee or the Owners or anyone else, if Franchisor's exercise of its Business Judgment results in a business loss or if the products or services provided fail to meet the expectations of Franchisor, Franchisee, the Owners or other parties. Franchisor disclaims all warranties and liability for the acts or omissions of any contractors, vendors, suppliers, products or employees which Franchisee uses, purchases, retains or hires pursuant to Franchisor's exercise of its Business Judgment.

24.4.3 If Applicable Law implies a covenant of good faith and fair dealing in this Agreement, the Parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if Applicable Law shall imply the covenant, Franchisee agrees that: (i) this Agreement (and the relationship of the Parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations under this Agreement that may affect favorably or adversely Franchisee's interests; (ii) Franchisor will use its judgment in exercising the discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of the WRTS Franchisees generally (including Franchisor and its Affiliates if applicable), and specifically without considering Franchisee's individual interests or the individual interests of any other particular WRTS Franchisee; (iii) Franchisor will have no liability to Franchisee for the exercise of Franchisor's discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for Franchisor's judgment so exercised.

24.5 **No Third Party Beneficiaries**. Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor shall be deemed, to confer on any Person or Entity other than Franchisee, Franchisor, Franchisor's officers, directors and personnel and such of Franchisee's and Franchisor's respective successors and assigns that may have any rights or remedies under or as a result of this Agreement.

24.6 **Counterparts and Electronic Transmission**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

24.7 **Electronic Execution and Copies**. This Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and Electronic Signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits. An executed copy of this Agreement (or any portion of this Agreement) may be delivered by either of the Parties by facsimile, electrical, digital, magnetic, optical,

electromagnetic, or similar capability regardless of the medium of transmission (collectively, "**electronic**"), and delivery will be effective and binding upon the Parties, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement. Franchisee acknowledges and agrees that Franchisor may create an electronic record of any or all agreements, correspondence or other communications between the Parties or involving third parties and may thereafter dispose of or destroy the original of any of the agreements, correspondence or other communications. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. Notwithstanding any Applicable Law to the contrary, any electronic version of this Agreement or any other agreements, correspondence or other communications between the Parties will have the same legal effect, validity and enforceability as an original of any document, even if the original of the document has been disposed of or intentionally destroyed.

24.8 **Area Development Agreement**. This Section 24.8 is only applicable if Franchisee or its Affiliates have entered into an Area Development Agreement (a "**Development Agreement**") with Franchisor. Franchisor and Franchisee acknowledge and agree that the Development Agreement contains certain negotiated provisions which are intended to apply to, and modify, future franchise agreements entered into by the Parties. Therefore, notwithstanding anything to the contrary set forth in this Agreement, to the extent any provision in the Development Agreement contradicts any provision in this Agreement, or is in addition to any provision of this Agreement, the Development Agreement shall control to the extent of such inconsistency or addition. Franchisor and Franchisee further acknowledge and agree that this Section 24.8 has been added at the request and for the convenience and benefit of both Parties and with advice of counsel. Accordingly, both Franchisor and Franchisee shall work in good faith to resolve any disputes regarding the application or intent of the Development Agreement and future franchise agreements entered into by the Parties. Should a dispute arise as to the application or intent of the Development Agreement as it pertains to this Agreement, the Parties shall resolve the dispute in accordance with Article 23 of this Agreement.

24.9 **Acceptance**. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon its execution by both Franchisor and Franchisee. This Agreement shall not be binding on Franchisor unless and until accepted and signed on its behalf by an authorized officer of Franchisor.

(Signature page follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first shown above.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT A
FRANCHISE INFORMATION AND THE EXCLUSIVE TERRITORY

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT A
FRANCHISE INFORMATION
AND THE EXCLUSIVE TERRITORY

1. Name of Franchisee: _____

2. **Franchised Location**. The following site has been selected by Franchisee and approved by Franchisor as the "**Franchised Location**" for the "**WRTS Kid's Gym**" in accordance with Section 1.1 of the Franchise Agreement entered into between Franchisor and Franchisee dated: _____, 20__.

_____
_____

2. **Exclusive Territory**. The following territory has been designated by Franchisor and accepted by Franchisee as the "**Exclusive Territory**" of the WRTS Kid's Gym in accordance with Section 2.2 of the Franchise Agreement:

[ ] The territory outlined on the attached map and described as follows:

_____
_____
_____

If the Exclusive Territory is defined by streets, highways, freeways or other roadways, or rivers, streams, or tributaries, then the boundary of the Exclusive Territory shall extend to the center line of each street, highway, freeway or other roadway, or river, stream, or tributary.

4. **Opening Date**. The Opening Date is _____.

5. **Expiration Date**. The Expiration Date of the Franchise Agreement is _____, subject to Section 3.1 of the Franchise Agreement.

6. Notice Address for Franchisee: _____

7. Email: _____

8. **Counterparts and Electronic Transmission; Electronic Signatures**. This **Exhibit A** may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this **Exhibit A** with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this **Exhibit A** for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this **Exhibit A**. In addition, this **Exhibit A** may be signed electronically by the Parties and electronic signatures appearing on this **Exhibit A** shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this **Exhibit A**.

IN WITNESS WHEREOF, the Parties have executed this **Exhibit A** on _____.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By:
_____
Name:
_____
Title:
_____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT B
ENTITY INFORMATION DISCLOSURE

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT
EXHIBIT B
ENTITY INFORMATION DISCLOSURE

If Franchisee is an entity, Franchisee represents and warrants that the following information is accurate and complete in all material respects as of _____:

(1) Franchisee is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): _____

State of incorporation/organization: _____
Name of Franchisee Entity: _____

(2) Franchisee shall provide to Franchisor concurrently with the execution hereof true and accurate copies of its charter documents including Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution hereof, and any amendments to the foregoing.

(3) Franchisee promptly shall provide the additional information as Franchisor may from time to time request concerning all Persons who may have any direct or indirect financial interest in Franchisee.

(4) The name and address of each of Franchisee's Owners, members, shareholders or general and limited partner:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST (if applicable)

(5) Set forth below are the names, addresses and titles of Franchisee's principal officers, partners and shareholders who will be devoting their full time to the operation and management of the WRTS Kid's Gym:

NAME	ADDRESS	TITLE

(6) The address where Franchisee's Financial Records and entity records (e.g., Articles of Incorporation, Bylaws, Operating Agreement, Partnership Agreement, etc.) are maintained is: _____ _____.

(7) Franchisee represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Franchise Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Franchisee shall provide Franchisor with all additional information Franchisor may request with respect to the partners, shareholders and members of Franchisee and the ownership of Franchisee upon demand by Franchisor. In addition, Franchisee shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Franchisee to be true, correct and complete in all material respects. Franchisor grants Franchisee the rights in the Franchise Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

(8) This **Exhibit B** may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this **Exhibit B** with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this **Exhibit B** for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this **Exhibit B**. In addition, this **Exhibit B** may be signed electronically by the Parties and electronic signatures appearing on this **Exhibit B** shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this **Exhibit B**.

IN WITNESS WHEREOF, the Parties have executed this **Exhibit B** on _____.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT C
GUARANTEE OF FRANCHISE AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT C
GUARANTEE OF FRANCHISE AGREEMENT

The undersigned ("**Guarantors**") have requested **WE ROCK THE SPECTRUM, LLC**, a California limited liability company ("**Franchisor**"), to enter into that certain Franchise Agreement dated _____ (the "**Franchise Agreement**") with _____, a _____ ("**Franchisee**"). In consideration for, and as an inducement to, Franchisor's execution of the Franchise Agreement, Guarantors hereby grant this guarantee (this "**Guarantee**") and agree as follows:

1. "**Obligations**" means and includes any and all obligations of Franchisee arising under or pursuant to the Franchise Agreement and all other obligations, whether now existing or hereafter arising, of Franchisee to Franchisor of whatever nature.

2. Guarantors irrevocably and unconditionally, fully guarantee to Franchisor the prompt, full and complete payment of any and all Obligations of Franchisee to Franchisor and the performance of any and all obligations of Franchisee including, without limitation, obligations under the Franchise Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.

3. If Franchisee fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Franchise Agreement is not observed, performed or discharged as required by the Franchise Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, observe, perform or discharge the obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.

4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Franchisee or any other Person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Franchisor. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Franchise Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Franchise Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Franchise Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any assignment or transfer of the Franchise Agreement (or any of them) by Franchisor or Franchisee; (iv) the invalidity or unenforceability of any provision of the Franchise Agreement or any of the Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Franchise Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Franchisee or any other Person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason

of Franchisee's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Franchisee, any other or others; (iv) any defense arising out of any alteration of the Franchise Agreement or the Obligations; (v) notice of Franchisee's Default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Franchisee, Franchisor, any endorser, creditor of Franchisee or Guarantors under this or any other instrument, or any other Person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Franchisee by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Franchisee, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantors intends to assumes or has reason to believe that the facts are unknown to Guarantors or has a reasonable opportunity to communicate the facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Franchisee's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Franchisee. All existing or future indebtedness of Franchisee to Guarantors and any right to withdraw capital invested in Franchisee by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained in this Guarantee, Guarantors waive and agree not to assert or take advantage of: (i) all rights described in California Civil Code Sections 2856(a)(1) through (a)(3), inclusive, including, without limitation, any rights or defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Section 2899.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Franchisee's obligations. This is a continuing Guarantee. It shall be irrevocable during the initial term and each renewal term and through any extensions, amendments, modifications, substitutions or replacements of the Franchise Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any Default under this Guarantee, a separate action and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Franchisee or whether Franchisee is joined in any such action or actions. Franchisor may maintain successive actions for other Defaults. Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Franchisee and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Franchisee or any other Person or Entity, or applying or enforcing any security of the Franchise Agreement. Guarantors acknowledge and agree that Guarantors shall, and hereby are, bound by each and all of the confidentiality and non-competition provisions of the Franchise Agreement.

9. Neither any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed in this Guarantee.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Article 17 of the Franchise Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantor's signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

12. This Guarantee shall be governed by and construed in accordance with the laws of the State of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this Section 12 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Los Angeles. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

Executed by or on behalf of Guarantors on the date set forth below.

_____ _____
_____
_____

_____ _____
_____
_____

_____ _____
_____
_____

_____ _____
_____
_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT D
EMPLOYEE CONFIDENTIALITY AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT D
EMPLOYEE CONFIDENTIALITY AGREEMENT

THIS EMPLOYEE CONFIDENTIALITY AGREEMENT (this "**Agreement**") is made this_____ day of_____, 20___ (the "**Effective Date**"), by and between _____ ("**Franchisee**"), on the one hand, and _____ ("**Recipient**"), on the other hand, with reference to the following facts:

A. We Rock The Spectrum, LLC ("**Franchisor**"), has developed the "**WRTS System**" for the establishment and operation of children's gyms that provide a safe, nurturing and fun environment for all children, to foster learning, exploration and safe sensory experiences ("**WRTS Kid's Gym**"), and use the trade name and service mark "**We Rock The Spectrum Kid's Gym For All Kids**" and other related trademarks, service marks, logos and commercial symbols (the "**WRTS Marks**").

B. The WRTS System includes, without limitation, unique physical fitness programs, the operations and training manuals, materials and related written directives related to the WRTS System (the "**Manuals**"), the operating methods and business practices related to WRTS Kid's Gyms, the relationship between Franchisor and its franchisees, interior and exterior WRTS Kid's Gym design, other items of trade dress, specifications for equipment, fixtures and uniforms, defined product offerings, Franchisor specified pricing and promotions, restrictions on ownership, standard operating and administrative procedures, management and technical training programs, marketing and public relations programs, and Franchisor's Website (collectively, the "**WRTS Confidential Information**"), all of which may be modified by Franchisor from time to time and may be disclosed to Recipient by Franchisee.

C. Franchisor has and continues to protect the confidentiality of the WRTS Confidential Information by, among other things, (i) not revealing the confidential contents of the WRTS Confidential Information to unauthorized parties; (ii) requiring WRTS Kid's Gym franchisees to acknowledge and agree in writing that the WRTS Confidential Information is confidential; (iii) requiring WRTS Kid's Gym franchisees to agree in writing to maintain the confidentiality of the WRTS Confidential Information; (iv) monitoring electronic access to the WRTS Confidential Information by the use of passwords and other restrictions so that electronic access to the WRTS Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all WRTS Confidential Information to Franchisor upon the expiration and termination of their Franchise Agreements.

D. Franchisor and Franchisee have entered into a Franchise Agreement under which Franchisor has granted Franchisee the right to own and operate a We Rock The Spectrum Kid's Gym (the "**WRTS Kid's Gym**") and to use the WRTS System, the WRTS Marks, the Manuals, and the WRTS Confidential Information in the operation of the WRTS Kid's Gym.

E. Franchisee is obligated under its Franchise Agreement with Franchisor to obtain a written agreement from each supervisorial and managerial employee employed by Franchisee and each independent contractor engaged by Franchisee who may have access to the WRTS Confidential Information and who may be the recipient of the disclosure of the WRTS Confidential Information to maintain the confidentiality of the WRTS Confidential Information, to obtain the written agreement of each supervisorial and managerial employee and independent contractor to not use the WRTS Confidential Information other than in the course of his or her employment or engagement by Franchisee and to not disclose any of the WRTS Confidential Information to any unauthorized parties during the period of time that he or she is providing services for Franchisee and forever after his or her employment or engagement by Franchisee ends.

NOW, THEREFORE, IT IS AGREED:

1. **ACKNOWLEDGMENTS OF RECIPIENT**.

1.1 **No Prior Experience, Information or Knowledge**. Prior to his or her employment or engagement by Franchisee, Recipient had no experience, information or knowledge whatsoever about a children's gym or other business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and any business that looks like, copies, imitates, or operates with similar trade dress or décor to a WRTS Kid's Gym. Recipient's knowledge of the WRTS Confidential Information was obtained only from Franchisee following the Effective Date and only in the course of Recipient's employment or engagement by Franchisee.

1.2 **WRTS Confidential Information**. The WRTS Confidential Information includes all of the items included elsewhere in this Agreement and, in addition, without limitation, all tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, Websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of Franchisor's employees and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, WRTS Trade Secrets, WRTS Data, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, Persons or entities, the WRTS System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor or its Affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. WRTS Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Recipient. WRTS Confidential Information does not include any information that was in the lawful and unrestricted possession of Recipient prior to its disclosure by Franchisee to Recipient; is or becomes generally available to the public by acts other than those of Recipient after receiving it; has been received lawfully and in good faith by Recipient from a third party who did not derive it from Franchisor, Franchisee or Recipient; or is shown by acceptable evidence to have been independently developed by Recipient.

1.3 **Independent Value**. The WRTS Confidential Information (i) is not generally known by the public or parties other than Franchisor, its Affiliates, its franchisees and Franchisee; (ii) derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor or Franchisee, and (iii) is the subject of extensive efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the WRTS Confidential Information.

1.4 **Valuable and Proprietary**. The WRTS Confidential Information has been developed by Franchisor, its founder and their Affiliates by the investment of time, skill, effort and money and is widely recognized by the public,

of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor, its founder and their Affiliates.

2. **COVENANTS OF RECIPIENT**.

Recipient agrees that so long as Recipient is employed or engaged by Franchisee and forever after his or her employment or engagement by Franchisee ends:

2.1 **Maintain Confidentiality**. Recipient will fully and strictly maintain the confidentiality of the WRTS Confidential Information, will exercise the highest degree of diligence in safeguarding the WRTS Confidential Information and will not disclose or reveal the WRTS Confidential Information to any Person other than Franchisee or another Person employed or engaged by Franchisee while an employee or independent contractor of Franchisee and will then do so only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.2 **No Reproduction or Use**. Recipient will not directly or indirectly reproduce or copy any WRTS Confidential Information and will make no use of any WRTS Confidential Information for any purpose whatsoever except as may be required while Recipient is employed or engaged by Franchisee and will then do so only in accordance with the provisions of this Agreement and only to the degree necessary to carry out Recipient's duties as an employee or independent contractor of Franchisee.

2.3 **Restrictions**. Recipient specifically acknowledges and agrees Recipient may receive valuable specialized training and WRTS Confidential Information, including, without limitation, WRTS Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the WRTS System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy. Recipient therefore covenants that while employed or engaged by Franchisee, Recipient shall not, either directly or indirectly, for himself or herself, or through, on behalf of, or in conjunction with any Person, or legal entity (i) divert or attempt to divert any present or prospective WRTS Kid's Gym customer to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System, or (ii)own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any children's gym or other type of business that offers indoor or outdoor play centers for children or any business similar to the WRTS Kid's Gym or any business that looks like, copies, imitates, or operates with similar trade dress or décor to the WRTS Kid's Gym.

2.4 **Third Party Beneficiary**. Franchisor is, and shall be and remain, a third party beneficiary of this Agreement and will have the independent right to enforce the terms of this Agreement.

2.5 **No Restriction**. Nothing in this Article 2 is intended to prohibit or restrict any activity which prohibition or restriction violates Recipient's rights to engage in protected concerted activity under the National Labor Relations Act.

3. **GENERAL TERMS**.

3.1 **Injunction**. Recipient recognizes the unique value and secondary meaning attached to the WRTS Confidential Information and the elements of the WRTS System and agrees that Recipient's noncompliance with the terms of this Agreement or any unauthorized or improper use of the WRTS Confidential Information by Recipient will cause irreparable damage to Franchisor and its franchisees. Recipient therefore agrees that if Recipient should engage in any unauthorized or improper use or disclosure of the WRTS Confidential Information, Franchisor and

Franchisee, independently, will be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, to prevent any unauthorized or improper use or disclosure of the WRTS Confidential Information in addition to any other remedies prescribed by law. Due to the irreparable damage that would result to Franchisor and Franchisee from any violation of this Agreement, Recipient acknowledges and agrees that any claim Recipient believes he or she may have against Franchisor or Franchisee will be deemed to be a matter separate and apart from Recipient's obligations under this Agreement and will not entitle Recipient to violate or justify any violation of the provisions of this Agreement.

3.2 **Heirs and Successors; Entire Agreement**. This Agreement shall be binding upon and inure to the benefit of the Parties, their heirs, successors and assigns. This Agreement represents the entire understanding between the Parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Recipient that expressly modifies this Agreement. The Parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the Parties.

3.3 **No Right to Use the WRTS Marks or the WRTS System**. This Agreement is not a license of any sort, and does not grant Recipient any right to use or to license the use of, the WRTS Confidential Information, which right is expressly reserved by Franchisor.

3.4 **Waiver and Validity**. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of the rights. Any waiver, including a waiver of default in any one instance, shall not constitute a continuing waiver or a waiver in any other instance. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any invalidity, this Agreement shall continue in full force and effect.

3.5 **Headings and Gender**. The headings in this Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Agreement. As used in this Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.6 **Attorneys' Fees**. If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Recipient, Recipient shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If any party to this Agreement commences any legal proceeding against another party arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the other party its reasonable attorneys' fees and costs of suit.

3.7 **Cumulative Remedies**. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth in this Agreement or allowed or allowable by law.

3.8 **Notices**. Except as otherwise expressly provided in this Agreement, all written notices and reports permitted or required to be delivered by the Parties under this Agreement shall be deemed delivered at the time delivered by hand, one (1) business day after transmission by fax or email (with a confirmation copy sent by regular United States mail); or three (3) days after placement in the United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed as follows:

Any notice or demand to Franchisee shall be given to:

_____
_____
_____
Fax: _____

With a copy to:

We Rock The Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Attention: Chief Executive Officer
Email: dina@wrtsfranchise.com

Any notice or demand to Recipient shall be given to:

_____
_____
_____
Fax: _____

Any party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.9 **Counterparts and Electronic Transmission; Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISEE:	**RECIPIENT:**
_____,	
A _____	
By: _____	
Name: _____	_____
Title: _____	

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT E
COLLATERAL ASSIGNMENT OF LEASE

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT E
COLLATERAL ASSIGNMENT OF LEASE

THIS COLLATERAL ASSIGNMENT OF LEASE (this "**Assignment**") is entered into as of _____, 20__, among **WE ROCK THE SPECTRUM, LLC**, a California limited liability company ("**Franchisor**"), _____ _____ ("**Franchisee**"), and _____ ("**Landlord**").

Subject to the provisions hereof, Franchisee, to secure its obligations to Franchisor under the Franchise Agreement between Franchisor and Franchisee for the operation of a We Rock The Spectrum Kid's Gym (the "**WRTS Kid's Gym**"), dated _____, 20__ (the "**Franchise Agreement**"), hereby assigns, transfers and sets over unto Franchisor and/or the persons/entity(ies) as Franchisor may from time to time designate all of Franchisee's right, title and interest, whether as tenant or otherwise, in, to and under that certain lease (the "**Lease**"), a copy of which is attached to this Assignment, dated _____, 20__, between Franchisee and Landlord for the property commonly known as _____ (the "**Franchised Location**") in accordance with Section 7.13 of the Franchise Agreement. Franchisor shall have no liabilities or obligations of any kind arising from, or in connection with, this Assignment, the Lease or otherwise (including, but not limited to, any obligation to pay rent and/or other amounts) until and unless Franchisor, in its sole and absolute discretion, takes possession of the Franchised Location pursuant to the terms hereof and expressly (and in writing) assumes the rights and obligations of Franchisee under the Lease, Franchisor only being responsible for those obligations accruing after the date of the assumption.

Franchisee shall indemnify and hold harmless Franchisor from and against all claims and demands of any type, kind or nature made by the Landlord or any third party that arise out of or are in any manner connected with Franchisee's use and occupancy of the Franchised Location subject to the Lease.

Franchisee represents and warrants to Franchisor that Franchisee has full power and authority to assign the Lease and its interest in the WRTS Kid's Gym.

Franchisor shall not take possession of the Franchised Location until and unless (i) Franchisee Defaults (and/or until there is a termination, cancellation, rescission or expiration of Franchisee's rights) under the Lease, any sublease, the Franchise Agreement or other agreement between Franchisee and Franchisor (or any Affiliate); (ii) Franchisee is adjudicated insolvent, or makes an assignment for the benefit of creditors; (iii) Franchisee applies for or consents to the appointment of a custodian, receiver, trustee, or similar officer for it or for all or any substantial part of its property; (iv) such a custodian, receiver, trustee or similar officer is appointed without the application or consent of Franchisee, and the appointment continues undischarged for a period of sixty (60) days; (v) Franchisee is adjudicated bankrupt or institutes (by petition, application, answer, consent or otherwise) any bankruptcy, insolvency, reorganization, moratorium, arrangement, readjustment of debt, dissolution, liquidation or similar proceeding relating to it under the laws of any jurisdiction; or (vi) any such proceeding is instituted (by petition, application or otherwise) against Franchisee and remains undismissed for a period of sixty (60) days. In such event, Franchisor (or its designee) shall have the right, and is hereby empowered, (but has no obligation) to take possession of the Franchised Location, expel Franchisee therefrom, and, in such event, Franchisee shall have no further right, title or interest in or under the Lease or to the Franchised Location, all such rights thereby passing to Franchisor or its designee, in each case without the Landlord's further consent. Franchisee shall do all acts necessary or appropriate to accomplish the assignment on Franchisor's request. Franchisee shall reimburse Franchisor for the costs and expenses incurred in connection with any retaking, including, without limitation, the payment of any back rent and

other payments due under the Lease (whether the payments are made by a separate agreement with the Landlord or otherwise), attorneys' fees and expenses of litigation incurred in enforcing this Assignment, costs incurred in re-letting the Franchised Location and costs incurred for putting the Franchised Location in good working order and repair. If Franchisee loses its lease rights to the Franchised Location in connection with any bankruptcy, the Landlord shall, on Franchisor's request, enter into a new lease with Franchisor on essentially the same terms as the terminated Lease.

Franchisee agrees that it shall not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Franchisor nor shall Franchisee sell, transfer, assign, sublet or enter into any agreement to sell, transfer, assign or sublet any of its right, title or interest in and to the WRTS Kid's Gym or the Franchised Location, including any transfer, assignment or sublet of the Franchise Agreement, the Lease or any of the operating assets of the WRTS Kid's Gym except as otherwise provided in the Franchise Agreement or this Assignment. Throughout the Term of the Franchise Agreement, Franchisee agrees that it shall elect and exercise on a timely basis all options to extend the Term, or renew or assume in bankruptcy, the Lease, unless Franchisor otherwise agrees in writing. Upon failure of Franchisee to so elect to extend or renew or assume the Lease, Franchisee hereby appoints Franchisor as its true and lawful attorney-in-fact to exercise the options in the name, place and stead of Franchisee for the sole purpose of effecting any extension, renewal or assumption, in each case for the account of Franchisee and without any liability or obligation of Franchisor.

Failure of Franchisor to exercise any remedy under this Agreement shall not be construed or deemed to be a waiver of any of its rights under this Agreement. The rights and remedies of Franchisor under this Assignment are cumulative and are not in lieu of, but are in addition to, any other rights and remedies which Franchisor shall have under or by virtue of the Franchise Agreement or otherwise. The terms, covenants, and conditions contained in this Agreement shall bind Franchisee and its successors and assigns, and inure to the benefit of Franchisor and its successors and assigns. In the event of any dispute between the parties regarding this Assignment, or any matter related in any way to it, the dispute resolution provisions (including, but not limited to, waiver of jury trial and limitation of damages) of the Franchise Agreement between Franchisor and Franchisee shall apply. If there is more than one (1) Franchisee, their obligations under this Agreement shall be joint and several.

This Assignment or any memorandum related hereto may be recorded by, and at the expense of, Franchisor. Franchisee hereby appoints Franchisor as its attorney-in-fact to execute any and all documents and to take any and all actions, as are necessary or appropriate to record the instrument referenced above.

Notwithstanding anything to the contrary contained in this Agreement, Franchisee shall indemnify, defend and hold harmless Franchisor with respect to all obligations and liabilities, including, without limitation, the obligations to pay all rent and other monies due under the Lease, that arise after the date of any assignment of the Lease that transpires under this Assignment; provided, however, nothing under this Agreement shall affect any obligations or covenants of Franchisee owed under its Franchise Agreement with Franchisor, including, without limitation, any post-termination covenant not to compete.

This Assignment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Assignment with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Assignment for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Assignment. In addition, this Assignment may be signed electronically by the Parties and electronic signatures appearing on this Assignment shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Assignment.

IN WITNESS WHEREOF, the parties have executed this Assignment on _____.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

By: _____
Name: _____
Title: _____

LANDLORD:

By: _____
Name: _____
Title: _____

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT F
SBA ADDENDUM TO
WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

ADDENDUM TO FRANCHISE[1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between __We Rock The Spectrum, LLC_____ ("Franchisor"), located at _18816 Ventura Blvd, Tarzana, California 91356 _____, and _____ ("Franchisee"), located at _____.

Franchisor and Franchisee entered into a Franchise Agreement on _____, 20___, (such Agreement, together with any amendments, the "Franchise Agreement"). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as ''franchise'' relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

renewals) for fair market value.

COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title:_____

Authorized Representative of FRANCHISEE:

By: _____

Print Name: _____
Title:_____
Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT G
WRTS MOBILE ADDENDUM TO
WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

EXHIBIT G
WRTS MOBILE ADDENDUM TO
WE ROCK THE SPECTRUM, LLC
FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") is made and entered into on _____, 20____ (the "**Effective Date**") and is intended to be a part of, and by this reference is incorporated into, that certain Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**"), by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company ("**Franchisor**"), on the one hand, and _____, a _____ ("**Franchisee**"), on the other hand.

A. Franchisor and Franchisor's Affiliate, We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "**Operating Company**"), have developed the "**WRTS System**" for the establishment and operation of mobile children's gyms that provide a safe, nurturing and fun environment for all children, foster learning, exploration and safe sensory experiences (a "**Mobile WRTS Kid's Gym**").

B. Neither the Operating Company nor Franchisor have previously granted licenses for the development, ownership or operation of Mobile WRTS Kid's Gyms and make no representation or warranty of any kind, expressed or implied, with respect to the suitability or likelihood of success of Mobile WRTS Kid's Gyms. Nevertheless, Franchisee desires to obtain a license and franchise to develop, own and operate one Mobile WRTS Kid's Gym under the WRTS Marks, the WRTS Proprietary Programs and the WRTS System and the standards established by Franchisor from time to time, and Franchisor is willing to grant Franchisee a license and franchise under the terms and conditions set forth in this Addendum and the Franchise Agreement.

C. All provisions of the Franchise Agreement shall apply to a Mobile WRTS Kid's Gym unless otherwise stated in this Addendum or unless the context of its use indicates otherwise. All references to a "**WRTS Kid's Gym**" in the Franchise Agreement include a Mobile WRTS Kid's Gym unless the context of its use indicates otherwise. This Addendum shall replace and supplement the corresponding provisions in the Franchise Agreement that may not apply to a Mobile WRTS Kid's Gym unless the context of its use indicates otherwise. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Capitalized terms used but not defined in this Addendum shall have the meaning ascribed to those terms in the Franchise Agreement.

NOW, THEREFORE, THE PARTIES AGREE:

1. **GRANT**

1.1 **Grant**. Franchisor hereby grants to Franchisee the right, and Franchisee undertakes the obligation, to use the WRTS Proprietary Programs, the WRTS Marks and the WRTS System solely in connection with the operation of one (1) Mobile WRTS Kid's Gym in, and only in, the following geographic area: _____
_____
_____
_____

(the "**Mobile Territory**").

1.2 **Mobile Territory**. During the Initial Term, if Franchisee is not in Default under the Franchise Agreement or this Addendum or any other agreement between Franchisor, its Affiliates and Franchisee, neither Franchisor nor its Affiliates shall own, operate, sell or issue a franchise for any other Mobile WRTS Kid's Gym to be operated within the Mobile Territory. Except as expressly provided in this Section 1.2, the license granted to Franchisee under this Addendum is nonexclusive. Franchisee shall not operate the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory. Franchisee shall not operate the Mobile WRTS Kid's Gym within two (2) miles of any WRTS Kid's Gym owned by another WRTS franchisee (a "**Protected Zone**"). Franchisor shall have the right to reduce or enlarge a Protected Zone at any time. If Franchisee, at any time, operates the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error, Franchisee shall pay Franchisor an encroachment fee of $1,000 (an "**Encroachment Fee**"). In addition, Franchisee shall be in Default under this Addendum and the Franchise Agreement.

1.3 **Mobile WRTS Kid's Gym**. Franchisee shall purchase a standard model 66-72 diesel passenger bus ("**Bus**") or Class A or Class C recreational vehicle ("**RV**") which must be equipped with one air conditioning unit and one heater. Franchisee shall add the detailing and equipment to the Bus or RV to comply with Franchisor's requirements at Franchisee's expense. Franchisee shall purchase the Bus or RV, detailing and equipment for the Mobile WRTS Kid's Gym from a third party supplier of Franchisee's choice, so long as the third party supplier has been approved by the Franchisor in writing. Franchisee shall also have the option to equip the standard model Mobile WRTS Kid's Gym with a security camera, backup camera, window tinting, a 2nd air conditioning unit and/or a 2nd heater at Franchisee's expense.

2. INITIAL AND EXTENDED TERM

The Initial Term shall commence on the Effective Date and shall expire (i) on the expiration or termination of the Franchise Agreement; or (ii) on the fifth (5th) anniversary of the Effective Date (the "**Addendum Expiration Date**") whichever occurs first, unless sooner terminated as provided in this Addendum or the Franchise Agreement. Franchisee shall have no right or option to extend or renew the Term except as provided in Section 3.2 of the Franchise Agreement. If Franchisee does not elect to extend the Term, this Addendum and the rights granted to operate the WRTS Mobile Kid's Gym under the Franchise Agreement shall terminate on the Addendum Expiration Date. Upon the expiration or termination of Franchisee's rights under this Addendum, Franchisee shall de-identify the Mobile WRTS Kid's Gym to Franchisor's satisfaction so that it no longer appears to be associated with the WRTS System and shall reimburse and indemnify and hold Franchisor harmless from any direct and indirect losses, costs and expenses, including attorneys' fees, arising out of Franchisee's failure to do so.

3. FEES AND PAYMENTS

3.1 **Initial Franchise Fee**. Franchisee shall pay Franchisor the Initial Franchise Fee of $40,000 on the Effective Date. The Initial Franchise Fee shall be fully earned and non-refundable when paid, in consideration for the administrative and other expenses incurred by Franchisor to qualify Franchisee as a WRTS franchisee and for Franchisor's lost or deferred opportunities to enter into a Franchise Agreement for the Exclusive Territory with another franchisee. The Initial Franchise Fee includes payment for the following 15 pieces of equipment: zip line, trapeze bar, a climbing mountain, rope bridge, rock wall, pommel horse, monkey bars, hammock swing, foldable balance beam, daisy chains, crash pit, crash pads, bolster swing, big yellow slide and min-trampoline. The Initial Franchise Fee also includes payment for the required Bus or RV graphics, WRTS trade dress and signs.

4. OPENING FOR BUSINESS

4.1 **Standards and Specifications**. Following the Effective Date, Franchisor shall provide Franchisee with Franchisor's specifications for the Mobile WRTS Kid's Gym, the décor and layout of a Mobile WRTS Kid's Gym and the required graphics, detailing, equipment, WRTS trade dress and signs. Franchisee shall at its sole cost and expense promptly cause the Mobile WRTS Kid's Gym to be manufactured, equipped and improved in accordance with these standards and specifications, unless Franchisor shall, in writing, agree to any modifications thereof. Franchisee shall obtain and certify in writing to Franchisor that all applicable licenses and permits are obtained. Franchisee shall provide Franchisor with regular updates regarding the status of the manufacturing and equipping of the Mobile WRTS Kid's Gym. It is recommended, but not required, that Franchisee purchase and install at least one 40" 1080-HD Monitor to receive ScreenCloud social media feeds.

4.2 **Open For Business**. Franchisee shall Open the Mobile WRTS Kid's Gym for business within ninety (90) days after the Effective Date, subject only to Force Majeure, unless Franchisor agrees otherwise in writing. Franchisor shall have the right, but not the obligation, to conduct a final inspection of the Mobile WRTS Kid's Gym. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Franchisee shall not Open the Mobile WRTS Kid's Gym without the express written authorization of Franchisor, which authorization may be conditioned upon Franchisee's strict compliance with Franchisor's standards and specifications for the Mobile WRTS Kid's Gym other requirements set forth in the Manuals and applicable to the operations of the Mobile WRTS Kid's Gym.

5. OBLIGATIONS OF FRANCHISEE

5.1 **Use of Mobile WRTS Kid's Gym**. Franchisee shall utilize the Mobile WRTS Kid's Gym solely for the operation of the Mobile WRTS Kid's Gym; shall keep the Mobile WRTS Kid's Gym in normal operation for the minimum hours and days as Franchisor may specify in the Manuals or otherwise in writing and shall refrain from using or permitting the use of the Mobile WRTS Kid's Gym for any other purpose or activity.

5.2 **Maintenance of Mobile WRTS Kid's Gym**. Franchisee shall at all times maintain the interior and exterior of the Mobile WRTS Kid's Gym in the highest degree of cleanliness, orderliness and sanitation and shall also comply with the requirements of the Manuals regarding the upkeep of the Mobile WRTS Kid's Gym. Franchisee shall repair, re-equip and/or replace the Mobile WRTS Kid's Gym at Franchisee's own expense at such times as reasonably directed by Franchisor. Franchisee shall immediately comply with all Applicable Laws and orders and regulations of Governmental Authorities related to the operation of the Mobile WRTS Kid's Gym. Franchisee shall promptly replace worn-out equipment at Franchisee's expense. Franchisee shall not make any alterations to the Mobile WRTS Kid's Gym, any equipment (including the exterior and interior of the Mobile WRTS Kid's Gym and related equipment), or other items, or to the appearance of the Mobile WRTS Kid's Gym, or the services and products offered from the Mobile WRTS Kid's Gym, without Franchisor's prior written approval. Franchisee shall not affix any signs or posters to the Mobile WRTS Kid's Gym without Franchisor's prior written consent.

[Remainder of page intentionally left blank.]

6. **DEFAULT AND TERMINATION**

6.1 **Termination with Notice and Without Opportunity to Cure**.

6.1.2 If Franchisee uses the Mobile WRTS Kid's Gym for any purpose not authorized by the Franchise Agreement.

6.1.3 If Franchisee, at any time, operates the Mobile WRTS Kid's Gym within another WRTS franchisee's Exclusive Territory or Mobile Territory or a Protected Zone, whether intentionally or in error.

7. **OBLIGATIONS UPON TERMINATION AND EXPIRATION**

7.1 **Purchase of Mobile WRTS Kid's Gym**. Upon the expiration of the this Addendum and the Franchise Agreement or the termination of this Addendum or the Franchise Agreement for any Default of Franchisee, Franchisor shall have the option, but no obligation, to be exercised by written notice to Franchisee within thirty (30) days after the Addendum Expiration Date or Termination Date, to purchase the assets of the Mobile WRTS Kid's Gym that Franchisor elects to purchase (collectively, the "**Mobile Assets**"). The purchase price for the Mobile Assets (the "**Purchase Price**") shall be the "**Fair Market Value**" of the Mobile Assets as determined under this Section 7.1. "**Fair Market Value**" means the price that a willing buyer would pay to a willing seller when neither is acting under compulsion and when both have reasonable knowledge of the relevant facts on the date the option is first exercisable (the "**Exercise Date**"). Franchisor and Franchisee shall use their best efforts to mutually agree upon the Fair Market Value. If they are unable to so agree within thirty (30) days after the Exercise Date, Franchisor and Franchisee shall appoint, within forty (40) days of the Exercise Date, one (1) appraiser who shall determine the Purchase Price in writing and submit its report to Franchisor and Franchisee. Franchisor and Franchisee shall each pay one half (1/2) of the costs relating to the determination of the Purchase Price. The Purchase Price as so determined shall be payable as Franchisor and Franchisee mutually agree. If they are unable to so agree within ten (10) days after final determination of the Purchase Price, fifty percent (50%) of the Purchase Price shall be payable in cash and the remaining fifty percent (50%) of the Purchase Price shall be paid in forty-eight (48) equal monthly payments and shall bear interest at a rate of the greater of the prime rate of interest, as published by the Western Edition of the Wall Street Journal, plus three percent (3%), OR ten percent (10%) per annum, but in no event in excess of the maximum rate permitted by Applicable Law. Payment of the portion of the Purchase Price not paid in cash shall be secured by a security interest in the Business Assets.

7.2 **Counterparts and Electronic Transmission; Electronic Signatures**. This Addendum may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Addendum with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Addendum for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Addendum. In addition, this Addendum and **Schedule One** to this Addendum may be signed electronically by the Parties and electronic signatures appearing on this Addendum and the Schedule shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Addendum and the Schedule.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties hereto have duly signed and executed this Addendum as of the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF INDIVIDUAL FRANCHISEES

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B
AREA DEVELOPMENT AGREEMENT

EXHIBIT B

WE ROCK THE SPECTRUM, LLC

AREA DEVELOPMENT AGREEMENT

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

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EXHIBITS

EXHIBIT A	**DEVELOPMENT INFORMATION**
EXHIBIT B	**ENTITY INFORMATION DISCLOSURE**
EXHIBIT C	**GUARANTEE OF AREA DEVELOPMENT AGREEMENT**

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

THIS AREA DEVELOPMENT AGREEMENT (the "**Agreement**") is made and entered into as of the "**Effective Date**" set forth on **Exhibit A**, by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company ("**Franchisor**"), on the one hand, and the individuals or Entity identified as "**Area Developer**" on **Exhibit B**, on the other hand, who are individually referred to in this Agreement as a "**Party**", and collectively referred to in this Agreement as "**Parties**", with reference to the following facts:

A. Franchisor and Franchisor's Affiliate, We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "**Operating Company**"), have developed the "**WRTS System**" for the establishment and operation of children's gyms that provide a safe, nurturing and fun environment for all children, foster learning, exploration and safe sensory experiences (a "**WRTS Kid's Gym**" or the "**WRTS Kid's Gyms**") under certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, without limitation, the mark "**We Rock The Spectrum Kid's Gym For All Kids**" and other trade names, service marks and trademarks that are now designated and may hereafter be designated by Franchisor (collectively, the "**WRTS Marks**").

B. The distinguishing characteristics of WRTS Kid's Gyms include, without limitation, unique equipment to assist children with neurological growth, sensory-based swings and toys, indoor and mobile play structure, motor play toys and equipment, arts and crafts areas, physical fitness programs, manuals, materials, services, and related written content created, owned, and copyrighted or copyrightable by the Operating Company (collectively, the "**WRTS Proprietary Programs**"), distinctive exterior and interior design, décor, color scheme, fixtures, and furnishings for the WRTS Kid's Gyms; service standards; uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; specifications for equipment and fixtures; defined product offerings; Franchisor specified pricing; restrictions on ownership; and advertising, public relations and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "**WRTS System**"). Franchisor has obtained the right to use and to license others to use the WRTS Marks, the WRTS Proprietary Programs and the WRTS System from its Affiliate.

C. Franchisor desires to expand and develop WRTS Kid's Gyms in the Development Area and Area Developer desires to develop, Open, own and operate WRTS Kid's Gyms in the Development Area under the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. DEFINITIONS

The capitalized terms in this Agreement that are not defined elsewhere in the text of this Agreement are assigned these definitions:

"**Affiliate**" or "**Affiliates**" mean any Person or Entity that controls, is controlled by, or is under common control with, a Party to this Agreement. Control of a Person or Entity means the power, direct or indirect, to direct or cause the direction of the management and policies of the Person or Entity whether by contract or otherwise.

"**Applicable Law**" means and includes applicable common law and all statutes, laws, rules, regulations, ordinances, policies and procedures established by any Governmental Authority with jurisdiction over the operation of WRTS Kid's Gyms that are in effect on or after the Effective Date, as they may be amended from time to time.

"**Average Gross Revenue of WRTS Kid's Gyms**" means the weekly Gross Revenue of all Affiliate-owned WRTS Kid's Gyms plus the weekly Gross Revenue of all franchisee-owned WRTS Kid's Gyms during the one (1) month period immediately preceding that date that Gross Revenue is to be calculated, divided by the total number of Affiliate-owned WRTS Kid's Gyms and franchisee-owned WRTS Kid's Gyms in operation during the same one (1) month period.

"**Business Judgment**" means that Franchisor is allowed to exercise its judgment however Franchisor believes is appropriate in a given circumstance without limitation, subject to the use of that discretion in any reasonable way as more fully described in this Agreement.

"**Competitive Business**" means any children's gym or business that offers indoor, outdoor or mobile play centers for children with any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, an arts and crafts area, and/or the sale of related products or services, other than a WRTS Kid's Gym operated pursuant to a validly subsisting Franchise Agreement with Franchisor.

"**Constituents**" means past, present and future Affiliates, parents, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

"**Default**" means any breach of, or failure to comply with, any of the terms or conditions of an agreement.

"**Default Royalty Fee**" means the royalty fee that Area Developer shall pay Franchisor for each month between the date that a WRTS Kid's Gym was required to be operating pursuant to the Development Obligation and the date that the WRTS Kid's Gym actually begins operating, which shall equal five percent (5%) of the Average Gross Revenue of WRTS Kid's Gyms.

"Development Area" means the geographic area described on **Exhibit A**.

"**Development Fee**" means the development fee equal to $10,000 multiplied by the cumulative number of WRTS Kid's Gyms that comprise the Development Obligation which shall be payable to Franchisor by Area Developer on the Effective Date in the amount set forth on **Exhibit A**.

"**Development Obligation**" means the cumulative number of WRTS Kid's Gyms that Area Developer must develop and Open within each Development Period as set forth on **Exhibit A**.

"**Development Period**" means each of the time periods indicated on **Exhibit A** during which Area Developer shall have the right and obligation to construct, equip, Open and thereafter operate WRTS Kid's Gyms in accordance with the Development Obligation.

"**Electronic Signature"** means any electronic symbol and/or process attached to or logically associated with a document and executed by a Party with the intent to sign such document, including facsimile, email, or other electronic signatures.

"**Entity**" means any limited liability company, partnership, trust, association, corporation or other entity, which is not an individual. If Area Developer is an Entity, the Entity shall conduct no business other than the development of WRTS Kid's Gyms in the Development Area, in accordance with the Development Obligation.

"**Equity**" means capital stock, membership interests, partnership rights or other equity ownership interests of an Entity.

"**Expiration Date**" means the fifth (5th) anniversary of the Effective Date.

"**Force Majeure**" means any event (i) that was reasonably unforeseeable as of the Effective Date; (ii) that is beyond the reasonable control, directly or indirectly, of a Party; (iii) that could not reasonably have been prevented or avoided by that Party with the exercise of reasonable efforts and due diligence; (iv) that does not result from the fault or negligence of that Party or its agents, employees or contractors; and (v) that causes performance by that Party to be delayed, in whole or in part, or unable to partially or wholly perform its obligations under this Agreement. Subject to the satisfaction of the foregoing criteria, "**Force Majeure**" includes (a) acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); (b) strikes, lockouts or other industrial disturbances; (c) war, terrorist acts, riot, or other civil disturbance; (d) unilateral governmental action impacting WRTS Kid's Gyms generally; and (e) contagious disease, epidemics, pandemics, transportation shortages, inadequate supply of labor, material or energy, or a Party foregoing the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency. Neither an act or failure to act by a Governmental Authority, nor the performance, non-performance or exercise of rights under any agreement with Area Developer by any lender, Landlord, contractor, or other Person, or Area Developer's financial inability to perform or Area Developer's insolvency, shall be an event of Force Majeure under this Agreement, except to the extent that the act, failure to act, performance, non-performance or exercise of rights results from an act which is otherwise an event of Force Majeure. An event of Force Majeure will not affect or change Franchisee's obligation to pay Royalty Fees, ScreenCloud, Interim and Management Fees, or any other fees owed to Franchisor when due.

"**Franchised Location**" means the site of a WRTS Kid's Gym.

"**General Release**" means the form of general release prescribed by Franchisor of any and all known and unknown obligations, liabilities, demands, costs, expenses, damages, claims, actions and causes of action, of whatever nature, character or description, against Franchisor and its Constituents. A General Release will cover future consequences of acts, omissions events and circumstances predating the date of the General Release, but will not release, in advance, future acts, omissions or events which have not occurred at the time the General Release is executed.

"**Good Standing**" means Area Developer is in substantial compliance with the material requirements of this Agreement, the WRTS Franchise Agreements, the Manuals and all other agreements then in effect between Franchisor or its Affiliates, and Area Developer, and has substantially cured each curable Default for which Franchisor has issued a notice of Default to Area Developer within the time periods set forth in Section 11.3.

"**Governmental Authority**" means all Federal, state, county, municipal and local governmental and quasi-governmental agencies, commissions and authorities.

"**Gross Revenue**" means all revenue derived from the operation of WRTS Kid's Gyms and from the sale of all services and merchandise sold at or from WRTS Kid's Gyms, and all other income of every kind and nature related to the WRTS Kid's Gym including, without limitation, business interruption insurance, whether for cash or credit, and regardless of collection in the case of credit and all proceeds from the sale of coupons, gift certificates or vouchers. Gross Revenue shall also include all revenue derived from the WRTS Kid's Gyms' required participation in that certain state's Medicaid Waiver program, as described in the Manuals, if any. "**Gross Revenue**" shall not include the amount of bona fide refunds paid to customers and the amount of any sales or use taxes actually paid to any Governmental Authority and the retail price of any coupons, gift certificates and vouchers when they are redeemed.

"**Initial Franchise Fee**" means the $60,000 initial fee that Area Developer must pay Franchisor for each WRTS Kid's Gym developed, Opened and operated by Area Developer in the Development Area.

"**Initial Term**" means the five (5) year period commencing on the Effective Date and ending on the Expiration Date.

"**Landlord**" means the owner of a Franchised Location who enters into a Lease with Area Developer for a Franchised Location.

"**Lease**" means any agreement, however denominated, that allows Area Developer to occupy a Franchised Location owned by a Landlord, including any lease, sublease, concession agreement, license and similar arrangement between Area Developer and a Landlord.

"**Manuals**" means Franchisor's Operations Manuals, which may consist of one or more manuals, and any other written directive related to the WRTS System, as the same may be amended and revised from time to time, including all bulletins, supplements and ancillary and additional manuals and written directives established by Franchisor as in effect and amended from time to time.

"**Non-Traditional Venues**" means a broad variety of atypical sites, including, without limitation, a site or location within a captive market site, another primary business or in conjunction with other businesses or at institutional settings such as office buildings, business complexes, recreational facilities, educational, medical, governmental and other types of institutional facilities, sites in retail locations.

"**Open**" and "**Opened**" means that Area Developer has actually begun to offer its services for sale to the public from a WRTS Kid's Gym.

"**Opening Date**" means the day that (i) Area Developer receives written authorization from Franchisor and all applicable Governmental Authorities to commence business operations at a WRTS Kid's Gym; and (ii) Area Developer actually begins to offer its services for sale to the public from the WRTS Kid's Gym, whichever occurs last.

"**Owner**" means each of the individuals listed on **Exhibit B** and each future direct or indirect shareholder, member, general or limited partner, trustee or other Equity owner of Franchisee. If Franchisee is an Entity, each Owner and each Owner's spouse shall jointly and severally guarantee Franchisee's payment and performance of its obligations under this Agreement under a Guarantee in the form of **Exhibit C**.

"**Person**" means any natural person or Entity. "**Principal Owner**" means the individual designated by Area Developer on **Exhibit B**, and accepted by Franchisor to serve as the primary operator of the WRTS Kid's Gyms, to serve as the authorized representative of Area Developer, who shall have at least a fifty-one percent (51%)

interest in the Equity of Area Developer, who shall act as Area Developer's representative in all matters with Franchisor, as Area Developer's liaison with Franchisor and the Owners, who shall have the authority to act on behalf of Area Developer during the Term without the participation of any other Owner.

"**Renewal Fee**" means the $5,000 fee that Area Developer must pay Franchisor to extend the Initial Term of this Agreement for the Renewal Term.

"**Renewal Rights**" means the rights held by Area Developer to renew this Agreement for the Renewal Term upon the expiration of the Initial Term.

"**Restricted Person**" means Area Developer, and each of its Owners and Affiliates, and the respective officers, directors, managers and Affiliates of each of them, and the spouse of each of the foregoing who are individuals.

"**Then-Current**" means the form of agreement then-currently provided by Franchisor to similarly situated prospective WRTS area developers and franchisees which may contain terms and conditions that are materially different from this Agreement, or if not then being so provided, then a form of agreement selected by Franchisor in its discretion which previously has been delivered to and executed by a WRTS area developer or franchisee, or, as the context of this Agreement indicates, the fees then-currently charged by Franchisor or its Affiliates, or Franchisor's specifications, standards or the like.

"**Transfer Fee**" means the $10,000 fee that Area Developer must pay Franchisor as a condition precedent to an Assignment of this Agreement.

"**Venue**" means any site for a WRTS Kid's Gym other than a Non-Traditional Venue.

"**WRTS Branded Products**" means any product now existing or developed in the future that bears any of the WRTS Marks, including products that are prepared, sold and/or manufactured in strict accordance with Franchisor's methods, standards and specifications, including, without limitation, sensory equipment, toys, recreational equipment, souvenirs and novelty items.

"**WRTS Franchise Agreement**" means the form of agreement prescribed by Franchisor and used to grant to Area Developer the right to develop, Open, own and operate a single WRTS Kid's Gym in the Development Area, including all exhibits, riders, guarantees or other related instruments, all as amended from time to time.

"**WRTS Kid's Gym**" means each WRTS Kid's Gym developed, Opened, owned and operated by Area Developer under this Agreement and a WRTS Franchise Agreement.

"**WRTS Trade Secrets**" means proprietary and confidential information of Franchisor and the Operating Company, including specifications, procedures, policies, concepts, systems, know-how, plans, software, strategies and methods and techniques of operating WRTS Kid's Gyms, excluding information that is or becomes a part of the public domain through publication or communication by third parties not bound by any confidentiality obligation or that can be shown that was already lawfully in a third party's possession before receipt from Franchisor.

2. GRANT

2.1 **Grant and Development Obligation**. Franchisor hereby grants Area Developer, and Area Developer hereby accepts the right and obligation to use the WRTS Marks and the WRTS System to develop, develop, Open, and operate the cumulative number of WRTS Kid's Gyms set forth in **Exhibit A** in the Development

Area during the Initial Term. Except as provided in Section 2.6, Area Developer may not develop, open or operate more WRTS Kid's Gyms than the number of WRTS Kid's Gyms set forth on **Exhibit A** during the Initial Term. Area Developer shall not subcontract, sublicense, share, divide or partition this Agreement or enter into any agreement with any third party providing for the right to develop, open or operate WRTS Kid's Gyms or to use the WRTS Marks or the WRTS System and nothing in this Agreement will be construed as granting Area Developer the right to do so. The Parties shall execute Franchisor's Then-Current Franchise Agreement for each WRTS Kid's Gym to be developed, opened and operated by Area Developer under this Agreement, the form of which may differ from the form of WRTS Franchise Agreement attached to Franchisor's Franchise Disclosure Document (the "**Disclosure Document**") provided to Area Developer prior to the Effective Date.

2.2 **Exclusive License**. Except as otherwise provided in this Section 2.2 and in Section 2.4, the rights granted to Area Developer under this Agreement are exclusive during the Initial Term so long as Area Developer is in Good Standing and neither Franchisor nor any of its Affiliates shall themselves develop, open and operate, or grant third parties the right to develop, open and operate, WRTS Kid's Gyms in the Development Area during the Initial Term. Area Developer acknowledges the Development Area may be subject to pre-existing franchises granted prior to the Effective Date. The Development Area will not contain any areas granted to other franchisees prior to the Effective Date. Existing franchisees may renew or transfer the franchise rights previously granted to them under their Area Development Agreements or Franchise Agreements.

2.3 **Adherence to Development Schedule**. Area Developer shall satisfy the Development Obligation by Opening the number of WRTS Kid's Gyms in the Development Area within each Development Period as required by the Development Schedule set forth on **Exhibit A** and by continuing to operate the cumulative number of WRTS Kid's Gyms required by the Development Obligation. Failure to comply with the Development Schedule shall constitute a Default under this Agreement and shall entitle Franchisor to (i) collect a Default Royalty Fee from Area Developer for each month following the date that a WRTS Kid's Gym was required to be Opened under the Development Schedule and the actual date that the WRTS Kid's Gym Opens; and (ii) terminate this Agreement, unless the Default results from an event of Force Majeure, in which case, the deadline to Opening a WRTS Kid's Gym may be extended by Franchisor as provided in Section 2.7.

2.4 **Rights Reserved by Franchisor**. Except as expressly provided in Section 2.2, Franchisor and its Affiliates expressly reserve all other rights, with respect to the WRTS System, the WRTS Marks and WRTS Kid's Gyms, including the exclusive, unrestricted right, in their discretion, directly and indirectly, through their employees, Affiliates, representatives, licensees, assigns, agents and others, to (i) develop, open and operate, and to grant franchises to third parties to develop, open and operate, WRTS Kid's Gyms outside the Development Area, regardless of their proximity to the Development Area; (ii) develop, open and operate, and to grant franchises to third parties to develop, open and operate any other business, other than a Competitive Business, under marks and systems different from the WRTS Marks and the WRTS System within and outside the Development Area regardless of their proximity to the Development Area; (iii) sell or distribute, at retail or wholesale, directly or indirectly, or license others to sell or distribute, WRTS Branded Products within and outside the Development Area, through the Internet, mail order catalogs, direct mail advertising and through other distribution methods; (iv) produce, license, distribute and market WRTS Kid's Gym branded clothing, souvenirs and novelty items through any outlet, whether outside of the Development Area, regardless of its proximity to the Franchised Location, and through any distribution channel, including by means of the Internet, mail order catalogs, direct mail advertising and other distribution methods; (v) market on the Internet and use the WRTS Marks on the Internet, including all use of web sites, domain names, URLs, directory addresses, email addresses, metatags, linking, advertising, co-branding and other arrangements, and in all other forms of electronic media; (vi) to purchase, merge, acquire or affiliate with an

existing Competitive Business or franchise network or a non-competitive business or franchise network, chain or any other business regardless of the location of their facilities, and to operate, franchise or license those Competitive Businesses and non-competitive businesses and/or facilities as the WRTS Kid's Gyms operating under the WRTS Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of these facilities (which Area Developer acknowledges may be proximate to the WRTS Kid's Gyms); and (vii) open or operate and to franchise or license others to open or operate WRTS Kid's Gyms at any Non-Traditional Venue within and outside of the Development Area regardless of their proximity to any WRTS Kid's Gyms developed or under development by Area Developer.

2.5 **Closures and Assignments**. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, if, during the Term, Area Developer ceases to operate any WRTS Kid's Gym developed and Opened under this Agreement for any reason, Area Developer must develop a replacement WRTS Kid's Gym (a "**Replacement Gym**") to fulfill Area Developer's obligation to have Open and in operation the required number of WRTS Kid's Gyms at the expiration of each Development Period. Area Developer may not, however, cease operating any WRTS Kid's Gym or obtain a Replacement Gym without Franchisor's prior written consent. Area Developer must Open each Replacement Gym within twelve (12) months after the date of the closing of the WRTS Kid's Gym that it will replace (the "**Replacement Gym Deadline**"). If Area Developer fails to begin operating a Replacement Gym by its Replacement Gym Deadline, Area Developer shall pay Franchisor a Default Royalty Fee for each month following the Replacement Gym Deadline until that Replacement Gym begins operating. WRTS Kid's Gyms that are operating that are assigned to Affiliates of Area Developer with Franchisor's consent, shall count in determining whether Area Developer has satisfied the Development Obligation for so long as the applicable Affiliate continues to comply with the terms of this Agreement.

2.6 **Additional Development Rights**. If Area Developer satisfies the Development Obligation before the Expiration Date and desires to develop, open and operate additional WRTS Kid's Gyms in the Development Area, Area Developer shall have the right to extend the Term of this Agreement for an additional five (5) years on the terms and conditions set forth in this Section 2.6. If Area Developer desires to extend the Term of this Agreement for an additional five (5) years, Area Developer shall, no later than one hundred eighty (180) days prior to the Expiration Date, notify Franchisor in writing (the "**Additional Development Notice**") that Area Developer desires to do so and provide Franchisor with a proposal for the development of additional WRTS Kid's Gym in the Development Area (the "**Additional Development Obligation**"), setting forth the number of additional WRTS Kid's Gyms proposed to be opened by Area Developer, and the proposed opening dates for each WRTS Kid's Gym during the extended Term. Franchisor may, but has no obligation to, grant Area Developer the Additional Development Rights described in this Section 2.6 in its sole and absolute discretion.

2.6.1 If the Additional Development Obligation proposed by Area Developer is unacceptable to Franchisor, or if the Parties cannot reach an agreement on an alternative Additional Development Obligation within the thirty (30) day period after the date of the Additional Development Notice, this Agreement shall expire on the Expiration Date. Franchisor and Area Developer shall execute Franchisor's Then-Current Franchise Agreement for each additional WRTS Kid's Gym to be developed and opened in the Development Area by Area Developer. If the Additional Development Obligation proposed by Area Developer is acceptable to Franchisor, or if the Parties reach agreement on an alternative Additional Development Obligation within the thirty (30) day period after the date of the Additional Development Notice, Franchisor shall deliver to Area Developer its Then-Current form of WRTS Kid's Gym Area Development Agreement (the "**Additional Area Development Agreement**") setting forth the agreed upon Additional Development Obligation. Within thirty (30) days after Area Developer's receipt of the Additional Area Development Agreement, Area Developer

shall execute the Additional Area Development Agreement, and return it to Franchisor. If Area Developer has so executed and returned the Additional Area Development Agreement, and has satisfied the conditions precedent set forth in Section 2.6.2, Franchisor shall execute the Additional Area Development Agreement, and return a fully executed copy to Area Developer.

2.6.2 Franchisor shall execute the Additional Area Development Agreement, if, and only if, (i) Franchisor elects to grant the Additional Development Rights to Area Developer; (ii) Area Developer has fully performed all of its obligations under this Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of the Additional Development Notice and on the date of Franchisor signs the Additional Area Development Agreement; (iii) Area Developer has demonstrated Area Developer's Then-Current financial ability to timely implement and complete the Additional Development Obligation; (iv) Area Developer continues to operate no less than the aggregate number of WRTS Kid's Gyms in the Development Area as required by the Development Obligation; (v) Area Developer has executed the Additional Area Development Agreement and delivered it to Franchisor together with the development fees and initial development fees payable to Franchisor for the Additional Development Rights; and (vi) Area Developer executes and delivers to Franchisor a General Release in a form acceptable to Franchisor.

2.7 **Force Majeure**. Neither Party will be in Default in the performance of its obligations under this Agreement if performance is prevented or delayed due to Force Majeure. If Area Developer is unable to meet the Development Obligation for any Development Period solely as the result of Force Majeure or any legal disability of Franchisor to deliver a Disclosure Document pursuant to Section 5.4, which results in the inability of Area Developer to construct and Open the WRTS Kid's Gyms as required by this Agreement, Area Developer shall provide Franchisor, within five (5) days after the occurrence of an event that Area Developer believes is an event of Force Majeure, with notice of the specific nature and extent of the Force Majeure and an explanation as to how the event has delayed Area Developer's performance under this Agreement. The determination of whether an event of Force Majeure has occurred shall be made by Franchisor upon Franchisor's assessment of the event causing the delay. If Franchisor determines that the Default is the result of an event of Force Majeure, the required date for performance by Area Developer shall be extended by the number of days equal to the number of days that the Force Majeure exists. Area Developer shall provide Franchisor with continuing updates and all information requested by Franchisor regarding Area Developer's progress and diligence in responding to and overcoming the event of Force Majeure.

2.8 **No Rights to Use the WRTS Marks or WRTS System**. This Agreement is not a WRTS Franchise Agreement, and does not grant Area Developer any right to use the WRTS Marks or the WRTS System. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Area Developer's rights to use the WRTS Marks, the WRTS Proprietary Programs and the WRTS System will be granted to Area Developer solely under the terms of a WRTS Franchise Agreement. Area Developer shall not use WRTS Marks, the WRTS Proprietary Programs or the WRTS System in any manner or for any purpose before Area Developer and Franchisor execute a WRTS Franchise Agreement, including, without limitation, in connection with any offering of securities or any request for credit, without the prior written approval of Franchisor.

3. INITIAL TERM.

The Initial Term shall commence on the Effective Date and shall expire on the Expiration Date. Except as provided in Section 2.6, this Agreement is not renewable.

4. PAYMENTS BY AREA DEVELOPER

4.1 **Development Fee**. On the Effective Date, Area Developer shall pay Franchisor a Development Fee to for the rights granted to Area Developer under this Agreement by a wire transfer of immediately available funds to a bank account designated by Franchisor. The Development Fee is fully earned by Franchisor when paid and is nonrefundable, in whole or in part, under any circumstances.

4.2 **Initial Franchise Fees**. Area Developer shall pay Franchisor an Initial Franchise Fee for each WRTS Kid's Gym to be operated under this Agreement. Area Developer shall sign the Franchise Agreement for the first WRTS Kid's Gym and pay Franchisor the Initial Franchise Fee when Area Developer signs this Agreement in full on the Effective Date by a wire transfer of immediately available funds to a bank account designated by Franchisor. The Initial Franchise Fee for each additional WRTS Kid's Gym shall be payable upon execution by Area Developer of each WRTS Franchise Agreement entered into for each WRTS Kid's Gym to be developed under this Agreement. The Initial Franchise Fee for each WRTS Kid's Gym is fully earned by Franchisor when paid and is non-refundable, in whole or in part, under any circumstances.

5. INITIAL SERVICES AND ONGOING OBLIGATIONS OF FRANCHISOR

5.1 **Limited Obligations**. Area Developer acknowledges and agrees that Franchisor's obligations under this Agreement are limited to identifying the Development Area and that Franchisor has no ongoing obligations for training or operational support for Area Developer under this Agreement. All initial and continuing obligations of Franchisor to Area Developer shall be provided by Franchisor under Franchisor's Then-Current Franchise Agreement for each WRTS Kid's Gym to be developed and opened in the Development Area by Area Developer.

5.2 **Franchised Locations**. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to diligently identify proposed sites for the WRTS Kid's Gyms. When Area Developer identifies a proposed site for a WRTS Kid's Gym, Area Developer shall submit to Franchisor all demographic and other information regarding the proposed site and neighboring areas that Franchisor shall require, in the form prescribed by Franchisor, and shall request Franchisor to consider and approve the site. If Franchisor accepts a proposed site, Franchisor shall notify Area Developer of its acceptance of the Franchised Location. Area Developer acknowledges and agrees that it is Area Developer's sole responsibility to identify and obtain each Franchised Location for the WRTS Kid's Gyms to be developed under this Agreement. Area Developer further acknowledges and agrees that it is Area Developer's sole responsibility to review and approve each Lease or purchase agreement for each WRTS Kid's Gym to be developed under this Agreement. Each Lease shall comply with the requirements set forth in Section 5.1 of Franchisor's current Franchise Agreement. Following Franchisor's approval of a Franchised Location, Area Developer shall execute Franchisor's Then-Current Franchise Agreement for the WRTS Kid's Gym to be located at the Franchised Location and return it to Franchisor within thirty (30) days after receipt of the execution copies of the Then-Current Franchise Agreement together with the applicable Initial Franchise Fee. If Area Developer has executed and returned the signed Then-Current Franchise Agreement and paid Franchisor the Initial Franchise Fee, Franchisor shall execute the Franchise Agreement and return one (1) fully executed copy of the Franchise Agreement to Area Developer.

5.3 **Conditions to Franchisor's Obligations**. To protect the WRTS System, the WRTS Marks, the WRTS Trade Secrets and the goodwill associated with the same, Area Developer acknowledges and agrees that, as a condition precedent to Area Developer's right to develop each WRTS Kid's Gym, all of the following conditions precedent must be satisfied and Franchisor shall execute a Then-Current Franchise Agreement for each WRTS Kid's Gym if, and only if (i) Area Developer has fully performed all of its obligations under this

Agreement and all other agreements between Franchisor and Area Developer and is in Good Standing on the date of Franchisor's execution of a Franchise Agreement; (ii) Area Developer demonstrates Area Developer's Then-Current financial ability to implement and complete the construction and Opening of the WRTS Kid's Gyms; (iii) Area Developer has Opened and continues to operate no less than the aggregate number of WRTS Kid's Gyms required by the Minimum Development Obligation in compliance with the Development Schedule; (iv) Area Developer has executed a Then-Current Franchise Agreement and delivered it to Franchisor; (v) Area Developer executes and delivers a General Release to Franchisor in a form acceptable to Franchisor; and (vi) Area Developer has paid Franchisor the Initial Franchise Fee when Area Developer executed the Franchise Agreement and returned it to Franchisor.

5.4 **Delegation of Duties**. Area Developer acknowledges and agrees that any designee, employee, or agent of Franchisor may perform any duty or obligation imposed on Franchisor by the Agreement, as Franchisor may direct.

6. OBLIGATIONS OF AREA DEVELOPER

To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

6.1 **Development and Operation of WRTS Kid's Gyms**. Area Developer shall, at all times during the Term, exert Area Developer's best efforts to faithfully, honestly and diligently develop, Open and operate the number of WRTS Kid's Gyms in the Development Area in order to satisfy the Development Obligation and the Development Schedule in accordance with the requirements of this Agreement and each WRTS Franchise Agreement for each WRTS Kid's Gym.

6.2 **WRTS System**. Area Developer shall operate the WRTS Kid's Gyms in compliance with the terms of the WRTS Franchise Agreements and the Manuals. Area Developer acknowledges and agrees that Area Developer alone shall exercise day-to-day control over all operations, activities and elements of the WRTS Kid's Gyms, including over Area Developer's employees, and that under no circumstance shall Franchisor do so or be deemed to do so. Area Developer further acknowledges and agrees that the various requirements, restrictions, prohibitions, specifications and procedures of the WRTS System that Area Developer must comply with under the Franchise Agreements, the Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the WRTS Kid's Gyms, which Area Developer alone controls, but only constitute standards to which Area Developer must adhere when exercising Area Developer's control over the day-to-day operations of the WRTS Kid's Gyms consistent with the policies of Franchisor. Area Developer shall comply with each WRTS Franchise Agreement and shall develop and operate the WRTS Kid's Gyms in conformity with the methods, standards, and specifications that Franchisor may from time to time prescribe in the Manuals or otherwise. Since every detail of the WRTS System is essential in order to develop and maintain quality operating standards, to increase the demand for the products and services sold by WRTS Kid's Gyms under the WRTS System and to protect the WRTS Marks and Franchisor's reputation and goodwill, Franchisor shall have the right to disapprove, as it believes necessary, any modification of, or addition to, the WRTS System suggested by Area Developer that is reasonably likely to have an adverse material effect on the WRTS System, the WRTS Marks or Franchisor's reputation or goodwill.

7. WRTS MARKS

Franchisor and its Affiliates continue to develop, use and control the use of the WRTS Marks in order to identify for the public the source of services and products marketed under the WRTS Marks and the WRTS System, and to represent the WRTS System's high standards of quality, appearance and service. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System:

7.1 **Ownership and Goodwill of WRTS Marks**. Area Developer acknowledges that its right to use the WRTS Marks is derived solely from the WRTS Franchise Agreements between Area Developer and Franchisor. Any unauthorized use of the WRTS Marks by Area Developer shall constitute a Default under this Agreement and an infringement of Franchisor's and Franchisor's Affiliate's rights in and to the WRTS Marks. Area Developer acknowledges and agrees that as between the Parties (i) Franchisor owns the WRTS Marks and the WRTS System; (ii) Area Developer owns no goodwill or rights in the WRTS Marks or the WRTS System except for the license granted by this Agreement; and (iii) Area Developer's use of the WRTS Marks and any goodwill established by that use shall inure to the exclusive benefit of Franchisor. Area Developer agrees not to contest, or assist any other Person to contest, the validity of Franchisor's rights and interest in the WRTS Marks or the WRTS System either during the Term or after this Agreement terminates or expires.

7.2 **Limitations on Use**. If Area Developer is an Entity, Area Developer shall not use the WRTS Marks, or Franchisor's trade name, or any words or symbols which are confusingly phonetically or visually similar to the WRTS Marks, as all or part of Area Developer's name. In addition, Area Developer shall not use any WRTS Mark (i) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Area Developer under this Agreement); (ii) in connection with unauthorized services or products; (iii) as part of any domain name or electronic address maintained on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system; or (iv) in any other manner not expressly authorized in writing by Franchisor. Area Developer shall give all notices of trademark and service mark registration as Franchisor specifies and shall use and obtain all fictitious or assumed name registrations required by Franchisor or under applicable law. Area Developer further agrees that no service mark other than "**WE ROCK THE SPECTRUM KID'S GYM ~ [NAME OF CITY]**" or other WRTS Marks specified by Franchisor shall be used in marketing, promoting, or operating the WRTS Kid's Gyms.

7.3 **Internet**. Area Developer shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, web site, domain name, bulletin board, newsgroup or other Internet-related medium or activity) which in any way uses or displays, in whole or part, the WRTS Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's prior written consent, and then only in the manner and in accordance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Area Developer shall not separately register any domain name or any portion of any domain name containing the WRTS Marks or participate or market on any web site or other form of electronic media (including, without limitation, through the use of social technology, social media, social networking platforms or other forms of electronic media not yet developed) using the WRTS Marks without Franchisor's prior written consent. Area Developer's general conduct on the Internet and in the use of other forms of electronic media is subject to the terms and conditions of this Agreement and all other rules, requirements or policies that Franchisor may identify from time to time. Franchisor may, at any time after Area Developer commences use of any approved electronic media, prohibit further use, effective upon receipt of written notice by Area Developer.

8. CONFIDENTIAL INFORMATION

8.1 **WRTS Confidential Information**. Area Developer acknowledges and agrees that the WRTS System is comprised of confidential information that has been developed by Franchisor and the Operating Company by the investment of time, skill, effort and money and is widely recognized by the public, is of substantial value, and is proprietary, confidential and constitutes trade secrets of Franchisor and the Operating Company and their Affiliates, and includes, without limitation, tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, products and services, methods, sources of materials and equipment, customer management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, designs, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories, prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, Persons or Entities, knowledge or know-how concerning the methods of operation of the WRTS Kid's Gym which may be communicated to Area Developer, or of which Area Developer may be apprised under the terms of this Agreement, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor or its Affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential (collectively, the "**WRTS Confidential Information**"). WRTS Confidential Information does not include any information that was in the lawful and unrestricted possession of Area Developer prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Area Developer after receiving it; has been received lawfully and in good faith by Area Developer from a third party who did not derive it from Franchisor or Area Developer; or is shown by acceptable evidence to have been independently developed by Area Developer.

8.2 **Value**. Area Developer acknowledges and agrees the WRTS Confidential Information is not generally known by the public or Persons other than Franchisor, its Affiliates, its franchisees and Area Developer; derives independent economic value (actual or potential) from not being generally known to the public or Persons unaffiliated with Franchisor, its franchisees or Area Developer; and is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain the secrecy of the WRTS Confidential Information, including, without limitation (i) not revealing the WRTS Confidential Information to unauthorized parties; (ii) requiring its franchisees to acknowledge and agree in writing that the WRTS Confidential Information is confidential; (iii) requiring its franchisees to agree in writing to maintain the confidentiality of the WRTS Confidential Information; (iv) monitoring electronic access to the WRTS Confidential Information by the use of passwords and other restrictions so that electronic access to the WRTS Confidential Information is limited to authorized parties; and (v) requiring its franchisees to return all WRTS Confidential Information to Franchisor upon the termination or expiration of their WRTS Franchise Agreements.

8.3 **Maintain Confidentiality**. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Area Developer shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of anyone else, any information that Franchisor considers its trade secrets and/or WRTS Confidential Information. Area Developer shall divulge the WRTS Confidential Information only to its supervisorial or managerial personnel who must have access to it in order to perform their employment responsibilities.

8.4 **Irreparable Injury from Disclosure of WRTS Confidential Information**. Area Developer acknowledges that failure to comply with the requirements of this Article 8 will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Article 8.

8.5 **Confidentiality Covenants from Individuals Associated with Area Developer**. Area Developer shall require any supervisorial or managerial personnel who may have access to any WRTS Confidential Information of Franchisor to execute covenants that they will maintain the confidentiality of the WRTS Confidential Information they receive in connection with their association with Area Developer. The covenants shall be in a form satisfactory to Franchisor, including, without limitation, specific identification of Franchisor as a third-party beneficiary of the covenants with the independent right to enforce them.

8.6 **No Restriction**. Nothing in this Article 8 is intended to prohibit or restrict any activity which prohibition or restriction violates Area Developer's employees' rights to engage in protected concerted activity under the National Labor Relations Act.

9. TRANSFER OF INTEREST

9.1 Transfer by Franchisor.

9.1.1 Franchisor shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any Person or Entity without the consent or approval of Area Developer. With respect to any assignment which results in the subsequent performance by the assignee of all of Franchisor's obligations under this Agreement, the assignee shall expressly assume and agree to perform the obligations, and shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisor and or its Affiliates may sell their assets, the WRTS Marks, or the WRTS System, may sell securities in a public offering or in a private placement, may merge, acquire other corporations, or be acquired by another corporation, and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring (collectively, a "**Capital Event**"), all without the consent or approval of Area Developer. In connection with any of the foregoing, at Franchisor's request, Area Developer shall deliver to Franchisor a statement in writing certifying (a) that this Agreement is unmodified and in full force and effect (or if there have been modifications that the Agreement as modified is in full force and effect and identifying the modifications); (b) that Area Developer is not in default under any provision of this Agreement, or if in default, describing the nature thereof in detail; and (c) as to such other matters as Franchisor may reasonably request; and Area Developer agrees that any such statements may be relied upon by Franchisor and any prospective purchaser, assignee or lender of Franchisor.

9.1.2 Upon the occurrence of a Capital Event, Franchisor shall have the right (the "**Take-Along Right**") to compel Area Developer to sell and, in that event, Area Developer shall sell the assets of any or all of the WRTS Kid's Gyms, regardless of whether the WRTS Kid's Gyms are under construction or are Open and operating (collectively the "**Take-Along Assets**") at the same value attributable to WRTS Kid's Gyms owned and operated by Franchisor or its Affiliates at the closing of a Capital Event. Franchisor shall exercise this Take-Along Right to compel the sale of the Take-Along Assets by Area Developer by providing Area Developer with written notice (the "**Take-Along Notice**") setting forth the time and place of the closing of the Capital Event, which time and place shall not be less than thirty (30) days after the date of the Take-Along Notice, and the expected price and form of consideration to be paid for the Take-Along Assets at the closing.

9.2 **Assignment by Area Developer**. Area Developer acknowledges and agrees that the rights granted to Area Developer under this Agreement are personal and are granted in reliance upon, among other considerations, the individual or collective character, skill, aptitude, attitude, experience, business ability and financial condition and capacity of Area Developer and, if Area Developer is an Entity, that of the Owners. Accordingly, to protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, Area Developer shall not offer, sell, or negotiate the sale of its rights under this Agreement to any third party, either in Area Developer's own name or in the name and/or on behalf of Franchisor, except as otherwise provided in this Agreement. Area Developer acknowledges and agrees that Area Developer has no right, by operation of law or otherwise, to sell, assign, transfer, pledge, donate, encumber or otherwise deal with, directly or indirectly (i) any interest in this Agreement; or (ii) the right to use the WRTS System or the WRTS Marks granted pursuant to this Agreement (an "**Assignment**") without Franchisor's prior written consent. Franchisor shall not unreasonably withhold its consent to an Assignment if, in Franchisor's judgment, Area Developer satisfies the conditions to the Assignment identified in this Agreement.

9.2.1 Unless the Parties otherwise agree in writing, Area Developer shall not make any Assignment of this Agreement except in conjunction with a concurrent Assignment to the same approved assignee of all WRTS Kid's Gyms then owned and operated by Area Developer in the Development Area. As a condition to Franchisor's consent to the Assignment, the assignee must execute Franchisor's Then-Current form of WRTS Franchise Agreement for each WRTS Kid's Gym sold to the assignee. Further, without Franchisor's prior written consent, which may be withheld by Franchisor in its discretion (i) Area Developer shall not offer for sale or transfer at public or private auction any of the rights of Area Developer under this Agreement; and (ii) Area Developer shall not, directly or indirectly, pledge, encumber, hypothecate or otherwise grant any third party a security interest in this Agreement in any manner whatsoever. To the extent that the foregoing prohibition may be ineffective under Applicable Law, Area Developer shall provide not less than ten (10) days prior written notice (which notice shall contain the name and address of the secured party and the terms of the pledge, encumbrance, hypothecation or security interest) of any pledge, encumbrance, hypothecation or security interest in this Agreement.

9.2.2 For purposes of this Agreement, each of the following events is an Assignment subject to the conditions to Assignment identified in this Agreement: (i) the death or incapacity of any Owner; (ii) the offer or sale of securities of Area Developer pursuant to a transaction subject to registration under applicable securities laws or by private placement pursuant to a written offering memorandum; (iii) the sale, assignment, transfer, conveyance, gift, pledge, mortgage, or other encumbrance of more than twenty percent (20% in the aggregate, whether in one or more transactions, of the Equity or voting power of Area Developer, by operation of law or otherwise or any other events or transactions which, directly or indirectly, effectively changes control of Area Developer; (iv) the issuance of any securities by Area Developer which itself or in combination with any other transactions results in the Owners, as constituted on the Execution Date, owning less than forty

percent (40%) of the outstanding Equity or voting power of Area Developer; and (v) any merger, stock redemption, consolidation, reorganization, recapitalization or other transfer of control of Area Developer, however effected. Area Developer shall promptly provide Franchisor with written notice (stating information that Franchisor may from time to time require) of each and every transfer, assignment and encumbrance by any Area Developer Owner of any direct or indirect Equity or voting rights in Area Developer, notwithstanding that the same may not constitute an "**Assignment**" as defined under this Article 9.

9.2.3 Neither Franchisor's right of first refusal nor the other conditions of Assignment shall apply to a transfer by Area Developer of all of Area Developer's rights under this Agreement to a newly-formed corporation, limited liability company or other business Entity provided all of the Equity or voting interests of the new business Entity are owned by the same Owners (a "**Qualified Assignment**"). Any attempted or purported Assignment which fails to comply with the requirements of this Article 9 shall be null and void and shall constitute a Default under this Agreement.

9.3. **Right of First Refusal**. Except with respect to a "**Qualified Assignment**", if Area Developer or an Owner receive a bona fide written offer ("**Third Party Offer**") from a third party (the "**Proposed Buyer**") to purchase or otherwise acquire any interest in Area Developer which will result in an Assignment within the meaning of this Agreement, Area Developer or the Proposed Buyer, shall, within five (5) days after receiving the Third Party Offer and before accepting it, apply to Franchisor in writing for Franchisor's consent to the proposed Assignment. To constitute a bona fide written offer, the Third Party Offer must also apply to all of the WRTS Kid's Gyms then owned and operated by Area Developer in the Development Area.

9.3.1 Area Developer, or the Proposed Buyer, shall attach to its application for consent to complete the transfer a copy of the Third Party Offer together with (i) information relating to the proposed transferee's experience and qualifications; (ii) a copy of the proposed transferee's current financial statement; and (iii) any other information material to the Third Party Offer, proposed transferee and proposed assignment or that Franchisor requests.

9.3.2 Franchisor or its nominee shall have the right, exercisable by written notice ("**Purchase Notice**") given to Area Developer or the Proposed Buyer, within thirty (30) days following receipt of the Third Party Offer, all supporting information, and the application for consent, to notify Area Developer or the Proposed Buyer that it will purchase or acquire the rights, assets, Equity or interests proposed to be assigned on the same terms and conditions set forth in the Third Party Offer, except that Franchisor may (i) substitute cash for any form of payment proposed in the offer discounted to present value based upon the rate of interest stated in the Third Party Offer; and (ii) deduct from the purchase price the amount of all amounts then due and owing from Area Developer to Franchisor under this Agreement or otherwise.

9.3.3 If Franchisor or its nominee elects to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing shall take no later than sixty (60) days following the date that the Purchase Notice was issued by Franchisor.

9.3.4 If Franchisor does not elect to purchase or acquire the rights, assets, Equity or interests proposed to be assigned to the Proposed Buyer, the closing of the sale to the Proposed Buyer shall take no later than ninety (90) days following the date that the Third Party Offer was received by Area Developer. If there is any material change in the terms of the Third Party Offer before the closing of the sale, Franchisor shall have a right of first refusal to accept the new terms subject to the conditions stated in this Section 9.3.

9.4 **Conditions of Assignment to Third Party**. As a condition to obtaining Franchisor's consent to an Assignment, all of the following conditions must be satisfied:

9.4.1 The Proposed Buyer must submit a completed franchise application to Franchisor and meet Franchisor's Then-Current qualifications for new WRTS Area Developers, including qualifications pertaining to financial condition, credit rating, experience, moral character and reputation.

9.4.2 Area Developer must be in Good Standing on the date consent is requested and until the date of closing of the Assignment.

9.4.3 The sales price of the interest to be conveyed must not be so high, or the terms of the sale so onerous, that, in the judgment of Franchisor, the Proposed Buyer will be unlikely to meet the Proposed Buyer's financial and other obligations to Franchisor, third party suppliers and creditors following the closing. Franchisor shall have no liability to either Area Developer or the Proposed Buyer if Franchisor approves the Assignment and the Proposed Buyer thereafter experiences financial difficulties.

9.4.4 The Proposed Buyer must sign Franchisor's Then-Current form of Area Development Agreement, the terms of which may differ materially from any and all of the terms contained in this Agreement, and which shall supersede this Agreement in all respects. In exchange for signing the Then-Current Area Development Agreement, the Proposed Buyer shall receive the rights provided for in this Agreement, as modified by the terms of the Then-Current form of Area Development Agreement. If the Proposed Buyer is an Entity, each Owner and each Owner's spouse of the Proposed Buyer shall jointly and severally guarantee the Proposed Buyer's performance of its obligations under the Then-Current Area Development Agreement under a Guarantee in substantially the form of **Exhibit C**. If Franchisor is not offering new area development franchises, is in the process of revising, amending or renewing Franchisor's form of Area Development Agreement or Disclosure Document or is not lawfully able to offer Franchisor's Then-Current form of Area Development Agreement at the time of an Assignment, Franchisor may offer to amend this Agreement, upon terms and conditions that will be established by Franchisor and the Proposed Buyer at that time, or may offer to amend the term of this Agreement on substantially the terms and conditions set forth in this Agreement on a month-to-month basis for as long as Franchisor deems necessary or appropriate so that Franchisor may subsequently offer and utilize a Then-Current form of Area Development Agreement.

9.4.5 Area Developer will remain subject to all obligations stated in this Agreement that expressly, or by implication due to their nature, survive the Assignment, termination or expiration of this Agreement, including, without limitation, the provisions prohibiting competition, non-interference and non-disclosure of WRTS Confidential Information.

9.4.6 Area Developer and the Proposed Buyer shall execute a General Release in favor of Franchisor.

9.4.7 Area Developer shall pay Franchisor the Transfer Fee to apply against Franchisor's administrative and other costs to process the Assignment.

9.4.8 Area Developer shall pay Franchisor the then-Current "**Transfer Broker Fee**" if Area Developer uses one of Franchisor's representatives to assist in the Assignment of the Area Development Agreement to a third-party purchaser.

9.4.9 Area Developer must simultaneously transfer its rights all contracts for which continuation is necessary for operation of the WRTS Kid's Gyms to the Proposed Buyer and satisfy any separate conditions to

obtain any third party consents required for the transfer of Area Developer's rights to the Proposed Buyer. The Proposed Buyer must execute all other documents and agreements required by Franchisor to consummate the Assignment. All required third party consents to the Assignment must be obtained. If the Proposed Buyer is a corporation, limited liability company or other business Entity, each Person who at the time of the Assignment, or later, owns or acquires, either legally or beneficially, twenty percent (20%) or more of the Equity or voting interests of the Proposed Buyer must execute a Guarantee in a form acceptable to Franchisor.

9.4.10 Area Developer's right to receive the sales proceeds from the Proposed Buyer in consideration of the Assignment shall be subordinate to the obligations of the Proposed Buyer owed to Franchisor and its Affiliates under, or pursuant to, this Agreement or any other agreement. All contracts by and between Area Developer and the Proposed Buyer shall expressly include a subordination provision permitting payment of the sales proceeds to Area Developer only after any outstanding obligations owed to Franchisor and its Affiliates are fully satisfied.

9.4.11 Except when the transferee is an existing Area Developer or franchisee of Franchisor, the Proposed Buyer, and a supervisorial or managerial employee of the Proposed Buyer who will have general management and supervisory responsibilities for the WRTS Kid's Gyms who is acceptable to Franchisor, must complete to Franchisor's sole satisfaction Franchisor's Initial Training Program prior to the effective date of the Assignment.

9.4.12 The Proposed Buyer must conform the WRTS Kid's Gyms with Franchisor's Then-Current appearance and design standards and equipment specifications applicable to new WRTS Kid's Gyms.

9.4.13 Area Developer must sign a Guarantee in substantially the form of **Exhibit C** under which Area Developer will personally guarantee the Proposed Buyer's obligations under the new Area Development Agreement in favor of Franchisor.

9.5 **Death or Incapacity**. In the event of the death or incapacity of an Owner, the spouse, heirs or personal representative of the deceased or incapacitated Person, or the remaining shareholders, members, partners or owners (the "**Successor**") shall have one hundred eighty (180) days from the date of death or incapacity in which to (i) purchase the interest of the deceased or incapacitated Person; or (ii) complete an Assignment of the interest of the deceased or incapacitated Person to a qualified, approved third party, subject to the provisions of this Article 9. If a Successor has not purchased the interest of the deceased or incapacitated Person or completed an Assignment of the interest of the deceased or incapacitated Person to a qualified, approved third party within one hundred eighty (180) days from the date of death or incapacity, Franchisor may terminate this Agreement.

9.6 **Restriction on Publicly Traded and Private Securities.** Securities, partnership or other ownership interests in Franchisee may not be offered to the public under the Securities Act of 1933, as amended, nor may they be registered under the Securities Exchange Act of 1934, as amended, or any comparable federal, state or foreign law, rule or regulation. Such interests may be offered by private offering or otherwise only with the prior written consent of Franchisor, which consent shall not be unreasonably withheld. All materials required for any private offering by federal or state law shall be submitted to Franchisor for a limited review as discussed below prior to being filed with any governmental agency; and any materials to be used in any exempt offering shall be submitted to Franchisor for such review prior to their use. No offering by Area Developer shall imply that Franchisor is participating in an underwriting, issuance or offering of securities of Franchisee or Franchisor, and Franchisor's review of any offering materials shall be limited solely to the subject of the relationship between Area Developer and Franchisor, and its Affiliates. Franchisor may, at its option, require Area Developer's offering materials to contain a written statement prescribed by Franchisor

concerning the limitations described in the preceding sentence. Area Developer, its Owners and other participants in the offering must fully agree in writing to defend and indemnify Franchisor, its Affiliates, their respective partners and the officers, directors, manager(s) (if a limited liability company), shareholders, members, partners, agents, representatives, independent contractors, servants and employees of each of them, from and against any and all losses, costs and liability in connection with the offering and shall execute any documentation required by Franchisor to further evidence this indemnity. For each proposed offering, Area Developer shall pay to Franchisor a non-refundable fee of $10,000, which shall be in addition to any Transfer Fee under any Franchise Agreement and/or Development Agreement or such greater amount as is necessary to reimburse Franchisor for its reasonable costs and expenses associated with reviewing the proposed offering, including without limitation, legal and accounting fees. Area Developer shall give Franchisor written notice at least thirty (30) days prior to the date of commencement of any offering or other transaction covered by this Article 9.

10. TRANSFER BY AREA DEVELOPER IN BANKRUPTCY

If, for any reason, this Agreement is not terminated pursuant to Section 11.1 and this Agreement is assumed, or Assignment of the same to any Person or Entity who has made a bona fide offer to accept an Assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of the proposed Assignment or assumption, setting forth (a) the name and address of the proposed assignee; and (b) all of the terms and conditions of the proposed Assignment and assumption, shall be given to Franchisor within twenty (20) days after receipt of the proposed assignee's offer to accept Assignment of this Agreement, and, in any event, within ten (10) days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into the Assignment and assumption, and Franchisor shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of the proposed Assignment and assumption, to accept an Assignment of this Agreement to Franchisor itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Area Developer out of the consideration to be paid by the assignee for the Assignment of this Agreement.

11. DEFAULT AND TERMINATION

11.1 **Termination On Area Developer's Bankruptcy or Insolvency**. Area Developer shall be deemed to be in Default under this Agreement, and all rights granted to Area Developer of this Agreement shall automatically terminate without notice to Area Developer (i) if Area Developer or its Principal Owner becomes insolvent or makes a general assignment for the benefit of creditors; (ii) if a petition in bankruptcy is filed under the United States Bankruptcy Act by Area Developer or its Principal Owner or such a petition is filed against and not opposed by Area Developer or its Principal Owner; (iii) if Area Developer or its Principal Owner is adjudicated as bankrupt or insolvent; (iv) if a bill in equity or other proceeding for the appointment of a receiver of Area Developer or its Principal Owner or other custodian for any WRTS Kid's Gym is filed and consented to by Area Developer or its Principal Owner; (v) if a receiver or other custodian (permanent or temporary) of Area Developer's or its Principal Owner's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) if proceedings for a composition with creditors under any Applicable Law is instituted by or against Area Developer or its Principal Owner; (vii) if a final judgment in excess of $100,000 against any WRTS Kid's Gyms remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas bond is filed); (viii) if Area Developer or its Principal Owner admits Area Developer or its Principal Owner is unable to generally pay Area Developer's or its Principal Owner's debts as they become due; (ix) if execution is levied against any WRTS Kid's Gym or property; (x) if suit to foreclose any lien or mortgage against any WRTS Kid's Gym or the equipment of any WRTS Kid's Gym is instituted against Area

Developer or its Principal Owner and not dismissed within thirty (30) days; or (xi) if any WRTS Kid's Gym shall be sold after levy thereupon by any sheriff, marshal, or constable.

11.2 **Termination With Notice and Without Opportunity to Cure**. Area Developer shall be in Default under this Agreement, and Franchisor may, at its option, terminate this Agreement and all rights granted under this Agreement, without affording Area Developer any opportunity to cure the Default, effective immediately upon receipt of notice by Area Developer (i) if Area Developer or an Owner is convicted of a felony, a crime involving moral turpitude, or any other crime or offense that Franchisor believes is reasonably likely to have an adverse effect on the WRTS System, the WRTS Marks, the goodwill associated therewith, or Franchisor's interest therein; (ii) if Area Developer fails to comply with the Development Schedule; (iii) if any of the WRTS Franchise Agreements or any other agreement between Area Developer and Franchisor or its Affiliates are terminated due to a Default by Area Developer; (iv) if any purported assignment or transfer of any direct or indirect interest in this Agreement, in the WRTS Kid's Gyms, or in all or substantially all of Area Developer's assets is made to any third party by Area Developer or an Owner without Franchisor's prior written consent; (v) if any Assignment of the Equity ownership interests of Area Developer or an Owner is made to any third party without Franchisor's prior written consent; (vi) if Area Developer or an Owner discloses or divulges the contents of Franchisor's Manuals, WRTS Trade Secrets or other WRTS Confidential Information provided to Area Developer by Franchisor; (vii) if an approved Assignment, as required by Section 9.5, is not effected within the time provided following death or incapacity of an Owner; (viii) if Area Developer or an Owner fails to comply with the covenants in Article 13 or fails to obtain execution of and deliver the covenants required under Section 13.7; (ix) if Area Developer or an Owner has made any material misrepresentations in connection with their application to Franchisor for the development rights granted by this Agreement; (x) If Area Developer shall Default in any obligation as to which Area Developer has previously received three (3) or more written notices of Default from Franchisor setting forth the Default complained of within the preceding twelve (12) months, whether or not any Default is cured after notice; (xi) if any Owner fails or refuses to deliver to Franchisor, within ten (10) days after Franchisor's written request, a Guarantee in substantially the form attached to this Agreement as **Exhibit C** and current financial statements as may from time to time be requested by Franchisor; (xii) if Area Developer, an Owner or an Affiliate fails to comply with any or all of the terms of this Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer or an Owner beyond the applicable cure period; (xiii) upon a Default of Area Developer's obligations under this Agreement or any other agreement between Area Developer and Franchisor, which by its nature is not capable of being cured by Area Developer, (xiv) if funding promised or otherwise represented to be made available to Area Developer or its Owners on the condition that Area Developer sign this Agreement is not made available to Area Developer or its Owners within ten (10) business days after Area Developer signs this Agreement, (xv) if, in Franchisor's Business Judgment, Franchisor has grounds to believe that Area Developer or any of its Owners, officers, directors, or key employees has engaged or attempted to engage, through one or more affirmative acts or a failure to act, in any fraudulent, dishonest, unethical, immoral, or similar conduct in connection with Area Developer's development of WRTS Kid's Gyms, whether such conduct is directed at or reasonably expected to impact Area Developer's development of WRTS Kid's Gyms, the System, the Franchisor or its Affiliates, suppliers, other area developers, or another third party, or (xvi) if, in Franchisor's Business Judgment, Franchisor has grounds to believe that Area Developer or any of its Owners, officers, or directors has engaged in any lewd or immoral conduct, whether or not in connection with Area Developer's development of WRTS Kid's Gyms.

11.3 **Termination With Notice and Opportunity to Cure**. Except as provided in Section 11.1 and Section 11.2, Area Developer shall have thirty (30) days after its receipt of written notice from Franchisor within which to remedy any Default under this Agreement and to provide evidence thereof to Franchisor. If any Default is not cured within the specified time, or such longer period as Applicable Law may require, this Agreement shall terminate without further notice to Area Developer effective immediately upon expiration of the thirty

(30) day period or such longer period as Applicable Law may require. Area Developer shall be in Default pursuant to this Section 11.3 for failure to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be modified or supplemented by the Manuals, or for failure to carry out the terms of this Agreement in good faith.

11.4 **Options At Termination**. Upon any Default under Section 11.2 or Section 11.3, Franchisor may immediately take any one or more of the following actions, by written notice to Area Developer: (i) terminate this Agreement and all rights granted to Area Developer under this Agreement; (ii) accelerate or decelerate the Development Schedule; (iii) reduce the Development Obligation; (iv) eliminate or diminish Area Developer's rights with respect to the Development Area or the size of the Development Area; or (v) increase the fees to be paid by Area Developer to Franchisor.

11.5 **Cross-Default**. Any Default by Area Developer under the terms and conditions of this Agreement, any WRTS Franchise Agreement, or any other agreement between Franchisor, or its Affiliates, and Area Developer, shall be deemed to be a Default of each and every other agreement. In the event of the termination of this Agreement for any cause, or the termination of any other agreement between Franchisor, or its Affiliates, and Area Developer, Franchisor may, at its option, terminate any or all of the other agreements.

12. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted under this Agreement to Area Developer shall forthwith terminate, and the following provisions shall apply:

12.1 **No Right to Open Additional WRTS Kid's Gyms**. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, upon termination or expiration of this Agreement: (i) Area Developer shall have no further right to develop any WRTS Kid's Gyms; (ii) Area Developer shall have no further rights or obligations under this Agreement or the WRTS Franchise Agreements that were terminated; (iii) Area Developer shall have the right to continue to own and operate all WRTS Kid's Gyms Opened by Area Developer prior to the termination date under WRTS Franchise Agreements with Franchisor that remain in full force and effect on the termination date; and (iv) Franchisor may thereafter develop, open and operate, and grant franchises to third parties to develop, open and operate WRTS Kid's Gyms at any location within or outside of the Development Area, without restriction.

12.2 **Payment of Monies Due**. Upon termination or expiration of this Agreement, Area Developer shall promptly pay all sums owing to Franchisor and its Affiliates. If this Agreement is terminated because of a Default by Area Developer, the sums also shall include all damages, costs, and expenses, including attorneys' fees, incurred by Franchisor as a result of the Default. Franchisor shall have the right to set off any amounts which Franchisor deems are payable to Franchisor by Area Developer.

12.3 **Return of Materials and Information**. Upon termination or expiration of this Agreement, Area Developer shall immediately deliver to Franchisor all other records, files, and any instructions containing WRTS Confidential Information which are in Area Developer's possession and all copies thereof (all of which are acknowledged to be the property of Franchisor).

13. COVENANTS

13.1 **No Prior Experience, Information or Knowledge**. Area Developer specifically acknowledges and agrees that prior to becoming an area developer of Franchisor, Area Developer had no experience, information

or knowledge whatsoever about children's gyms or businesses that offer indoor, outdoor, or mobile play centers for children, or which feature any combination of swings, mats, tunnels, balance beams, trampolines, play structures, sensory based toys, motor play toys, arts and crafts areas, and/or the sale of related products or services and that Area Developer's knowledge of the WRTS Confidential Information was obtained solely from Franchisor, following Area Developer's training by Franchisor and Area Developer's subsequent operation of the WRTS Kid's Gym under the WRTS Franchise Agreement. Area Developer specifically acknowledges that, pursuant to this Agreement, Area Developer will receive valuable specialized training and WRTS Confidential Information, including, without limitation, WRTS Confidential Information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the WRTS System, which are unique and proprietary to Franchisor, derive independent economic value from not being generally known to the public and are the subject of Franchisor's efforts and that are reasonable under the circumstances to maintain their secrecy.

13.2 **Non-Competition During Term of Agreement**. Area Developer and each Restricted Person covenants that during the Term, except as otherwise approved in writing by Franchisor, Area Developer and each Restricted Person shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any Person, or Entity (i) divert or attempt to divert any present or prospective WRTS customer to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the WRTS Marks and the WRTS System; or (ii) own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business, provided, however, the restrictions stated in this Section 13.2 shall not apply to any Restricted Person after two (2) years from the date the Restricted Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer.

13.3 **Non-Competition After Expiration or Termination of Agreement**. Except as Franchisor otherwise approves in writing, commencing upon the date of: (i) an Assignment permitted under Article 9; (ii) the Expiration Date of this Agreement; (iii) the termination of this Agreement (regardless of the cause for termination); or (iv) a final court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 13.3, and continuing for an uninterrupted period of two (2) years thereafter, Area Developer and each Restricted Person shall not, own (either beneficially or of record), engage in or render services to, whether as an investor, partner, lender, director, officer, manager, employee, consultant, representative or agent, any Competitive Business within a twenty (20) mile radius of any Franchised Location or other WRTS Kid's Gym; provided, however, the restrictions stated in this Section 13.3 shall not apply to any Restricted Person after two (2) years from the date the Restricted Person ceases to be an officer, director, shareholder, member, manager, trustee, owner, general partner, employee or otherwise associated in any capacity with Area Developer in the Development Area.

13.4 **Exceptions to Non-Compete Covenants**. Section 13.2 and Section 13.3 shall not apply to ownership by Area Developer or a Restricted Person of a less than five percent (5%) beneficial interest in the outstanding equity securities of any Competitive Business registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

13.5 **Reducing Scope of Covenants**. Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Section 13.2 and Section 13.3, or any portion thereof, without Area Developer's consent, effective immediately upon receipt by Area Developer of written notice thereof, and Area Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable.

13.6 **Enforceability of Covenants Not Affected by Area Developer Claims**. The existence of any claims Area Developer may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Article 13. Area Developer shall pay all costs and expenses (including reasonable attorneys' fees) incurred by Franchisor in connection with the enforcement of this Article 13.

13.7 **Covenants from Individuals**. Area Developer shall obtain and furnish to Franchisor executed covenants similar in substance to those set forth in this Article 13 (including covenants applicable upon the termination of a Person's relationship with Area Developer) from all Restricted Persons. Every covenant required by this Section 13.7 shall be in a form acceptable to Franchisor, and shall include, without limitation, a designation of Franchisor as a third party beneficiary of the covenants with the independent right to enforce them.

13.8 **Breach of Covenants Causes Irreparable Injury**. Area Developer acknowledges that the violation of any covenant in this Article 13 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Area Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the conduct or action.

13.9 **Effect of Applicable Law**. In the event any portion of the covenants in this Article 13 violates laws affecting Area Developer, or is held invalid or unenforceable in a final judgment to which Franchisor and Area Developer are parties, then the maximum legally allowable restriction permitted by Applicable Law shall control and bind Area Developer. The provisions of this Article 13 shall be in addition to and not in lieu of any other confidentiality obligation of Area Developer, or any other Person, whether pursuant to another agreement or pursuant to Applicable Law.

13.10 **Survival**. The provisions of this Article 13 shall survive the expiration and termination of this Agreement and shall not limit, restrain or otherwise affect any right or cause of action which may accrue to Franchisor for any infringement of, violation of, or interference with, this Agreement, or the WRTS Marks, the WRTS System, the WRTS Confidential Information, the WRTS Trade Secrets, or any other proprietary aspects of Franchisor's business.

14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 **No Fiduciary Relationship**. This Agreement does not create a fiduciary relationship between the Parties. Area Developer shall be an independent contractor, and nothing in this Agreement is intended to constitute or appoint either Party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

14.2 **Public Notice of Independent Status**. Area Developer shall conspicuously identify itself in all dealings with its customers, contractors, suppliers, public officials, and others, as an independent Area Developer of Franchisor, and shall place the notice of independent ownership on all forms. Franchisor shall have the right to specify the language of any such notice.

14.3 **Independent Contractor**. Area Developer acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligations in Franchisor's name, and that Franchisor shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, nor shall Franchisor be liable by reason of any act or

omission of Area Developer in its conduct of the operation of the WRTS Kid's Gyms or for any claim or judgment arising therefrom against Area Developer or Franchisor.

14.4 **Indemnification**. Area Developer and its Owners and Affiliates (collectively, the "**Indemnitors**") shall indemnify, defend and hold harmless to the fullest extent permitted by Applicable Law, Franchisor, its Affiliates and their respective directors, officers, employees, shareholders and agents (collectively, the "**Indemnitees**"), from any and all "**Losses and Expenses**" incurred in connection with any litigation or other form of adjudicatory procedure, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof, and regardless of whether the same is between Indemnitors and Indemnities (collectively, an "**Indemnifiable Claim**") which arises directly or indirectly from, as a result of, or in connection with Area Developer's operation of a WRTS Kid's Gym and regardless of whether the Indemnifiable Claim or the Losses and Expenses resulted from any strict or vicarious liability imposed by law on Area Developer; provided, however, that this indemnity shall not apply to any liability arising from the gross negligence of Franchisor (except to the extent that joint liability is involved, in which event the indemnification provided for in this Section 14.4 shall extend to any finding of comparative negligence or contributory negligence attributable to Area Developer). For the purpose of this Section 14.4, the term "**Losses and Expenses**" means and include compensatory, exemplary, or punitive damages, fines and penalties, attorneys' fees, experts' fees, court costs, costs associated with investigating and defending against claims, settlement amounts, judgments, compensation for damages to a Party's reputation and goodwill, and all other costs associated with any of the foregoing Losses and Expenses.

14.4.1 The Indemnitees shall give the Indemnitors prompt notice of any Indemnifiable Claim of which the Indemnitees are aware for which indemnification is required under this Section 14.4. The notice shall specify whether the Indemnifiable Claim arises as a result of an Indemnifiable Claim by a third party against the Indemnitees (a "**Third Party Claim**") or whether the Indemnifiable Claim does not result from an Indemnifiable Claim by a third party against the Indemnitees (a "**Direct Claim**"), and shall also specify with reasonable particularity (to the extent that the information is available) the factual basis for the Indemnifiable Claim and the amount of the Indemnifiable Claim, if known. If, through the fault of the Indemnitees, the Indemnitors do not receive notice of any Indemnifiable Claim in time to effectively contest the determination of any Losses and Expenses susceptible of being contested, the Indemnitors shall be entitled to set off against the amount claimed by the Indemnitees the amount of any Losses and Expenses incurred by the Indemnitors resulting from the Indemnitees' failure to give the notice on a timely basis.

14.4.2 With respect to Third Party Claims, the Indemnitors shall have the right, at their expense and at their election, to assume control of the negotiation, settlement and defense of Third Party Claims through counsel of their choice. The election of the Indemnitors to assume the control shall be made within thirty (30) days after the Indemnitors' receipt of notice of a Third Party Claim. If the Indemnitors elect to assume control, the Indemnitors shall do so at the Indemnitors' sole expense. The Indemnitees shall have the right to be informed and consulted with respect to the negotiation, settlement or defenses of the Third Party Claim and to retain counsel to act on the Indemnitees' behalf, at the Indemnitees' sole expense, unless the Indemnitors consent to the retention of the Indemnitees' counsel at the Indemnitors' expense or unless the Indemnitors and the Indemnitees are both named in any action or proceeding and the representation of both the Indemnitors and the Indemnitees by the same counsel would be appropriate because of the absence of any actual or potential differing interests between them (such as the availability of different defenses).

14.4.3 If the Indemnitors elect to assume control, but thereafter fail to defend the Third Party Claim within a reasonable time, the Indemnitees shall be entitled to assume control and the Indemnitors shall be bound by the results obtained by the Indemnitees with respect to the Third Party Claim. If any Third Party Claim is of a nature that the Indemnitees are required by Applicable Law to make a payment to any claimant

with respect to the Third Party Claim before the completion of settlement negotiations or related legal proceedings, the Indemnitees may make the payment and the Indemnitors shall, within thirty (30) days after demand by the Indemnitees, reimburse the Indemnitees for the amount of the payment. If the Indemnitees' liability under the Third Party Claim, as finally determined, is less than the amount paid by the Indemnitors to the Indemnitees, the Indemnitees shall, within thirty (30) days after receipt of the difference from the claimant, pay the difference to the Indemnitors.

14.4.4 If the Indemnitors fail to assume control of the defense of any Third Party Claim, the Indemnitees shall have the exclusive right to consent, settle or pay the amount claimed. Whether or not the Indemnitors assume control of the negotiation, settlement or defenses of any Third Party Claim, the Indemnitors shall not settle any Third Party Claim without the written consent of the Indemnitees, which consent shall not be unreasonably withheld or delayed. The Indemnitees and the Indemnitors shall cooperate fully with each other with respect to Third Party Claims, and shall keep each other fully advised with respect to Third Party Claims (including supplying copies of all relevant documentation promptly as they become available).

14.4.5 With respect to Direct Claims, following receipt of notice from the Indemnitees of the Direct Claim, the Indemnitors shall have thirty (30) days to make the investigation of the Direct Claim as is considered necessary or desirable. For the purpose of the investigation, the Indemnitees shall make available to the Indemnitors the information relied upon by the Indemnitees to substantiate the Direct Claim, together with all other information that the Indemnitors may reasonably request. If the Indemnitors and the Indemnitees agree at or prior to the expiration of the thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of a Direct Claim, the Indemnitors shall immediately pay the Indemnitees the full agreed upon amount of the Direct Claim. If the Indemnitors fails to pay the same, the matter shall be resolved in the manner described in Article 15.

14.4.6 The Indemnitees shall exert commercially reasonable efforts to mitigate the Losses and Expenses upon and after becoming aware of any Indemnifiable Claim which could reasonably be expected to give rise to the payment of Losses and Expenses.

15. DISPUTE RESOLUTION

15.1 **Judicial Relief**. The Parties agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California. To the fullest extent that the Parties may do so under Applicable Law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts.

15.2 **Governing Law**. This Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 15.2 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of any state to which it would not otherwise be subject.

15.3 **Limitations**. The Parties agree, to the extent permitted by Applicable Law, that any legal action of any kind by either Party arising out of or relating to this Agreement or a Default under this Agreement must be

commenced by no later than the last to occur of the following: (i) one hundred eighty (180) days after obtaining knowledge of the facts which constituted or gave rise to the alleged violation or liability; or (ii) one year after the act, event, occurrence or transaction which constituted or gave rise to the alleged violation or liability.

15.4 **Specific Performance**. The Parties acknowledge that each Party would be irreparably damaged if the provisions of this Agreement were not capable of being specifically enforced, and for this reason, the Parties agree that the provisions of this Agreement shall be specifically enforceable. The Parties further agree that any act or failure to act which does not strictly comply with the provisions and conditions of this Agreement may be specifically restrained, and that the equitable relief provided for in this Agreement shall not in any way limit or deny any other remedy at law or in equity that either Franchisor or Area Developer might otherwise have.

15.5 **Injunctive Relief**. Area Developer acknowledges and agrees that irreparable harm could be caused to Franchisor by Area Developer's violation of certain provisions of this Agreement and, as such, in addition to any other relief available at law or equity, Franchisor shall be entitled to obtain in any court of competent jurisdiction, without bond, restraining orders or temporary or permanent injunctions in order to enforce, among other items, the provisions of this Agreement relating to: (i) Area Developer's use of the WRTS Marks and Confidential Information (including any proprietary software used in connection with the Franchised Location); (ii) the in-term covenant not to compete, as well as any other violations of the restrictive covenants set forth in this Agreement; (iii) Area Developer's obligations on termination or expiration of this Agreement; (iv) disputes and controversies based on or arising under the Lanham Act, or otherwise involving the WRTS Marks, as now or hereafter amended; (v) disputes and controversies involving enforcement of the Franchisor's rights with respect to confidentiality under this Agreement; and (vi) prohibit any act or omission by Area Developer or its employees that constitutes a violation of Applicable Law, threatens Franchisor's franchise system or threatens other franchisees of Franchisor. Area Developer's only remedy if such an injunction is entered will be the dissolution of the injunction, if appropriate, and Area Developer waives all damage claims if the injunction is wrongfully issued.

15.6 **Attorneys' Fees**. In any legal action or proceeding brought to enforce any provision of this Agreement or arising out of, or in connection with, this Agreement, the prevailing Party shall be entitled to recover from the other Party its reasonable attorneys' fees and costs in addition to any other relief that may be awarded by a Court.

15.7 **Exclusive Remedy**. In no event shall either Party make or have any claim for money damages based on any claim or assertion that the other Party has unreasonably withheld, conditioned or delayed any consent, approval or authorization required under this Agreement. Each Party waives any such claim for damages. Neither Party may claim any such damages by way of setoff, counterclaim or defense. Each Party's sole remedy for such a claim shall be an action or proceeding to enforce the provisions of this Agreement, for specific performance or for declaratory judgment.

15.8 **No Withholding of Payments**. Area Developer shall not withhold all or any part of any payment to Franchisor or any of its Affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's Affiliates allegedly may owe Area Developer under this Agreement or any related agreements.

15.9 **WAIVER OF JURY TRIAL.** THE PARTIES HEREBY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY

BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE AREA DEVELOPER AND/OR ANY GOODS OR SERVICES.

15.10 **WAIVER OF CLASS ACTIONS OR OTHER COLLECTIVE ACTIONS.** THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE FRANCHISED LOCATION, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN AREA DEVELOPER, AREA DEVELOPER'S GUARANTORS AND FRANCHISOR OR ITS AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

15.11 **Waiver of Punitive Damages.** Area Developer hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Area Developer's recovery is limited to actual damages. Except for any damages or losses incurred by Franchisor as a result of or arising out of any of Area Developer's (i) breach of its non-compete or confidentiality obligations under this Agreement, (ii) misuse or breach of its obligations under this Agreement as it relates to or arises out of the WRTS Marks or the WRTS System, (iii) fraud or willful misconduct, or (iv) any other illegal conduct or bad faith actions, Franchisor hereby waives to the fullest extent permitted by law, any right to claim for any punitive damages (and only punitive damages) against Area Developer arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise). If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, Area Developer's waiver of any right to claim any consequential damages. Nothing in this Section 15.10 or any other provision of this Agreement shall be construed to prevent Franchisor from claiming and obtaining expectation or consequential damages, including lost future royalties for the balance of the term of this Agreement if it is terminated due to Area Developer's default, which the Parties agree and acknowledge Franchisor may claim under this Agreement.

15.12 **Survival**. The provisions of this Article 15 shall survive the expiration, termination or non-renewal of this Agreement.

16. ANTI-TERRORISM LAWS

Area Developer shall comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with 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 any other requirements of any Governmental Authority addressing or in any way relating to terrorist acts and acts of war (the "**Anti-Terrorism Laws**"). In connection with its compliance, Area Developer certifies, represents and warrants that none of Area Developer's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Area Developer is not otherwise in violation of any of the Anti-Terrorism Laws. Any violation of the Anti-Terrorism Laws by Area Developer or Area Developer's employees or any "blocking" of Area Developer's assets under the Anti-Terrorism Laws constitute grounds for immediate termination of this Agreement and any other agreements Area Developer has entered into with Franchisor or any of its Affiliates, in accordance with the provisions of Section 11.2.

17. **NOTICES**

All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission to the email address given below if confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

We Rock the Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Attention: Chief Executive Officer
Email:dina@wrtsfranchise.com

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764
Email: bkurtz@lewitthackman.com

Notices to Area Developer: See **Exhibit A**

Either Party may change its address for the purpose of receiving notices, demands and other communications provided by a written notice given in the manner aforesaid to the other Party.

18. **ACKNOWLEDGMENTS.**

18.1 **Waiver and Delay**. No waiver by Franchisor of any Default, or series of Defaults in performance by Area Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it under this Agreement or under any agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, or to insist upon strict compliance with or performance of Area Developer's obligations under this Agreement or any WRTS Franchise Agreement or other agreement between the Parties, whether entered into before, after or contemporaneously with the execution of this Agreement, shall constitute a waiver of the provisions of this Agreement with respect to any continuing or subsequent Default or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

18.2 **Survival of Covenants**. The covenants contained in this Agreement which, by their nature or terms, require performance by the Parties after the termination or expiration of this Agreement shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

18.3 **Successors and Assigns**. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of Franchisor and shall be binding upon and inure to the benefit of Area Developer and its or their respective, heirs, executors, administrators, and its successors and assigns, subject to the prohibitions and restrictions against Assignment contained in this Agreement.

18.4 **Joint and Several Liability**. If Area Developer consists of more than one Owner, the obligations and liabilities of each Person or Entity to Franchisor are joint and several.

18.5 **Entire Agreement**. This Agreement and the Exhibits contain all of the terms and conditions agreed upon by the Parties concerning the subject matter of this Agreement. No other agreements concerning the subject matter of this Agreement, written or oral, shall be deemed to exist or to bind either of the Parties and all prior agreements, understandings and representations are merged into this Agreement and superseded by this Agreement. No officer or employee or agent of Franchisor has any authority to make any representation or promise not included in this Agreement. This Agreement cannot be modified or changed except by written instrument signed by both of the Parties. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations made in the franchise disclosure document previously furnished to Area Developer.

18.6 **Titles and Recitals**. Article and Section titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement. The statements set forth in Recitals A through C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

18.7 **Responsibility**. The term "**Area Developer**" as used in this Agreement shall refer to each Person executing this Agreement as Area Developer, whether the Person is one of the Owners, spouses, partners, shareholders, members, trustees, trustors or beneficiaries or Persons named as included in Area Developer, and shall apply to each Person as if he or she were the only named Area Developer in this Agreement. If Area Developer consists of more than one Owner, the obligations and liabilities of each Owner to Franchisor are joint and several.

18.8 **Gender and Construction**. The terms of all Exhibits attached to this Agreement are hereby incorporated into and made a part of this Agreement as if the same had been set forth in full in this Agreement. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any Article or Section in this Agreement may require. As used in this Agreement, the words "include," "includes" or "including" are used in a non-exclusive sense. Unless otherwise expressly provided in this Agreement to the contrary, any consent, approval, acceptance or authorization of Franchisor or Area Developer that may be required under this Agreement shall be in writing and shall not be unreasonably withheld, conditioned or delayed by the Party whose consent, approval, acceptance or authorization has been requested. To protect the reputation and goodwill of Franchisor, to maintain uniform standards of the merchandise, services, and operations offered and sold under the WRTS Marks, and to promote the goodwill of all WRTS Kid's Gyms, the WRTS Proprietary Programs, the WRTS Marks and the WRTS System, on any occasion where Franchisor is required or permitted to make any judgment, determination or use its discretion, including any decision as to whether any condition or circumstance meets Franchisor's standards or satisfaction, Franchisor may do so in its sole subjective judgment and discretion. Neither this Agreement nor any uncertainty or ambiguity in this Agreement shall be construed

or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by the Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of both Parties. The Parties intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

18.9 **Severability; Modification**. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to Applicable Law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the Parties have no legal right to contract, the latter shall prevail, but in that event, the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

18.10 **Counterparts and Electronic Transmission**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement.

18.11 **Electronic Execution and Copies**. This Agreement and all Exhibits to this Agreement may be signed electronically by the Parties and Electronic Signatures appearing on this Agreement and the Exhibits shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement and the Exhibits. An executed copy of this Agreement (or any portion of this Agreement) may be delivered by either of the Parties by facsimile, electrical, digital, magnetic, optical, electromagnetic, or similar capability regardless of the medium of transmission (collectively, "**electronic**"), and delivery will be effective and binding upon the Parties, and will not in any way diminish or affect the legal effectiveness, validity or enforceability of this Agreement. Area Developer acknowledges and agrees that Franchisor may create an electronic record of any or all agreements, correspondence or other communications between the Parties or involving third parties and may thereafter dispose of or destroy the original of any of the agreements, correspondence or other communications. Any such electronic record will be inscribed on a tangible medium or stored in an electronic or other medium and be retrievable in perceivable form, and will be maintained in and readable by hardware and software generally available. Notwithstanding any Applicable Law to the contrary, any electronic version of this Agreement or any other agreements, correspondence or other communications between the Parties will have the same legal effect, validity and enforceability as an original of any document, even if the original of the document has been disposed of or intentionally destroyed.

18.12 **Time of the Essence**. Time is of the essence of this Agreement with respect to each and every provision of this Agreement in which time is a factor.

18.13 **Business Judgment**. Notwithstanding any provision in this Agreement to the contrary, Area Developer and the Owners acknowledge and agree that:

18.13.1 This Agreement (and the relationship of the Parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions or refrain from taking actions not inconsistent with the explicit rights and obligations of Area Developer and the Owners hereunder that may affect Area

Developer and the Owners' interests favorably or adversely. Franchisor shall use its Business Judgment in exercising such discretion based on its assessment of its own interests and balancing those interests against the interests, promotion, and benefit of the WRTS System and other WRTS area developers, WRTS Kids Gyms generally, and specifically without considering the individual interests of Area Developer or the Owners or the individual interests of any other WRTS area developer. Area Developer and the Owners acknowledge and agree that Franchisor shall have no liability to Area Developer or the Owners for the exercise of its discretion in this manner; and even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification, no trier of fact in any legal action shall substitute his or her judgment for Franchisor's judgment so exercised and no such action or decision shall be subject to challenge for abuse of discretion. If Franchisor takes any action or Franchisor chooses not to take any action in its discretion with regard to any matter related to this Agreement and its actions or inaction are challenged for any reason, the Parties expressly direct the trier of fact to find that Franchisor's reliance on a business reason in the exercise of its discretion is to be viewed as a reasonable and proper exercise of its discretion, without regard to whether other reasons for its decision may exist and without regard to whether the trier of fact would independently accord the same weight to the business reason.

18.13.2 In granting its approval of the Franchised Locations, designating suppliers, setting standards and the like, Franchisor shall exercise its Business Judgment. However, in the exercise of its Business Judgment, Franchisor shall not be liable to Area Developer or the Owners or anyone else, if Franchisor's exercise of its Business Judgment results in a business loss or if the products or services provided fail to meet the expectations of Franchisor, Area Developer, the Owners or other parties. Franchisor disclaims all warranties and liability for the acts or omissions of any contractors, vendors, suppliers, products or employees which Area Developer uses, purchases, retains or hires pursuant to Franchisor's exercise of its Business Judgment.

18.13.3. If Applicable Law implies a covenant of good faith and fair dealing in this Agreement, the Parties agree that the covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement. Additionally, if Applicable Law shall imply the covenant, Area Developer agrees that: (i) this Agreement (and the relationship of the Parties that is inherent in this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Franchisor's explicit rights and obligations under this Agreement that may affect favorably or adversely Area Developer's interests; (ii) Franchisor will use its judgment in exercising the discretion based on Franchisor's assessment of its own interests and balancing those interests against the interests of the WRTS Area Developers generally (including Franchisor and its Affiliates if applicable), and specifically without considering Area Developer's individual interests or the individual interests of any other particular WRTS Area Developer; (iii) Franchisor will have no liability to Area Developer for the exercise of Franchisor's discretion in this manner, so long as the discretion is not exercised in bad faith; and (iv) in the absence of bad faith, no trier of fact in any arbitration or litigation shall substitute its judgment for Franchisor's judgment so exercised.

18.14 **No Third-Party Beneficiaries**. Except as expressly provided to the contrary in this Agreement, nothing in this Agreement is intended, nor shall be deemed, to confer on any Person or legal entity other than Area Developer, Franchisor, Franchisor's officers, directors and personnel and such of Area Developer's and Franchisor's respective successors and assigns that may have any rights or remedies under or as a result of this Agreement.

18.15 **Atypical Arrangements**. Franchisor may modify the offer of its franchises to other WRTS area developers and franchisees in any manner and at any time, which offers have or may have terms, conditions and obligations which may differ from the terms, conditions, and obligations in this Agreement. Franchisor

may, in its reasonable business judgment and its sole and absolute discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other Agreements previously executed or executed after the date of this Agreement with other WRTS area developers and franchisees in a non-uniform manner.

18.16 **Conflict with Franchise Agreements**. Area Developer acknowledges and agrees that all individual Franchise Agreements executed by Area Developer and Franchisor for Franchised Locations within the Development Area are independent of this Agreement. The continued effectiveness of any Franchise Agreement does not depend on the continued effectiveness of this Agreement. If any conflict arises with this Agreement and any Franchise Agreement, the Franchise Agreement controls and has precedence and superiority (except with respect to the Opening Date for each Franchised Location Area Developer is granted the right to open under this Agreement).

18.17 **Copy of Agreement**. Area Developer acknowledges that it received a copy of this Agreement, the Exhibits attached to this Agreement and all other agreements relating to this Agreement, if any, with all of the blank lines filled in, at least seven (7) days prior to the Effective Date.

18.18 **Franchise Disclosure Document**. Area Developer acknowledges that it has received a copy of the complete WRTS Disclosure Document which contains a copy of this Agreement, at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

18.19 **Acceptance**. The submission of this Agreement does not constitute an offer and this Agreement shall become effective only upon its execution by both Franchisor and Area Developer. This Agreement shall not be binding on Franchisor unless and until accepted and signed on its behalf by an authorized officer of Franchisor.

(Signature Page Follows)

IN WITNESS WHEREOF, the Parties have executed this Agreement on the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL AREA DEVELOPERS

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT A
DEVELOPMENT INFORMATION

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT A
DEVELOPMENT INFORMATION

EFFECTIVE DATE: _____.

AREA DEVELOPER: _____.

DEVELOPMENT AREA is defined as the territory within the boundaries described below:
_____
_____
_____

If the Development Area is defined by streets, highways, freeways or other roadways then the boundary of the Development Area shall extend to the center line of each street, highway, freeway or other roadway.

DEVELOPMENT OBLIGATION: _____ **WRTS KID'S GYMS**.

DEVELOPMENT SCHEDULE: _____ WRTS Kid's Gyms must be Opened within ___ months from the Effective Date as follows:

DEVELOPMENT PERIOD ENDING	CUMULATIVE NUMBER OF WRTS KID'S GYMS TO BE IN OPERATION
TOTAL	

DEVELOPMENT FEE: $_____ (@ $10,000 for each WRTS Kid's Gym).

NOTICE ADDRESS FOR AREA DEVELOPER:_____
_____;
Email: _____.

COUNTERPARTS AND ELECTRONIC TRANSMISSION; ELECTRONIC SIGNATURES:

This **Exhibit A** may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this **Exhibit A** with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this **Exhibit A** for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this **Exhibit A**. In addition, this **Exhibit A** may be signed electronically by the Parties

and electronic signatures appearing on this **Exhibit A** shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this **Exhibit A**.

IN WITNESS WHEREOF, the Parties have executed this **Exhibit A** on the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL AREA DEVELOPERS

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT B
ENTITY INFORMATION DISCLOSURE

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT B
ENTITY INFORMATION DISCLOSURE

Area Developer represents and warrants that the following information is accurate and complete in all material respects:

(1) Area Developer is a (check as applicable):

[ ] corporation
[ ] limited liability company
[ ] general partnership
[ ] limited partnership
[ ] Other (specify): _____

State of incorporation/organization: _____
Name of Area Developer Entity: _____

(2) Area Developer shall provide to Franchisor concurrently with the execution of this Agreement true and accurate copies of its charter documents including Articles of Incorporation/Organization, Bylaws, Operating Agreement, Partnership Agreement, resolutions authorizing the execution of this Agreement and any amendments to the foregoing (the "**Entity Documents**").

(3) Area Developer promptly shall provide all additional information as Franchisor may from time to time request concerning all persons who may have any, direct or indirect, financial interest in Area Developer.

(4) The name and address of each Owner is:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(5) The names, addresses and titles of the Owners who will be devoting their full time to the development of WRTS Kid's Gyms are:

NAME	ADDRESS	TITLE

(6) The address where Area Developer's financial records and Entity Documents are maintained is: _____.

(7) The Principal Owner is _____.

(8) Area Developer represents and warrants to Franchisor, as an inducement to Franchisor's execution of the Area Development Agreement, that the information set forth in this Entity Information Disclosure is true, accurate and complete in all material respects on the Effective Date and that Area Developer shall provide Franchisor with all additional information Franchisor may request with respect to the Owners and the ownership of Area Developer. In addition, Area Developer shall notify Franchisor within ten (10) days of any change in the information set forth in this Entity Information Disclosure and shall provide Franchisor with a revised Entity Information Disclosure certified by Area Developer to be true, correct and complete in all material respects. Franchisor grants Area Developer the rights in the Area Development Agreement in reliance upon each and all of the terms of this Entity Information Disclosure.

(9) This **Exhibit B** may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this **Exhibit B** with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this **Exhibit B** for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this **Exhibit B**. In addition, this **Exhibit B** may be signed electronically by the Parties and electronic signatures appearing on this **Exhibit B** shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this **Exhibit B**.

IN WITNESS WHEREOF, the Parties have executed this **Exhibit B** on the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL AREA DEVELOPERS

_____

_____

_____

_____

_____

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT C
GUARANTEE OF AREA DEVELOPMENT AGREEMENT

WE ROCK THE SPECTRUM, LLC
AREA DEVELOPMENT AGREEMENT

EXHIBIT C
GUARANTEE OF AREA DEVELOPMENT AGREEMENT

The undersigned ("**Guarantors**") have requested **WE ROCK THE SPECTRUM, LLC**, a California limited liability company ("**Franchisor**"), to enter into that certain Area Development Agreement dated _____ (the "**Area Development Agreement**") with _____, a _____ ("**Area Developer**"). In consideration for, and as an inducement to, Franchisor's execution of the Area Development Agreement, Guarantors hereby grant this guarantee (this "**Guarantee**") and agree as follows:

1. "**Obligations**" means and includes any and all obligations of Area Developer arising under or pursuant to the Area Development Agreement and all other obligations, whether now existing or hereafter arising, of Area Developer to Franchisor of whatever nature.

2. Guarantors irrevocably and unconditionally, fully guarantee to Franchisor the prompt, full and complete payment of any and all Obligations of Area Developer to Franchisor and the performance of any and all obligations of Area Developer including, without limitation, obligations under the Area Development Agreement or any other agreement, instrument or document relating to, evidencing or securing any Obligations.

3. If Area Developer fails to pay any of the Obligations, Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, pay all of the Obligations in like manner as if the Obligations constituted the direct and primary obligation of Guarantors. Guarantors agree that if any obligation, covenant or agreement contained in the Area Development Agreement is not observed, performed or discharged as required by the Area Development Agreement (taking into consideration any applicable cure periods), Guarantors shall, within five (5) days after a written demand therefore has been given to Guarantors by Franchisor, observe, perform or discharge the obligation, covenant or agreement in like manner as if the same constituted the direct and primary obligation of Guarantors.

4. No exercise or non-exercise by Franchisor of any right under this Guarantee, no dealing by Franchisor with Area Developer or any other Person and no change, impairment or suspension of any right or remedy of Franchisor shall in any way affect any Obligations of Guarantors under this Guarantee or give Guarantors any recourse against Franchisor. Without limiting the generality of the foregoing, Guarantors agree that, regardless of whether Franchisor gives notice thereof or obtains the consent of Guarantors thereto, Guarantors' liability under this Guarantee shall not be released, extinguished or otherwise reduced in any way by reason of (i) any amendment, modification, renewal, extension, substitution or replacement of the Area Development Agreement or of any of the Obligations, in whole or in part; (ii) any acceptance, enforcement or release by Franchisor of any security for the Area Development Agreement or of any of the Obligations, any addition, substitution or release of any of the Guarantors, or any enforcement, waiver, surrender, impairment, release, compromise or settlement of any matter with respect to the Area Development Agreement or the Obligations or any security therefore; (iii) any assignment of this Guarantee, in whole or in part by Franchisor, or any assignment or transfer of the Area Development Agreement (or any of them) by Franchisor or Area Developer; (iv) the invalidity or unenforceability of any provision of the Area Development Agreement or any of the

Obligations; or (v) any failure, omission or delay of Franchisor in enforcing the Area Development Agreement, the Obligations or this Guarantee.

5. Guarantors waive and agree not to assert or take advantage of (i) any right to require Franchisor to proceed against Area Developer or any other Person, firm or corporation or to proceed against or exhaust any security held by Franchisor at any time or to pursue any other remedy in Franchisor's power; (ii) any statute of limitations in any action under this Guarantee to collect any Obligations guaranteed hereby; (iii) any defense that may arise by reason of Area Developer's incapacity, lack of authority, insolvency or bankruptcy or Franchisor's failure to file or enforce a claim against the estate (either in bankruptcy or other proceeding) of Area Developer, any other or others; (iv) any defense arising out of any alteration of the Area Development Agreement or the Obligations; (v) notice of Area Developer's Default in the payment or performance of any of the Obligations; (vi) demand, protest and notice of any kind including, without limitation, notice of acceptance, notice of the existence, creation or incurring of new or additional Obligations or obligations or of any action or non-action on the part of Area Developer, Franchisor, any endorser, creditor of Area Developer or Guarantors under this or any other instrument, or any other Person, in connection with any obligation or evidence of Obligations held by Franchisor or in connection with any Obligations hereby guaranteed; (vii) all rights and defenses arising out of an election of remedies by Franchisor, even though that election of remedies, such as non-judicial foreclosure with respect to security for a guaranteed obligation, has destroyed Guarantors' rights of subrogation and reimbursement against Area Developer by operation of Applicable Law or otherwise; (viii) any duty of Franchisor to disclose to Guarantors any facts that Franchisor may now or hereafter know about Area Developer, regardless of whether Franchisor has reason to believe that any such facts materially increase the risk beyond that which Guarantors intends to assumes or has reason to believe that the facts are unknown to Guarantors or has a reasonable opportunity to communicate the facts to Guarantors, it being understood and agreed that Guarantors is responsible to be and to keep informed of Area Developer's financial condition and of all circumstances bearing on the risk of nonpayment of any Obligations hereby guaranteed; and (ix) any right to the benefit of or to direct the application of any security held by Franchisor.

6. Until all Obligations to Franchisor are paid in full and fully performed, Guarantors shall have no right of subrogation and waive any right to enforce any remedy that Franchisor now has or may hereafter have against Area Developer. All existing or future indebtedness of Area Developer to Guarantors and any right to withdraw capital invested in Area Developer by Guarantors are hereby subordinated to all Obligations.

7. Guarantors' liabilities and all rights, powers and remedies of Franchisor under this Guarantee and under any other agreement now or at any time hereafter in force between Franchisor and Guarantors shall be cumulative and not alternative and the rights, powers and remedies shall be additional to all rights, powers and remedies given to Franchisor by Applicable Law. Without limiting the generality of anything contained in this Guarantee, Guarantors waive and agree not to assert or take advantage of: (i) all rights described in California Civil Code Sections 2856(a)(1) through (a)(3), inclusive, including, without limitation, any rights or defenses which are or may become available to Guarantors by reason of California Civil Code Sections 2787 through 2855, inclusive; and (ii) California Civil Code Section 2899.

8. The liability of Guarantors under this Guarantee shall be an absolute, direct, immediate and unconditional continuing guarantee of payment and performance and not of collection. Guarantors' obligations under this Guarantee are independent of Area Developer's obligations. This is a continuing Guarantee. It shall be irrevocable during the initial term and each renewal term and through any extensions,

amendments, modifications, substitutions or replacements of the Area Development Agreement and until all Obligations has been fully paid and the Obligations have been fully performed. In the event of any default under this Guarantee, a separate action and/or successive actions may be brought and prosecuted against Guarantors regardless of whether action is brought against Area Developer or whether Area Developer is joined in any such action or actions. Franchisor may maintain successive actions for other defaults. Franchisor's rights under this Guarantee shall not be exhausted by Franchisor's exercise of any rights or remedies or by any such action or by any number of successive actions until and unless all Obligations have fully been paid and performed. The obligations of Guarantors shall be primary and are independent of the obligations of Area Developer and Franchisor may directly enforce its rights under this Guarantee without proceeding against or joining Area Developer or any other Person or Entity, or applying or enforcing any security of the Area Development Agreement. Guarantors acknowledge and agree that Guarantors shall, and hereby are, bound by each and all of the confidentiality and non-competition provisions of the Area Development Agreement.

9. Neither any provision of this Guarantee nor right of Franchisor under this Guarantee can be waived, nor can Guarantors be released from Guarantors' obligations under this Guarantee except by a written agreement executed by Franchisor. If any provision or portion of any provision of this Guarantee is found by a court of competent jurisdiction to be illegal or unenforceable, all other provisions shall, nevertheless, remain enforceable and effective. This Guarantee constitutes the entire agreement of Guarantors and Franchisor with respect to the subject matter hereof and no representation, understanding, promise or condition concerning the subject matter hereof shall bind Franchisor unless expressed in this Guarantee.

10. All written notices permitted or required under this Guarantee shall be deemed given and delivered in accordance with Article 17 of the Area Development Agreement. Notices to Guarantors shall be sent to the address set forth below each Guarantor's signature below.

11. This Guarantee may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Guarantee with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Guarantee for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Guarantee. In addition, this Guarantee may be signed electronically by Guarantors and electronic signatures appearing on this Guarantee shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Guarantee.

12. This Guarantee shall be governed by and construed in accordance with the laws of the State of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. Nothing in this Section 12 is intended by the Parties to subject this Agreement to any franchise or similar law, rules, or regulation of the state of California to which it would not otherwise be subject. Venue for purposes of any legal proceedings brought in connection with or arising out of this Guarantee shall be conclusively presumed to be in the State of California, County of Los Angeles. Guarantors hereby submit to the jurisdiction of the United States District Court for the Central District of California.

Executed by or on behalf of Guarantors on the date set forth below.

_____ _____

_____

_____

_____

_____ _____

_____

_____

_____ _____

_____

_____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT C
PURCHASED SERVICES COMPLIANCE AND INDEMNITY AGREEMENT

PURCHASED SERVICES
COMPLIANCE AND INDEMNITY AGREEMENT

THIS PURCHASED SERVICES COMPLIANCE AND INDEMNITY AGREEMENT (this "**Agreement**") is made and entered into as of _____, (the "**Effective Date**"), by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company (**"Franchisor"**), on the one hand, and _____, a _____ (**"Franchisee"**), on the other hand, who are individually referred to as a "**Party**" and collectively referred to as the "**Parties**", with reference to the following facts:

A. We Rock The Spectrum Kid's Gym, LLC, a California limited liability company, an affiliate of Franchisor, as the result of the expenditure of time, skill, effort and money, has developed the "**WRTS System**" for the operation of "**WRTS Kid's Gyms**" that provide a safe, nurturing and fun environment for all children to foster learning, exploration and safe sensory experiences. Franchisor has obtained the right to use and to license others to use the "**WRTS Marks**", the "**WRTS Proprietary Programs**" and the "**WRTS System**" from its affiliate.

B. Franchisor has entered into a Master Service Agreement (the "**MS Agreement**") with Roller Networks USA Inc. ("**Roller**") under which Roller has granted Franchisor, as the "**Corporate Customer**", a license to provide Franchisor and its franchisees (the "**WRTS Franchisees**") with certain online business management services (the "**Purchased Services**") necessary for the operation of WRTS Kid's Gyms. All WRTS Franchisees are required to use the Purchased Services to operate their WRTS Kid's Gyms. The MS Agreement provides that Franchisor and Roller will enter into "**Franchisee Customer Data Accesss**" for each WRTS Franchisee under which Roller will grant each WRTS Franchisee a "**Franchisee Customer Data Access**" to use the Purchased Services to operate its WRTS Kid's Gym under the terms and conditions set forth in the MS Agreement and the Franchisee Customer Data Access. For purposes of this Agreement, the "**MS Agreement**" means and includes the MS Agreement, the Franchisee Customer Data Access, the Terms of Service, the Privacy Policy, the Security Policy and the Schedule of Purchased Services, copies of which are attached as **Exhibit A**.

C. The MS Agreement requires Franchisor to enter into a written agreement with each WRTS Franchisee under which each WRTS Franchisee will agree to be bound by the terms and conditions set forth in the MS Agreement and the Franchisee Customer Data Access. The Parties desire to enter into this Agreement to comply with these terms and conditions in the MS Agreement.

NOW, THEREFORE, IT IS AGREED:

1. **COMPLIANCE WITH MS AGREEMENT**.

Franchisee shall use the Purchased Services in the operation of the WRTS Kid's Gym and shall comply with all of the terms and conditions contained in the MS Agreement, the Franchise Agreement and this Agreement in doing so. Franchisee shall use the Purchased Services only in connection with Franchisee's operation of the WRTS Kid's Gym at the Franchised Location. Franchisee expressly assumes all of the duties and obligations imposed upon Franchisor under the terms of the MS Agreement with respect to the duties and obligations of the "**Franchisee**" under the MS Agreement and the use of the Purchased Services at the WRTS Kid's Gym. All applicable terms and conditions of the MS Agreement are incorporated into and made a part of this Agreement as if Franchisee were the "**Corporate Customer**" thereunder, except as otherwise specifically provided in this Agreement or as the context of the MS Agreement indicates otherwise. Franchisee shall not commit or suffer any act or omission that will violate any of the provisions of the MS Agreement. In the event any inconsistency arises regarding the obligations of Franchisee under the MS Agreement and the obligations of

Franchisee under this Agreement or the Franchise Agreement, the more stringent obligations shall be binding upon Franchisee.

2. **TERM OF AGREEMENT**

The term of this Agreement shall commence on the Effective Date and shall expire upon the expiration or termination of the MS Agreement or the Franchise Agreement, whichever shall first occur, unless sooner terminated under the terms of this Agreement.

3. **TERMINATION OR EXPIRATION**

Upon termination or expiration of the MS Agreement or the Franchise Agreement, all rights granted under this Agreement to Franchisee shall forthwith terminate and Franchisee shall immediately and permanently cease to use the Purchased Services. Any default by Franchisee under the terms and conditions of this Agreement, or any other agreement between Franchisor, or its affiliates, shall be deemed to be a default of each and every other such agreement. In the event of the termination of this Agreement for any cause, or the termination of any other agreement between Franchisor, or its affiliates, and Franchisee, for any cause, Franchisor may, at its option, terminate this Agreement and/or any or all of such other agreements. The termination of this Agreement shall be without prejudice to any other remedy or cause of action which Franchisor may have against Franchisee to recover damages for any breach hereof.

4. **INDEMNITY**

Franchisee shall indemnify and hold harmless to the fullest extent by law, Franchisor, its affiliates and their respective directors, officers, employees, shareholders and agents, (collectively the "**Indemnitees**") from any and all "**losses and expenses**" (as hereinafter defined) incurred in connection with any litigation or other form of adjudicatory procedure, or claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises directly or indirectly from, as a result of, or in connection with Franchisee's acts or omissions under the MS Agreement. For the purpose of this Article 4, the term "**losses and expenses**" shall be deemed to include compensatory, exemplary or punitive damages; fines and penalties; attorneys' fees; experts' fees; court costs; costs associated with investigating and defending against claims; settlement amounts; judgments; compensation for damages to Franchisor's reputation and goodwill; and all other costs associated with any of the foregoing losses and expenses.

5. **ASSIGNMENT**

Franchisee shall not sell, encumber, assign, transfer, convey, pledge, merge, license or give away any direct or indirect interest in the rights to use the Purchased Services under this Agreement. Any purported assignment or transfer shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate this Agreement.

6. **INJUNCTIVE RELIEF**.

Franchisee acknowledges that failure to comply with the terms of this Agreement will result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, without the posting of any bond, an ex parte or other order for injunctive or other legal or equitable relief with respect to the requirements of this Agreement.

7. **WARRANTIES; LIMITATION OF LIABILITY**

Franchisor does not provide any warranties, expressed or implied, including any warrantee of merchantability or fitness for a particular purpose, with respect to the Purchased Services. Franchisor shall not be liable for any loss of profit, loss of business or other financial loss which may be caused by, directly or indirectly, the inadequacy of the Purchased Services for any purpose or any use thereof or by any defect or deficiency therein.

8. **WAIVERS**

No delay, waiver, omission, or forbearance on the part of Franchisor to exercise any right, option, duty, or power arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants thereof, and no custom or practice by the Parties at variance with the terms of this Agreement, shall constitute a waiver by Franchisor to enforce any such right, option, or power as against Franchisee, or as to a subsequent breach or default by Franchisee. Subsequent acceptance by Franchisor of any performance by Franchisee under this Agreement shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

9. **ENTIRE AGREEMENT, SEVERABILITY AND CONSTRUCTION**

9.1 **Entire Agreement**. This Agreement, any attachments hereto, the MS Agreement, and any ancillary agreements between Franchisee and Franchisor or any affiliate which are executed contemporaneously with this Agreement concerning the subject matter of this Agreement constitute the entire and complete Agreement between Franchisor (and, if applicable, any affiliate) and Franchisee concerning the subject matter thereof, and supersede all prior agreements. No amendment, change, or variation from this Agreement shall be binding on either Party unless mutually agreed to by the Parties and executed by their authorized officers or agents in writing.

9.2 **Severability and Construction**. Except as expressly provided to the contrary herein, each section, paragraph, part, term, and provision of this Agreement shall be considered severable; and if, for any reason, any section, paragraph, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, paragraphs, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the Parties hereto; and the invalid portions, sections, paragraphs, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement. Neither this Agreement or any uncertainty or ambiguity in this Agreement shall be construed or resolved against the drafter of this Agreement, whether under any rule of construction or otherwise. On the contrary, this Agreement has been review by all Parties and shall be construed and interpreted according to the ordinary meaning of the words used to fairly accomplish the purposes and intentions of all Parties to this Agreement. Franchisor and Franchisee intend that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, the provision shall be given the meaning that renders it enforceable.

9.3 **Survival of Obligations After Expiration or Termination**. Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

9.4 **Survival of Modified Provisions**. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

9.5 **Captions**. All captions in this Agreement are intended for the convenience of the Parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

9.6 **Incorporation of Recitals**. The recitals set forth in Paragraphs A through C of this Agreement are true and correct and are hereby incorporated by reference into the body of this Agreement.

10. APPLICABLE LAW

10.1 **Mediation**. Franchisor and Franchisee pledge to attempt first to resolve any dispute pursuant to mediation conducted in accordance with the Commercial Mediation Rules of the AAA unless Franchisor and Franchisee agree on alternative rules and a mediator within fifteen (15) days after either Party first gives notice of mediation. Mediation shall be conducted in Los Angeles County, California, and shall be conducted and completed within forty-five (45) days following the date either Party first gives notice of mediation unless otherwise agreed to in writing by Franchisor and Franchisee. The fees and expenses of the mediator shall be shared equally by Franchisor and Franchisee. The mediator shall be disqualified as a witness, expert or counsel for either Party with respect to the Dispute and any related matter. Mediation is a compromise negotiation and shall constitute privileged communications under California and other applicable laws. The entire mediation process shall be confidential and the conduct, statements, promises, offers, views and opinions of the mediator and Franchisor and Franchisee shall not be discoverable or admissible in any legal proceeding for any purpose; provided, however, that evidence which is otherwise discoverable or admissible shall not be excluded from discovery or admission as a result of its use in the mediation. Notwithstanding anything to the contrary set forth in this Agreement, a Party that fails to reasonably cooperate in scheduling and completing a mediation within forty-five (45) days after giving or receiving notice thereof shall be precluded from recovering costs, expenses, and/or prevailing Party attorneys' fees in any subsequent legal action. If any dispute remains unresolved ninety (60) days after a demand for mediation by either Party, Franchisor and Franchisee shall each be free to pursue their respective legal remedies under Section 10.2. The mediation provision in this Section 10.1 shall not apply to any action for injunctive or other provisional relief, as Franchisor deems to be necessary or appropriate to compel Franchisee to comply with Franchisee's obligations under this Agreement.

10.2 **Venue and Choice of Law.** Franchisor and Franchisee agree that all disputes arising out of or relating to this Agreement shall be brought in the Superior Court of California, County of Los Angeles, or the United States District Court of the Central District of California ("**Courts**"). To the fullest extent that the Parties may do so under applicable law, the Parties waive the defense of inconvenient forum to the maintenance of an action in these Courts and agree not to commence any action of any kind except in these Courts. California law shall govern the construction, interpretation, validity and enforcement of this Agreement, except to the extent the subject matter of the dispute arises exclusively under federal law, in which event federal law shall govern**.** If any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state.

10.3 **Nonexclusivity of Remedy**. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

10.4 **Attorneys' Fees**. If Franchisor becomes a party to any legal proceedings concerning this Agreement or the WRTS Kid's Gym by reason of any act or omission of Franchisee or its authorized representatives, Franchisee shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either Party commences a legal action against the other Party arising out of or in connection with this Agreement, the prevailing Party shall be entitled to have and recover from the other Party its reasonable attorneys' fees and costs of suit.

11. **COUNTERPARTS AND ELECTRONIC COPIES**.

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date first shown above.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OR
NAME AND SIGNATURE OF
INDIVIDUAL FRANCHISEES

_____

_____

_____

_____

_____

ROLLER

AMENDMENT TO MASTER SERVICE AGREEMENT

Franchisee Customer Data Access

This Amendment ("Amendment") is entered into by and between Roller Networks USA Inc. ("ROLLER") and We Rock The Spectrum, LLC ("Corporate Customer"), on behalf of itself and each Franchisee Customer (as defined in the Agreement), and amends the Roller Master Service Agreement, fully executed by the parties on September 18, 2025 ("Agreement"). Capitalized terms not defined in this Amendment have the meanings given in the Agreement.

BACKGROUND

A. The Agreement governs the provision of ROLLER services to Corporate Customer and the Franchisee Customers across all Corporate Venues and Franchisee Venues.

B. Section (o) of the Agreement sets out the rights and obligations of the parties in respect of Franchisee Customer data, including Venue Guest Data, and the access Corporate Customer has to such data in its capacity as franchisor.

C. The parties wish to amend and supplement Section (o) to more fully set out Corporate Customer’s network-wide administrative control rights and data access rights across the ROLLER platform, consistent with Corporate Customer’s role as franchisor of all Franchisee Venues.

D. For the avoidance of doubt, nothing in this Amendment modifies or limits the rights of Corporate Customer or Franchisee Customers under the ROLLER Data Processing Agreement, or the rights of any individual whose personal data is processed in connection with the Services, under applicable law.

AGREEMENT

Now, therefore, in consideration of the foregoing and the mutual covenants set forth below, the parties agree as follows:

1. **Purpose.** The purpose of this Amendment is to amend Section (o) of the Agreement to confirm and expand the network-wide administrative control and data access rights of Corporate Customer across the ROLLER platform, in its capacity as franchisor of all Franchisee Venues.
2. **Data Access and Direction Rights.** Section (o) of the Agreement is amended to include the following:

    (a) Corporate Customer has the right, in its capacity as franchisor, to access, use, export, and direct the use of all Customer Content and Venue Guest Data across all Corporate Venues and Franchisee Venues processed by ROLLER in connection with the Services, including through the “HQ – Pro

Connected Account" and "HQ – API" Services and any successor or equivalent features made available by ROLLER from time to time.

(b) ROLLER will, upon written request by Corporate Customer, provide Corporate Customer with access to Customer Content and Venue Guest Data relating to any Franchisee Venue, within a reasonable time following such request.

(c) In the event of a dispute between Corporate Customer and a Franchisee Customer regarding access to or use of data relating to a Franchisee Venue, ROLLER will follow Corporate Customer's written direction, unless ROLLER is required to act otherwise by applicable law or by a final order of a court of competent jurisdiction.

(d) The rights confirmed in this clause 2 are rights of access and direction. Nothing in this Amendment is intended to extinguish, limit, or otherwise affect the individual data rights of Franchisee Customers under the Agreement, the Data Processing Agreement, or applicable law, including the right of any Franchisee Customer to revoke Corporate Customer's access to its data in accordance with Section (o)(v) of the Agreement.

(e) In the event of the termination of a Franchisee Customer's participation in the ROLLER platform, whether by direction of Corporate Customer or otherwise, ROLLER will follow Corporate Customer's written direction regarding the treatment of that Franchisee Customer's data, subject to ROLLER's obligations under the Data Processing Agreement and applicable law.

3. **Franchisee Compliance.** By virtue of being a Franchisee Customer under the Agreement, each Franchisee Customer acknowledges and agrees that Corporate Customer holds the network-wide data access and direction rights set out in this Amendment, and that ROLLER is authorized to give effect to Corporate Customer's directions in accordance with this Amendment. This clause is incorporated into the Agreement as a binding obligation of each Franchisee Customer, binding through Corporate Customer's execution of this Amendment in its capacity as authorized agent of each Franchisee Customer under Section (u) of the Agreement.

4. **Applicable Privacy Laws.** Nothing in this Amendment limits or affects the rights of any individual under applicable privacy or data protection law, including but not limited to the California Consumer Privacy Act, the Australian Privacy Act 1988, the UK General Data Protection Regulation, or any other privacy or data protection legislation applicable in the territories in which the Venues operate. ROLLER's obligations to individuals in respect of their personal data are governed by the Data Processing Agreement and applicable law and remain unaffected by this Amendment.

5. **Relationship to Agreement.** This Amendment supplements and amends the Agreement. In the event of any conflict or inconsistency between this

Amendment and the Agreement, this Amendment will prevail to the extent of the inconsistency. Except as expressly amended by this Amendment, all terms of the Agreement remain unchanged and in full force and effect.

6. **No Other Changes.** Except as expressly amended by this Amendment, all terms of the Agreement remain unchanged and in full force and effect.
7. **Counterparts.** This Amendment may be executed in counterparts, including electronically, each of which is deemed an original and all of which together constitute one instrument.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the dates set forth below.

ROLLER NETWORKS USA INC.	**WE ROCK THE SPECTRUM, LLC**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D
CONFIDENTIALITY AGREEMENT FOR PROSPECTIVE FRANCHISEES

WE ROCK THE SPECTRUM, LLC
CONFIDENTIALITY AGREEMENT

THIS CONFIDENTIALITY AGREEMENT (this "**Agreement**") is made this ____ day of _____, 20__ (the "**Effective Date**"), by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company ("**Franchisor**"), on the one hand, and _____, a _____ ("**Candidate**"), on the other hand, with reference to the following facts:

A. We Rock The Spectrum Kid's Gym, LLC, a California limited liability company (the "**Operating Company**"), an affiliate of Franchisor, as the result of the expenditure of time, skill, effort and money, has developed a children's gym that provides a safe, nurturing and fun environment for all children, to foster learning, exploration and safe sensory experiences ("**WRTS Kid's Gym**").

B. WRTS Kid's Gyms are identified by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including, but not limited, to the mark "**We Rock The Spectrum Kid's Gym For All Kids**" and such other trade names, service marks and trademarks as are now designated and may hereafter be designated by Franchisor in writing (collectively, the "**WRTS Marks**") for use in connection with the operation of WRTS Kid's Gyms.

C. The distinguishing characteristics of WRTS Kid's Gyms include, without limitation, unique equipment to assist children with neurological growth, sensory-based swings and toys, indoor play structure, motor play toys and equipment, arts and crafts area, physical fitness programs, manuals, materials, services, and related written content created, owned, and copyrighted or copyrightable by the Operating Company (collectively, the "**WRTS Proprietary Programs**"), distinctive exterior and interior design, decor, color scheme, fixtures, and furnishings for the WRTS Kid's Gyms; service standards; uniform standards, specifications and procedures for operations; procedures for management control; training and assistance; specifications for equipment and fixtures; defined product offerings; Franchisor specified pricing; restrictions on ownership; and advertising, public relations and promotional programs, all of which may be changed, improved and further developed by Franchisor from time to time (collectively, the "**WRTS System**"). Franchisor has obtained the right to use, and to license others to use, the WRTS Marks and the WRTS System, and has, as a result of its expenditure of time, skill, effort, and money, developed a distinctive franchise model for qualified franchisees to obtain the right to operate a WRTS Kid's Gym using the WRTS Marks and the WRTS System.

D. Candidate desires to apply to become a WRTS Kid's Gym franchisee. In connection therewith, Franchisor may provide Candidate with confidential and proprietary information regarding the WRTS Proprietary Programs and the WRTS System prior to granting or declining to grant Candidate a franchise or entering into a franchise agreement with Candidate. Franchisor desires that Candidate maintain the confidentiality of all such confidential and proprietary information on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, IT IS AGREED:

1. **INCORPORATION OF RECITALS**.

The recitals set forth in Paragraphs A through D above are true and correct and are hereby incorporated by reference into the body of this Agreement.

2. **CONFIDENTIALITY**.

Candidate acknowledges and agrees:

2.1. **WRTS Confidential Information**. That Candidate's knowledge of the elements of the WRTS Proprietary Programs and the WRTS System and any other proprietary data that may be disclosed to Candidate by Franchisor, or any affiliate of Franchisor, including, without limitation, any and all confidential and/or proprietary knowledge, data or information of a party and any and all confidential and/or proprietary knowledge, data or information which a party has obtained or obtains from another person or entity and which a party treats as proprietary or designates (whether or not in writing or electronic form) as "**WRTS Confidential Information**". By way of illustration, but not limitation, "**WRTS Confidential Information**" includes tangible and intangible information (whether or not in electronic form) relating to Franchisor's business operations, styles, products and services, sources of materials and equipment, client management and other software, data, other content, formulations, patterns, compilations, programs, devices and processes, business relationships, contact information for industry professionals, developmental or experimental work and services, improvements, discoveries, plans for research, potential new or supplemental products and services, websites, advertisements or ancillary products and services, marketing and selling methods and/or plans, business plans, budgets and unpublished financial statements, licenses, prices and costs, vendors, collaborators, current customer and prospective customer names and addresses, information regarding credit extensions to customers, customer service purchasing histories and prices charged to customers, customer lists and other customer data, information regarding the skills and compensation of employees of Franchisor and contractors of Franchisor, designs, drawings, specifications, source code, object code, documentation, diagrams, flowcharts, research, development, marketing techniques and materials, trademarks, trade secrets, sales/license techniques, inventions, copyrightable material, trademarkable material, databases, relationships between Franchisor and other companies, persons or entities, the WRTS Proprietary Programs and WRTS System, and any other information or material considered proprietary by Franchisor whether or not designated as confidential information by Franchisor, that is not generally known by the public, or which derives independent economic value (actual or potential) from not being generally known to the public or persons unaffiliated with Franchisor or its affiliates and which is the subject of efforts by Franchisor that are reasonable under the circumstances to maintain its secrecy, and any other information in oral, written, graphic or electronic form which, given the circumstances surrounding its disclosure, would be considered confidential. WRTS Confidential Information also includes the manner in which any of the above described items may be combined with any other information or products or synthesized or used by Candidate. WRTS Confidential Information does not include any information that was in the lawful and unrestricted possession of Candidate prior to its disclosure by Franchisor; is or becomes generally available to the public by acts other than those of Candidate after receiving it; has been received lawfully and in good faith by Candidate from a third party who did not derive it from Franchisor or Candidate; or is shown by acceptable evidence to have been independently developed by Candidate.

2.2. **Value**. That the WRTS Confidential Information has been developed by Franchisor and its affiliates by the investment of time, skill, effort and money and is widely recognized by the public and is of substantial value.

2.3. **Proprietary**. That the WRTS Confidential Information is proprietary, confidential and constitutes a trade secret of Franchisor and its affiliates.

2.4. **Maintain Confidentiality**. That Candidate will fully and strictly maintain the confidentiality of the WRTS Confidential Information, will exercise the highest degree of diligence in safeguarding the WRTS Confidential Information and will not disclose or reveal the WRTS Confidential Information to any person other than another person who is actively and directly participating in the acquisition of the franchise with Candidate, but only after first disclosing the identity of such person to Franchisor in writing and obtaining such person's signature on a Non-Disclosure Agreement similar to this Agreement, unless covered by attorney-client privilege.

2.5. **Reproduction and Use**. That Candidate will not directly or indirectly reproduce or copy any WRTS Confidential Information or any part thereof and will make no use of any WRTS Confidential Information for any purpose whatsoever unless and until Candidate becomes a franchisee of Franchisor, and then only in accordance with the provisions of Candidate's Franchise Agreement.

3. **GENERAL**.

3.1. **Injunction**. Candidate recognizes the unique value and secondary meaning attached to the WRTS Confidential Information and the elements of the WRTS Proprietary Programs and the WRTS System and agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use of the WRTS Confidential Information will cause irreparable damage to Franchisor and its franchisees. Candidate therefore agrees that if Candidate should engage in any such unauthorized or improper use of the WRTS Confidential Information, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction without notice or the posting of any bond, in addition to any other remedies prescribed by law.

3.2. **Heirs and Successors**. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

3.3. **Entire Agreement**. This Agreement represents the entire understanding between the parties regarding the subject matter of this Agreement and supersedes all other negotiations, agreements, representations and covenants, oral or written. This Agreement may not be modified except by a written instrument signed by Franchisor and Candidate that expressly modifies this Agreement. The parties intend this Agreement to be the entire integration of all of their agreements on this subject of any nature regarding the subject matter of this Agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties.

3.4. **No Right to Use the WRTS Proprietary Programs, WRTS System or the WRTS Marks**. This Agreement is not a Franchise Agreement or a license of any sort, and does not grant Candidate any right to use or to franchise or license the use of, the WRTS Confidential Information, the WRTS Proprietary Programs, the WRTS System and/or the WRTS Marks, which right is expressly reserved by Franchisor.

3.5. **Waiver**. Failure by Franchisor to enforce any rights under this Agreement shall not be construed as a waiver of such rights. Any waiver, including a waiver of default, in any one instance shall not constitute a continuing waiver or a waiver in any other instance.

3.6. **Validity**. Any invalidity of any portion of this Agreement shall not affect the validity of the remaining portions and unless substantial performance of this Agreement is frustrated by any such invalidity, this Agreement shall continue in full force and effect.

3.7. **Headings and Gender**. The headings herein are for purposes of convenience only and shall not be used in construing the provisions hereof. As used herein, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

3.8. **Attorneys' Fees**. If Franchisor becomes a party to any legal proceedings concerning this Agreement by reason of any act or omission of Candidate or its authorized representatives, Candidate shall be liable to Franchisor for the reasonable attorneys' fees and court costs incurred by Franchisor in the legal proceedings. If either party commences a legal proceeding against the other party arising out of or in connection with this Agreement, the prevailing party shall be entitled to have and recover from the other party its reasonable attorneys' fees and costs of suit.

3.9. **Cumulative Remedies**. Any specific right or remedy set forth in this Agreement, legal, equitable, or otherwise, shall not be exclusive, but shall be cumulative with all other rights or remedies set forth herein or allowed or allowable by law.

3.10. **Notices**. All notices or demands to be given under this Agreement shall be in writing and shall be served in person, by air courier delivery with a guaranteed tracking facility, by certified mail, by facsimile transmission or by electronic transmission (email). Service shall be deemed conclusively made (i) at the time of service, if personally served; (ii) three (3) business days after delivery by the Party giving the notice, statement or demand if by air courier with a guaranteed tracking facility; or (iii) three (3) business days after placement in the United States mail by Certified Mail, Return Receipt Requested, with postage prepaid; (iv) on the day of facsimile transmission to the facsimile number given below if confirmation of receipt is obtained by the sender promptly after completion of facsimile transmission; and (v) on the day of electronic transmission to the email address given below if confirmation of receipt is obtained by the sender promptly after completion of electronic transmission. Notices and demands shall be given to the respective Parties at the following addresses, unless and until a different address has been designated by written notice to the other Party:

Notices to Franchisor:

We Rock The Spectrum, LLC
18816 Ventura Boulevard
Tarzana, California 91356
Fax: (818) 650-2261
Attention: Chief Executive Officer
Email:dina@wrtsfranchise.com

With a copy to (which shall not constitute notice):

Barry Kurtz, Esq.
Lewitt, Hackman, Shapiro, Marshall and Harlan,
A Law Corporation
16633 Ventura Boulevard, 11th Floor
Encino, California 91436
Fax: (818) 981-4764
Email: bkurtz@lewitthackman.com

Notices to Candidate:

_____
_____
_____
Fax: _____
Attention: _____
Email: _____

Either party may change its address for the purpose of receiving notices, demands and other communications by a written notice given in the manner set forth above to the other party.

3.11. **Governing Law**. This Agreement takes effect upon its acceptance and execution by Franchisor in California, and shall be interpreted and construed under the laws of California. In the event of any conflict of law, the laws of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state.

3.12. **Venue**. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought within the city and county in which Franchisor has its principal place of business at the time the action is initiated, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

3.13. **Counterparts and Electronic Transmission; Electronic Signatures**. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Agreement. In addition, this Agreement may be signed electronically by the Parties and electronic signatures appearing on this Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first shown above.

FRANCHISOR:	**CANDIDATE**:
WE ROCK THE SPECTRUM, LLC, A California limited liability company	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

WE ROCK THE SPECTRUM, LLC.
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E
STATE SPECIFIC ADDENDA

CALIFORNIA
ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department Of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

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 ANY AGREEMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www. dfpi.ca.gov.

1. The following language is added to the end of Item 3 of the disclosure document:

   Neither we nor any person identified in Item 2, or an affiliate or franchise broker offering franchises under our principal trademark 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. 78a et seq., suspending or expelling such person from membership in such association or exchange.

2. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

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

   California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

   The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise.

   Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

3. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. **California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1):** Any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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.

CALIFORNIA
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC,** a California limited liability company as franchisor ("**Franchisor**"), and _____, as franchisee ("**Franchisee**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. For the purposes of Cal. Bus. & Prof. Code Section 20022, Franchisor and Franchisee agree that:

   a. For the purposes of Section 20022, Franchisee is not able to provide Franchisor with "clear title and possession" to Franchisee's Assets if those Assets are subject to liens or encumbrances including: (i) purchase money security interests; (ii) blanket security interests; (iii) rights of first refusal; (iv) liens by Franchisee's landlord; or (v) tax liens.

   b. For the purposes of Section 20022(h), Franchisor's right of offset will include the following amounts owed by Franchisee to Franchisor or Franchisor's Affiliates: (i) Royalty Fees; (ii) Marketing Fund Fees; (iii) Transfer Fees; and (iv) any other type of fee owed by Franchisee to Franchisor or Franchisor's Affiliates.

2. For the purposes of Cal. Bus. & Prof. Code Section 20035, Franchisor and Franchisee agree that:

   a. "**Fair market value of the franchise assets**" means the value of Franchisee's Assets, valued according to the declining-balance method of depreciation. The purchase price by Franchisor for the Assets will not include the cost of removal and transportation of those assets, which will be Franchisee's responsibility.

   b. "**Fair market value of the franchised business**" means the "**fair market value of the franchise assets**" as defined above, plus goodwill. The parties agree that the value of goodwill is the amount of Royalty Fees paid by Franchisee to Franchisor within the twelve (12) month period immediately before Franchisor's termination or failure to renew if Franchisor is in violation of the California Franchise Relations Act.

3. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. **California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1):**
   Any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

5. For the purposes of Cal. Code Regs. Tit. 10, § 310.114.1, Franchisor and Franchisee agree that:

a. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document 14 days prior to execution of any agreement.

b. California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

c. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. sec. 101 et. Seq.).

d. 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.

e. If the Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages are unenforceable.

f. The Franchise Agreement requires the parties to resolve all disputes through proceedings held in Los Angeles County, California, with the costs being borne by the losing party.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

CALIFORNIA
ADDENDUM TO AREA DEVELOPMENT AGREEMENT

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the "**Development Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company, as franchisor ("**Franchisor**"), and _____, as Area Developer ("**Developer**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Area Development Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Area Development Agreement shall have the identical meanings in this Addendum.

1. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. **California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1):** Any provision of a area development agreement or related document requiring the developer to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

3. For the purposes of Cal. Code Regs. Tit. 10, § 310.114.1, Franchisor and Area Developer agree that:

   a. The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise to be delivered together with the Disclosure Document 14 days prior to execution of any agreement.

   b. California Business and Professions Code Sections 20000 through 20043 provide rights to the developer concerning termination, transfer or non-renewal of a franchise. If the Development Agreement contains a provision that is inconsistent with the law, the law will control.

   c. The Development Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. sec. 101 et. Seq.).

   d. The Development Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

   e. If the Development Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages are unenforceable.

   f. The Development Agreement requires the parties to resolve all disputes through proceedings held in Los Angeles County, California, with the costs being borne by the losing party.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:	**AREA DEVELOPER**:
WE ROCK THE SPECTRUM, LLC A California limited liability company	_____ A _____
By:_____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____

HAWAII
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

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

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

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

4. 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 FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

ILLINOIS
ADDENDUM TO DISCLOSURE DOCUMENT

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "**Act**"), the Franchise Disclosure Document is amended as follows:

1. Illinois law governs the agreements between the parties to the Franchise Agreement.

2. Section 4 of Act provides that any provision in the Franchise Agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for arbitration outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

4. Your rights upon termination and non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Act.

5. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC,** a California limited liability company, as Franchisor, and _____, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Illinois law governs the agreements between the parties to the Franchise Agreement.

2. Section 4 of the Illinois Franchise Disclosure Act (the "**Act**") provides that any provision in the Franchise Agreement which designates jurisdiction or venue outside the State of Illinois is void. However, a Franchise Agreement may provide for mediation outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Franchisee's rights upon termination and non-renewal of the Franchise Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

ILLINOIS
ADDENDUM TO AREA DEVELOPMENT AGREEMENT

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the "**Area Development Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC,** a California limited liability company, as Franchisor, and _____, as Area Developer. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Area Development Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Area Development Agreement shall have the identical meanings in this Addendum.

1. Illinois law governs the agreements between the parties to the Area Development Agreement.

2. Section 4 of the Illinois Franchise Disclosure Act (the "**Act**") provides that any provision in the Area Development Agreement which designates jurisdiction or venue outside the State of Illinois is void. However, the Area Development Agreement may provide for mediation outside of Illinois.

3. Section 41 of the Illinois Franchise Disclosure Protection Act provides that any condition, stipulation or provision that purports to bind a person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. Your rights upon termination and non-renewal of the Area Development Agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

5. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

INDIANA
ADDENDUM TO DISCLOSURE DOCUMENT

1. The risk factors listed on the cover page of the Uniform Franchise Disclosure Document are void under Indiana law.

2. It is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

a. Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or service or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This paragraph does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

b. Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee in the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee in a reasonable area.

c. Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

d. Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

e. Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by Indiana law or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This paragraph does not apply to arbitration before an independent arbitrator.

f. Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this paragraph.

g. Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this paragraph includes any material violation of the franchise agreement.

h. Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This paragraph shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

i. Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

j. Limiting litigation brought for breach of the agreement in any manner whatsoever. A choice of forum or law other than that of Indiana is prohibited.

k. Requiring the franchisee to participate in any:

(i) Advertising campaign or contest;

(ii) Promotional campaigns;

(iii) Promotional materials; or

(iv) Display decorations or materials;

at any expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

l. Requiring a franchisee to enter into an agreement providing the franchisor with any indemnification for liability caused by the franchisee's proper reliance on or use of procedures or materials provided by the franchisor or by the franchisor's negligence.

m. Requiring a franchisee to enter into an agreement reserving the right to injunctive relief and any specific damages to the franchisor, limiting the remedies available to either party without benefit of appropriate process or recognizing the adequacy or inadequacy of any remedy under the agreement.

3. It is unlawful for any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana to engage in any of the following acts and practices in relation to the agreement:

a. Coercing the franchisee to:

(i) Order or accept delivery of any goods, supplies, inventories, or services which are neither necessary to the operation of the franchise, required by the franchise agreement, required by law, nor voluntarily ordered by the franchisee.

(ii) Order or accept delivery of any goods offered for sale by the franchisee which includes modifications or accessories which are not included in the base price of those goods as publicly advertised by the franchisor.

(iii) Participate in an advertising campaign or contest, any promotional campaign, promotional materials, display decorations, or materials at an expense to the franchisee over and above the maximum percentage of gross monthly sales or the maximum absolute sum required to be spent by the franchisee provided for in the franchise agreement, in the absence of such provision for required advertising expenditures in the franchise agreement, no such participation may be required; or

(iv) Enter into any agreement with the franchisor or any designee of the franchisor, or do any other act prejudicial to the franchisee, by threatening to cancel or fail to renew any agreement between the franchisee and the franchisor. Notice in good faith to any franchisee of the franchisee's violation of the terms or provisions of a franchise or agreement does not constitute a violation of this paragraph.

b. Refusing or failing to deliver in reasonable quantities and within a reasonable time after receipt of an order from a franchisee for any good, supplies, inventories, or services which the franchisor has agreed to supply to the franchisee, unless the failure is caused by acts or caused beyond the control of the franchisor.

c. Denying the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs, or estate maintains all standards and obligations of the franchise.

d. Establishing a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement, or if no exclusive territory is designated, competing unfairly with the franchisee within a reasonable area. However, a franchisor shall not be considered to be competing when operating a business either temporarily for a reasonable period of time, or in a bona fide retail operation which is for sale to any qualified independent person at a fair and reasonable price, or in a bona fide relationship in which an independent person has made a significant investment subject to loss in the business operation and can reasonably expect to acquire full ownership of such business on reasonable terms and conditions.

e. Discriminating unfairly among its franchisees or unreasonably failing or refusing to comply with any terms of a franchise agreement.

f. Obtaining money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

g. Increasing prices of goods provided by the franchisor which the franchisee had ordered for retail consumers prior to the franchisee's receipt of a written official price increase notification. Price increases caused by conformity to a state or federal law, the revaluation of the United States dollar in the case of foreign-made goods or pursuant to the franchise agreement are not subject to this paragraph.

h. Using deceptive advertising or engaging in deceptive acts in connection with the franchise or the franchisor's business.

4. The franchisee does not waive any right under Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document.

5. Each provision of the franchise documents which is unlawful pursuant to Indiana's franchise laws is amended to conform with said law.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of Indiana law are met independently without reference to this Addendum to Franchise Disclosure Document.

7. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MARYLAND
ADDENDUM TO DISCLOSURE DOCUMENT

1. The following is added as a Risk Factor to the end of the "Special Risks to Consider About This Franchise":

> **Significant Expansion**: During the last 2 years, the franchisor expanded significantly and plans to continue to expand aggressively. This franchise is likely to be a riskier investment than a franchise that grows gradually.

2. Item 5 entitled "**Initial Fees**" is amended by adding the following:

> "Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

3. The Summary section of Item 17(c) entitled "**Requirements for you to Renew or Extend"** and the Summary section of Item 17(l) entitled "**Our Approval of Transfer"** are amended by adding the following:

> Any general release you sign as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The Summary section of Item 17(v) entitled "**Choice of Forum"** are amended by adding the following:

> "You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
>
> Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise."

5. The Summary section of Item 17(h) entitled "**Cause Defined Non-curable Defaults"** is amended by adding the following:

> "Termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. §101 et. seq.)"

6. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions of the Franchise Agreement or Franchise Compliance Certificate which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise 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.

7. 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. Any questionnaire and specific Acknowledgments shall not apply to prospective franchisees who are Maryland residents or who seek to purchase a franchise located in Maryland.

MARYLAND
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company, as franchisor and _____, as Franchisee. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

1. Sections 2.2 and 13.4 of the Franchise Agreement are amended by the addition of the following language to the original language that appears therein:

"Any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Any provision requiring Franchisee to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

3. The Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any provisions which require a prospective franchisee to disclaim the occurrence and/or non-occurrence of acts that would constitute a violation of the Maryland Franchise Registration and Disclosure Law in order to purchase a franchise are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Section 4.1 of the Franchise Agreement is amended as follows:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement." "

5. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Franchise Law are met independently without reference to this Addendum.

7. 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. Any questionnaire and specific Acknowledgments shall not apply to prospective franchisees who are Maryland residents or who seek to purchase a franchise located in Maryland.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

MARYLAND
ADDENDUM TO AREA DEVELOPMENT AGREEMENT

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the "**Development Agreement**") dated _____, by and between WE ROCK THE SPECTRUM, LLC, a California limited liability company, as franchisor and _____, as Area Developer. Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Development Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Development Agreement shall have the identical meanings in this Addendum.

1. Sections 2.6 and 9.4 of the Area Development Agreement are amended by the addition of the following language to the original language that appears therein:

"Any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law."

2. Any provision requiring Area Developer to bring an action against Franchisor in any state other than Maryland shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law. Area Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. All claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of a franchise.

3. Article 4 of the Development Agreement is amended as follows:

"Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens."

4. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise. Any questionnaire and specific Acknowledgments shall not apply to prospective franchisees who are Maryland residents or who seek to purchase a franchise located in Maryland.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

MICHIGAN
ADDENDUM TO DISCLOSURE DOCUMENT

The following disclosures are required by the State of Michigan:

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

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

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

B. A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

C. A provision that permits a franchisor to terminate a franchise prior to the expiration of this 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 and a reasonable opportunity, which will not be more than 30 days, to cure such failure.

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

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

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

G. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. The 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:

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

2) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

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

4) 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 a provision has been made for providing the required contractual services.

2. If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00 the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

3. No statement, questionnaire, or acknowledgement signed or agreed to by a franchise in connection with the commencement of the franchisee 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL. Any questions regarding this notice should be direct to:

Michigan Department of Attorney General
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa
Lansing, MI 48933
(517) 335-7567

MINNESOTA
ADDENDUM TO DISCLOSURE DOCUMENT

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. Item 13 "**Trademarks**" is amended by adding the following:

   As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. Item 17 "**Renewal, Termination, Transfer and Dispute Resolution**" is amended by adding the following:

   A. **Renewal and Termination**

   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 Agreement.

   B. **Choice of Forum**

   Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

   C. **Releases**

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

3. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement ("Agreement") agree as follows:

1. Section 2.1 "**Initial Term**", shall be supplemented by the following new paragraph:

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

2. Section 2.2 "**Option to Extend**", shall be supplemented by the following new paragraph:

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

3. Section 8 "**WRTS Marks**" shall be supplemented by the following new paragraph:

   As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee's right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

4. Section 14 "**Default and Termination**" shall be supplemented by the following new paragraph:

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

5. Section 13.4 "**Conditions of Assignment to Third Party**" shall be supplemented by the following new sentence:

   "A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22."

6. Section 23.2 "**Judicial Relief**" (regarding choice of forum), shall be supplemented by the following:

"Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction."

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

7. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

MINNESOTA
ADDENDUM TO AREA DEVELOPMENT AGREEMENT

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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

NEW YORK
ADDENDUM TO DISCLOSURE DOCUMENT

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

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005-1495. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

   Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

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

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

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

   D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought

by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

   Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

   The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

   However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor**":

   However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

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 any statement made by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company, as franchisor ("**Franchisor**") and _____, as franchisee ("**Franchisee**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

The parties to the Franchise Agreement hereby acknowledge and agree that:

1. To the extent required by applicable law, all rights the franchisee enjoys and any causes of action arising in the franchisee's 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.

2. The franchisee may terminate the Franchise Agreement on any grounds available by law.

3. Irrespective of any rights granted to the franchisor to assign the Franchise Agreement, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

4. No choice of law or choice of forum provision in the Franchise Agreement should be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

5. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

7. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

NEW YORK

ADDENDUM TO AREA DEVELOPMENT AGREEMENT

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the "**Area Development Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company, as franchisor ("**Franchisor**"), and _____, as area developer ("**Area Developer**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Area Development Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Area Development Agreement shall have the identical meanings in this Addendum.

The parties to the Area Development Agreement hereby acknowledge and agree that:

1. To the extent required by applicable law, all rights the area developer enjoys and any causes of action arising in the area developer's 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.

2. The area developer may terminate the Area Development Agreement on any grounds available by law.

3. Irrespective of any rights granted to the franchisor to assign the Area Development Agreement, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Area Development Agreement.

4. No choice of law or choice of forum provision in the Area Development Agreement should be considered a waiver of any right conferred upon the franchisor or upon the area developer by Article 33 of the General Business Law of the State of New York.

5. In the event of any conflict between the terms of this Addendum and the terms of the Area Development Agreement, the terms of this Addendum shall prevail.

6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the General Business Law of the State of New York are met independently without reference to this Addendum.

7. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[*Signature Page to Follow*]

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

NORTH DAKOTA
ADDENDUM TO DISCLOSURE DOCUMENT

Item 5 of the Franchise Disclosure Document is amended as follows:

"Despite the payment provisions in this Item 5, all initial fees and payments due to us will be deferred until the first business day following the date that we have completed all of our material initial obligations to you under the Franchise Agreement and you begin to conduct business at the Franchised Location, at which time all initial fees and payments will become immediately due and payable."

In North Dakota, the Disclosure Document is amended as follows to conform to North Dakota law:

1. Item 17 (c) "**Requirements for Franchisee to Renew or Extend**" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement which requires the franchisee to sign a general release upon renewal of the Franchise Agreement is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

2. Item 17 (r) "**Non-competition Covenants**" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement restricting competition is contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust or inequitable within the intent of Section 51-09-09 of the North Dakota Franchise Investment Law".

3. Item 17 (u) "**Dispute Resolution**" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement which provides that the parties agree to an arbitration or mediation of disputes which place at a location that is remote from the site of Franchisee's business is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

4. Item 17 (v) "**Venue**" of the Disclosure Document is amended as follows: "Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota."

5. Item 17 (w) "**Governing Law**" is amended as follows: "Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law."

6. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

NORTH DAKOTA
ADDENDUM TO FRANCHISE AGREEMENT

The Franchise Agreement is amended as follows:

1. Any provision in the Franchise Agreement requiring the Franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

2. In North Dakota, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the North Dakota Franchise Investment Law, such as the right to jury trial, may not be enforceable.

3. Provisions of the Franchise Agreement requiring the Franchisee to consent to liquidated damages or termination penalties, requiring the Franchisee to consent to a limitation of claims or requiring the Franchisee to pay all of Franchisor's costs and expenses incurred in enforcing the agreement may not be enforceable under North Dakota law.

4. Provisions of the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

5. Provisions of the Franchise Agreement which provide that the parties agree to arbitration or mediation of disputes at a location that is remote from the site of Franchisee's business is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

6. Provisions of the Franchise Agreement which designate jurisdiction or venue or require the Franchisee to agree to jurisdiction or venue in a forum outside of North Dakota are void with respect to any cause of action which is otherwise enforceable in North Dakota.

7. Provisions of the Franchise Agreement requiring a franchisee to sign a general release upon the renewal of the Franchise Agreement are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

8. Provisions of the Franchise Agreement restricting competition are contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust or inequitable within the intent of Section 51-09-09 of the North Dakota Franchise Investment Law.

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 any statement made by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

RHODE ISLAND
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. The following language is added to Item 17(v) entitled "**Choice of Forum**":

   "A provision of a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

2. The following language is added to Item 17(w) entitled "**Choice of Law**":

   "A provision of a franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

3. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

RHODE ISLAND
ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM TO FRANCHISE AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Franchise Agreement (the "**Franchise Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company, as franchisor ("**Franchisor**") and _____, as franchisee ("**Franchisee**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Franchise Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Franchise Agreement shall have the identical meanings in this Addendum.

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the Franchise Agreement agree as follows:

1. Any provision of the Franchise Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

2. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement, the terms of this Addendum shall prevail.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

4. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

RHODE ISLAND
ADDENDUM TO AREA DEVELOPMENT AGREEMENT

THIS ADDENDUM TO AREA DEVELOPMENT AGREEMENT (this "**Addendum**") dated _____, is intended to be a part of, and by this reference is incorporated into that certain Area Development Agreement (the "**Area Development Agreement**") dated _____, by and between **WE ROCK THE SPECTRUM, LLC**, a California limited liability company, as franchisor ("**Franchisor**") and _____, as area developer ("**Area Developer**"). Where and to the extent that any of the provisions of this Addendum are contrary to, in conflict with or inconsistent with any provision contained in the Area Development Agreement, the provisions contained in this Addendum shall control. Defined terms contained in the Area Development Agreement shall have the identical meanings in this Addendum.

In recognition of the requirements of the Rhode Island Franchise Investment Act (Section 19-28.1-14), the parties to the Area Development Agreement agree as follows:

1. Any provision of the Area Development Agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of any state other than Rhode Island is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

2. In the event of any conflict between the terms of this Addendum and the terms of the Area Development Agreement, the terms of this Addendum shall prevail.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

4. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

AREA DEVELOPER:

_____
A _____

By: _____

Name: _____

Title: _____

SOUTH DAKOTA
ADDENDUM TO DISCLOSURE DOCUMENT

The Franchise Agreement includes a covenant not to compete after termination of the Franchise Agreement. Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances provided by law. The Franchise Agreement provides for arbitration in a state other than South Dakota. Under South Dakota law, arbitration must be conducted at a mutually agreed upon site in accordance with § 11 of the Commercial Arbitration Rules of the American Arbitration Association.

The Franchise Agreement designates the law of a state other than South Dakota as the governing law, except that the arbitration clause is to be construed under the Federal Arbitration Act and trademark issues are to be construed under the Lanham Act. Franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota, but contractual and all other matters will be subject to application, construction, enforcement, and interpretation under the governing law specified by the Franchise Agreement.

Under South Dakota law, any provision in a Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue outside South Dakota is void with respect to any cause of action which is governed by the law of South Dakota.

Under South Dakota law, termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make management service fee payments contained in the Disclosure Document and Franchise Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination. Under SDL 37-5B-21, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order under it is void.

Any acknowledgment, provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate the South Dakota franchise law or a rule or order under the South Dakota franchise law.

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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

VIRGINIA
ADDENDUM TO DISCLOSURE DOCUMENT

The Disclosure Document is amended as follows:

1. All references in Items 5 and 17 of the Disclosure Document which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

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

3. No statement, questionnaire, or 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

5. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

VIRGINIA
ADDENDUM TO FRANCHISE AGREEMENT

The undersigned hereby acknowledge and agree that:

1. All references in the Franchise Agreement which provide that the Franchise Agreement may be terminated for any reason are in violation of Section 13.1-564 of the Virginia Retail Franchising Act and are unenforceable.

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Addendum.

3. 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 franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

4. Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

5. Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

_____
A _____

By: _____

Name: _____

Title: _____

WASHINGTON

ADDENDUM TO DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW (the "Act") will prevail.

2. **Franchisee Bill of Rights.** The State of Washington has a statute, the Act, which might supersede this Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There might also be court decisions which supersede the Agreement in your relationship with us, including termination and renewal of your franchise. Franchise Agreement and Area Development Agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

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

4. **General Release.** A release or waiver of rights in the Franchise Agreement or Area Development Agreement or related agreements purporting to bind you to waive compliance with any provisions under the Act or any rules or orders thereunder is void, except when executed pursuant to a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel, in accordance with the Act. In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void, expect as provided for in the Act.

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the Franchise Agreement, Area Development Agreements or related agreements that 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, might not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable to the extent that they reflect our reasonable estimate or actual costs in effecting a transfer.

7. **Termination by Franchisee.** You may terminate the Franchise Agreement and Area Development Agreement under any ground permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in Franchise Agreements, Area Development Agreements or related agreements that permit the Franchisor to repurchase the Franchisee's or Area Developer's business for any reason during the term of the Franchise Agreement or Area Development Agreement without the Franchisee's or Area Developer's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the Franchise Agreements, Area Development Agreements or related agreements that requires the Franchisee or Area Developer to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

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

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

12. **Indemnification.** Any provision in the Franchise Agreement, Area Development Agreement or related agreements requiring the Franchisee or Area Developer to indemnify, reimburse, defend, or hold harmless the Franchisor or other parties is hereby modified such that the Franchisee or Area Developer has no obligation to indemnify, reimburse, defend, or hold harmless the Franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the Franchise Agreement, Area Development Agreement or related agreements require a Franchisee or Area Developer to reimburse the Franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the Franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a Franchisee or Area Developer, 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 or Area Developer 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, Area Development Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a Franchisor from restricting, restraining, or prohibiting a Franchisee or Area Developer from (i) soliciting or hiring any employee of a Franchisee or Area Developer 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, Area Development Agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. No statement, questionnaire, or acknowledgement signed or agreed to by a Franchisee or Area 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 Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the Franchise Agreement, Area Development Agreement or related agreements that prohibits the Franchisee or Area Developer from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the Franchisor and is paid a fee for referring prospects to the Franchisor and/or selling the franchise. If a Franchisee or Area Developer is working with a franchise broker, Franchisees and Area Developers are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. Section 9.1.1 of the Area Development Agreement is amended to add the following:

The waiver contained in Section 9.1.1 will not apply to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

20. Section 9.1.2 of the Area Development Agreement does not apply in the state of Washington.

(Signature Page Follows)

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE/AREA DEVELOPER:

_____
A _____

By: _____
Name: _____
Title: _____

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F
GENERAL RELEASE AGREEMENT

WE ROCK THE SPECTRUM, LLC
GENERAL RELEASE AGREEMENT

THIS GENERAL RELEASE AGREEMENT (this "**Release Agreement**") is made and entered into as of _____ (the "**Effective Date**"), by and among **WE ROCK THE SPECTRUM, LLC,** a California limited liability company ("**Franchisor**"), on the one hand, and _____ a _____ ("**Franchisee**"), and _____ ("**Owner**"), on the other hand, who are collectively referred to in this Release Agreement as the "**Releasing Parties**", with reference to the following facts:

A. Franchisor and Franchisee are parties to that certain Franchise Agreement and related ancillary agreements dated _____ (collectively, the "**Franchise Agreement**") pursuant to which Franchisor granted Franchisee a license (the "**License**") to use the service mark and trade name "**We Rock The Spectrum Kid's Gym For All Kids**" and other related trademarks, service marks, logos and commercial symbols (the "**WRTS Marks**") and the "**WRTS System**" (the "**System**") in connection with the operation of a WRTS Kid's Gym (the "**WRTS Kid's Gym**") located at _____ (the "**Franchised Location**").

B. Franchisee desires to enter into a _____.

C. This Release Agreement has been requested at a juncture in the relationship of the parties where Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. Releasing Parties, therefore, give this Release Agreement as consideration for receiving the agreement of Franchisor to an anticipated change or expansion of the relationship between the parties. Releasing Parties acknowledge that this Release Agreement is intended to wipe the slate clean.

NOW, THEREFORE, IT IS AGREED:

1. **DEFINITIONS**. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

1.1 "**Claims**" means all actual and alleged claims, demands, Losses, charges, agreements (whether written or oral), covenants, responsibilities, warranties, obligations, contracts (whether oral or written), debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, whatsoever, whether known or unknown, matured or unmatured, accrued or unaccrued, suspected or unsuspected, contingent or non-contingent, liquidated or unliquidated, choate or inchoate, and whether or not asserted, threatened, alleged, or litigated, at law, equity, or otherwise.

1.2 "**Constituents**" means past, present and future affiliates, subsidiaries, divisions, partners, members, trustees, receivers, executors, representatives, administrators, owners, shareholders, distributors, parents, predecessors, officers, directors, agents, managers, principals, employees, insurers, successors, assigns, representatives and attorneys and the past, present and future officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of the foregoing.

1.3 "**Excluded Matters**" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Franchise Agreement on and after the date of this Release Agreement.

1.4 "**Franchisor Released Parties**" means Franchisor; We Rock The Spectrum Kid's Gym, LLC, a California limited liability company; WRTS, LLC, a California limited liability company; My Three J's, LLC, a Florida limited liability company; My Brother Rocks the Spectrum Foundation, a California non-profit corporation; and each of their Constituents.

1.5 "**Losses**" means all damages, debts, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, all interest thereon, all costs and expenses of investigating any Claim, reference proceeding, lawsuit or arbitration and any appeal therefrom, all actual attorneys' fees incurred in connection therewith, whether or not such Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid incident to any compromise or settlement of any such Claim, reference proceeding, lawsuit or arbitration.

2. **GENERAL RELEASE AGREEMENT**. Releasing Parties, for themselves and their Constituents, hereby release and forever discharge Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, including, without limitation any and all Claims which relate to the Franchise Agreement, the WRTS Kid's Gym, the System, the License, the WRTS Marks, and the Franchised Location, or to any other agreement entered into prior to the Effective Date between Franchisor Released Parties, on the one hand, and Releasing Parties, on the other hand, except for the Excluded Matters and obligations under this Release Agreement. This waiver, release and discharge is effective immediately in its fullest and most comprehensive sense. This Release Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

3. **WAIVER OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE**.

3.1 **Section 1542 of the California Civil Code**. Releasing Parties, for themselves and their Constituents, acknowledge that they are familiar with Section 1542 of the California Civil Code, which reads as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

3.2 **Waiver**. With respect to those Claims being released pursuant to Section 2, Releasing Parties, for themselves and their Constituents, acknowledge that they are releasing unknown Claims and waive all rights they have or may have under Section 1542 of the California Civil Code or any other statute or common law principle of similar effect. For purposes of this Section 3, Releasing Parties shall be considered to be creditors of the Franchisor Released Parties, and each of them.

4. **UNKNOWN CLAIMS.** Releasing Parties acknowledge and agree that among the wide and comprehensive range of Claims being waived, released, and discharged by this Release Agreement, they are waiving, releasing, and discharging unknown and unsuspected Claims which, if known or suspected by Releasing Parties to exist in their favor at the time of executing this Release Agreement, may have materially affected Releasing Parties' decision to enter into this Release Agreement. It is understood by Releasing Parties that, after the Effective Date, the facts under which this Release Agreement is entered into may turn out to be other than or different from the facts Releasing Parties knew or believed to be true on the Effective Date. Releasing Parties, therefore, expressly assume the risk of the facts turning out to be so different and agree that this Release Agreement shall be in all respects final and effective and not subject to termination or rescission by any such difference in facts.

5. **REPRESENTATIONS AND WARRANTIES**. Releasing Parties hereby represent and warrant that, in entering into this Release Agreement, Releasing Parties: (i) are doing so freely and voluntarily, either upon the advice of counsel and business advisors of Releasing Parties' own choosing, or without such advice because Releasing Parties, free from coercion, duress or fraud, declined to obtain such advice; (ii) have read and fully understand the terms and scope of this Release Agreement; (iii) understand that this Release Agreement is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) have not assigned, transferred, or conveyed to any third party all or any part of their interest, or any contingent interest, in any of the Claims released by this Release Agreement now or in the future, and are aware of no third party who contends or claims otherwise, and shall not purport to assign, transfer, or convey any interest in any such Claim after the Effective Date.

6. **COVENANTS NOT TO SUE**. Releasing Parties hereby irrevocably covenant that they will not, directly or indirectly: (i) commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement; or (ii) assist or encourage any person or entity to investigate, inquire into, commence, initiate, or cause to be commenced or initiated any proceeding, claim, or demand of any kind against Franchisor Released Parties based upon any Claims released under this Release Agreement.

7. **INDEMNITY**. Without in any way limiting any of the rights and remedies otherwise available to the Franchisor Released Parties, Releasing Parties shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third-party Claims, arising directly or indirectly from or in connection with: (i) the assertion by or on behalf of Releasing Parties or their Constituents of any Claim or other matter released pursuant to this Release Agreement; (ii) the assertion by any third party of any Claim or demand against any Franchisor Released Party which Claim or demand arises directly or indirectly from, or in connection with, any Claims or other matters released pursuant to this Release Agreement; (iii) any breach of representations, warranties or covenants hereunder by Releasing Parties or its Constituents; or (iv) the Franchise Agreement, the WRTS Kid's Gym, the Franchised Location, and/or any and all claims of creditors, customers, vendors, suppliers or invitees of the WRTS Kid's Gym, or other third parties, for obligations incurred and/or acts or omissions to act by Franchisee, both prior to and following the Effective Date.

8. **GENERAL PROVISIONS**.

8.1 **Amendment**. This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties.

8.2 **Entire Agreement**. This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement and supersedes any prior negotiations and agreements, oral or written, with respect to the subject matter of this Release Agreement. The Recitals set forth in Paragraphs A through C of this Release Agreement are true and correct and are incorporated into this Release Agreement as part of this Release Agreement.

8.3 **Counterparts and Electronic Transmission; Electronic Signatures**. This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument. Copies of this Release Agreement with signatures that have been transmitted by email or by facsimile shall constitute and be deemed original copies of this Release Agreement for all purposes, provided that the copies are fully executed, dated and identical in form to the original hard copy version of this Release Agreement. In addition, this Release Agreement may be signed electronically by the parties and electronic signatures appearing on this Release Agreement shall be deemed to be the same as handwritten signatures for the purposes of the validity, enforceability and admissibility of this Release Agreement.

8.4 **Heirs, Successors and Assigns**. This Release Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, successors and permitted assigns. In addition, each of Franchisor Released Parties that is not a party shall be a third party beneficiary of this Release Agreement, with the right to enforce this Release Agreement for his, her, or its benefit, whether acting alone or in combination with any other Franchisor Released Party.

8.5 **Interpretation**. The rule that an agreement is to be construed against the party drafting the agreement is hereby waived by the parties, and shall have no applicability in construing this Release Agreement or any of its terms. The headings used in this Release Agreement are for purposes of convenience only and shall not be used in construing the provisions of this Release Agreement. As used in this Release Agreement, the male gender shall include the female and neuter genders, the singular shall include the plural and the plural, the singular.

8.6 **Severability and Validity**. Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions of this Release Agreement or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

8.7 **Governing Law and Venue**. This Release Agreement shall be interpreted and construed under the laws of California. In the event of any conflict of law, the law of California shall prevail, without regard to the application of California conflict of law rules. If, however, any provision of this Release Agreement would not be enforceable under the laws of California, and if the WRTS Kid's Gym is located outside of California and such provision would be enforceable under the laws of the state in which the WRTS Kid's Gym is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 8.7 is intended by the parties to subject this Release Agreement to any franchise or similar law, rule, or regulation of the state of California to which it would not otherwise be subject. The parties agree that any action brought by either party against the other in any court, whether federal or state, shall be brought the in Superior Court of California, County of Los Angeles, or the United States District Court for the Central District of California, and the parties hereby waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

8.8 **Authority of Franchisor**. Franchisor represents and warrants that (i) Franchisor has the power and authority to enter into this Release Agreement and to perform its obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individual who executes this Release Agreement on Franchisor's behalf is duly authorized to do so without the approval or consent of any other person or entity.

8.9 **Authority of Releasing Parties**. Releasing Parties represent and warrant that (i) they have the power and authority to enter into this Release Agreement and to perform their obligations under this Release Agreement without the approval or consent of any other person or entity, and (ii) the individuals who execute this Release Agreement on Releasing Parties' behalves are duly authorized to do so without the approval or consent of any other person or entity.

8.10 **No Waiver**. No delay, waiver, omission, or forbearance on the part of any party to exercise any right, option, duty, or power arising out of any breach or default by any other party of any of the terms, provisions, or covenants of this Release Agreement, and no custom or practice by the parties at variance with the terms of this Release Agreement, shall constitute a waiver by any party to enforce any such right, option, or power as against the other parties, or as to a subsequent breach or default by the other parties.

8.11 **Attorneys' Fees**. If any legal action is brought to enforce the terms of this Release Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs, and any and all costs of collection, in addition to any other relief to which that party may be entitled.

8.12 **Further Acts**. The parties agree to execute, acknowledge and deliver to any requesting party, and to procure the execution, acknowledgment and delivery to any requesting party, of any additional documents or instruments which the requesting party may reasonably require to fully effectuate and carry out the provisions of this Release Agreement.

IN WITNESS WHEREOF, the parties to this Release Agreement have executed this Release Agreement as of the Effective Date.

FRANCHISOR:

WE ROCK THE SPECTRUM, LLC,
A California limited liability company

By: _____
Name: _____
Title: _____

FRANCHISEE:

_____
A _____

By: _____
Name: _____
Title: _____

OWNER:

_____
_____, an individual

_____
_____, an individual

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G
FINANCIAL STATEMENTS

WE ROCK THE SPECTRUM, LLC
FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

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DNJ CONSULTING INC.
dba DNJ & ASSOCIATES
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Independent Auditor's Report

To the Members
WE ROCK THE SPECTRUM, LLC
Tarzana, California

Opinion

We have audited the accompanying financial statements of We Rock the Spectrum, LLC (the "Company") (a California limited liability company), which comprise the balance sheets as of December 31, 2025, 2024, and 2023, and the related statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, 2024 and 2023, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Arcadia, California
April 22, 2026

WE ROCK THE SPECTRUM, LLC
Balance Sheets
December 31, 2025, 2024 and 2023

	2025	2024	2023
Assets			
Current assets			
Cash	$ 125,313	$ 174,722	$ 123,600
Accounts receivable	149,535	202,505	247,572
Due from affiliates	955,473	971,337	821,011
Due from member	334,394	266,267	-
Deferred commission, current portion	166,450	140,950	89,750
Total current assets	1,731,165	1,755,781	1,281,933
Property and equipment, net	144,193	130,374	58,001
Operating lease right-of-use assets, net	59,428	89,159	-
Note receivable from member	245,801	318,032	814,107
Security deposits	13,925	13,925	1,600
Deferred commission, net of current portion	1,344,521	1,066,771	721,838
Deferred tax assets	-	48,000	-
Total assets	$ 3,539,033	$ 3,422,042	$ 2,877,479
Liabilities and Members' Equity			
Current liabilities			
Notes payable, current portion	$ 93,460	$ 90,210	$ 127,928
Accounts payable and accrued expenses	606,205	523,768	580,971
Income tax payable	1,000	3,000	-
Operating lease liabilities, current portion	32,253	29,391	-
Contract liabilities - Deferred franchise revenue, current portion	111,225	114,415	85,241
Total current liabilities	844,143	760,784	794,140
Notes payable, net of current portion	500,000	500,000	500,000
Operating lease liabilities, net of current portion	29,064	61,318	-
Contract liabilities - deferred franchise revenue, net of current portion	623,367	697,914	604,929
Deferred tax liabilities	47,000	-	-
Total liabilities	2,043,574	2,020,016	1,899,069
Commitments and contingencies (Note 8)			
Members' equity	1,495,459	1,402,026	978,410
Total liabilities and members' equity	$ 3,539,033	$ 3,422,042	$ 2,877,479

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

WE ROCK THE SPECTRUM, LLC
Statements of Operations
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Revenues			
Franchise fee revenue	$ 2,094,074	$ 2,019,271	$ 1,931,448
Merchandise revenue	34,695	101,685	-
Royalty revenue	976,460	722,423	562,962
Other revenue	3,109	50,923	2,716
Total revenues	3,108,338	2,894,302	2,497,126
Cost of revenues	588,020	464,989	441,495
Gross profit	2,520,318	2,429,313	2,055,631
Operating expenses			
General and administrative	1,788,317	1,488,135	1,240,142
Sales and marketing	432,708	461,030	318,801
Total operating expenses	2,221,025	1,949,165	1,558,943
Income from operations	299,293	480,148	496,688
Interest expense	109,860	100,732	134,391
Income before income taxes (benefit)	189,433	379,416	362,297
Provision for income taxes (benefit)	96,000	(44,200)	1,760
Net income	$ 93,433	$ 423,616	$ 360,537

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

WE ROCK THE SPECTRUM, LLC
Statements of Changes in Members' Equity
For the Years Ended December 31, 2025, 2024 and 2023

Members' equity, December 31, 2022	$ 617,873
Net income	360,537
Members' equity, December 31, 2023	978,410
Net income	423,616
Members' equity, December 31, 2024	1,402,026
Net income	93,433
Members' equity, December 31, 2025	$ 1,495,459

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

WE ROCK THE SPECTRUM, LLC
Statements of Cash Flows
For the Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Cash flows from operating activities			
Net income	$ 93,433	$ 423,616	$ 360,537
Adjustments to reconcile net income to net cash used in operating activities			
Depreciation and amortization expense	27,512	28,717	28,863
Amortization expense right-of-use asset	29,731	7,164	-
Deferred income taxes	95,000	(48,000)	-
Changes in operating assets and liabilities			
Accounts receivable	52,970	45,067	(192,991)
Due from related parties	15,864	(150,326)	(110,842)
Due from Member	(68,127)	(266,267)	-
Deferred commission expense	(303,250)	(396,133)	(459,996)
Accounts payable and accrued expenses	82,437	(57,203)	186,183
Income tax payable	(2,000)	3,000	-
Operating lease liabilities	(29,392)	(5,614)	-
Contract liabilities - deferred franchise revenue	(77,737)	122,159	188,191
Net cash used in operating activities	(83,559)	(293,820)	(55)
Cash flows from investing activities			
Acquisitions of property and equipment	(41,331)	(101,090)	(64,416)
Security deposits	-	(12,325)	-
Net cash used in investing activities	(41,331)	(113,415)	(64,416)
Cash flows from financing activities			
Proceeds from (Payments of) note payable	3,250	(37,718)	58,553
Proceeds (Repayments) of note receivable from Member	72,231	496,075	(913)
Net cash provided by financing activities	75,481	458,357	57,640
Net decrease in cash	(49,409)	51,122	(6,831)
Cash, beginning of year	174,722	123,600	130,431
Cash, end of year	$ 125,313	$ 174,722	$ 123,600
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash paid during the period for			
Interest	$ 97,040	$ 100,732	$ 134,391
Income taxes	$ 3,000	$ 800	$ 1,760
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACITIVITES:			
During 2024, the Company obtained operating lease right-of-use assets and lease liabilities in the amount of:	$ -	$ 96,323	$ -

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

1. Nature of Operations

We Rock the Spectrum, LLC (the "Company") was organized on September 18, 2013 as a California limited liability company. The Company operates as a franchisor, granting franchise rights to operate "We Rock the Spectrum" kid gyms, which provide services for children with special needs as well as typically developing children, including recreational play, classes, and event hosting.

As of December 31, 2025, 2024, and 2023, the Company had 117, 96, and 76 operating domestic franchise locations, respectively, and 16, 13, and 13 international locations, respectively. Additionally, the Company had 48, 49, and 39 franchise locations in development that were not yet open.

The Company generates revenue primarily from initial franchise fees, ongoing royalty fees, and sales of equipment and merchandise to franchisees.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company maintains cash balances at financial institutions that, at times, may exceed federally insured limits. Management believes the Company is not exposed to significant credit risk on these balances.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of royalties and other fees due from franchisees. The Company evaluates collectability and records an allowance for expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts in accordance with ASC 326. As of December 31, 2025, 2024, and 2023, management determined that an allowance for credit losses was not necessary.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and accounts receivable. The Company's receivables are derived from franchisees operating in various geographic locations. No single franchisee accounted for a significant portion of total revenue.

2. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over estimated useful lives ranging from five to seven years. Leasehold improvements are amortized over the shorter of the lease term or estimated useful life.

Maintenance and repairs are expensed as incurred; major renewals and improvements are capitalized.

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Leases

The Company accounts for leases in accordance with ASC 842. The Company determines whether an arrangement is a lease at inception. Right-of-use ("ROU") assets represent the Company's right to use leased assets, and lease liabilities represent obligations to make lease payments.

Lease liabilities are measured at the present value of future lease payments using a discount rate based on the Company's incremental borrowing rate or a risk-free rate, when appropriate.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with terms of 12 months or less are not recorded on the balance sheet.

Fair Value of Financial Instruments

The carrying amounts of cash, receivables, payables, and other short-term financial instruments approximate fair value due to their short maturities.

Fair Value of Financial Instruments

The Company has adopted the framework for measuring fair value that established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

Revenue Recognition (ASC 606)

The Company recognizes revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when control of promised goods or services is transferred to customers in an amount that reflects the consideration expected to be received.

The Company applies the five-step model:

1. Identify the contract
2. Identify performance obligations
3. Determine transaction price
4. Allocate transaction price
5. Recognize revenue

2. Summary of Significant Accounting Policies (Continued)

Revenue Recognition (ASC 606) (Continued)

Initial Franchise Fees

Franchise agreements typically include:

- A franchise license (right to access intellectual property), and
- Pre-opening services (training, site selection, and opening support)

In accordance with ASU 2021-02, the Company applies the practical expedient allowing pre-opening services to be treated as distinct from the franchise license.

- Revenue allocated to pre-opening services is recognized at or near store opening (point in time)
- Revenue allocated to the franchise license is recognized over time on a straight-line basis over the franchise term (typically 10 years)

Royalty Fees

Royalty revenue is based on a percentage of franchisee gross sales and is recognized as the underlying sales occur, consistent with the sales-based royalty exception (ASC 606-10-55-65).

Merchandise Revenue

Revenue from equipment and merchandise sales is recognized at a point in time when control transfers to the franchisee, typically upon delivery.

Contract Liabilities (Deferred Revenue)

Amounts received before performance obligations are satisfied are recorded as contract liabilities and recognized as revenue as obligations are fulfilled.

Remaining Performance Obligations

Remaining performance obligations consist primarily of deferred franchise fees related to unsatisfied or partially satisfied performance obligations.

As of December 31, 2025, substantially all remaining performance obligations are expected to be recognized over the remaining franchise terms, generally up to 10 years.

Costs of Obtaining Contracts (Deferred Commission)

Incremental costs of obtaining franchise contracts are capitalized and amortized over the expected benefit period, generally consistent with the franchise term.

2. Summary of Significant Accounting Policies (Continued)

Advertising

The Company expenses advertising costs as incurred. Advertising expenses are included in the sales and marketing expense for the years ended December 31, 2025, 2024 and 2023 amounted to approximately $72,000, $83,000 and $6,000, respectively.

Income Taxes

The Company elected to be taxed as a C corporation beginning in 2020. Income taxes are accounted for under ASC 740. Deferred tax assets and liabilities are recognized for temporary differences between financial reporting and tax bases. A valuation allowance is recorded when it is more likely than not that deferred tax assets will not be realized.

3. Property and equipment

Property and equipment consisted of the following:

	2025	2024	2023
Transportation equipment	$ 209,768	$ 168,437	$ 168,437
Leasehold improvement	161,099	161,099	63,954
Equipment	24,703	24,703	20,758
	395,570	354,239	253,149
Less: Accumulated depreciation and amortization	(251,377)	(223,865)	(195,148)
	$ 144,193	$ 130,374	$ 58,001

Depreciation and amortization expense was $27,512, $28,717 and $28,863 for the years ended December 31, 2025, 2024 and 2023, respectively.

4. Contract Liabilities and Remaining Performance Obligations

Contract Liabilities

Contract liabilities represent deferred franchise fees received from franchisees for which the Company has not yet satisfied its performance obligations under franchise agreements.

The following table summarizes activity in contract liabilities:

	2025	2024	2023
Beginning balance	$ 812,329	$ 690,170	$ 501,979
Franchise fees received	123,241	224,578	257,120
Revenue recognized	(200,978)	(102,419)	(68,929)
Ending balance	734,592	812,329	690,170
Less: current portion	(111,225)	(114,415)	(85,241)
	$ 623,367	$ 697,914	$ 604,929

4. Contract Liabilities and Remaining Performance Obligations (Continued)

Remaining Performance Obligations

Remaining performance obligations represent the aggregate transaction price allocated to performance obligations that have not yet been satisfied.

The remaining performance obligations are equivalent to the contract liabilities balance presented on the balance sheet. These contract liability balances will be recognized as revenue over the remaining terms of the related franchise agreements.

5. Notes Payable

Notes payable consist of the following:

	2025	2024	2023
Note payable - SBA, bearing interest at 3.75% per annum, principal and interest are payable over thirty years from the date of the note. As of December 31, 2025, the Company is paying interest only in the amount of $1,562 per month.	$ 500,000	$ 500,000	$ 500,000
Loan payable - Ace Funding, bearing interest at 12% per annum, with monthly payments of Approximately $9,600 maturing April 2026.	93,460	90,210	127,928
	593,460	590,210	627,928
Less: current portion	(93,460)	(90,210)	(127,928)
Note payable, net of current portion	$ 500,000	$ 500,000	$ 500,000

The following is schedule of future minimum principal payments under the note payable:

Year ending December 31,	
2026	$ 93,460
Thereafter	500,000
	$ 593,460

6. Related Party Transactions

Due from/to Affiliates

The Company engages in transactions with affiliates under common ownership. Amounts due from affiliates are unsecured, non-interest bearing, and due on demand.

6. Related Party Transactions (Continued)

Due from/to Affiliates

Due from/to affiliates consisted of:

	2025	2024	2023
We Rock the Spectrum - Tarzana	$ 860,227	$ 865,396	$ 687,067
WRTS, LLC	101,537	101,537	101,537
Nonprofit organization	(6,291)	4,404	32,407
Due from affiliates, net	$ 955,473	$ 971,337	$ 821,011

Due from Member

The Company had a due from Member, due on demand, unsecured and non-interest bearing in the amount of $334,394, $266,267, and $0 at December 31, 2025, 2024, and 2023, respectively.

Note Receivable from Member

Note receivable from Member, unsecured with interest bearing at 2% per annum, requires monthly principal and interest payments of approximately $12,000, and matures in December 2029. At December 31, 2025, 2024, and 2023, outstanding balance amounted to $245,801, $318,032 and $814,107, respectively.

7. Income Taxes

Significant components of the provision for income tax expense (benefit) are as follows:

Current year income tax expense	
Federal	$ -
State	1,000
Change in deferred taxes	95,000
	$ 96,000

The Company's effective tax rate differs from the statutory federate primarily due to state income taxes and permanent differences.

As of December 31, 2025, significant components of the Company's deferred income tax assets and liabilities are as follow:

Deferred tax assets:	
Allowance for credit losses	$ 10,000
NOL carryforward	6,000
Change in accruals	108,000
Total deferred tax assets	124,000
Deferred tax liability:	
Property and equipment	(8,000)
Change in accruals	(163,000)
Total deferred tax liability	(171,000)
Net deferred tax liability	$ (47,000)

7. Income Taxes (Continued)

As of December 31, 2025, the Company's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

8. Commitments and Contingencies

Legal

From time to time, the Company is party to legal actions arising out of the ordinary course of business. The Company does not believe that these legal actions will have a material adverse effect on the Company's financial position, results of operations or cash flows.

Operating Leases

The Company has operating leases for its corporate office and warehouse space, and certain vehicles. These leases have remaining terms of less than 1 year to approximately 2 years. For the year ended December 31, 2025, total operating lease cost amounted to approximately $34,000. Cash paid for amounts included in the measurement of operating lease liabilities amounted to approximately $34,000.

The weighted average remaining lease term and weighted average discount rate for operating leases are as follows:

Weighted average remaining lease term (in years)	1.83
Weighted average discount rate	6%

Minimum annual lease payments are as follow:

Year ending December 31,		
2026	$	34,886
2027		29,721
		64,607
Less: interest		(3,290)
Present value of lease liabilities		61,317
Current portion		(32,253)
	$	29,064

9. Subsequent Events

The Company has evaluated subsequent events through April 22, 2026, the date these financial statements were issued. No events requiring disclosure or recognition were identified.

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H
LIST OF FRANCHISEES

LIST OF CURRENT FRANCHISEES

AS OF DECEMBER 31, 2025

Owner(s)	Address	City	State	Zip	Phone Number
Maura and Kevin Coley	1802 US-98, Ste A	Daphne	AL	36526	251-355-6178
Vanessa and Joaquin Tucker	326 Sutton Road, Ste E-H	Owens Cross Roads	AL	35763	256-585-2179
Destiny Wagner	4811 E Grant Rd Ste 141	Tucson	AZ	85712	520-771-6296
Dana & Henry Aghassi	30315 Canwood St.	Agoura Hills	CA	91301	818-991-5437
Erika & Chris Buxton	2755 Lone Tree Way	Antioch	CA	94509	510-813-9883
Elizabeth and Evelyn Villarreal Salas	12212 Paramount Blvd	Downey	CA	90242	562-328-7547
Meg Shahi	4451 Redondo Beach Blvd, Unit B, 2nd Floor	Lawndale	CA	90260	310-318-7191
Howard and Rebecca Luck	19520 Nordhoff St	Northridge	CA	91324	818-341-3818
Katie and William Jeffery	4397 Tujunga Ave	Studio City	CA	91604	818-980-5437
Nishant Patel	300 Nickel St Unit 5	Broomfield	CO	80020	720-614-8317
Kimberly & Charles Ndahayo	4412 Austin Bluffs Pkwy	Colorado Springs	CO	80918	719-432-8383
Lauren and Craig Goldslager	9060 Kimberly Blvd #36-39	Boca Raton	FL	33434	201-452-6034
Lauren and Craig Goldslager	7461 N Federal Hwy B3-47461	Boca Raton	FL	33487	201-452-6034
Allison Pounds	4744 Cortez Rd W, Bradenton, FL 34210	Bradenton	FL	34210	478-718-9949
Valerie Bailey	1076 E Brandon Blvd., Unit 102	Brandon	FL	33511	813-571-1600
Kaela & Lori Cromer	244 FL-436	Casselberry	FL	32707	386-846-2711
Lindsay and Andrew Vidra	1300 N University Dr	Coral Springs	FL	33071	516-578-0663
Susan & Schubert Cardoso	5159 S University Dr.	Davie	FL	33328	914-589-1327
Colt & Ashley Green	17640 Tamiami Trail South, Suite 309	Fort Myers	FL	33908	239-362-3378
Marissa Chunn and Lea Wells	9357 Suite 3 Phillips Highway	Jacksonville	FL	32256	904-330-0362
Stephanie and Rhett Simpson	12505 Starkey Rd, Ste H	Largo	FL	33773	727-240-1785
Lisa Kolak & Ed Paquett*	2648 Tamiami Trail E, Naples, FL 34112	Naples	FL	34112	239-322-4472
Chanel & Sam Chera	13302 Biscayne Blvd	North Miami	FL	33181	718-986-3519
Amber Rudishauser & Mike Krga	1169 Royal Palm Beach Blvd	Royal Palm Beach	FL	33411	561-408-3066
Amber Rudishauser & Mike Krga	223 S US Highway 1	Tequesta	FL	33469	561-529-3559

Owner(s)	Address	City	State	Zip	Phone Number
Barbara Earley	6455 Shiloh Rd	Alpharetta	GA	30005	404-702-1952
Aditi & Ketan Suri	614 W Crossville Rd	Roswell/Atlanta	GA	30075	813-468-7751
John & Marissa Ross	820 S Beretania St., Suite 202	Honolulu	HI	96813	808-864-7625
Brandy & Mike Holthaus	1015A Century Dr.	Edwardsville	IL	62025	1-618-410-7627
Elizabeth & Todd Hayward	10123 Grand Ave	Franklin Park	IL	60131	708-716-3063
Maureen & Brad Hatfield	5019 Ace Ln, Suite 167	Naperville	IL	60564	1-331-401-5984
James & Amy Allen*	343 Vertin Blvd	Shorewood	IL	60404	779-875-7919
James & Amy Allen*	1435 Cannonball Trail	Yorkville	IL	60560	815-557-6785
Jane and Sarah Lowe	13644 N Meridian St	Carmel	IN	46032	317-564-4163
Paula Simpson	1441 E 85th Ave Suite A	Merrillville	IN	46410	219-444-1380
Becky and Joe Stenger	331 Kenton Lands Rd	Erlanger	KY	41018	859-727-9787
Courtney Leblanc	425 St De Porres St, #102	Broussard	LA	70518	337-578-1598
Amanda and Max Guthrie	3714 Common St, Ste E	Lake Charles	LA	70607	337-419-1986
Heather & Shan Seymour	615 N Causeway Blvd	Mandeville	LA	70448	985-789-1236
Jill & Hannah Rush	281 Southfield Rd	Shreveport	LA	71105	318-670-7153
Melissa Damas & Sherley Brice	34 Central St	Wellesley	MA	02482	781-943-3125
Samantha O'Brien	7 Lyberty Way	Westford	MA	01886	845-283-1039
Nikki and Trey Wooton	1998 Rock Spring Rd., Suite D	Forest Hill	MD	21050	410-891-4600
Pam and Kristina Ackley	7601 Airpark Rd Suite E	Gaithersburg	MD	20879	301-355-8486
Danielle Wright	9770 Groffs Mill Dr	Owings Mills	MD	21117	410-497-6250
Robin Hall*	4370 Varsity Dr, Suite A	Ann Arbor	MI	48108	734-623-9422
Carmy Cole, Kayle Fawn, and Kristy Mykkanen*	1401 N 26th St, Ste 118	Escanaba	MI	49829	906-553-7186
Autumn and Grant Wilson	4550 Plainfield Ave NE	Grand Rapids	MI	49525	616-381-4001
Yushu Zhou	22064 Novi Rd	Novi	MI	48375	248-383-5788
Ryan & Devorah Seyburn	1255 W 14 Mile Rd	Clawson	MI	48017	248-752-4346
Meaghan Schmitt & Linda Niemela	1020 Discovery Rd #170	Eagan	MN	55121	414-587-2028
Meaghan Schmitt & Linda Niemela	2101 Wooddale Dr, Suite E	Woodbury	MN	55125	414-587-2028

Owner(s)	Address	City	State	Zip	Phone Number
Lyla and Mike Novakowski	2075 Bentley Plaza Drive	Fenton	MO	63026	571-251-8525
Rondy & Daniel Rodgers	Spanish Village II, 146 S Thomas St	Tupelo	MS	38801	662-432-5956
Vanessa and Mark Albano	63 Turtle Creek Dr	Asheville	NC	28803	828-712-2165
Tracey Holton and Kathryn Grandgenett	1061 7th St CT SE	Hickory	NC	28602	828-855-3383
Jason and Jenny Grayer	309 Pineview Dr	Kernersville	NC	27284	336-310-4758
Ryan Van Bijon	2104 Village Market Place	Morrisville	NC	27560	919-308-6416
Lori Anderson	3051 25th St South, Suite K-J1	Fargo	ND	58103	218-689-7444
David & Sarah Ullsperger	10717 Virginia Plaza, #113	Omaha	NE	68128	402-630-0557
Courtney Lewis	1101 Golf Course Rd SE, Suite 103	Rio Rancho	NM	87124	505-584-6742
Christina "Pip" Carty	110 Black Horse Pike, Suite D3A	Audubon	NJ	08106	856-617-0927
Bertee Thomas and Kahreen R. Cunningham	3111 Route 38, Suite 14	Mount Laurel	NJ	08054	856-242-9354
Doris Donohoe	11 Park Place	Paramus	NJ	07652	201-483-7170
Christy & Matt Scolpino	614 Lambs Road, Suite B	Pitman	NJ	08071	856-371-9673
Victoria Rodriguez	1642 Stelton Rd	Piscataway	NJ	08854	(908) 591-7955
Linda and Chris Guidemmi	44 Apple St	Tinton Falls	NJ	07724	848-878-1126
Mary Topoleski and Jeff Kachuba	299 RT 9, Unit 4	Waretown	NJ	08758	609-622-8285
Avi & Linda Laub	1881 McDonald Ave	Brooklyn	NY	11223	973-432-1616
Ana Bourdon	606 Main Street	New Rochelle	NY	10801	914-365-2585
Diana and Danny Rylo	3579 Victory Blvd	Staten Island	NY	10314	1-917-520-4346
Taylor and Angela Singleton	4060 E. Galbraith Rd	Cincinnati	OH	45236	513-429-5905
Sharron and John Jakmides	1250 E Powell Rd	Lewis Center	OH	43035	614-905-0411
Alexandra Schriefer	700 Beta Dr, Suite 300	Mayfield	OH	44143	814-490-6640
Angela Panzarella	2163 Mentor Ave, Painesville	Painesville	OH	44077	440-520-5321
Samantha Howard and Mike Cantu	3087 Graham Rd	Stow	OH	44224	330-752-7888
Gwen and Scott Batchelor	64 E 33rd St.	Edmond	OK	73013	405-657-1108
Ericka and Landon Nault	3825 W Owen K Garriott Rd	Enid	OK	73703	580-478-6233
Bailey and Shaun Fillmore	2262 W Main St	Norman	OK	73069	405-857-2402

Owner(s)	Address	City	State	Zip	Phone Number
Emily and Kent Hathaway	1099 Cornwell Dr	Yukon	OK	73099	405-706-5740
Michael & Jacqlynn Walling	2167 W 12th St, Unit B-2	Erie	PA	16505	716-512-5819
Jessie Smith	12357 Academy Road	Philadelphia	PA	19154	267-336-4710
Ray & Mandi Plesscher	10359 Hwy 78 Suite 105	Summerville	SC	29483	906-630-4680
Tanya & Mike Davis	3224 E 10th St	Sioux Falls	SD	57103	956-566-3185
Caitlin Soule	1241 Volunteer Parkway, Suite 420	Bristol	TN	37620	276-356-4305
Tina & Travis Brown	549 Neptune Dr, STE E-H	Clarksville	TN	37043	1-931-266-0077
Elizabeth Sykes	1134 N Germantown Pkwy Suite 101	Cordova	TN	38016	901-425-5595
Ryan & Madeline Roark	820 N Thompson Ln	Murfreesboro	TN	37129	(615) 962-8627
Andrea Hughie	1113 Murfreesboro Rd #203	Franklin	TN	37064	615-807-1627
Elizabeth Sykes	2211 Express Dr	Jackson	TN	38305	731-394-8330
Rachel and Marcus Longcrier	Franklin Square Shopping Center, 9648 Kingston Pike, Suite 4	Knoxville	TN	37922	865-357-9648
Kavita and Vikas Jain	2054 Gallatin Pike	North Madison	TN	37115	615-420-6289
Alex Hibbits & Jennifer Homerding	524 Winfield Dunn Pkwy	Sevierville	TN	37876	865-603-9230
Allison and Eric Aubel	6706 Ferris St	Bellaire	TX	77401	1-713-992-3405
Taylor Wiesner	11722 Marsh Lane, #336	Dallas	TX	75229	936-554-1616
Bernardo & Courtney Castañeda	7328 Gaston Ave #130	Dallas	TX	75214	214-884-9359
John Burruss	901 N Polk St # 370	DeSoto	TX	75115	817-219-9274
Andrea & Martin Morales	1410 Lee Trevino Dr	El Paso	TX	79936	915-342-6529
Taylor Wiesner & Nicholas Deitering*	1022 Wirt Rd, Ste 314	Houston	TX	77055	713-766-6635
Kimberly & Ken Kramer	270 Grapevine Hwy	Hurst	TX	76054	214-458-8824
Amanda & Craig Carpenter	23930 Westheimer Pkwy #108	Katy	TX	77494	504-610-7713
Andrea & Gabriel Saldivar	5300 San Dario Ave unit 510	Laredo	TX	78041	956-282-3505
Brandy Jones	4130 Farm to Market Rd 1488 Suite 104	Magnolia	TX	77384	346-703-2093
Aurelia & Vladimir Hery	1301 S 10th St	McAllen	TX	78501	956-227-0730
Brandon Ireton	4610 N Garfield St Suite B-5 79705	Midland	TX	79705	432-218-8463
Amanda and Jeremy Jaloway	4899 Highway 6, Ste 205B	Missouri City	TX	77459	281-208-7100

Owner(s)	Address	City	State	Zip	Phone Number
Taylor and Joe Wiesner/Chelsea and Nick Deitering*	1941 Preston Rd. A022	Plano	TX	75093	432-218-8463
Seena Wilkins & Andreia Medeiros	6717 West I-30 Frontage Road Suite A	Royce City	TX	75189	972-806-1580
Arthur Garcia and Melinda Cordova	9902 Potranco Rd Suite 104	San Antonio	TX	78251	210-455-2944
Manuel Rivera	22250 Bulverde Road, Suite #116	San Antonio	TX	78261	832-341-2605
Beatriz & Eileen McNelly	21720 Red Rum Drive, Suites 177-182	Ashburn	VA	20147	(571) 479-8567
Whitney King & Mary Jones	211 Providence Rd, #3	Chesapeake	VA	23325	757-632-1123
Colin Hirsch	34930 Enchanted Parkway, Suite 180	Federal Way	WA	98003	253-987-8877
Linda Niemela	140 E. Rawson Ave	Milwaukee	WI	53154	414-587-2028
Andre and Heather Bennett	5509 Durand Ave, Ste. B	Mount Pleasant	WI	53406	262-456-1758
Amy & Brian Kohl	690 Westfield Way Suite 2A	Pewaukee	WI	53072	262-853-8837
Amy and Brain Kohl	1331 W Paradise Dr	West Bend	WI	53095	262-334-1045

* Area Developer

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

LIST OF FRANCHISEES WHO TRANSFERRED THEIR GYMS TO NEW OWNERS

AS OF DECEMBER 31, 2025

Owner(s)	City	State	Phone number
Shayla Ellis and Alishia Heaston	Bradenton	FL	813-514-5341
Amber Rudishauser & Mike Krga	Davie	FL	503-508-1809
Josephine and Oliver Martinez	Woodbury	MN	561-756-3927
Joanna & Stefano Maniscalco	New York	NY	917-364-1302
Ed and Jennifer Wilkinson	Columbus	OH	609-731-7865
Colleen and Mike Parsons	Erie	PA	814-572-0291
Kelly McAllister	Philadelphia	PA	267-968-5463
Sarah Phillips	Bristol	TN	910-818-0977

*Area Developer

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

LIST OF FRANCHISEES WHO HAD AN OUTLET TERMINATED, NOT RENEWED, REACQUIRED BY FRANCHISOR, OR CEASED OPERATIONS FOR OTHER REASONS
AS OF DECEMBER 31, 2025

Owner(s)	City	State	Phone number
Andrea and Marcell Beasley	Kissimmee	FL	407-572-8654
Chad & Audra Ramirez	Weatherford	OK	405-650-2386
Rachel and Rustin Rodgers	Lubbock	TX	806-993-5092
Jessica Turner	Universal City	TX	210-659-9330

IF YOU BUY THIS FRANCHISE, YOUR CONTACT INFORMATION MAY BE DISCLOSED TO OTHER BUYERS WHEN YOU LEAVE THE FRANCHISE SYSTEM.

LIST OF FRANCHISEES WHO HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT OPENED
AS OF DECEMBER 31, 2025

Owner(s)	City	State	Phone number
Melissa Dobbs	Wasilla	AK	907-521-0890
TJ Rosas	Bakersfield	CA	818-624-5578
Chris & Roseberry Reyes	Clovis	CA	316-499-3861
Meg Shahi	Irvine	CA	647-854-8545
Marisa & Halex Azevedo	Roseville	CA	415-690-3773
Christina & Robert Conant	North Port	FL	941-258-2839
Marie & Rony Roger	Port St. Lucie	FL	561-707-8542
Fiorella & Lissette Lopez	South Miami	FL	305-431-5333
Jennifer & Mitesh Desai	St Augustine	FL	386-569-1537
Rhett and Stephanie Simpson	Tampa	FL	727-240-1785
Sarika & Ritesh Patel	Wesley Chapel	FL	386-801-6182
Yusra and Noel Lee	Gwinnett	GA	908-938-0825
Joe and Dani Louison	Cedar Rapids	IA	319-743-8561
Anissy & Rainer Kettner	Wheaton	IL	312-477-1815
Julia Shiebler	South Shore	MA	818-802-3705
Suzanne & BJ Recer	St. Charles	MO	314-443-0155
Yushu Zhou	Brighton	MI	607-280-8808
Robin Hall*	Detroit	MI	734-368-8879
Robin Hall*	Lansing	MI	734-368-8879
Oana and Garret Zayic	SW Twin Cities	MN	651-497-4620
Daniel Rice	Gulfport	MS	228-224-8867
Whitney and Denis Ordoñe	Charlotte	NC	704-305-4466
Ryan Van Bijon	Raleigh	NC	919-539-2530
Chris and Altea Irving	Morris County	NJ	973-580-5890

Owner(s)	City	State	Phone number
Ritz Murthy	Durham	NC	954-790-7426
Carly & Jason Barnette	Rowan County	NC	336-608-9755
Bertee Thomas & Kahreem Cunningham**	Mount Laurel	NJ	215-783-6787
Samantha and Austin Kern	North Suffolk	NY	631-394-4100
Heather & Kevin Gorée	Sherman	NY	716-450-9798
Alexandra Schriefer	Cleveland West Side	OH	814-490-6640
Jenna and Danny Keene	Medina	OH	216-217-4002
Annie, Kelly, & Tony Montefiori	Butler County	PA	814-449-0634
Natalie, Alexa & Stephen Silverman	Pittsburgh North	PA	412-302-9639
Amanda Simas and Kelsey Laramee	Rhode Island	RI	401-525-6597
Terrance & Dee McCotter	Southern Wake	SC	919-741-0632
Sean and Kate Merritt	Amarillo	TX	757-402-9880
Madison & Kyle Rivenburg	Austin	TX	210-363-3268
Christa & Adolfo Villarreal	Austin	TX	210-288-4552
Lucas Wilson	Denton	TX	817-219-9274
Kenneth and Maideline Nazario	Frisco	TX	786-473-1798
John Burruss	Irving	TX	817-219-9274
Kate & Ugo Maduforo	Prosper	TX	469-471-6526
Aurelia & Vladimir Hery	Rio Grande City	TX	956-227-0730
Sarah Phillips	Charlottsville	VA	910-818-0977
Robert and Jamila Hayes	Fredericksburg	VA	619-884-8551
Leslie & Peter Starnes	Huntington	VA	419-305-6817
Kristie Melson	Richmond	VA	804-366-4659
Gabrielle & James Lewnes	Seattle	WA	425-891-1756

* Area Developer

** We Rock on Wheels

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I
AGENTS FOR SERVICE OF PROCESS & STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS AND STATE AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov	Commissioner of Financial Protection and Innovation of the State of California 320 West 4th Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 www.dfpi.ca.gov Ask.DFPI@dfpi.ca.gov
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96810 (808) 586-2722	Commissioner of Securities, Department of Commerce & Consumer Affairs 335 Merchant Street Room 203 Honolulu, Hawaii 96813 (808) 586-2722
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465
INDIANA	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	Indiana Secretary of State Securities Division 302 West Washington Street, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360	Maryland Securities Commissioner at the Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Attn: Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 5th Floor Lansing, Michigan 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau P.O. Box 30054 6546 Mercantile Way (517) 373-7117
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Minnesota Commissioner of Commerce Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
NEBRASKA	Nebraska Department of Banking And Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171	Nebraska Department of Banking And Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, Nebraska 68508-2723 (402) 471-2171

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Fl New York, New York 10005 (212) 416-8285 (Phone) (212) 416-6042 (Fax)	New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Insurance & Securities Department 600 East Boulevard, Dept 401. Bismarck, North Dakota 58505 (701) 328-2910	North Dakota Insurance Commissioner North Dakota Insurance & Securities Department 600 East Boulevard, Dept 401. Bismarck, North Dakota 58505 (701) 328-2910
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387
RHODE ISLAND	Securities Division Department of Business Regulation Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920-4407 (401) 462-9582	Director, Securities Division Department of Business Regulation, Bldg. 69, First Floor John O. Pastore Center 1511 Pontiac Avenue, Cranston, RI 02920-4407 (401) 462-9582
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, South Dakota 57501 (605) 773-3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733	Clerk of the State Corporation Commission 1300 East Main Street, First Floor Richmond, Virginia 23219 (804) 371-9733
WASHINGTON	Securities Division Department of Financial Institutions P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760	Director, Department of Financial Institutions Securities Division 150 Israel Road S.W., 3rd Floor Tumwater, Washington 98501 (360) 902-8760
WISCONSIN	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Street, Suite 300 Madison, Wisconsin 53703 (608) 266-1064	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Street, Suite 300 Madison, Wisconsin 53703 (608) 266-1064

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

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

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

WE ROCK THE SPECTRUM, LLC
FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT J
RECEIPTS

RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If We Rock The Spectrum, LLC offers you a franchise, We Rock The Spectrum, LLC must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan requires that we give you this Disclosure Document at the earlier of 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If We Rock The Spectrum, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to The Federal Trade Commission, Washington D.C. 20580 and the appropriate State Agency Identified on **Exhibit I**.

The franchisor is We Rock The Spectrum, LLC, located at 18816 Ventura Boulevard, Tarzana, California 91356; Telephone (818) 996-6620.

Issuance Date: April 27, 2026.

The name, principal business address and telephone number of each Franchise Seller offering the Franchise: Dina Kimmel, Shane Stahl, Janelle Giacalone and Gail Field, 18816 Ventura Boulevard, Tarzana, California 91356; Telephone (818) 996-6620; John Canaday, 11162 NW 71st Terrace, Doral, Florida 33178, Telephone (787) 403-4178; _____.

We authorize the persons and/or entities listed on **Exhibit I** to receive service of process for us.

I have received a Disclosure Document dated April 27, 2026. This Disclosure Document includes the following Exhibits:

Exhibit A	Franchise Agreement and Exhibits
Exhibit B	Area Development Agreement and Exhibits
Exhibit C	Purchased Services Compliance and Indemnity Agreement
Exhibit D	Confidentiality Agreement for Prospective Franchisees
Exhibit E	State Specific Addenda
Exhibit F	General Release Agreement
Exhibit G	Financial Statements
Exhibit H	List of Franchisees/Licensees
Exhibit I	Agents for Service of Process & State Administrators
Exhibit J	Receipts

_____ _____

Date Franchisee

Please sign this copy of the Receipt, date your signature, and return it to: Dina Kimmel, 18816 Ventura Boulevard, Tarzana, California 91356; Telephone (818) 996-6620.

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Exhibit J	Receipts

_____ _____

Date Franchisee

Keep this copy for your records. This Disclosure Document may be available in several formats including on paper, on a CD, in pdf format or on our website: www.werockthespectrumkidsgym.com