FRANCHISE DISCLOSURE DOCUMENT

Big Blue Swim School Franchising, LLC
An Illinois limited liability company
112 Krog Street NE, Suite D-135
Atlanta, Georgia 30307
(773) 701-8081
franchising@bigblueswimschool.com
www.bigblueswimschool.com

The franchise offered is to develop and operate a swim school concept under the "BIG BLUE SWIM SCHOOL®" name and other trademarks that provides, following a proprietary curriculum, swim lessons and skills in approximately 90-degree water to children ranging in age from 3 months to 12 years old.

The total investment necessary to begin operation of a new BIG BLUE Swim School is $1,898,350 to $3,478,100. This includes $90,850 to $133,600 that must be paid to the franchisor or affiliate. If you want development rights for at least 2 BIG BLUE Swim Schools, you must pay us a development fee equal to $50,000 (the initial franchise fee for the first Swim School) plus a $15,000 deposit toward each additional Swim School's $40,000 initial franchise fee. The total investment necessary to begin operation with development rights (for a minimum of 2 Swim Schools) is $1,913,350 to $3,493,100. This includes $105,850 to $148,600 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 this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

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

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

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

Issuance date of this Franchise Disclosure Document: June 15, 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 J.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only BIG BLUE Swim School 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 BIG BLUE Swim School franchisee?	Item 20 or Exhibit J 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 E.

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 Development Rights Agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in the franchisor's then-current home state (currently Georgia). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its then-current home state (currently Georgia) than in your own state.

2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

3. **Mandatory Minimum Payments.** You must make minimum royalty and software license fee payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

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

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 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. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, 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.

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 directed to:

Michigan Department of Attorney General
Corporate Oversight Division – Franchise Section
525 West Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
(517) 335-7567

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration sections in our Franchise Agreement and Development Rights Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement and the Development Rights Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

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Item 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Big Blue Swim School Franchising, LLC ("we," "us," or "our"). "You" means the entity to which we grant a franchise and, if applicable, development rights. Your owners must sign our "Guaranty and Assumption of Obligations." This means all of our Franchise Agreement's provisions (Exhibit B) also will apply to your owners.

We are an Illinois limited liability company formed on June 27, 2018. Our principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307. We conduct business primarily under our limited liability company name and the "BIG BLUE SWIM SCHOOL®" trademark and under no other name. We have no predecessors. Our direct parent company is Big Blue Swim School Investment Holdings, LLC, which shares our principal business address. Big Blue Swim School Investment Holdings, LLC is owned by L5 Swim Holdings, LLC and Big Blue Swim School HoldCo, LLC, both of which share our principal business address. We have no other parent companies disclosable in this Item. If we have an agent in your state for service of process, we disclose that agent in Exhibit E.

Our affiliate Big Blue Swim School IP, LLC ("Big Blue IP"), whose principal business address is the same as ours, owns the trademarks, operating systems, and other intellectual property we license to franchisees. It licenses that intellectual property to us for use in our franchise program. Big Blue IP has never operated a BIG BLUE Swim School or offered franchises in any line of business. We have no other affiliates currently disclosable in this Item 1.

The Franchise Offered

We grant franchises to develop and operate a swim school concept identified by the Marks (defined below) that currently provides, following a proprietary curriculum, swim lessons and skills in approximately 90-degree water to children ranging in age from 3 months to 12 years old (the "Swim School Concept"). We call these swim schools "BIG BLUE Swim Schools." We also might permit other services provided in a swimming pool. In this disclosure document, we refer to your BIG BLUE Swim School as the "School." BIG BLUE Swim Schools operate under the trademarks, service marks, and other commercial symbols we periodically designate, including "BIG BLUE SWIM SCHOOL®" (the "Marks"), and the mandatory specifications, standards, operating procedures, and rules we periodically specify for BIG BLUE Swim Schools ("Brand Standards"). Your School must offer the services and products we specify.

The definition of "Swim School Concept" expressly excludes a swim-related business, whether or not operated under the Marks, whose core activities are anything other than providing swim lessons and skills in approximately 90-degree water to children ranging in age from 3 months to 12 years old, including, for example, competitive swimming in lower-temperature water, coaching and video analysis, laps, and wave pools. We have unrestricted rights over anything that is not encompassed within the definition of "Swim School Concept."

We also may grant multi-unit development rights to qualified franchisees, which then may develop a specific number of BIG BLUE Swim Schools within distinct geographical development

areas encompassed within a larger protected territory according to a pre-determined, mandatory development schedule. Those franchisees may open and operate their BIG BLUE Swim Schools directly or through "Approved Affiliates," which are entities whose majority ownership is owned and controlled by you or your owners. Our Development Rights Agreement (Exhibit C), which we also reference as "DRA," governs a franchisee's multi-unit development rights and obligations. If you sign a Development Rights Agreement, you (or your Approved Affiliate) also will sign a Franchise Agreement for your first BIG BLUE Swim School at the same time.

Franchisees signing our DRAs must sign our then-current form of Franchise Agreement for each additional BIG BLUE Swim School they develop under the DRA. While that form may differ substantially and materially year to year from the first Franchise Agreement they sign for their first BIG BLUE Swim School to be developed (our current version of Franchise Agreement is disclosed in this disclosure document as Exhibit B-1), we commit to charge during the initial franchise term for each BIG BLUE Swim School you develop under the DRA the same Royalty and Brand Fund contribution we charge you under the first Franchise Agreement you sign. However, if, when the next franchise agreement is signed, you and your Approved Affiliates are in default under the DRA or any franchise agreement then in effect with us for a BIG BLUE Swim School, then the Royalty and Brand Fund contribution will remain as specified under our then-current form of franchise agreement.

We currently have a form of "Franchise Agreement Amendment for Legacy Franchisee" (Exhibit B-2); a "Legacy" franchisee is an entity that was already a BIG BLUE Swim School franchisee with one or more open and operating Schools as of June 2026. A "non-Legacy" franchisee is an entity that did not have at least one open and operating BIG BLUE Swim School franchise as of June 2026. The "Franchise Agreement Amendment for Legacy Franchisee" reflects the different Software License Fees potentially payable by a Legacy Franchisee (described in Item 6).

We have offered franchises and development rights for BIG BLUE Swim Schools since September 2018. We have no other material business activities and have not offered franchises in other lines of business. While we have never operated a BIG BLUE Swim School, our affiliated entities have owned and operated BIG BLUE Swim Schools since April 2012.

Nature of Market and Competition

Your School will offer services and products to the general public throughout the year. The market for swim schools is developing. You will face competition from other swim schools, including swim schools associated with national or regional franchise chains, local school districts, park districts, country clubs, private instructors, summer camps, YMCAs, and other local organizations that provide swimming lessons. Other BIG BLUE Swim Schools located outside your area of protection, but which market and advertise in your market, also might compete with your School.

Laws and Regulations

Most states and local jurisdictions have enacted laws and regulations that might particularly impact the operation of swim schools, including those: (a) requiring CPR, life-guard, and first-aid or other certification; (b) establishing general standards, specifications, and requirements for constructing, designing, and maintaining the business premises, including pool construction requirements; (c) regulating matters affecting customer health, safety, and welfare, such as pool water testing requirements, ongoing water treatment, and maintenance of water quality, teacher/student ratios, and background checks for employees who will have contact with children; (d) regulating accommodations for disabled persons, including commercial pool-lift regulations; (e) requiring you to meet air quality standards, including caps on emissions from indoor pools; (f) requiring notices of certain billing and cancellation procedures; and (g) impacting local operations, such as minimum training requirements. You must comply with these laws and with laws applying generally to all businesses.

Item 2
BUSINESS EXPERIENCE

Co-Founder and President: Chris DeJong

Mr. DeJong has been our President since July 2018 and has been head of franchise operations since February 2024. He also was Chief Marketing Officer of Big Blue Swim School, LLC in Chicago, Illinois from January 2017 until August 2021. He co-founded the BIG BLUE Swim School concept in January 2011 and was its Co-President from January 2011 until January 2017. Big Blue Swim School, LLC is our affiliate which operates BIG BLUE Swim Schools across 6 states. Mr. DeJong is based in Holland, Michigan.

Chief Executive Officer: Brandon Bean

Mr. Bean has been Chief Executive Officer for us, our affiliate Big Blue Swim School, LLC, and our direct parent company, Big Blue Swim School Investment Holdings, LLC (formerly Big Blue Swim School HoldCo, LLC), since April 2025. He is based in Dallas, Texas. From August 2021 to April 2025, Mr. Bean served as Chief Executive Officer and Co-Founder of Lumin Fitness in Dallas, Texas. From July 2020 to August 2021, he served as President and Chief Financial Officer of United Veterinary Care in Dallas, Texas.

Executive Vice President – Real Estate and Development: Tyson Fraser

Mr. Fraser has been our Executive Vice President – Real Estate and Development since March 2023. From February 2022 to March 2023, Mr. Fraser served as Vice President – Site Selection with L5 Acceleration Services, LLC in Atlanta, Georgia, and from February 2021 to February 2022, he served as Director of Leasing with Bianco Properties in St. Louis, Missouri. Mr. Fraser is based in Chicago, Illinois.

Chief Marketing Officer: Tracy Stockard

Ms. Stockard has been our Chief Marketing Officer since July 2025. From July 2021 to January 2025, Ms. Stockard served as Chief Marketing Officer of Steak n Shake, LLC in Indianapolis, Indiana, and from March 2020 to July 2021, she served as Vice President, Global Group Planning Director at Tracy-Locke in Chicago, Illinois. Ms. Stockard is based in Chicago, Illinois.

Executive Vice President – Strategy and Product Enablement: Andrea McPike

Ms. McPike has been our Executive Vice President, Strategy and Product Enablement since July 2025. Ms. McPike joined the Big Blue Swim School system in October 2019 as Product Marketing Manager and was promoted to Director of Strategy and Operations in May 2022 and to Vice President, Strategy and Operations in April 2024, at which time she also assumed Chief of Staff responsibilities. Ms. McPike is based in Chicago, Illinois.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

Franchise Agreement

You must pay us a $50,000 initial franchise fee in a lump sum when you sign your Franchise Agreement. It is not refundable under any circumstances. (We charge a reduced initial franchise fee for the second and each subsequent BIG BLUE Swim School you develop under a Development Rights Agreement (see below). We did not collect any initial franchise fees during 2025.)

You must conduct a public relations and market introduction program for the School. We expect this program to begin approximately 5 months before and to continue for approximately 3 months after the School opens (although we have the right to specify a different timeframe). We will consult with you about what type of public relations and market introduction program we believe is most suitable for your School and will help create and implement the program for you. You must spend at least $40,850 and potentially up to $83,600, as we specify, on the market introduction program. The specific minimum amount you must spend depends on what we determine to be the most advisable materials and activities for the School's market area. You must pay the required amounts to us or at our direction at the times and in the installments we specify. We will spend for you the money dedicated for production and media placement in the School's

market in compliance with the planned market introduction program. This payment is not refundable.

We provide initial training for 4 people for no additional fee. We have the right to charge our then-current training fee (currently ranging up to $2,000) for each additional person you wish to send to initial training and for any required retraining of the original attendees. This payment is not refundable.

If your Managing Owner, general manager, or assistant manager cancels participation in any training class that is part of the initial training we provide for no additional fee after granting you the franchise, you must pay us a cancellation fee. The cancellation fee is one-half of our then-applicable training fee per person if the person cancels more than 2 weeks before the class or program is scheduled to begin and 100% of our then-applicable training fee per person if the person cancels 2 weeks or less before the class or program is scheduled to begin. This fee, not to exceed $2,000, is due immediately and is not refundable.

Development Rights Agreement

If you sign our DRA because you commit to develop multiple BIG BLUE Swim Schools within a protected territory comprised of distinct geographical development areas, we currently charge a development fee that you must pay in full when you sign the DRA. The development fee equals the full $50,000 initial franchise fee for the first School covered by the first Franchise Agreement you sign concurrently with the DRA, plus a $15,000 deposit for each additional School you commit to develop under the DRA. You must pay the rest of the initial franchise fee for each School (that is, $25,000) when you sign the Franchise Agreement for that School. The initial franchise fee for each School you commit to develop after the first one is $40,000. During 2025, we received a $90,000 development fee.

Before we and you sign the DRA, we and you will agree upon the number of Schools you must develop, the deadlines for signing their leases, Franchise Agreements, and Software as a Service ("SaaS") Agreements, and the deadlines for opening them.

The development fee generally is not refundable under any circumstances. If you sign the DRA, pay the development fee, and then choose for any reason not to perform (in which case we terminate the DRA), we have the right to keep the entire development fee and need not return any money to you. However, if we exercise our Qualified Site Lease Rights described in Item 12 and you then elect to develop one less BIG BLUE Swim School in your development territory, we will refund to you the pro rata portion of the development fee allocable to the School that is the subject of the Qualified Site Lease Rights.

You must locate, evaluate, and select each School's site. We will not search for or select the site for you. We will review potential School sites that you identify within the Territory and may, but have no obligation to, visit the Territory once (for no additional fee) to review potential sites for each BIG BLUE Swim School to be constructed and developed. We have the right to require you to reimburse our out-of-pocket expenses for each site visit after the first per-School visit. That payment is not refundable.

Item 6
OTHER FEES

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Royalty	6% of School's Gross Revenue[(3)] during each Calculation Period[(4)] but subject to "Minimum Royalty" discussed in Remarks column	Due within certain number of days after end of each Calculation Period[(4)]	You must pay us a "Minimum Royalty" for each 4-week period during the franchise term equal to no less than $5,500. We will prorate the Minimum Royalty payable based on the then-current Calculation Period for the Royalty. If the Royalties you pay us at 6% of the School's Gross Revenue during the applicable Calculation Period do not equal the prorated amount of the Minimum Royalty for that Calculation Period, you must pay us the deficiency on or before the Payment Day we specify. However, the Minimum Royalty does not begin until after you have operated the School for 12 weeks.
Software License Fee	1.3% to 2%[(5)] of School's Gross Revenue[(3)] during each Calculation Period[(4)] (subject to "Minimum Software License Fee" discussed in Remarks column)	Due within certain number of days after end of each Calculation Period[(4)]	This is payment for your right to use our proprietary LESSONBuddy software in operating your School (for which you will sign a SaaS Agreement with us). You must pay us a "Minimum Software License Fee" for each 4-week period during the franchise term equal to no less than $1,500. We will prorate the Minimum Software License Fee payable based on the then-current Calculation Period for the Software License Fee. If the Software License Fees you pay us at the then-applicable percentage (not to exceed 2%) of the School's Gross Revenue during the applicable Calculation Period do not equal the prorated amount of the Minimum Software License Fee for that Calculation Period, you must pay us the deficiency on or before the Payment Day we specify. The Minimum Software License Fee does not begin until after the School has operated for 12 weeks.

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Brand Fund Contributions	Up to 3% of School's Gross Revenue[(3)] during each Calculation Period[(4)]; we currently charge 2% of School's weekly Gross Revenue	Due within certain number of days after end of each Calculation Period[(4)]	
Member Services Center Fee ("MSC Fee")	Up to 2% of School's Gross Revenue[(3)] during each Calculation Period[(4)]; we currently do not charge this fee	Due within certain number of days after end of each Calculation Period[(4)]	We have the right, directly or through a designated source (including an affiliate), to develop, implement, operate, maintain, and improve a member services center for the benefit of all BIG BLUE Swim Schools and which all BIG BLUE Swim Schools must use. The MSC might perform various services for BIG BLUE Swim Schools and their customers, including scheduling free trial lessons and reserving lesson times for customers, handling customer inquiries, helping resolve customer complaints and concerns, and maintaining a customer database that provides management reports to franchisees. We currently do not operate an MSC or charge this fee.
Podium	$285 per month; optional purchase of a telephone ranging from $30-$160	Monthly	Podium is our mandatory customer relations software. You will pay us monthly with the second invoice of the month. We have the right to increase this fee to the extent the vendor increases its charge to us. These amounts are a pass-through to you; we do not upcharge the vendor's fees. You may (but have no obligation to) purchase a telephone for your School.
Uberall	$20 per month	Monthly	Uberall is our mandatory social posting and listing management service. You will pay us monthly with the second invoice of the month. We have the right to increase this fee to the extent the vendor increases its charge to us. These amounts are a pass-through to you; we do not upcharge the vendor's fees.

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Email Licenses	5 licenses are included free of charge; for each license over the first 5, you must pay us $6 per month for a basic license and $12 a month for a standard license	Monthly	This is an optional charge. If you wish to have more than 5 email licenses for your School, we will bill you in the same manner as we bill you for your royalty payments. We may increase these charges to no more than $10 per month for a basic license and $20 per month for a standard license.
Local Marketing Spend	Not to exceed 6% of School's Gross Revenue; currently ranges from 2% to 6% depending on School's aggregate Gross Revenue during trailing 12-month period[(6)]	Annual, monthly, or other timeframe we specify	If you do not spend the minimum required amount during the applicable timeframe, we may require you to contribute the shortfall to the Brand Fund, spend the shortfall in any manner and over any timeframe we deem appropriate, or pay us the shortfall to spend for you in your market.
Cooperative Contributions[(7)]	An amount we specify up to 4% of School's Gross Revenue[(3)] during each Calculation Period[(4)]	As specified	We have not yet formed any Cooperatives and do not yet require Cooperative contributions.
Franchise Agreement Preparation Fee	$2,500	When you sign a franchise agreement for a subsequent location	
Successor Franchise Fee	$5,000	When you sign successor franchise agreement (if you have that right)	

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Transfer of Franchise Rights or Controlling Ownership Interest in Franchisee	$25,000 (or $12,500 if proposed transfer is among your existing owners, immediate family members, or an entity you control)	Upon transfer	
Transfer of Non-Controlling Ownership Interest in Franchisee	$5,000	Upon transfer	
Ongoing and Supplemental Training and Assistance	Our then-current fee for ongoing and supplemental training and assistance; not to exceed $500 per trainer per day or $2,000 in total if at our location and not to exceed $750 per trainer per day plus our expenses if elsewhere	As incurred	We have the right to charge you for ongoing and supplemental training and assistance that you request or that we determine you need to address issues specific to your School.
Retraining of Managers	Our then-current retraining fee; not to exceed $500 per trainer per day or $2,000 in total if at our location and not to exceed $750 per trainer per day plus our expenses if elsewhere	As incurred	Due if (i) your general manager or assistant manager fails to complete initial training program, or (ii) we must train their replacements.
Periodic Meeting / Convention	Will vary under circumstances (not to exceed $2,500 per person; does not include your actual out-of-pocket attendance costs paid to third parties)	As incurred	You (or your designated representative we approve) must at our request attend a periodic meeting of all BIG BLUE Swim School franchisees and pay an attendance fee. We will charge this fee even if you do not attend.

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Product and Service Purchases	Varies depending on products and services you buy from us or our affiliates	As incurred	During the franchise term, you must buy certain products and services from us or our affiliates, from designated or approved distributors and suppliers, or according to our standards and specifications. If we or our affiliates sell products or services to you during the franchise term that are not already addressed in this Item 6—and there currently are none—we or our affiliates will provide advance notice of the applicable prices.
Testing and Evaluation Costs	Projected testing/evaluation costs to be incurred (amount depends on circumstances, including supplier's location, testing required, and item involved)	As incurred	Covers costs of testing new products/services or inspecting new suppliers you propose.
Computer Software and Technology, Support, and Upgrades	Not to exceed $1,000 per month (depending on number of users and locations)	As incurred	In addition to the Software License Fee (which covers the proprietary LESSONBuddy Software) and other amounts described above in this Item, we and our affiliates have the right to charge you up-front and ongoing (*e.g.*, weekly, monthly, or other) fees for any other proprietary software or technology licensed to you and related support services. We do not now provide these services and therefore do not have a set charge; we have the right to charge you if we provide these services at a later time and will notify you when we establish the charge.
Franchise System Website	Up to $250 per month	As incurred	Brand Fund may pay for creating, developing, maintaining, and operating a Franchise System Website; we have the right to require you to pay a separate fee if (or to the extent) the Brand Fund does not cover these costs. We currently do not charge this separate fee.
Relocation	Not to exceed $25,000 plus reasonable costs we incur	As incurred	Due only if you relocate School.

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Audit	Cost of inspection or audit, including legal fees and independent accountants' fees, plus travel expenses, room and board, and compensation of our employees	As incurred	Due if you fail to submit required reports and records or our examination reveals Gross Revenue understatement exceeding 2%. Amount depends on nature and extent of your non-compliance.
Inspection Fee	Actual costs of first follow-up audit (including our personnel's wages and travel, hotel, and living expenses) $2,500 (plus our personnel's travel, hotel, and living expenses) for the second and each follow-up evaluation we make and for each inspection you specifically request	As incurred	Compensates our costs and expenses for each follow-up inspection to confirm your compliance with Franchise Agreement and Brand Standards.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	When invoiced	Due on past due amounts.
Administrative Fee	$100	When invoiced	Due for each late or dishonored payment.

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Non-Compliance Fee	$250 to $1,000 per deviation from operational requirements/Brand Standards	When billed	Due if you deviate from contractual requirement, including Brand Standard. This compensates us for administrative and management costs, not for our damages due to your default. We have the right to charge $250 for each deviation. If the same (or a substantially similar) deviation is discovered on 1 or more consecutive, subsequent visits to or inspections of your School, we have the right to charge you $500 for 1st repeat deviation and $1,000 for second and each subsequent repeat deviation.
Costs and Attorneys' Fees	Varies under circumstances and depends on nature of your non-compliance	As incurred	Due when you do not comply with the Franchise Agreement or Development Rights Agreement.
Indemnification	Varies under circumstances and depends on nature of third-party claim	As incurred	You must reimburse us for all claims and losses arising out of (i) School's construction, design, or operation, (ii) the business you conduct under the Franchise Agreement, (iii) your non-compliance or alleged non-compliance with any law, (iv) a data security incident, or (v) your breach of the Franchise Agreement. You have the same indemnification obligations under the Development Rights Agreement.
Management Fee	Up to 10% of School's Gross Revenue, plus any out-of-pocket expenses (including salaries) incurred in connection with School's management (including salaries)	As incurred	Due if we assume School's management in certain situations, including your default.

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Reimbursement of Costs of Third-Party Service Providers	Out-of-pocket cost reimbursement	As incurred	If we determine for convenience, or because of the service provider's billing requirements, to pay for School-level quality assurance, safety audit, guest satisfaction, "mystery shop," consumer survey, and similar programs (rather than having you pay the service provider directly), you must reimburse our actual costs for those service providers. We do not upcharge the costs.
Reimbursement for Customer Complaints	Cost reimbursement	As incurred	We have the right to require you to reimburse our costs if we resolve a customer complaint because you fail to do so.
Remedial Expense	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs of correcting any deficiencies at the School or in its operation (short of our taking over management) if you fail to do so.
Tax Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse us for taxes we must pay any state taxing authority on account of either your operation or your payments to us (except for our income taxes).
Insurance Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs if we obtain insurance coverage for School because you fail to do so.
De-Identification Fee	Cost reimbursement	As incurred	You must reimburse our costs of de-identifying your School if you fail to do so.
Training Cancellation Fees	Varies depending on the training program cancelled and when you cancel attendance; however, the maximum cancellation fees equal the maximum training fees described earlier in this chart	As incurred	

Column 1 Type of Fee[(1)]	Column 2 Amount[(2)]	Column 3 Due Date	Column 4 Remarks
Liquidated Damages	Product of either 24 or the number of months that would have remained in franchise term (as of the effective date of termination) had it not been terminated, whichever is shorter, multiplied by average monthly Royalties and Brand Fund contributions that were due and payable to us during the 12 months before the month of termination (or for such lesser period that the School has been open, if less than 12 months); there is a different calculation if the Franchise Agreement is terminated following a casualty that significantly damages the School and you decide not to rebuild	Within timeframe we specify	If we terminate Franchise Agreement for cause, or you terminate Franchise Agreement without cause, before the franchise term's scheduled expiration date. However, if the Franchise Agreement is terminated due to a casualty significantly damaging the School and you decide not to rebuild, the liquidated damages payable will not exceed the amount of any insurance proceeds you receive due to the casualty. If you, any of your affiliates, or any other entity (including any buyer of the School) nevertheless begins constructing or operating a swim school at the site other than a BIG BLUE Swim School during the 24 months following the effective date of termination, then you or your owners must pay us liquidated damages equal to the difference between the standard amount that would have been paid at the time of termination less the amount of liquidated damages actually paid at the time of termination.

Notes:

1. Except as noted above and except for certain product and service purchases from unaffiliated suppliers, all fees are imposed and collected by and payable to us or an affiliate. We and our affiliates currently do not impose any fees or payments on, or collect any fees or payments from, you on behalf of unaffiliated third parties. No fee in this chart is refundable. All fees represent our current offering and generally are uniformly imposed. However, we periodically may on a case-by-case basis (but without any obligation) offer different fee arrangements based on factors we consider relevant, such as development commitments, operating performance, market conditions, timing, or other strategic considerations. For example, we have agreed (and in the future may agree) to reduce the Royalty due on a School's Gross Revenue depending on its aggregate Gross Revenue over

a trailing operating period; remove or abate the Minimum Royalty; delay the beginning of Royalty payments; remove the Minimum Software License Fee; reduce the maximum required Brand Fund contribution; and/or reduce or cap the required transfer fees.

2. We have the right to increase any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under the Franchise Agreement based on changes in the Index (defined below) ("Annual Increase"). An Annual Increase may occur only once per calendar year and may not exceed the corresponding cumulative increase in the Index since the Franchise Agreement's effective date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. All Annual Increases will be made at the same time during the calendar year. "Index" refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. We also have the right—if any fixed fee, payment, or amount due from you under the Franchise Agreement encompasses any third-party charges we collect from you on a pass-through basis (*i.e.*, for ultimate payment to the third party)—to increase the fixed fee, payment, or amount beyond the Annual Increase to reflect increases in the third party's charges to us.

3. "Gross Revenue" means the aggregate amount of all revenue and other consideration generated from any source, including from selling services, products, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance; and (if we allow barter) the value of services, products, and merchandise bartered in exchange for the School's services, products, or merchandise. All transactions must be entered into the Computer System at the full, standard retail price for purposes of calculating Gross Revenue.

   However, Gross Revenue excludes: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities. In addition, Gross Revenue is reduced by the value of promotional or marketing discounts offered to the public (with our prior approval) and the amount of any credits provided in compliance with our policies. Each charge or credit sale will be treated as a sale for the full price on the day the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift/loyalty/stored-value/affinity "cards" and similar items we approve for offer and sale at BIG BLUE Swim Schools, whether maintained on an App, on another electronic medium, or in another form (together, "Loyalty Program Media"), is included in Gross Revenue when the Loyalty Program Media are used to pay for services and products (although we have the right to collect our fees due on that revenue when the Loyalty Program Media are acquired by the customer). Your School may not issue or redeem any coupons or Loyalty Program Media unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We have the right to grant or withhold our approval as we deem best.

4. You must pay us these fees on or before the day or date we specify from time to time in the Operations Manual (each, a "Payment Day") on account of the School's Gross Revenue during the preceding School operating period we also specify from time to time in the

Operations Manual (each, a "Calculation Period"). We can specify the Payment Day to be a particular day of the week or a particular date during a month and can vary the Payment Day depending on the payment due to us or our affiliates (i.e., there may be different Payment Days for different payments). The Calculation Period can be a weekly, bi-weekly, monthly, or other period and likewise can vary depending on the payment due to us or our affiliates (i.e., there may be different Calculation Periods for different payments). We have the unlimited right during the franchise term to change the Payment Days and Calculation Periods for the various payments due to us or our affiliates upon 30 days' prior notice to you. As of this disclosure document's issuance date, the Payment Days for the percentage amounts due on the School's Gross Revenue are the 4th and 14th days of each month for the Calculation Periods running, respectively, from the 11th day through the last day of each month and the 1st day through the 10th day of each month.

You must authorize us to debit your business checking or other account automatically for the Royalty, Software License Fee, Brand Fund contribution, MSC Fees, and other amounts due under the Franchise Agreement or otherwise. We will debit your account no later than the Payment Day for the amounts due. Funds must be available in the account for withdrawal. We may require you to have a specific amount of overdraft protection for your bank account. You must reimburse any "insufficient funds" charges and related expenses we incur due to your failure to maintain sufficient funds in your bank account. You may not close this account without first establishing, and notifying us of, a new account that we are authorized to debit.

If you fail to report the School's Gross Revenue when required, we have the right to debit your account for 125% of the Royalty, Software License Fee, Brand Fund contribution, and MSC Fee we debited for the previous Calculation Period. If the amount we debit is less than the amount you actually owe us (once we determine the School's actual Gross Revenue), we will debit your account for the balance due on the Payment Day we specify. If the amount we debit is greater than the amount you actually owe us (once we determine the School's actual Gross Revenue), we will credit the excess, without interest, against the amount we have the right to debit for the following Calculation Period.

5. New franchisees pay a Software License Fee equal to 2% of each School's Gross Revenue, subject to the Minimum Software License Fee described in the chart. Some Legacy franchisees pay a lower Software License Fee, which depends on how many BIG BLUE Swim Schools they (and, if applicable, their affiliates) own and operate under a single development agreement with us (i.e., specifically, the number of BIG BLUE Swim Schools constructed, developed, and opened for business pursuant to, and counted toward the development schedule in, a single development agreement and still operational). The rates generally fall within a range of approximately 1.3% to 2% of Gross Revenue per School and are adjusted beginning with the calendar month following a new School's opening or an existing School's closure.
6. You must spend during the franchise term at least the minimum percentage of the School's Gross Revenue that we periodically require on approved Marketing Materials (defined as advertising, promotion, lead-generation, marketing, and promotional formats and materials) and advertising, marketing, and promotional programs for your School (the

"Local Marketing Spending Requirement"). We may participate in preparing your local marketing plan. The minimum required percentage will not exceed 6% of the School's Gross Revenue during any annual, monthly, or other timeframe we specify. We have the right to calculate and implement the Local Marketing Spending Requirement based on the School's aggregate Gross Revenue during trailing 12-month ("TTM") periods. In other words, we may reduce the minimum required percentage for the School's Local Marketing Spending Requirement on a sliding scale below 6% of the School's aggregate Gross Revenue by referencing TTM Gross Revenue tiers.

As of this disclosure document's issuance date, your School's minimum Local Marketing Spending Requirement during each TTM period will be as follows:

School's TTM Gross Revenue	Minimum Local Marketing Spending Requirement During TTM Period
Up to $1,499,999	6.0%
$1,500,000 to $1,749,999	5.0%
$1,750,000 to $1,999,999	4.0%
$2,000,000 to $2,499,999	3.0%
$2,500,000 or greater	2.0%

As an example only, if your School's aggregate Gross Revenue during the TTM period ending as of March 31 was $1.2 million, the School's minimum Local Marketing Spending Requirement for that same TTM period ending as of March 31 would have been $72,000, which is 6% of the School's aggregate Gross Revenue during that TTM period (meaning the School must have spent that minimum amount during that TTM period). If your School's aggregate Gross Revenue during the TTM period ending as of June 30 was $1.6 million, the School's minimum Local Marketing Spending Requirement for that same TTM period ending as of June 30 would have been $80,000, which is 5% of the School's aggregate Gross Revenue during that TTM period (meaning the School must have spent that minimum amount during that TTM period).

We have the right, upon no less than 30 days' prior written notice to you, (1) to change the number of TTM tiers, or the low and high ranges of any particular TTM tier, referenced above and the related Local Marketing Spending Requirement, or (2) to eliminate the TTM tiers entirely and implement the Local Marketing Spending Requirement on a different periodic basis. However, under no circumstances will your minimum Local Marketing Spending Requirement during any annual, monthly, or other timeframe ever exceed 6% of the School's Gross Revenue.

While we will credit your Cooperative contributions (see note 7 below) toward the Local Marketing Spending Requirement, we do not count the initial public relations and market introduction program or Brand Fund contributions toward this minimum obligation.

7. We have the right to designate a geographic area for an advertising cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of BIG BLUE Swim Schools located and operating in that area (including us and our affiliates, if applicable). We have the right to require you to contribute up to 4% of the School's Gross Revenue to the Cooperative (regardless of the School's then-effective minimum Local Marketing Spending Requirement). All of your Cooperative dues count toward your Local Marketing Spending Requirement for the School but not toward your initial public relations and market introduction program or required Brand Fund contributions.

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount (Low/High)	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Non-Construction Costs				
Initial Franchise Fee[(1)]	Low - $50,000 High - $50,000	Lump sum	When you sign Franchise Agreement	Us
Real Estate Site Investigation[(2)]	Low - $0 High - $5,000	As incurred	As incurred	Landlord
Rent / Security Deposit[(2)]	Low - $0 High - $70,000	As agreed	As incurred	Landlord
Professional Fees[(3)]	Low - $5,000 High - $20,000	As incurred	As incurred	Third-Party Advisors
Insurance (3 Months)[(4)]	Low - $2,500 High - $4,500	As incurred	As incurred	Insurance Broker
Market Introduction Program[(5)]	Low - $40,850 High - $83,600	Lump sum	As incurred	Us and Marketing/ Advertising Sources
Pre-Opening Operations & Labor[(6)]	Low - $75,000 High - $95,000	As incurred	As incurred	Employees
Management Training Expenses[(7)]	Low - $0 High - $10,000	As incurred	During training	Third-party Vendors

Column 1 Type of expenditure	Column 2 Amount (Low/High)	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Additional Funds – 3 Months[8]	Low - $55,000 High - $145,000	As incurred	As incurred	Employees, Suppliers, Other Third Parties, and Us
Pre-Construction Costs				
Architect & Engineering Fee	Low - $60,000 High - $100,000	Lump sum	As incurred	Architect
Utility Upgrades & Tap Fees[9]	Low - $0 High - $100,000	As incurred	As incurred	Municipality / County and Utility Provider
Business Licenses & Permits[10]	Low - $20,000 High - $70,000	Lump sum	As incurred	Government Agencies
Leasehold Improvements				
Construction / Net Leasehold Improvements[11]	Low - $ 1,455,000 High - $ 2,400,000	As incurred	As incurred	General Contractor
Pool Equipment, Lighting, HVAC, and Related[12]	Low - $135,000 High - $250,000	As incurred	As incurred	Third-Party Suppliers
Project Management Fee [13]	Low - $0 High - $75,000	As incurred	As incurred	Third-Party Vendors
TOTAL ESTIMATED INITIAL INVESTMENT (including real estate costs)**[14]**	Low - $1,898,350 High - $3,478,100			

- Except for security and utility deposits paid to landlords and utility companies (based on their business practices), no expenditure in the table is refundable.

- Your actual initial investment will depend on your School's size and location. The "Low" amount is intended to represent (i) a market level tenant improvement allowance, (ii) the

pool facility is constructed in an already-standing building, and (iii) the pool facility's size falls at the low end of our prototypical square footage (approximately 6,000 square feet). The "High" amount is intended to represent (i) no tenant improvement allowance (i.e., the tenant is responsible for all improvements), (ii) the pool facility is either new development or the structure requires significant upgrades, and (iii) the pool facility's size falls at the high end of our prototypical square footage (approximately 10,000 square feet). The two categories represent real variation across the currently open pools (both corporate and franchised) combined with our recent engineering initiatives to reduce overall costs. Other metropolitan areas may be more or less expensive.

Notes:

1. The initial franchise fee is $50,000 if you acquire franchise rights for just one BIG BLUE Swim School. No separate initial investment, other than the development fee, is required when you sign a Development Rights Agreement, although you of course must build the first BIG BLUE Swim School at a cost estimated to range as described in the chart above. Therefore, the low end of the total investment necessary to begin operation if you acquire development rights (for a minimum of 2 Schools) ranges from $1,913,350 to $3,493,100. The development fee is not refundable.

2. A standard BIG BLUE Swim School occupies approximately 6,000 to 10,000 square feet of leased space in a strip shopping center or free-standing location. The preferred trade area is densely populated by families with a large number of children under 12 years old within a 10 to 15-minute drive time. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors. Rents vary from market to market and likely will be higher in large metropolitan areas (for example, New York City, New York, Chicago, Illinois, and Los Angeles, California) than in suburban markets and smaller metropolitan areas. The low estimate assumes that you do not have to pre-pay the first month's rent or a security deposit. The high estimate assumes that your landlord requires you either to pay a security deposit or to pre-pay the first month's rent. Lease negotiations with your landlord and the School's size and market area will determine when your lease payments begin. The initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the School.

3. We recommend that you engage an attorney, an accountant, and other advisors to help you in your due diligence.

4. You must obtain and maintain certain types and amounts of insurance coverage. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors affecting risk exposure. The estimate contemplates insurance costs for 3 months. You should check with your insurance agent regarding additional insurance you might wish to obtain above our stated minimums.

5. You must spend at least $40,850 and up to $83,600 for the School's initial public relations and market introduction program described in Item 5.

6. This estimates your pre-opening labor costs (excluding HQ training, which is accounted for in note 7). We estimate 48 pre-opening payroll days for which you will need to pay, provide benefits to, and insure managers and swim associates.

7. This estimates the travel-related costs for 2 people (i.e., your Managing Owner and general manager) to attend our required management training program (these costs exclude salary, benefits, and workers' compensation insurance). Although we do not charge tuition, you must pay all attendance costs, which depend on point of origin, method of travel, class of accommodation, and living expenses (food, transportation, etc.).

8. This line-item estimates the funds needed to cover your other pre-opening expenses as well as your expenses during the first 3 months of operation (other than the items identified separately in the table), including labor, supplies, rent, and utilities. These expenses do not include any draw or salary for you. We relied on the experience of the open franchised and corporate pools (some of which have been operating since 2012) to compile this Additional Funds estimate.

9. If you are a new customer of your local utilities, you generally must pay deposits to obtain services, including electric, telephone, gas, and water. The deposit's amount and refundability depend on the local utilities. You might be required to pay a fee to access and/or upgrade access to the municipality or county's water and/or sewer system. You should investigate whether a location you are considering will require a water tap fee assessment.

10. This covers business and operating licenses and occupancy and construction permits.

11. You must renovate a facility for your School to satisfy our functional and aesthetic/trade dress requirements. This estimate covers both materials and labor and reflects recent engineering initiatives to reduce overall costs. Leasehold improvement costs—which could include fixtures, furniture, and equipment such as floor and window coverings, wall treatment, counters, ceilings, painting, electrical, carpentry, plumbing, excavation, pool construction, and similar work, and contractor's fees—depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your School; and any construction or other allowances the landlord grants. Your costs might be more or less than this estimate based on where you plan to operate your School.

12. This estimate reflects recent engineering initiatives to reduce overall costs and includes expenses for (a) mechanical pump and filtration equipment, equipment for the pool area, and specialized HVAC systems responsible for maintaining consistent temperatures and humidity throughout the School, (b) fixtures, furniture, and equipment such as couches, tables, chairs, office furniture, staff lounge, certain appliances, and lighting fixtures, (c) outdoor signage and interior signage and displays, (d) the required computer and point-of-sale systems, (e) opening inventories of uniforms for staff members and food and beverage items, and (f) opening inventories of vending, guest, retail, pool, janitorial, and promotional items and supplies (including goggles, swimsuits, and diapers). The cost of purchasing equipment and certain other items depends on the characteristics of the School's site, price

differences among suppliers, and shipping distances from suppliers. The numbers include sales taxes and shipping costs.

13. The low end of the Project Management Fee assumes you do not hire a third party to manage the School's construction.

14. We do not offer financing directly or indirectly for any part of the initial investment. An estimated initial investment will be incurred for each School established under a Development Rights Agreement.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Brand Standards and Designated and Approved Suppliers

You must operate the School according to our Brand Standards. Brand Standards may regulate, among other things, types, models, and brands of furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System) required for the School (collectively, "Operating Assets"); required, authorized, and unauthorized services and products for the School; and designated and approved manufacturers, suppliers, and/or distributors of items and services. You must buy or lease all Operating Assets, products, and services you use or sell at the School only according to Brand Standards and, if we require, only from manufacturers, suppliers, or distributors we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources) at the prices those suppliers choose to charge.

We and our affiliate currently are the designated (*i.e.*, only) suppliers of proprietary software for the School's operation (i.e., LESSONBuddy) and creative and implementation services for the School's required public relations and market introduction advertising/promotion program. We currently are approved (but not the only) suppliers of Marketing Materials to advertise and promote the School.

Besides the items and services described above for which we and our affiliate currently are approved or designated suppliers, you currently must acquire the School's furniture, fixtures, equipment, Computer System, point-of-sale system, accounting and bookkeeping system, business software (including background check services, credit card processing services, customer feedback software, customer review mitigation, and recruiting tracking software), worker's compensation support, payroll and employee benefits software, signage, uniforms, chemicals and other supplies, pump, HVAC, pool systems (including the pump room and pump notifications), pool materials (including swim platforms, lane tents, teaching tools, goggles, swim diapers, and swimsuits), building-management systems, marketing (including search engine optimization, digital, print, and email), graphic design services, adaptive swim lessons, lifeguard training, and Loyalty Program Media services only from suppliers we designate or approve. No officer of ours owns any interest in any affiliated supplier to the franchise system.

We restrict your sources of items and services in many cases to protect trade secrets and other intellectual property, help assure quality and a reliable supply of products meeting our standards, achieve better purchase and delivery terms, control third-party use of the Marks, and

monitor the manufacture, packaging, processing, sale, and delivery of these items. Besides your purchases from designated or approved suppliers, you generally must purchase products and services meeting our minimum standards and specifications.

At least 30 days before using them, you must send us samples or proofs of all Marketing Materials we have not prepared (as an approved source of such items) or already approved and all approved Marketing Materials that you propose to change in any way. If we do not approve those materials within 30 days after receiving them, they will be deemed disapproved for use. You may not use any Marketing Materials we have not approved or have disapproved.

School Development

You will develop the School at your expense. You or the vendors you select will supervise or oversee the School's design, construction, and development. You must pay all fees due to all service providers and vendors. We will provide you with a selection of designated and approved vendors. You may select among those vendors or hire your own, provided we have approved the vendor.

The School's design, construction, and development will follow our guidelines and mandatory specifications and layouts for a BIG BLUE Swim School (collectively, "Plans"), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. You should work with your general contractor and architect, who will exercise reasonable efforts to ensure that the Plans reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations, including those arising under the Americans with Disabilities Act, and any Lease requirements or restrictions. You must inform us of any changes to the School's specifications that you believe are necessary to comply with applicable laws and lease requirements and restrictions. Your third-party vendor will adapt the Plans for the School. We own the Plans.

The School must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You must place or display at the School (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and display materials we approve from time to time.

Insurance

You must maintain insurance coverage for the School at your own expense in the amounts, and covering the risks, we periodically specify. Your insurance carriers must be licensed to do business in the School's state and be rated A-, VII or higher by A.M. Best and Company, Inc. (or satisfy our other criteria). We periodically may increase the required coverage amounts and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and our designated affiliates as additional insureds and give us 30 days' prior written notice of material modification, cancellation, or non-renewal and notice of any non-payment. You must send us a valid insurance certificate or duplicate insurance policy showing required coverage and payment of premiums.

You currently must have the following minimum insurance coverage: (a) workers' compensation with employers liability limits meeting statutory requirements in your state of operation (minimum of $500,000); (b) Employment Practices Liability (EPLI) with a limit of at least $500,000; (c) General Liability with limits of at least $1,000,000 each occurrence, $2,000,000 personal and advertising injury, $4,000,000 products and completed operation aggregate, and a $2,000,000 general aggregate; (d) Umbrella covering the general liability, auto, and employers liability with limits of at least $2,000,000 for 1 School, $5,000,000 for at least 5 Schools, and $10,000,000 for at least 10 Schools; (e) Automobile with at least $1,000,000 combined single limit for hired/non-owned auto at a minimum; (f) professional liability up to $1,000,000; and (g) business income and extra expense on an actual loss sustained basis for at least 6 months.

Loyalty Program Media

You must participate in, and comply with the requirements of, our Loyalty Program Media and customer loyalty/affinity and similar programs.

Supplier Approval and Designation Process and Compliance with Brand Standards

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the School that you currently must buy or lease from us (or our affiliates) or designated or approved suppliers.

In the future, we have the right to designate other products and services that you must buy only from us, our affiliates, or designated or approved suppliers. To maintain the quality of BIG BLUE Swim School services and products and our franchise network's reputation, all Operating Assets and other services and products your School uses or sells (besides those described above that you currently may obtain only from us, our affiliates, and/or approved and designated suppliers) must meet our minimum standards and specifications, which we issue and modify based on our, our affiliates', and our franchisees' experience in operating BIG BLUE Swim Schools. Standards and specifications may impose minimum requirements for production, performance, safety, reputation, prices, quality, design, and appearance. Our Operations Manual will identify our standards and specifications for you. When appropriate and authorized, you may provide those standards and specifications to suppliers if they agree to maintain confidentiality.

If you want to purchase or lease any Operating Assets, products, or services from a supplier or distributor we have not then approved (if we require you to buy or lease the asset, product, or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the quality and functionality of the item or service are equivalent to those of the item or service it replaces and that the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product-liability claims. You must pay upon request any actual expenses we incur to determine whether or not the items, services, suppliers, or distributors meet our requirements and specifications. We will decide within a reasonable time (up to 120 days).

We have the right to condition our written approval of a supplier or distributor on requirements relating to product quality and safety; third-party lab testing; prices; consistency; warranty; supply chain reliability and integrity; financial stability; customer relations; frequency,

economy, and efficiency of delivery; concentration of purchases; standards of service (including prompt attention to complaints); and other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and require the proposed supplier or distributor to send samples directly to us or to a third-party testing service. We have the right to be reimbursed for the costs of testing new products or services or inspecting new suppliers you propose. We have the right to re-inspect a supplier's or distributor's facilities and products and revoke our approval of any supplier, distributor, product, or service no longer meeting our criteria by notifying you and/or the supplier or distributor. We do not make our approval criteria for suppliers or distributors available to franchisees.

Despite these procedures, we have the right to limit the number of approved suppliers and distributors, designate sources you must use, and refuse your requests for any reason, including because we already have designated an exclusive source (which might be us or our affiliate) for a particular item or service or believe that doing so is in the BIG BLUE Swim School network's best interest. It might be disadvantageous from a cost and service basis to have more than one supplier in a given market area, and we have the right to consider the impact of any supplier approval on our and our franchisees' ability to obtain the lowest distribution costs and best service. If we approve any supplier or distributor you recommend, we have the right to authorize other BIG BLUE Swim Schools to buy or lease any Operating Assets or other products or services from that supplier or distributor without compensating you.

Revenue from Supply Chain

We and/or our affiliates have the right to derive revenue based on your purchases and leases, including from charging you (at prices exceeding our and their costs) for services and products that we or our affiliates sell you and from promotional allowances, volume discounts, and other amounts paid to us and our affiliates by suppliers we designate, approve, or recommend for some or all BIG BLUE Swim School franchisees. We and our affiliates have the right to use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes we and our affiliates deem appropriate. While we have the right to do so, we and our affiliates currently do not receive any revenue from suppliers based on your purchases and leases.

Collectively, your purchases and leases from us or our affiliates, from designated or approved suppliers and distributors, or according to our standards and specifications represent about 100% of your overall purchases and leases to establish and then to operate the School. We did not derive any revenue during 2025 from direct purchases or leases of goods and services by franchisees. Neither we nor our affiliates received any payments from designated and approved suppliers during 2025 on account of their sales to our franchisees.

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for promotional items, pool equipment and chemicals, office supplies, retail goods, and swim teaching aids. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and our interests as the franchisor. (We do not negotiate purchase arrangements for the benefit of any particular franchisee.)

We do not provide material benefits to a franchisee (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

The Development Rights Agreement does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating your business under the DRA. However, each site proposed for a BIG BLUE Swim School must satisfy our site-selection criteria, is subject to our written acceptance, and must be established and operated in conformance with all purchasing requirements set forth in the Franchise Agreement under which it is established.

Item 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	4.A, B, and C of Franchise Agreement 5 and 8 of Development Rights Agreement	5, 7, 8, 11, and 12
b. Pre-opening purchases/leases	4.D and E and 7.D and E of Franchise Agreement Not applicable under Development Rights Agreement	5, 7, 8, and 11
c. Site development and other pre-opening requirements	4.B, C, D, and E and 13.A of Franchise Agreement 5 and 8 of Development Rights Agreement	5, 7, 8, and 11
d. Initial and ongoing training	6 of Franchise Agreement Not applicable under Development Rights Agreement	6, 7, and 11
e. Opening	4.E of Franchise Agreement 1(a), 2(a), and 5 of Development Rights Agreement	11 and 12
f. Fees	3.G, 4.A, B, and D, 5, 6, 7.C, D, and E, 10, 13, 15, 16, 17.C and E, 18, 19.C and D, 20.A, B, and F, 21.C, D, and E, and 22.C of Franchise Agreement 4 of Development Rights Agreement 3, 7, and 10 of SaaS Agreement	5, 6, 7, and 8

Obligation	Section in agreement	Disclosure document item
g. Compliance with standards and policies / operating manual	6.G and 7 of Franchise Agreement Not applicable under Development Rights Agreement	8 and 11
h. Trademarks and proprietary information	8, 9, 10, and 11 of Franchise Agreement 3 of Development Rights Agreement 12 of SaaS Agreement	13 and 14
i. Restrictions on products/services offered	7 of Franchise Agreement Not applicable under Development Rights Agreement	8, 11, 12, and 16
j. Warranty and customer service requirements	7.C of Franchise Agreement Not applicable under Development Rights Agreement	Not Applicable
k. Territorial development and sales quotas	Not applicable under Franchise Agreement 1(a), 2(a), and 5 of under Development Rights Agreement	11 and 12
l. On-going product/service purchases	7.A, C, D, and E of Franchise Agreement Not applicable under Development Rights Agreement	6 and 8
m. Maintenance, appearance and remodeling requirements	7.A and C, 17.C(2)(h), and 17 of Franchise Agreement Not applicable under Development Rights Agreement	11 and 17
n. Insurance	21.D of Franchise Agreement	7 and 8
o. Advertising	13 of Franchise Agreement Not applicable under Development Rights Agreement	5, 6, 7, 8, and 11
p. Indemnification	21.E of Franchise Agreement 11 and 12 of Development Rights Agreement	6
q. Owner's participation/ management/staffing	3.G, 6, and 7.C(3) of Franchise Agreement Not applicable under Development Rights Agreement	11 and 15
r. Records and reports	14 of Franchise Agreement Not applicable under Development Rights Agreement	6

Obligation	Section in agreement	Disclosure document item
s. Inspections and audits	15 of Franchise Agreement Not applicable under Development Rights Agreement	6
t. Transfer	17 of Franchise Agreement 9 of Development Rights Agreement 14(b) of SaaS Agreement	6 and 17
u. Renewal	18 of Franchise Agreement Not applicable under Development Rights Agreement	6 and 17
v. Post-termination obligations	19.C and 20 of Franchise Agreement Not applicable under Development Rights Agreement	6 and 17
w. Non-competition covenants	12, 17.C(l), 17(2)(c) and (l), and 21.E and F of Franchise Agreement 12 of Development Rights Agreement	15 and 17
x. Dispute resolution	22.C, F, G, H, I, J, and L of Franchise Agreement 12 of Development Rights Agreement 13 of SaaS Agreement	17
y. Consumer Data and Data Security	10 of Franchise Agreement Not applicable under Development Rights Agreement	14
z. Social Media Restrictions	7.C(13) of Franchise Agreement Not applicable under Development Rights Agreement	Not Applicable
aa. Compliance with Customer Loyalty Programs	7.C(12) of Franchise Agreement Not applicable under Development Rights Agreement	6 and 8
bb. Compliance with MSC Standards and Procedures and Customer Complaint Resolution Procedures	7.C(4) of Franchise Agreement Not applicable under Development Rights Agreement	6
cc. Compliance with All Laws	7.B, 10, and 23 of Franchise Agreement Not applicable under Development Rights Agreement	Not Applicable

Obligation	Section in agreement	Disclosure document item
dd. Minimum Days and Hours of Operation	7.C(9) of Franchise Agreement Not applicable under Development Rights Agreement	16
ee. Owner Guaranty	Owner's Guaranty and Assumption of Obligations (Exhibit B to Franchise Agreement) Not applicable under Development Rights Agreement	15
ff. Addressing Fire or Other Casualty to School	16 of Franchise Agreement	17

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.

Pre-Opening Assistance

Before you begin operating the School, we will (directly or through a third party):

1. Provide various real estate services. (Franchise Agreement—Section 4; Development Rights Agreement—Section 5) These services do not include conforming the School's premises to local ordinances and building codes obtaining required permits, for which you will be responsible. The School always will be developed at your expense.

2. You must locate, evaluate, and select each School's site. You must give us all information and materials we request to assess each proposed School site. We will not search for or select the site for you. However, using local commercial real estate brokers, we may propose potential School sites for your consideration in your agreed-upon Site Selection Area (under the Franchise Agreement) or Territory (under the Development Rights Agreement). Proposal of a School's site will be based on our then-current criteria for BIG BLUE Swim School sites, including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, ingress and egress, size, and other physical and commercial characteristics.

We will review potential BIG BLUE Swim School sites that you identify within the Territory and may, but have no obligation to, visit the Territory once (for no additional

fee) to review potential sites for each BIG BLUE Swim School to be constructed and developed under the DRA. We have the right to require you to reimburse our out-of-pocket expenses for each site visit after the first per-Swim School visit. We have the right to condition our acceptance of a proposed site, or a proposed site visit, on your first sending us complete site reports and other materials (including photographs and digital recordings) we request, showing compliance with our then-current criteria described above. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within 30 days after we receive all requested information and materials. You may not proceed with a site that we have not accepted. (We do not "approve" sites; we "accept" them under the circumstances described in this Item 11.)

We will not unreasonably withhold our acceptance of a site if, in our experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites in the past for BIG BLUE Swim Schools. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a BIG BLUE Swim School. You must evaluate and ultimately approve your selection of your School's site. (Franchise Agreement—Section 4.B; Development Rights Agreement—Section 5) We do not own locations for lease to franchisees. Under the DRA, we first must accept each new site you propose for each new BIG BLUE Swim School. Our then-current standards for sites will apply.

We have the right to terminate the Franchise Agreement (and, in limited circumstances, the Development Rights Agreement) if you reject a School site the location and physical and other characteristics of which, and the proposed commercial-lease terms for which (as encompassed in a lease letter of intent that we or your third-party vendor negotiated or reviewed), were accepted by our real-estate committee (a "Qualified Site"). (Franchise Agreement—Section 4.B; Development Rights Agreement—Section 5) There is no refund of any initial franchise fee or development fee upon such termination.

If an acceptable School site is not found and secured within 210 days after the Franchise Agreement's effective date (subject to any permitted extension), then we have the right to terminate the Franchise Agreement. The initial franchise fee is not refundable. (Franchise Agreement—Sections 4.B and 4.C) If we and you (or your affiliate) are parties to a DRA, the negotiated deadlines specified in the DRA will supersede certain deadlines specified above. (DRA—Section 5)

3. Review and accept the terms of the lease or sublease (and any renewals, amendments, or extensions of the lease or sublease) that will govern your occupancy and lawful possession of the School's site. The lease will include a Lease Rider substantially in the form attached to the Franchise Agreement. You must review and accept the negotiated Lease before signing it. After your Lease is executed, you must send us prior notice of any revisions to its terms, whether proposed by you or the landlord, and we may accept or reject, those proposed revisions before they become effective. You may not sign any lease or sublease we have not accepted in writing. The School's site must be found and secured within 210 days after the Franchise Agreement's effective date. Otherwise, we

have the right to terminate the Franchise Agreement. There is no refund of any initial franchise fee (or development fee) upon such termination. (Franchise Agreement—Section 4.B; Development Rights Agreement—Section 5)

If you cannot sign a Lease within 210 days after the Franchise Agreement's effective date despite your diligent efforts to do so, you may request (at no cost to you) two separate 30-day extensions to sign the Lease. We will not unreasonably deny your request if the reasons for each extension request demonstrate your diligence in the site-selection and leasing process. However, these extensions are not available if we exercise our right to terminate the Franchise Agreement because you reject a Qualified Site. (Franchise Agreement—Section 4.C)

4. Require or recommend outside service providers and vendors to perform the services and provide the goods encompassed within the real estate, construction, and project-site services necessary to complete the School's construction and development, including real estate brokers, design professionals, engineers, architects, and general contractors. You must pay all fees due to all service providers and vendors.

The School's design, construction, and development will follow our guidelines and mandatory specifications and layouts for a BIG BLUE Swim School (collectively, "Plans"), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. You must ensure that the Plans reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations, including those arising under the Americans with Disabilities Act, and any lease requirements or restrictions. You must inform us of any changes to the School's specifications that you believe are necessary to comply with applicable laws and lease requirements and restrictions. You will adapt the Plans for the School in collaboration with the outside service providers and vendors you select. We own the Plans. (Franchise Agreement—Sections 4.A and 4.D)

5. Provide initial orientation and training to your Managing Owner and School general managers and assistant general managers. We describe this training later in this Item. (Franchise Agreement – Section 6.A)

6. Identify in writing or electronically the Operating Assets, inventory, supplies, and other products and services you must use to develop and operate the School, the minimum standards and specifications you must satisfy, and the designated and approved manufacturers, suppliers, and distributors from which you must or may buy or lease items and services (which may include or be limited to us and/or our affiliates). (Franchise Agreement – Sections 4.D, 6.G, 7.D, and 7.E) We do not oversee the delivery and installation of the School's fixtures, equipment, and signs by third-party vendors.

7. Send an "opening team" to the School for at least 3 days to help train your supervisory employees on our philosophy and Brand Standards and prepare the School for opening. (Franchise Agreement – Section 6.C)

8. Give you access to our various operations and technical manuals, bulletins, and other written materials (collectively, the "Operations Manual"). The Operations

Manual currently contains the equivalent of approximately 252 total pages; its current table of contents is Exhibit D. (Franchise Agreement – Section 6.G)

9. Create and implement a customizable public relations and market introduction program for the School. (Franchise Agreement – Section 13.A)

10. Designate a specific number of Schools that you (and your Approved Affiliates) must develop and open at accepted locations within distinct development areas comprising your development Territory and the development deadlines (if we grant you development rights). (Development Rights Agreement – Sections 1, 2, and 5) Proposed School sites will be accepted only if they meet our then-current standards for School sites.

Opening

The School must open for business within 14 months after the date you sign the lease for the School site, subject to any extensions we might grant. If you cannot open the School for business by this opening deadline despite your diligent efforts to do so, you may request a 30-day extension to open. We will not unreasonably deny your request if the reasons for your request demonstrate your diligence in the School-development and opening process. You may request no more than 3 separate 30-day extensions on the same terms. However, no extension of the opening deadline is available if the School's site is a site selected after you rejected a Qualified Site; rejection of a Qualified Site disqualifies you from any such extension.

While we expect the typical opening timetable to be approximately 21 months after you sign the Franchise Agreement (subject to permitted extensions), your own opening timetable depends on how quickly the School's site is found and secured; the School's original condition and upgrading and remodeling requirements; construction schedules; obtaining required permits, licenses, and insurance; the delivery schedule for Operating Assets and supplies; attending and completing training; having full staffing; completing required third-party certifications; and complying with local laws and regulations. (Franchise Agreement—Sections 4.D and 4.E)

Ongoing Assistance

During your School's operation, we will (directly or through a third party):

1. Advise you or make recommendations regarding the School's operation with respect to standards, specifications, operating procedures, and methods that BIG BLUE Swim Schools use; purchasing required or recommended Operating Assets and other products, services, supplies, and materials; supervisory employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all School employees); and accounting, advertising, and marketing. We will guide you through our Operations Manual, by electronic media, by telephone, and/or at our office or the School. (Franchise Agreement – Section 6.G)

2. Give you, at your request and expense (and our option), additional or special guidance, assistance, and training that we believe you need to address issues specific to your School. We have no obligation to continue providing any specific ongoing training, conventions, advice, or assistance. (Franchise Agreement – Section 6.G)

3. Continue to give you access to our Operations Manual. (Franchise Agreement – Section 6.G)

4. Issue and modify Brand Standards. Brand Standards may regulate and establish price advertising policies and maximum, minimum, or other pricing requirements for services and products the School sells, including requirements for promotions, special offers, and discounts in which some or all BIG BLUE Swim Schools must participate, in each case to the extent the law allows. (Franchise Agreement – Sections 7.A and 7.C)

5. Let you use our Marks. (Franchise Agreement – Section 8)

6. Let you use our confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), including our proprietary operating software called LESSONBuddy. (Franchise Agreement – Sections 5.C., 7.E, and 9; SaaS Agreement) We will defend you against any claim that this software infringes a patent or copyright in the United States. (SaaS Agreement – Section 7(a))

7. Maintain a Brand Fund for advertising, marketing, research and development, public relations, social-media management, lead-generation, and customer-relationship management programs, materials, and activities we deem appropriate to enhance, promote, and protect the BIG BLUE Swim School brand and franchise system. We describe the Brand Fund and other advertising activities below. (Franchise Agreement – Section 13.B)

8. Periodically inspect and monitor the School's operation. (Franchise Agreement – Section 15.A)

9. Periodically offer refresher training courses. (Franchise Agreement – Section 6.D)

10. Review Marketing Materials you want to use. (Franchise Agreement – Sections 13.C and D)

Advertising and Marketing Programs

Market Introduction Program

We describe our Market Introduction Program in Item 5.

Brand Fund

We have established the Brand Fund to which you and other franchisees must contribute the amounts we periodically specify, not to exceed 3% of your School's Gross Revenue during the applicable preceding Calculation Period. We currently require you and other franchisees to contribute 2% of Gross Revenue. (Franchise Agreement – Section 13.B) However, we may reduce a new School's Brand Fund contribution rate during its 1st 9 to 12 months of operation.

Each operational company- and affiliate-owned BIG BLUE Swim School will contribute to the Brand Fund for each Calculation Period on the same percentage basis as franchisees. However, no operational company- or affiliate-owned BIG BLUE Swim School must contribute to the Brand Fund for any Calculation Period during the franchise term more than the highest-contributing operational franchised BIG BLUE Swim School actually contributed for that Calculation Period.

We will direct all programs the Brand Fund finances, with sole control over and ownership of all creative and business aspects of the Fund's activities. The Brand Fund may pay for, among other things, preparing, producing, and placing video, audio, and written materials, digital marketing, and Social Media; developing, maintaining, and administering one or more System Websites; administering national, regional, and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; implementing and supporting franchisees' local market introduction programs; establishing regional and national promotions and partnerships and hiring spokespersons to promote the BIG BLUE Swim School brand; supporting public relations, market research, and other advertising, promotion, marketing, and brand-related activities; creating and implementing customer-satisfaction surveys; organizing and hosting franchisee conferences, conventions, and meetings; and supporting and hosting charitable or nonprofit events and community-based activities.

The Brand Fund may advertise locally, regionally, and/or nationally in printed and on other tangible materials, on radio or television, and/or on the Internet, as we think best. We and/or an outside regional or national advertising agency will produce all advertising and marketing. The Brand Fund periodically may give you sample Marketing Materials at no cost. We may sell you multiple copies of Marketing Materials at our direct production costs, plus any related shipping, handling, and storage charges.

We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and will not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund's administrative costs; travel-related expenses of personnel while they are on Brand Fund business; meeting costs; overhead relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive; and any other costs or expenses we incur operating or as a consequence of the Fund. We will not use the Brand Fund specifically to develop materials and programs to solicit franchisees. However, media, materials, and programs prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. Of the Brand Fund's 2025 expenditures, 25.8% was spent on marketing automation, content management system, and social media management platforms; 20.2% was spent on public relations; 19% was spent on creative development and execution (including production of brand assets); 16.8% was spent on website development; 10.8% was spent on search engine optimization and geographic targeting; 5.8% was spent on brand media and sponsorships; and 1.5% was spent on auditing costs.

The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions during that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Unspent monies in the Brand Fund at the end of the year will be rolled over for potential use in the following year. We have the right to use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and share the statement electronically within 120 days after our fiscal-year end or otherwise give you a copy of the statement upon reasonable request. We have the right (but no obligation) to have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant we designate. We determine each year whether or not to audit the Brand Fund.

The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of BIG BLUE Swim Schools, and enhance, promote, and protect the BIG BLUE Swim School brand and franchise system. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all BIG BLUE Swim Schools, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by BIG BLUE Swim Schools operating in that geographic area or that any BIG BLUE Swim School benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. (In other words, the Brand Fund need not spend any specific amount in your market area.) We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund.

We have the right at any time to defer or reduce the Brand Fund contributions of any BIG BLUE Swim School franchisee and, upon 30 days' prior written notice to you, to reduce or suspend Brand Fund contributions and operations for one or more periods of any length and to terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Brand Fund contributions during the preceding 12 months.

Local Marketing

Your required spend on approved Marketing Materials and programs for the School currently depends on the School's aggregate Gross Revenue during trailing 12-month ("TTM") periods and, as described in Item 6, currently ranges from 2% to 6% of Gross Revenue. Your Local Marketing Spending Requirement will not exceed 6% of the School's Gross Revenue. (Franchise Agreement – Section 13.D)

We have the right to determine which expenses count or do not count toward your Local Marketing Spending Requirement. Generally, Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), and employee-incentive programs do not count. If you do not spend the required amount during the applicable timeframe, we may require you to contribute the shortfall to the Brand Fund, spend the shortfall

in any manner and over any timeframe we deem appropriate, or pay us the shortfall to spend for you in your market.

Approval of Marketing

You must send us samples or proofs of all Marketing Materials that we did not prepare or already approve or that we prepared or approved but you want to change in any way. If we do not approve those Marketing Materials in writing within 30 days after we receive them, they are deemed disapproved for use. You may not use any Marketing Materials we have not approved or have disapproved. We have the right upon 30 days' prior written notice to require you to stop using any previously-approved Marketing Materials. (Franchise Agreement – Section 13.C)

Marketing Advisory Councils

We currently have a marketing advisory council comprised of 6 franchisees, the President of our corporate pools, our Chief Marketing Officer, and one marketing expert. Franchisee members are chosen collaboratively by us and franchisee representatives. We formed the council to strengthen alignment, transparency, and collaboration across the marketing ecosystem. The council provides input on key initiatives. The council acts only in an advisory capacity. We have the right to form, change, dissolve, or merge the council.

Advertising Cooperatives

There currently are no advertising cooperatives. However, we have the right to designate a geographic area for an advertising cooperative (a "Cooperative"). The Cooperative's members in any area are the owners of all BIG BLUE Swim Schools located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. There need not be any formal agreements or bylaws to administer the Cooperative. We may change, dissolve, and merge Cooperatives. Each Cooperative's purpose is to administer advertising programs and develop Marketing Materials for the area the Cooperative covers. You automatically will become a member of any existing or new Cooperative formed in your market area and must participate in the Cooperative as we require. We may require you to contribute to the Cooperative up to 4% of the School's Gross Revenue during the applicable preceding Calculation Period (regardless of the School's then-effective minimum Local Marketing Spending Requirement). BIG BLUE Swim Schools that we and our affiliates own in the Cooperative's area will contribute at the same rate. All Cooperative dues count toward the Local Marketing Spending Requirement but not toward the initial public relations and market introduction program or Brand Fund contributions. The Cooperative will prepare annual, unaudited financial statements you may review. (Franchise Agreement – Section 13.E)

System Website and Electronic Advertising

We or our designees may establish a website or series of websites (with or without restricted access) for the BIG BLUE Swim School network: (1) to advertise, market, identify, and promote BIG BLUE Swim Schools, the services and products they offer, and/or the BIG BLUE Swim School franchise opportunity; (2) to help us operate the BIG BLUE Swim School network; and/or (3) for any other purposes we deem appropriate for BIG BLUE Swim Schools or other

business activities in which we engage (collectively, the "System Website"). The System Website need not give you a separate interior webpage or "micro-site" referencing your School. We will own all intellectual property and other rights in the System Website and all information it contains, including domain names or URL, the log of "hits" by visitors, any personal or business data visitors supply, and all information relating to the School's customers. We will control, and may use the Brand Fund's assets to develop, maintain, operate, update, and market, the System Website.

All Marketing Materials you develop for the School must comply with Brand Standards and contain notices of the System Website's URL as we specify. You may not develop, maintain, or authorize any digital marketing or social media mentioning or describing the School or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such digital marketing and social media. Except for the System Website and approved digital marketing and social media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any digital marketing, social media, or website. We have the right to maintain websites other than the System Website and to offer and sell services and products under the Marks from the System Website, another website, or otherwise over the Internet without payment or other obligation to you. (Franchise Agreement – Section 13.F)

Computer System

You must obtain and use the computer hardware and software, point-of-sale system, communications services and equipment, computer-related accessories, peripheral equipment, tablets, smart phones, web-based scheduling, reservation, and payment systems, and other online and digital systems and Apps we periodically specify (the "Computer System"). You must use the Computer System to input and access information about your revenue and operations. The Computer System must permit 24 hours per day, 7 days per week electronic communications between you and us, including access to the Internet and System Website. (Franchise Agreement – Section 7.E) There are no contractual limitations on our right to access the information on the Computer System (unrelated to your labor relations and employment practices). We have independent, unlimited access to the information the Computer System generates (and to the content of any BIG BLUE Swim School email accounts we provide you).

The Computer System currently includes at least 3 Apple iMac computers, 4 Apple iPad pros, 1 Apple iPad, 1 Apple MacBook laptop, 2 Konica Minolta printers, a designated point-of-sale hardware system for retail hard goods items (LESSONBuddy), 1 Ubiquiti Dream Machine Pro (Cloud Gateway), 1 Ubiquiti Standard 48 PoE (195W), and 1 to 3 Ubiquiti U6 Pro Wireless access points. The School's internet connection must be no less than 50Mbps Down/10 Mbps Up or a comparable internet package. The main software you will need is our LESSONBuddy software. The Computer System generates and stores various information, including revenue, transactions, consumer data, lesson data, instructor schedules, and marketing efforts and effectiveness. We estimate the computer and point-of-sale systems' cost to range from $8,000 to $12,000.

The third parties whose computer-related products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product. We estimate the cost of ongoing maintenance,

repairs, upgrades, and updates for the current computer and point-of-sale systems to be $250 per year (not including any technology refresh required during the franchise term). The Computer System generates and maintains revenue and other financial information. You must upgrade the Computer System, and/or obtain service and support, as we require or when necessary because of technological developments, including complying with PCI Data Security Standards. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse your costs. You may not use any unapproved computer software or security access codes.

We and our affiliates may condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement, liability waiver, and/or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent in a click-through license agreement), that we and our affiliates require to regulate your use of the software or technology. In addition to the Software License Fee, which covers our affiliate's proprietary LESSONBuddy operating software and for which you must sign our SaaS Agreement, we and our affiliates may charge you up-front and ongoing fees for any other required or recommended proprietary software or technology we or our affiliates license to you and for other Computer System maintenance and support services and programs provided during the franchise term.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded (though we are not responsible for any outages in the LESSONBuddy operating software); and (4) independently determining what is required for you to comply (and then complying) at all times with the most-current version of the Payment Card Industry Data Security Standards, and with all laws governing the use, disclosure, and protection of Consumer Data and the Computer System, and validating compliance with those standards and laws as periodically required. "Consumer Data" means the names, addresses, telephone numbers, email addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally identifiable information of customers. Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication-line disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. It is your responsibility to protect yourself from these problems, which include taking steps to secure your systems (including continually updating firewalls, password protection, and anti-virus systems) and using backup systems.

Training

Initial Orientation and Training Programs

If this is your first BIG BLUE Swim School, your Managing Owner must attend a 2-day initial orientation session on the BIG BLUE Swim School franchise system at our principal business address or another designated location before you open the School. Your Managing Owner and a School general manager and assistant manager also must attend and complete to our satisfaction our initial training program before opening the School for business. The School always

must have on staff at least 2 fully-trained (or "certified") managers for the first 6 months of operations; after that, the School must have on staff one person who is fully trained. (Franchise Agreement—Section 6.A) We will conduct the initial training program at our designated training location and/or through video and other electronic means. We expect training (which currently is approximately 4 weeks long) to occur after you sign the Franchise Agreement and while you develop the School. We plan to be flexible in scheduling training to accommodate our and your personnel. There currently are no fixed (i.e., monthly or bi-monthly) training schedules. We use a learning-management system and other training aids during the training program. Your training attendees must complete training at least 60 days before the School's scheduled opening date.

If you replace an existing Certified Manager, the new manager must attend and satisfactorily complete initial training within 90 days after being hired in order to become a Certified Manager. You must pay our then-current training fee to provide initial training to your new manager.

We provide the initial orientation and training programs for your Managing Owner and 3 other people for no additional fee. We have the right to charge our then-current training fee for each person (after 4) you send to initial training. You must pay your employees' wages, benefits, and travel, hotel, and food expenses while they attend training. Our training program may include a "train the trainer" module so your senior-level personnel can learn how to train your other employees in our Brand Standards.

If your Managing Owner or any general manager or assistant manager cancels participation in any training class for which he or she pre-registers and pays us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than 2 weeks before the class or program is scheduled to begin, we will apply one-half of the training fee as a credit toward the fees due for a future training class or program that your Managing Owner, general managers, or assistant managers attend. However, if participation is cancelled 2 weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees. If your Managing Owner, general manager, or assistant manager cancels participation in any training class that is part of the initial training we provide for no additional fee after granting you the franchise, you must pay us a cancellation fee. The cancellation fee is one-half of our then-applicable training fee per person if the person cancels more than 2 weeks before the class or program is scheduled to begin and 100% of our then-applicable training fee per person if the person cancels 2 weeks or less before the class or program is scheduled to begin. (Franchise Agreement—Section 6.F)

The following chart describes our current initial training program, which we may modify for the particular trainees:

[Training chart begins on next page]

TRAINING PROGRAM

Column 1	Column 2 Hours of Training		Column 3
Subject	Classroom	On-the-job	Location
Expectations and Locations Tour	4	4	Flagship School in Chicago, Illinois or other affiliate locations
Management of Your School (including Sales, Marketing, and Operations)	21	15	Flagship School in Chicago, Illinois or other affiliate locations
Wet Operations	26	15	Flagship School in Chicago, Illinois or other affiliate locations
Dry Operations	22	23	Flagship School in Chicago, Illinois or other affiliate locations

Jeremy Sunderland, our current Manager of Operations, supervises franchisee training. Jeremy has been with the BIG BLUE Swim School system for 5 years and has 20 years' experience in the swim school industry. Kelsey Gomberg has 4 years' experience with the BIG BLUE Swim School system and 18 years' experience in the swim school industry. Taylor Serrano has 11 years' experience with the BIG BLUE Swim School system and 11 years' experience in the swim school industry. Hevert Cortes has 6 years' experience with the BIG BLUE Swim School system and 12 years' experience in the swim school industry. The rest of our training team and managers, who have worked at BIG BLUE Swim Schools for various lengths of time, also lead all hands-on and instructor-led training; all of them have adequate training and appropriate knowledge to facilitate training in the areas they will teach based on their involvement with our system and work at BIG BLUE Swim Schools.

We will send an "opening team" to the School for at least 3 days (typically starting before and continuing after opening) to help train your supervisory employees on our philosophy and Brand Standards and prepare the School for opening. We will pay our opening team's wages and travel, hotel, and living expenses. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase (excluding training relating to labor relations and employment practices), you must pay our then-current training fee (not to exceed $750 per trainer per day plus the trainer's daily charges, including wages and travel, hotel, and living expenses). We have the right to delay the School's opening until all required training has been satisfactorily completed. (Franchise Agreement—Section 6.C)

Retraining

If your Managing Owner, general manager, or assistant manager fails to complete initial training to our satisfaction, or we determine after an inspection that retraining is necessary because the School is not operating according to Brand Standards, he or she may attend a retraining session for which we have the right to charge our then-current training fee. You must pay all employee compensation and expenses during retraining. We have the right to terminate the Franchise Agreement if the School does not commence operation by the opening deadline with a fully-trained, certified staff. (Franchise Agreement—Section 6.B) Our fee for supplemental and ongoing training ranges up to $500 per trainer per day, plus our expenses, if at our location and up to $750 per trainer per day, plus our expenses, if not at our location.

If your Managing Owner cannot satisfactorily complete initial training (including retraining), we have the right to require you to designate a Replacement Managing Owner who then must attend and satisfactorily complete initial training.

Training for School Employees

You must properly train all School employees to perform the tasks for their respective positions. We may develop and make available training tools and recommendations for you to use in training the School's employees to comply with Brand Standards. We may update these training materials to reflect changes in our training methods and procedures and changes in Brand Standards. (Franchise Agreement—Section 6.E)

Ongoing and Supplemental Training

We have the right to require your Managing Owner and School's general managers and assistant managers to attend and complete satisfactorily various training courses and programs that we or third parties periodically offer during the franchise term at the times and locations we designate. You must pay their compensation and expenses during training. We have the right to charge our then-current fee for continuing and advanced training. If you request training courses or programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee and our training personnel's travel, hotel, and living expenses. (Franchise Agreement—Section 6.D) Our fee for supplemental and ongoing training ranges up to $500 per trainer per day, plus our expenses, if at our location and up to $750 per trainer per day, plus our expenses, if not at our location.

Besides attending and/or participating in various training courses and programs, at least 1 of your representatives (an owner or another designated representative we approve) must at our request attend a periodic meeting of all BIG BLUE Swim School franchisees at a location we designate. You must pay all costs to attend. You must pay any meeting fee we charge even if your representative does not attend (whether or not we excuse that non-attendance). (Franchise Agreement—Section 6.D) Our annual meeting/convention fee will not exceed $2,500 per person.

Item 12
TERRITORY

Franchise Agreement

You will operate the School at a specific location that we consider to be acceptable. (We do not "approve" sites; we "accept" them under the circumstances described in Item 11.)

You may operate the School only at the accepted site. You may not relocate the School without our prior written consent, which we have the right to grant or deny as we deem best. Whether or not we will allow relocation depends on circumstances at the time and what is in the School's and our system's best interests. Factors include, for example, the new site's market area, its proximity to other Schools in our system, whether you are complying with your Franchise Agreement, and how long it will take you to open at the new site.

Conditions for relocation approval are (1) the new site and its lease are acceptable to us, (2) you pay us a reasonable relocation fee not to exceed $25,000, (3) you reimburse any costs we incur during the relocation process, (4) you confirm that your original Franchise Agreement remains in effect and governs the School's operation at the new site with no change in the franchise term or, at our option, you sign our then-current form of franchise agreement to govern the School's operation at the new site for a new franchise term, (5) you sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) you continue operating the School at its original site until we authorize its closure, and (7) you de-brand and de-identify the School's former premises within the timeframe we specify and at your own expense so it no longer is associated in any manner (in our opinion) with our system and the Marks.

You will receive an Area of Protection around your School. We will identify and describe the Area of Protection in the Franchise Agreement before you sign it unless the School's site has not yet been found and secured. In that case, we will define the Area of Protection after the site has been found and secured within the Site Selection Area. We expect the Area of Protection to be approximately 10 to 15 minutes from your site (if already found when you sign the Franchise Agreement) or from the center of your proposed trade area (if the site has not been found as of when you sign the Franchise Agreement). We will determine the Area of Protection's precise contours based on demarcation points such as streets, highways, and other markers. We have the right to modify the Area of Protection during the franchise term only if the School relocates.

During the franchise term, we and our affiliates will not own or operate, or allow another franchisee or licensee to own or operate, another BIG BLUE Swim School (operating the Swim School Concept) having its physical location within the Area of Protection. This means that you have exclusive rights in the Area of Protection for the Swim School Concept operating under the Marks. Continuation of your franchise and exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency.

Except for this exclusivity to the BIG BLUE Swim School Swim School Concept (i.e., no other BIG BLUE Swim School operating the Swim School Concept may have its physical location within the Area of Protection), we and our affiliates retain all rights with respect to BIG BLUE Swim Schools, the Marks, the offer and sale of similar or dissimilar services and products, and any

other activities we and they deem appropriate, whenever and wherever we and they desire, whether inside or outside the Area of Protection. Those rights include the following:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, BIG BLUE Swim Schools (whether or not operating the Swim School Concept) at any locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;

(2) to own and operate, and to allow other franchisees and licensees to own and operate, at any locations inside the Area of Protection and on any terms and conditions we and they deem appropriate, BIG BLUE Swim Schools not operating the Swim School Concept;

(3) to offer and sell, and to allow others to offer and sell, inside and outside the Area of Protection, and on any terms and conditions we and they deem appropriate, services and products that are identical or similar to and/or competitive with those offered and sold by BIG BLUE Swim Schools, whether identified by the Marks or other trademarks or service marks, through any advertising media, distribution channels (including the Internet), and shipping and delivery methods and to any customer, no matter where located, but not through BIG BLUE Swim Schools operating the Swim School Concept that have their physical locations inside the Area of Protection;

(4) to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Area of Protection) businesses offering similar services and products under trademarks and service marks other than the Marks;

(5) to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at BIG BLUE Swim Schools (even if such a business operates, franchises, or licenses "Competitive Businesses"), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;

(6) to be acquired (through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at BIG BLUE Swim Schools, or by another business, even if such a business operates, franchises, or licenses Competitive Businesses inside or outside the Area of Protection; and

(7) to engage in all other activities the Franchise Agreement does not expressly prohibit.

We and our affiliates need not compensate you if we engage in these activities.

Unless you acquire development rights (described below), you have no options, rights of first refusal, or similar rights to acquire additional franchises. Although we have the right to do so (as described above), we and our affiliates have not yet established, and have no current plans to establish or operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Your right to operate a BIG BLUE Swim School is limited to services you provide and products you sell at the School's physical location. You do not have the right to distribute services and products over the Internet or to engage in other supply or distribution channels.

You may not develop, maintain, or authorize any digital marketing or social media mentioning or describing the School or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards. Except for our System Website and approved digital marketing and social media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any digital marketing, social media, or website.

Development Rights Agreement

You may (if you qualify) develop and operate a number of BIG BLUE Swim Schools within a specific territory consisting of distinct trade areas (the "Territory"). We and you will identify the Territory in the Development Rights Agreement before signing it. The Territory typically is defined by cities, counties, or specific zip codes and will be narratively described in, and pictorially identified on a map attached to, the DRA. We base the Territory's size primarily on the number of BIG BLUE Swim Schools you agree to develop, demographics, the number of distinct trade areas and competitive businesses within the Territory, and site availability. We will determine the number of Schools you must develop, the deadlines for signing their leases, Franchise Agreements, and SaaS Agreements, and the deadlines for opening them to keep your development rights. We and you then will complete the schedule in the DRA before signing it. Each site proposed for a BIG BLUE Swim School to be developed under the DRA must be acceptable to us. After each proposed site is accepted and secured, we will determine the Area of Protection for that School. Our then-current standards for sites and Areas of Protection will apply. We have the right to terminate the DRA if you do not satisfy any deadline under the DRA. You may not develop or operate BIG BLUE Swim Schools outside the Territory.

While the DRA is in effect, we (and our affiliates) will not establish and operate or grant to others the right to establish and operate BIG BLUE Swim Schools (operating the Swim School Concept) having their physical locations within the Territory—unless we are allowed to exercise the Qualified Site Lease Rights. This means that while the DRA is in effect (and except for our Qualified Site Lease Rights), you have exclusive rights in the Territory to physical locations for the Swim School Concept operating under the Marks. This is the only restriction on our (and our affiliates') activities within the Territory during the development term.

If you (or your Approved Affiliate) reject a Qualified Site (defined in Item 11 above) for a BIG BLUE Swim School to be constructed and developed within the Territory and do not correct that failure by accepting the Qualified Site within 10 days after we deliver written notice of default, then we have the right to establish and operate, or grant to another franchisee the right to establish and operate, a BIG BLUE Swim School at that Qualified Site and to sign a lease for that Qualified Site (together, the "Qualified Site Lease Rights"). We have the right to exercise the Qualified Site Lease Rights even if you are not then otherwise in default under the development schedule or the DRA. (Qualified Site Lease Rights are exercisable more than once during the DRA's term. In addition, except as noted below, exercise of the Qualified Site Lease Rights will not modify or otherwise affect your obligation to comply strictly with the development schedule.)

If we exercise the Qualified Site Lease Rights (directly or through another franchisee), we have the unilateral right to amend immediately the definition and scope of the Territory in order to carve out and exclude from the definition and scope of the Territory both (i) the BIG BLUE Swim School site that is the subject of the Qualified Site Lease Rights and (ii) an area of protection around that site the size and description of which will be consistent with the size and description of areas of protection that we customarily have granted or would grant to a franchisee developing a BIG BLUE Swim School in a similar market area (see the discussion about Areas of Protection in the "Franchise Agreement" subitem above). (The site and area of protection referenced in clauses (i) and (ii) are, together, the "Carved-Out Area.") Our amendment of the Territory definition and scope will be effective upon our delivery of written notice to you. Your Territory definition otherwise will not be altered. After we deliver written notice to you, you no longer will have any BIG BLUE Swim School development rights in the Carved-Out Area.

Our or another franchisee's construction, development, and operation of a BIG BLUE Swim School within the Carved-Out Area, as permitted by the Qualified Site Lease Rights, will not count toward your compliance with the development schedule. However, each time the Qualified Site Lease Rights are exercised, you may elect to develop one less BIG BLUE Swim School in the Territory (based on the number of BIG BLUE Swim Schools remaining to be constructed and developed under the development schedule). You must notify us of that election within 30 days after we deliver notice to you, in which case the then-final BIG BLUE Swim School appearing on the development schedule will be deemed to be removed from the schedule without further action. Within 30 days after you notify us of that election, we will refund to you the pro-rata portion of the development fee allocable to the School that is the subject of the Qualified Site Lease Rights.

Except as provided above, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency, and you have no options, rights of first refusal, or similar rights to acquire additional franchises. Except as described above with Qualified Site Lease Rights, we do not have the right to alter your Territory during the DRA's term.

Despite the development schedule under the DRA, we have the right to delay the construction, development, and/or opening of additional BIG BLUE Swim Schools within the Territory if at any time we believe that such delay is in the best interests of the brand or franchise network or our assessment that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to construct, develop, open, and/or operate the additional School in full compliance with our standards and specifications. We have the right to delay additional development and/or a School's opening for the time period we deem best if the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Although we have the right to do so, we and our affiliates have not yet established, and have no current plans to establish or operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

Item 13
TRADEMARKS

You may use certain Marks in operating your BIG BLUE Swim School. You must follow our rules and other Brand Standards when using the Marks. Big Blue IP owns, or has applied for, the following principal Marks on the Principal Register of the United States Patent and Trademark Office (the "USPTO"):

MARK	REGISTRATION (R) OR APPLICATION (A) NUMBER	REGISTRATION (R) OR APPLICATION (A) DATE
"BIG BLUE SWIM SCHOOL" (word mark)	4,044,476 (R)	10/25/2011 (R)
"LESSONBuddy" (word mark)	4,185,660 (R)	08/07/2012 (R)
"LIFE'S BIG MOMENTS START HERE" (word mark)	5,247,616 (R)	07/18/2017 (R)
"BIG BLUE" (word mark) (for LessonBuddy)	6,289,939 (R)	03/09/2021 (R)
"BB" and Design	6,591,772 (R)	12/14/2021 (R)
"BIG BLUE SWIM SCHOOL" and Design	6,591,773 (R)	12/14/2021 (R)
"BIG BLUE SWIM SCHOOL" and Design	6,755,215 (R)	06/07/2022 (R)
"THE BIG MOMENTS JOURNEY" (word mark)	6,815,389 (R)	08/09/2022 (R)

MARK	REGISTRATION (R) OR APPLICATION (A) NUMBER	REGISTRATION (R) OR APPLICATION (A) DATE
"MY SPLASH ZONE" (word mark)	90,498,412 (R)	02/25/2025 (R)
"IN YOUR LANE" (word mark)	99162663 (A)	April 30, 2025 (A)
"BIG BLUE" (word mark) (for class name)	99153345 (A)	04/24/2025 (A)
"BOLD BLUE" (word mark)	99153336 (A)	04/24/2025 (A)
"BABY BLUE" (word mark)	99151942 (A)	04/23/2025 (A)
"BRIGHT BLUE" (word mark)	99153275 (A)	04/24/2025 (A)

Big Blue IP (or its affiliate) filed applications for the last 5 Marks appearing in the table above (and identified by application numbers and dates) based on its actual use of or intent to use the Marks in commerce. Big Blue IP does not have federal registrations for these Marks. Therefore, the Marks do not have many legal benefits and rights as federally-registered trademarks. If our right to use the Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Big Blue IP has filed, or will file when due, all required affidavits for its registered Marks. While no Marks are due for renewal, Big Blue IP intends to renew them if they remain important to the BIG BLUE Swim School brand. Big Blue IP licenses us to use these Marks and related intellectual property, and to authorize franchisees to use them in operating BIG BLUE Swim Schools, under a Trademark, Copyright, and Know-How License Agreement effective August 28, 2018 (the "License Agreement"). The License Agreement's initial term is 20 years; we have the right to renew the License Agreement for 3 successive 10-year terms. We have the right to terminate the License Agreement at any time. Big Blue IP may terminate the License Agreement immediately if we breach the License Agreement and fail to cure the breach within 30 days after receiving written notice from Big Blue IP. When the License Agreement terminates or expires, we must stop using and sublicensing the Marks and related intellectual property. However, any BIG BLUE Swim School franchisee that has been authorized to use the Marks in its franchise may continue using the Marks until that franchisee's franchise agreement, and any permitted successor franchise agreement, expire or are terminated, but only if the franchisee continues to comply with its obligations in the franchise agreement and any permitted successor franchise agreement during their remaining terms. No other agreement limits our right to use or sublicense any Mark (whether we own them or Big Blue IP licenses them for use in operating BIG BLUE Swim Schools).

There are no currently-effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal

Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state where we currently intend to offer franchises.

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or replace supplies for the School), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

You must notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. We and Big Blue IP may take the action we or it deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. The Franchise Agreement does not require us to take any particular affirmative action. You must sign any documents and take any other reasonable actions that we and our, and Big Blue IP's, attorneys deem necessary or advisable to protect and maintain our and Big Blue IP's interests in any litigation, USPTO or other proceeding, or enforcement action or otherwise to protect and maintain our and Big Blue IP's interests in the Marks.

We will reimburse (i.e., indemnify) your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark (whether the proceeding is resolved favorably or unfavorably to you), provided your use has been consistent with the Franchise Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from or relating to your use of any Mark. However, the Franchise Agreement does not require us to participate in your defense.

The Development Rights Agreement does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us.

Item 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We and our affiliates claim copyrights in the Operations Manual (containing our and our affiliates' trade secrets and Confidential Information), School blueprints and other design features, signage, graphics and design elements used in Marketing Materials, Marketing Materials, software, our System Website, LESSONBuddy, and similar items used in operating BIG BLUE Swim Schools. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your School (and must stop using them at our direction). You have no other rights under the Franchise Agreement with respect to a copyrighted item if we require you to modify or discontinue using the subject matter covered by the copyright. Our right to use many of the copyrighted

materials described above and much of the Confidential Information described below arises from the same License Agreement described in Item 13.

There currently are no effective adverse material determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. Except for our agreement with Big Blue IP, no agreement limits our right to use or allow others to use copyrighted materials.

We do not actually know of any infringing uses of our or Big Blue IP's copyrights that could materially affect your using them in any state. We and Big Blue IP need not protect or defend copyrights, although we intend to do so if in the system's best interests. We and Big Blue IP have the right to control any action we choose to bring, even if you voluntarily bring the matter to our attention. You must follow any instructions we give you. We and Big Blue IP need not participate in your defense of and/or indemnify you for damages or expenses incurred in a copyright proceeding. However, we will defend you against any claim that our LESSONBuddy software infringes a patent or copyright in the United States.

Our Operations Manual and other materials contain our and our affiliates' Confidential Information (some of which are trade secrets under applicable law). Confidential Information includes our proprietary School curriculum; layouts, designs, and other Plans for BIG BLUE Swim Schools; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating BIG BLUE Swim Schools; the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms, Apps, and Loyalty Program Media; marketing research and promotional, marketing, and advertising programs for BIG BLUE Swim Schools; strategic plans, including expansion strategies and targeted demographics; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that BIG BLUE Swim Schools use and sell; knowledge of operating results and financial performance of BIG BLUE Swim Schools other than your School; customer solicitation, communication, and retention programs, along with data and information used or generated in connection with those programs; and information generated by, or used or developed in, operating your School, including Consumer Data, and any other information contained in the Computer System or LESSONBuddy or that visitors (including you) provide to the System Website.

You must comply with all laws governing the use, protection, and disclosure of Consumer Data. If there is a data security incident at the School, you must notify us immediately, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the data security incident in order to protect Consumer Data and the BIG BLUE Swim School brand (including giving us or our designee access to your Computer System, whether remotely or at the School).

You may not use Confidential Information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure agreements with those having access to Confidential Information. We have the right to pre-approve your non-disclosure agreements solely to ensure that you adequately protect Confidential Information and the competitiveness of BIG BLUE Swim Schools. Under no circumstances will we control the

forms or terms of employment agreements you use with School employees or otherwise be responsible for your labor relations or employment practices.

You must promptly disclose to us all ideas, concepts, techniques, or materials relating to a BIG BLUE Swim School ("Innovations"), whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors. Innovations belong to and are works made-for-hire for us. If any Innovation does not qualify as a "work made-for-hire" for us, you assign ownership of and all related rights to that Innovation to us and must sign (and cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the School without our prior written approval.

The Development Rights Agreement does not grant you rights to use any intellectual property. These rights arise only under Franchise Agreements you sign with us.

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

Brand Standards may require adequate staffing levels to operate the School in compliance with Brand Standards and address appearance of School personnel, courteous service to customers, and conducting criminal background checks and due diligence on the School's employees (although you alone will review the results and make employment decisions on the basis of those results). However, you have sole responsibility and authority for your labor relations and employment practices.

You must designate one of your individual owners to serve as your "Managing Owner." We must pre-approve the proposed Managing Owner or any replacement Managing Owner. The Managing Owner is responsible for the School's overall management. The Managing Owner will communicate with us directly regarding School-related matters and must have sufficient authority to make decisions for you and the School. The Managing Owner's decisions will be final and will bind you. The Managing Owner must attend a 2-day initial orientation session on the BIG BLUE Swim School franchise system at our principal business address (or another location we designate) before you sign a lease for the School's site. The Managing Owner also must attend and satisfactorily complete our initial training program. If your Managing Owner cannot satisfactorily complete initial training (including retraining), we have the right to require you to designate a Replacement Managing Owner who then must attend and satisfactorily complete initial training.

The School always must have on staff at least 2 fully-trained (or "certified") managers for the first 6 months of operations; after that, the School must have on staff one person who is fully trained. A School general manager or assistant manager need not have an equity interest in you or the School. All School general managers and assistant managers must successfully complete our initial training program before you open the School to the public. School managers and your officers and directors must sign confidentiality and other agreements (including non-compete agreements) we pre-approve. Our right to pre-approve your forms is solely to protect Confidential Information and the competitiveness of BIG BLUE Swim Schools. Under no circumstances will

we control the forms or terms of employment agreements you use with School employees or otherwise be responsible for your labor relations or employment practices.

If you propose to change the Managing Owner, you must seek a new individual (the "Replacement Managing Owner") for that role and appoint the Replacement Managing Owner within 30 days after the former Managing Owner's last day. The Replacement Managing Owner must attend our initial orientation session, and attend and satisfactorily complete our initial training program, within the timeframe we specify.

Each person or entity having a direct or indirect ownership interest in you generally must personally guarantee all of your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This "Guaranty and Assumption of Obligations" is Exhibit B of the Franchise Agreement.

A spouse of any of your owners need not sign the Guaranty and Assumption of Obligations unless he or she also is an owner.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The School must offer for sale all services and products that we periodically specify. The School may not offer, sell, or otherwise distribute at the School's premises or another location any services or products that we have not authorized. There are no limits on our right to modify the services and products that your School must or may offer and sell. We have the right to change such services and products from time to time and from market to market based on numerous considerations. Brand Standards may regulate price advertising policies and maximum, minimum, or other pricing requirements for services and products the School sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all BIG BLUE Swim Schools must participate, in each case to the extent the law allows. There are no limits on the customers to whom your School may sell goods and services at its premises.

Your right to operate the School is limited to services you provide and products you sell at the School's physical location. You do not have the right to distribute services and products over the Internet or to engage in other supply or distribution channels.

We have the right to require your School to be open 7 days a week and a certain minimum hours each day or week.

[Item 17 begins on next page]

Item 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	3.B of Franchise Agreement 3(a) of SaaS Agreement	10 years from first day on which School opens to the public for business. Term of SaaS Agreement runs concurrently with franchise term.
b. Renewal or extension of the term	18 of Franchise Agreement	If you are in good standing, you may acquire successor franchise for 10 years on our then-current terms.
c. Requirements for franchisee to renew or extend	18 of Franchise Agreement	You (i) timely request and conduct a business review, (ii) formally notify us of your desire to acquire a successor franchise at least 3 months before the franchise term ends, (iii) substantially complied with contractual obligations and operated School in substantial compliance with Brand Standards, (iv) continue complying substantially with contractual obligations between time you notify us of your desire to acquire a successor franchise and the end of the franchise term, (v) retain right to occupy School at its original site, (vi) remodel/upgrade School, (vii) sign our then-current form of franchise agreement and release (if applicable state law allows), and (viii) pay $5,000 successor franchise fee. Terms of our new franchise agreement that you sign for successor franchise may differ materially from any and all terms contained in your original expiring Franchise Agreement (including higher fees), although the Area of Protection will remain the same during the successor-franchise term.

Provision	Section in franchise or other agreement	Summary
d. Termination by franchisee	16 and 19.A of Franchise Agreement	Subject to state law, if we breach Franchise Agreement and do not cure default within applicable cure period after notice from you; you may not terminate without cause. In addition, you have the right to terminate the Franchise Agreement immediately upon written notice if the cost to repair the damage to the School from a fire or other casualty exceeds a certain damage threshold.
e. Termination by franchisor without cause	19.B of Franchise Agreement	We do not have the right to terminate your Franchise Agreement without cause.
f. Termination by franchisor with cause	16 and 19.B of Franchise Agreement 5 of SaaS Agreement	We have the right to terminate your Franchise Agreement (and SaaS Agreement) only if you or your owners commit one of several violations. While termination of the Development Rights Agreement does not impact any then-effective franchise agreement, termination of a franchise agreement entitles us to terminate the Development Rights Agreement.
g. "Cause" defined — curable defaults	16 and 19.B of Franchise Agreement 5 of SaaS Agreement	You have 5 days to cure monetary, safety, and insurance defaults; 10 days to cure rejection of Qualified Site tendered to you; 10 days to satisfy unpaid judgments of at least $25,000; 30 days to pay suppliers and to cure other defaults not listed in (h) below; 60 days to vacate attachment, seizure, or levy of School or appointment of receiver, trustee, or liquidator; and time allowed by law to cure violations of material law. In addition, we have the right to terminate the Franchise Agreement immediately upon written notice if the cost to repair the damage to the School from a fire or other casualty exceeds a certain damage threshold and you do not notify us within a reasonable time after the casualty that you either intend to repair the damage and operate the School or elect not to repair the damage and operate the School. While termination of the Development Rights Agreement does not impact any then-effective franchise agreement, termination of a franchise agreement entitles us to terminate the Development Rights Agreement.

Provision	Section in franchise or other agreement	Summary
		You have 10 days to cure monetary defaults and 10 days to cure other defaults under SaaS Agreement
h. "Cause" defined — non-curable defaults	19.B of Franchise Agreement 5 of SaaS Agreement	Non-curable defaults include: material misrepresentation or omission; failure to complete initial training to our satisfaction; failure to meet development obligation by required deadline; failure to secure, at least 30 days before anticipated lease-signing date, all financing required to construct, develop, and open your School; failure to open School (with fully-trained staff) by deadline; abandonment or failure to operate for at least 3 consecutive days; unapproved transfer; felony conviction or guilty plea; serious threat or danger to public health or safety from School's construction or operation; we reasonably determine dishonest, unethical, or immoral conduct adversely impacting our Marks; foreclosure on School's assets; misuse of confidential information; violation of non-compete; material underreporting of Gross Revenue; failure to pay taxes due; repeated defaults; assignment for benefit of creditors or admission of inability to pay debts when due; violation of anti-terrorism laws; losing right to School premises; or causing or contributing to a data security incident or failure to comply with requirements to protect Consumer Data. Termination of the Development Rights Agreement does not impact any then-effective franchise agreement. SaaS Agreement terminates concurrently with termination of Franchise Agreement.
i. Franchisee's obligations on termination/nonrenewal	20 of Franchise Agreement	Obligations include paying outstanding amounts (plus, if applicable, liquidated damages); complete de-identification; returning confidential information; destroying (at your own cost) branded materials and proprietary items; assigning telephone and telecopy numbers and directory listings; and assigning or cancelling any website or other online presence or electronic media associating you with us or the Marks (also see (o) and (r) below); we have the right to control de-identification process if you do not voluntarily

Provision	Section in franchise or other agreement	Summary
		take required action; we have the right to assume School's management while deciding whether to buy School's assets.
j. Assignment of contract by franchisor	17.A of Franchise Agreement	No restriction on our right to assign; we have the right to assign without your approval.
k. "Transfer" by franchisee — defined	17.B of Franchise Agreement	Includes transfer of (i) Franchise Agreement; (ii) School or its profits, losses, or capital appreciation; (iii) all or substantially all Operating Assets; or (iv) ownership interest in you or controlling ownership interest in entity with ownership interest in you. Also includes pledge of Franchise Agreement or ownership interest.
l. Franchisor approval of transfer by franchisee	17.B of Franchise Agreement 14(b) of SaaS Agreement	We must approve all transfers; no transfer without our prior written consent. Your rights under SaaS Agreement are not assignable.
m. Conditions for franchisor approval of transfer	17.C of Franchise Agreement	We will approve transfer of non-controlling ownership interest in you if transferee (and each owner) qualifies and meets our then-applicable standards for non-controlling owners, is not (and has no affiliate) in a competitive business, signs our then-current form of Guaranty, and pays transfer fee. We will not unreasonably withhold approval of a proposed transfer of franchise rights or controlling ownership interest if transferee (and each owner) qualifies (including, if transferee is an existing franchisee, transferee is in substantial operational compliance under all other franchise agreements for BIG BLUE Swim Schools) and is not restricted by another agreement from moving forward with the transfer; you have paid us and our affiliates all amounts due, have submitted all reports, and are not then in breach; transferee and its owners and affiliates are not in a competitive business; training completed; transfer fee paid; transferee may occupy School's site for expected franchise term; transferee (at our option) assumes your Franchise Agreement or signs our then-current form of franchise agreement and other documents for unexpired portion of your original franchise term (then-current form may have materially different terms except that your original Royalty, Software License Fee, and Brand Fund

Provision	Section in franchise or other agreement	Summary
		contribution levels and the definition of Area of Protection will remain the same for unexpired portion of your original franchise term); transferee agrees to repair and upgrade; you (and transferring owners) sign general release (if applicable state law allows); we determine that sales terms and financing will not adversely affect School's operation post-transfer; you subordinate amounts due to you; and you stop using Marks and our other intellectual property (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	17.G of Franchise Agreement	We have the right to match any offer for your School or ownership interest in you or entity that controls you.
o. Franchisor's option to purchase franchisee's business	20.F of Franchise Agreement	We have the right to buy School's operating assets at fair market value and take over site after Franchise Agreement is terminated or expires (without renewal).
p. Death or disability of franchisee	17.E of Franchise Agreement	Must transfer to approved party (which may include an immediate family member) within 6 months; we have the right to operate School in interim if it is not then managed properly.
q. Non-competition covenants during the term of the franchise	12 of Franchise Agreement	No owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or operating; no diverting business to competitive business; and no solicitation of other franchisees for other commercial purposes (subject to applicable state law). "Competitive Business" means any (a) business providing swim lessons, swim skills, or swim activities for children ranging in age from 3 months to 12 years old, or (b) business granting franchises or licenses to others to operate the type of business described in clause (a).
r. Non-competition covenants after the franchise is terminated or expires	20.E and 20.F of Franchise Agreement	For 2 years after franchise term, no owning interest in or performing services for Competitive Business located or operating at School's site, within 10 miles of School's site, or within 10 miles of physical location of another BIG BLUE Swim School (same restrictions apply after transfer) (subject to applicable state law).
s. Modification of the agreement	22.K of Franchise Agreement 14(d) of SaaS Agreement	No modifications generally, but we have the right to change Operations Manual and Brand Standards.

Provision	Section in franchise or other agreement	Summary
t. Integration/merger clause	22.M of Franchise Agreement 14(c) of SaaS Agreement	Only terms of Franchise Agreement and other documents you sign with us are binding (subject to state and federal law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	22.F of Franchise Agreement 13 of SaaS Agreement	We and you must arbitrate all disputes within 10 miles of where we (or then-current franchisor) have our principal business address when the arbitration demand is filed (it currently is in Atlanta, Georgia). The provisions above are subject to state law (except to the extent preempted by federal law).
v. Choice of forum	22.H of Franchise Agreement	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we (or then-current franchisor), have our principal business address when the action is commenced (it currently is in Atlanta, Georgia) (subject to applicable state law).
w. Choice of law	22.G of Franchise Agreement 14(a) of SaaS Agreement	Federal law and Georgia law apply under Franchise Agreement (subject to applicable state law). Georgia law governs SaaS Agreement (subject to applicable state law).

This table lists certain important provisions of the development rights agreement. You should read these provisions in the agreement attached to this disclosure document.

Development Rights Agreement

Provision	Section in Development Rights Agreement	Summary
a. Length of the franchise term	6	Term expires on date when final BIG BLUE Swim School under Schedule opens for business or is scheduled to open for business (whichever is earlier).
b. Renewal or extension of the term	Not applicable	You have no right to renew or extend development rights.
c. Requirements for franchisee to renew or extend	Not applicable	You have no right to renew or extend development rights.
d. Termination by franchisee	Not applicable	You have no contractual right to terminate Development Rights Agreement (except as state law allows).

Provision	Section in Development Rights Agreement	Summary
e. Termination by franchisor without cause	Not applicable	We have no right to terminate Development Rights Agreement without cause.
f. Termination by franchisor with cause	7	We have right to terminate Development Rights Agreement if you commit one of several violations.
g. "Cause" defined — curable defaults	7 and 8	You have 10 days to cure rejection of Qualified Site for first BIG BLUE Swim School to be constructed and developed in your Territory.
h. "Cause" defined — non-curable defaults	7	Non-curable defaults are failure to satisfy any deadline under development Schedule, breach of any other obligation, we terminate any franchise agreement with you or your Approved Affiliate in compliance with its terms, you (or an Approved Affiliate's) terminate any franchise agreement with us for any (or no) reason, we deliver formal written notice of default to you (or your Approved Affiliate) under a franchise agreement and you (or your Approved Affiliate) fail to cure the default within the required timeframe, or you (or your Approved Affiliate) cease operating any BIG BLUE Swim School without our prior written approval.
i. Franchisee's obligations on termination/nonrenewal	1 and 7	Upon termination or expiration of Development Rights Agreement, you will lose all rights to develop BIG BLUE Swim Schools in your Territory.
j. Assignment of contract by franchisor	9	No restriction on our right to sell or transfer Development Rights Agreement or our ownership interests without your approval.
k. "Transfer" by franchisee — defined	9	Includes transfer of Development Rights Agreement or any ownership interest in you or your owner (if that owner is an entity).
l. Franchisor approval of transfer by franchisee	9	No transfers without our prior written consent; development rights are not assignable.
m. Conditions for franchisor approval of transfer	9	Development rights are not assignable; we have the right to grant or withhold consent for any or no reason.
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	The Development Rights Agreement does not contain this provision.
o. Franchisor's option to purchase franchisee's business	Not applicable	The Development Rights Agreement does not contain this provision.
p. Death or disability of franchisee	Not applicable	The Development Rights Agreement does not contain this provision.
q. Non-competition covenants during the term of the franchise	12	No owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or

Provision	Section in Development Rights Agreement	Summary
		operating; no diverting business to competitive business; and no solicitation of other franchisees for other commercial purposes (subject to applicable state law). "Competitive Business" means any (a) business providing swim lessons, swim skills, or swim activities for children ranging in age from 3 months to 12 years old, or (b) business granting franchises or licenses to others to operate the type of business described in clause (a).
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	The Development Rights Agreement does not contain this provision. You and your owners will be bound by the restrictions under the Franchise Agreement (subject to applicable state law).
s. Modification of the agreement	12	No modifications without signed writing.
t. Integration/merger clause	12	Only terms of Development Rights Agreement and other related written agreements are binding (subject to applicable state law). No other representations or promises will be binding. Nothing in the Development Rights Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	12	We and you must arbitrate all disputes within 10 miles of where we (or then-current franchisor) have our principal business address when the arbitration demand is filed (it currently is in Atlanta, Georgia). The provisions above are subject to state law (except to the extent preempted by federal law).
v. Choice of forum	12	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we, as franchisor (or then-current franchisor), have our principal business address when the action is commenced (it currently is in Atlanta, Georgia) (subject to applicable state law).
w. Choice of law	12	Federal law and Georgia law apply under Development Rights Agreement (subject to applicable state law).

Item 18
PUBLIC FIGURES

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

Item 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

This financial performance representation reflects actual, historical average, median, and high/low annual Gross Revenue information for the full 2025 calendar year (beginning January 1, 2025, and ending December 31, 2025) ("Calendar Year 2025"):

(1) for all 42 BIG BLUE Swim Schools that were open and operating during the entire Calendar Year 2025, which includes 20 BIG BLUE Swim Schools owned and operated by our affiliates[1] and 22 BIG BLUE Swim Schools owned and operated by franchisees[2] (regardless of when those 42 BIG BLUE Swim Schools first opened for business before Calendar Year 2025);

(2) separately for all 20 of the affiliate-owned BIG BLUE Swim Schools;

(3) separately for all 22 of the franchised BIG BLUE Swim Schools;

(4) separately for the 29 "Mature Swim Schools" (14 affiliate-owned and 15 franchised of the total of 42), which we define as a BIG BLUE Swim School that opened during 2023 or earlier;

(5) separately for the 14 affiliate-owned Mature Swim Schools;

(6) separately for the 15 franchised Mature Swim Schools;

(7) separately for the 13 "Ramping Swim Schools" (6 affiliate-owned and 7 franchised of the total of 42), which we define as a BIG BLUE Swim School that opened during 2024;

(8) separately for the 6 affiliate-owned Ramping Swim Schools; and

(9) separately for the 7 franchised Ramping Swim Schools.

[1] Included among (and counted as one of) the 20 affiliate-owned BIG BLUE Swim Schools is one School that our affiliate reacquired from a franchisee on June 2, 2025 and operated for the remaining portion of Calendar Year 2025.
[2] The franchised BIG BLUE Swim Schools include one BIG BLUE Swim School that was the subject of a franchisee-to-franchisee transfer (i.e., a change in franchisee ownership) during Calendar Year 2025 but otherwise was open for the entire Calendar Year 2025.

Excluded from this financial performance representation are 10 BIG BLUE Swim Schools (2 affiliate-owned and 8 franchised) that opened during Calendar Year 2025 and therefore were not open during all of 2025. No BIG BLUE Swim Schools closed (either temporarily or permanently) during Calendar Year 2025. All Gross Revenue information is based on internal unaudited historical data that we obtained from our affiliates or from franchisee royalty reports. All BIG BLUE Swim Schools included in this financial performance representation offer and sell the same services and products to be offered and sold by the BIG BLUE Swim Schools for which this disclosure document offers franchises.

"Gross Revenue" is generally defined in Item 6 to mean the aggregate amount of all revenue and other consideration generated from any source, including from selling services, products, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance; and the value of services, products, and merchandise bartered in exchange for the School's services, products, or merchandise.

	All Swim Schools	All Affiliate-Owned Swim Schools	All Franchised Swim Schools
AVERAGES[3] AND HIGH/LOW FOR ALL SWIM SCHOOLS			
All Swim Schools Average Gross Revenue	$1,636,545	$1,677,992	$1,598,867
All Swim Schools Highest Gross Revenue	$3,371,295	$2,707,122	$3,371,295
All Swim Schools Lowest Gross Revenue	$430,514	$430,514	$692,436
# of All Swim Schools at or Above Average Gross Revenue	20 of 42	10 of 20	10 of 22
% of All Swim Schools at or Above Average Gross Revenue	48%	50%	45%
AVERAGES AND HIGH/LOW FOR ALL "MATURE" SWIM SCHOOLS			
Mature Swim Schools Average Gross Revenue	$1,765,429	$1,804,482	$1,728,979
Mature Swim Schools Highest Gross Revenue	$3,371,295	$2,707,122	$3,371,295
Mature Swim Schools Lowest Gross Revenue	$692,436	$1,051,796	$692,436

[3] All Average Gross Revenue figures for Calendar Year 2025 appearing in this table are calculated by dividing total Gross Revenue during Calendar Year 2025 for all BIG BLUE Swim Schools within the particular grouping by the number of BIG BLUE Swim Schools in that grouping.

# of Mature Swim Schools at or Above Average Gross Revenue	15 of 29	9 of 14	6 of 15
% of Mature Swim Schools at or Above Average Mature Pools Revenue	52%	64%	40%
AVERAGES AND HIGH/LOW FOR ALL "RAMPING" SWIM SCHOOLS			
Ramping Swim Schools Average Gross Revenue	$1,347,898	$1,382,849	$1,320,055
Ramping Swim Schools Highest Gross Revenue	$2,001,359	$2,001,359	$1,959,947
Ramping Swim Schools Lowest Gross Revenue	$430,514	$430,514	$740,059
# of Ramping Swim Schools at or Above Average Gross Revenue	8 of 13	4 of 6	4 of 7
% of Ramping Swim Schools at or Above Average Gross Revenue	62%	67%	57%
MEDIANS[4] FOR ALL SWIM SCHOOLS			
Median Gross Revenue for All Swim Schools	$1,620,442	$1,701,774	$1,465,723
Median Gross Revenue for Mature Swim Schools	$1,674,627	$1,775,682	$1,651,117
Median Gross Revenue for Ramping Swim Schools	$1,510,438	$1,528,829	$1,341,679

The Gross Revenue numbers reported above for the 2025 Calendar Year do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenue figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your BIG BLUE Swim School. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

Written substantiation of all financial information presented in this financial performance representation will be made available to you upon reasonable request.

Some BIG BLUE Swim Schools have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

[4] All Median Gross Revenue figures for Calendar Year 2025 appearing in this table represent the middle Gross Revenue figure during Calendar Year 2025 for all BIG BLUE Swim Schools within the particular grouping, with an equal number of Swim Schools with Gross Revenue above and below that figure.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Big Blue Swim School Franchising, LLC, Attn: Tyson Fraser, 112 Krog Street NE Suite D-135 Atlanta, Georgia 30307, (773) 701-8081, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

All figures in the tables below are as of December 31 of each year. The "Company-Owned" outlets referenced in tables 1 and 4 below are owned by one or more of our affiliated entities.

Table No. 1

Systemwide Outlet Summary
For years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	7	15	+8
	2024	15	23	+8
	2025	23	30	+7
Company-Owned	2023	11	14	+3
	2024	14	19	+5
	2025	19	22	+3
Total Outlets	2023	18	29	+11
	2024	29	42	+13
	2025	42	52	+10

[Table 2 begins on next page]

Table No. 2

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Colorado	2023	0
	2024	1
	2025	0
Utah	2023	0
	2024	0
	2025	1
Total	2023	0
	2024	1
	2025	1

Table No. 3

Status of Franchised Outlets
For years 2023 to 2025

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	1	0	0
Colorado	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Florida	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Georgia	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	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Indiana	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Maryland	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Massachusetts	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	1	0	0	0	0	2
Michigan	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Missouri	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Termin-ations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
New Jersey	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	3	0	0	0	0	5
North Carolina	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Pennsylvania	2023	0	2	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	1	0	0	0	0	4
Texas	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
	2025	2	1	0	0	0	0	3
Utah	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Totals	2023	7	8	0	0	0	0	15
	2024	15	8	0	0	0	0	23
	2025	23	8	0	0	1	0	30

[Table 4 begins on next page]

Table No. 4

Status of Company-Owned Outlets
For years 2023 to 2025

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Arizona	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	1	0	0	1
California	2023	0	1	0	0	0	1
	2024	1	2	0	0	0	3
	2025	3	2	0	0	0	5
Georgia	2023	1	0	0	0	0	1
	2024	1	1	0	0	0	2
	2025	2	0	0	0	0	2
Illinois	2023	5	0	0	0	0	5
	2024	5	0	0	0	0	5
	2025	5	0	0	0	0	5
Maryland	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1
Texas	2023	1	1	0	0	0	2
	2024	2	1	0	0	0	3
	2025	3	0	0	0	0	3

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Virginia	2023	4	1	0	0	0	5
	2024	5	0	0	0	0	5
	2025	5	0	0	0	0	5
Totals	2023	11	3	0	0	0	14
	2024	14	5	0	0	0	19
	2025	19	2	1	0	0	22

Table No. 5

Projected Openings as of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
California	2	1	0
Colorado	2	1	0
Florida	1	1	0
Georgia	3	2	0
Maryland	0	0	0
Massachusetts	2	2	0
Michigan	1	0	0
New Jersey	4	2	0
New York	2	0	0
Pennsylvania	1	1	0
Texas	1	1	0
Total	19	11	0

Our franchisees as of this disclosure document's issuance date are identified on Exhibit J (including which franchisees have multi-unit development rights). Also identified on Exhibit J are the franchisees that had BIG BLUE Swim Schools terminated, canceled, or not renewed, or that otherwise voluntarily or involuntarily ceased doing business under our Franchise Agreement or Development Rights Agreement, during our last fiscal year or that have not communicated with

us within 10 weeks of this disclosure document's issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last 3 fiscal years, some former franchisees have signed confidentiality clauses. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the BIG BLUE Swim School franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We have formed a Franchise Advisory Council ("FAC") to serve as a sounding board for new ideas and initiatives and to provide feedback to us on issues of concern and priorities. The FAC currently has 4 franchisee members. The FAC serves only in an advisory role; it does not have authority to establish or modify policies for the BIG BLUE Swim School franchise system. The FAC does not have its own contact address or telephone number. For information about the FAC, contact our President, Chris DeJong, at our principal business address. There are no other trademark-specific franchisee organizations associated with the BIG BLUE Swim School franchise system.

Item 21
FINANCIAL STATEMENTS

Exhibit A contains our audited financial statements for the full fiscal years ended December 31, 2025, December 31, 2024, and December 31, 2023, our unaudited balance sheet as of April 30, 2026, and our unaudited income statement for the year-to-date fiscal period ending April 30, 2026.

Item 22
CONTRACTS

The following contracts/documents are exhibits:

1. Franchise Agreement (Exhibit B-1)
2. Franchise Agreement Amendment for Legacy Franchisee (Exhibit B-2)
3. Development Rights Agreement (Exhibit C)
4. Franchisee Representations Document (Exhibit F)
5. Form of General Release (Exhibit G)
6. State-Specific Agreement Riders (Exhibit H)
7. Software as a Service Agreement (Exhibit I)

Item 23
RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A

FINANCIAL STATEMENTS

BIG BLUE SWIM SCHOOL FRANCHISING, LLC

FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2025, 2024 AND 2023

with
INDEPENDENT AUDITORS' REPORT

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SMITH+HOWARD PC

INDEPENDENT AUDITORS' REPORT

To the Member
Big Blue Swim School Franchising, LLC

Opinion

We have audited the accompanying financial statements of Big Blue Swim School Franchising, LLC (the "Company"), which comprise the balance sheet as of December 31, 2025, and the related statements of operations and member's deficit and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date of this report.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and 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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Other Matter – Prior Year Financial Information

The prior year comparative information and the financial statements of the Company as of and for the years ended December 31, 2024 and 2023, were audited by other auditors whose report dated July 31, 2025 expressed an unmodified opinion on those financial statements.

Smith and Howard PC

Atlanta, GA
May 12, 2026

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
BALANCE SHEETS
DECEMBER 31, 2025, 2024, AND 2023

ASSETS

	2025	2024	2023
Current Assets			
Cash	$ 466,733	$ 579,182	$ 71,523
Accounts receivable - related party	292,335	1,947	88,618
Accounts receivable - other	200,000	138,733	92,882
Development rights and franchise agreement assets, current portion	85,315	333,277	377,304
Prepaid expenses and other current assets	166,525	75,100	32,566
Total Current Assets	1,210,908	1,128,239	662,893
Equipment, net	789	3,362	12,157
Non-Current Assets			
Development rights and franchise agreement assets, net of current portion	2,261,967	2,347,795	2,732,116
Intangible assets, net	503,621	468,186	-
Deposits	27,132	-	-
Total Non-Current Assets	2,792,720	2,815,981	2,732,116
	$ 4,004,417	$ 3,947,582	$ 3,407,166

LIABILITIES AND MEMBER'S DEFICIT

Current Liabilities			
Accounts payable	$ 418,367	$ 164,134	$ 217,480
Accrued expenses	166,950	112,351	1,041,461
Obligation to franchisees - brand fund liability	152,548	-	60,301
Market introduction program payable	7,941	-	120,547
Development rights and franchise agreement liabilities, current portion	135,724	124,919	119,263
Total Current Liabilities	881,530	401,404	1,559,052
Long-term liabilities			
Development rights and franchise agreement liabilities, net of current portion	6,053,064	6,567,443	7,935,822
Total Liabilities	6,934,594	6,968,847	9,494,874
Member's deficit	(2,930,177)	(3,021,265)	(6,087,708)
	$ 4,004,417	$ 3,947,582	$ 3,407,166

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

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIT
YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

	2025	2024	2023
Revenues			
Franchise fees	$ 593,574	$ 1,352,723	$ 321,239
Royalty fees	2,248,728	1,530,332	1,577,853
Brand fund fees	1,499,740	1,208,361	872,968
Software license fee	753,814	592,127	641,193
Market introduction program revenue	534,160	804,331	549,486
Member service center fees	-	306,571	403,540
	5,630,016	5,794,445	4,366,279
Operating Expenses	5,538,928	6,212,806	9,998,772
Net Income (Loss)	91,088	(418,361)	(5,632,493)
Member's Deficit, Beginning of Year	(3,021,265)	(6,087,708)	(4,848,349)
Member's Contribution	-	3,484,804	4,393,134
Member's Deficit, End of Year	$ (2,930,177)	$ (3,021,265)	$ (6,087,708)

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

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025, 2024, AND 2023

	2025	2024	2023
Cash Flows from Operating Activities:			
Net income (loss)	$ 91,088	$ (418,361)	$ (5,632,493)
Adjustments to reconcile net income (loss) to net cash provided (required) by operating activities:			
Depreciation and amortization	105,827	72,184	9,142
Recognition of development rights and franchise agreement assets - deferred costs	83,790	158,348	372,251
Recognition of development rights and franchise agreement liability - deferred revenues	(593,574)	(1,442,723)	(831,239)
Bad debt expense	-	-	100,000
Changes in operating assets and liabilities:			
Accounts receivable - related party	(290,388)	86,671	(72,863)
Accounts receivable - other	(61,267)	(45,851)	(62,113)
Development rights and franchise agreement assets	250,000	270,001	92,892
Prepaid expenses and other current assets	(91,425)	(42,534)	(12,445)
Deposits	(27,132)	-	-
Accounts payable	254,233	(53,346)	(177,624)
Accrued expenses	54,599	(929,111)	584,152
Obligation to franchisees - brand fund liability	152,548	(60,301)	(240,680)
Brand fund payable	-	-	(16,378)
Market introduction program payable	7,941	(120,547)	120,547
Development rights and franchise agreement liability	90,000	80,000	1,360,000
Net Cash Provided (Required) by Operating Activities	26,240	(2,445,570)	(4,406,851)
Cash Flows from Investing Activities:			
(Purchases) disposals of equipment, net	-	860	(7,979)
Purchases of intangible assets	(138,689)	(532,435)	-
Net Cash Required by Investing Activities	(138,689)	(531,575)	(7,979)
Cash Flows from Financing Activities:			
Member contributions	-	3,484,804	4,393,134
Net Cash Provided by Financing Activities	-	3,484,804	4,393,134
Net Increase (Decrease) in Cash	(112,449)	507,659	(21,696)
Cash, Beginning of Year	579,182	71,523	93,219
Cash, End of Year	$ 466,733	$ 579,182	$ 71,523

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

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025, 2024 AND 2023

NOTE 1 – DESCRIPTION OF BUSINESS

Big Blue Swim School Franchising, LLC (the "Company"), was formed on June 27, 2018, as an Illinois single-member limited liability company which at the time was a wholly-owned subsidiary of Big Blue Swim School HoldCo, LLC (the "Parent"). The Company sells franchises pursuant to a trademark, copyright, and know-how license agreement dated August 28, 2018, between the Company and Big Blue Swim School IP, LLC, a related party. Pursuant to the Company's standard franchise agreement, franchisees develop and operate a swim school concept under the name "Big Blue Swim School," providing swim lessons and skills, following proprietary curriculum, to children ranging in age from three months to 12 years old.

On December 31, 2023, the Parent entered into a contribution agreement, effective January 1, 2024, with a newly formed entity, Big Blue Swim School Investment Holdings, LLC (the "New Parent") and an affiliate. The contribution agreement transferred the interests in the Company from the Parent to the New Parent as of January 1, 2024.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable consists primarily of amounts due from franchisees for services and are recorded at cost. The Company evaluates accounts receivable for their current expected credit losses and determines a reserve for doubtful accounts.

The Company recorded an allowance for doubtful accounts in the amount of approximately $55,000 as of December 31, 2025 and approximately $100,000 as of December 31, 2023. There was no allowance as of December 31, 2024.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

The Company capitalizes certain development costs incurred in connection with its internal-use software and website. Costs incurred in the preliminary stages of development are expensed as incurred. Once an application has reached the development stage, internal and external costs, if direct and incremental, are capitalized until the software is substantially complete and ready for its intended use. Capitalization ceases upon completion of all substantial testing. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable the expenditures will result in additional features and functionality. Maintenance costs are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life, generally five years.

Equipment

Equipment is largely comprised of computer equipment, and is recorded at cost, net of accumulated depreciation.

Depreciation is calculated using the straight-line method over the estimated useful life of 3 years.

The cost and accumulated depreciation for equipment sold, retired, or otherwise disposed of, are relieved from the accounts and resulting gains and losses are recognized at that time. Minor maintenance, repairs, and renewals are expensed as incurred.

Revenue Recognition

Revenues for the Company are disaggregated into the following revenue streams:

Franchise Fees

The Company enters into development rights agreements (“DRAs”) granting the right to develop multiple franchise units within a specified territory, or single-unit franchise agreements (“FAs”) granting the right to operate one franchised unit. The Company collects nonrefundable development rights fees and initial franchise fees upon execution of the related agreements. Renewal and transfer fees are charged upon franchise renewals or transfers, respectively.

Under the franchise agreements, the Company’s performance obligations include (i) granting the franchisee the right to access the Company’s intellectual property and (ii) providing pre-opening services. Pre-opening activities are considered distinct performance obligations. Certain other pre-opening activities that are not brand-specific and provide general business information are also considered distinct. All remaining pre-opening activities are highly interrelated with access to the Company’s intellectual property and are combined with that obligation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Franchise Fees (Continued)

The Company estimates the stand-alone selling price of pre-opening services using an adjusted market assessment approach and allocates consideration first to pre-opening services, with any residual allocated to the right to access intellectual property. Consideration allocated to pre-opening activities is recognized when the franchised location opens. Consideration allocated to other distinct, non-brand-specific pre-opening services is recognized as the services are rendered. Consideration allocated to the right to access the Company's intellectual property is recognized on a straight-line basis over the term of the franchise agreement.

DRAs are not distinct from the related franchise agreements. Accordingly, development rights fees are deferred and allocated pro rata to each franchise agreement executed and recognized on a straight-line basis over the term of the respective franchise agreement.

Royalties

Royalties are earned as a percentage of franchisee gross revenues over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

Brand Fund

The Company maintains the brand fund established to collect and administer funds contributed for use in advertising, marketing, research and development, public relations, social media management and customer relationship management programs and materials for the benefit of franchise units. Brand fund contributions are collected from franchisees based on a percentage of franchisee gross revenues, currently 2% although the franchise agreements state that up to 3% can be allocated to this fund, and are payable monthly. The Company has determined that it acts as a principal in the collection and administration of the Fund and therefore will recognize the revenues and expenses related to the Fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the Fund are highly interrelated and therefore are accounted for as a single performance obligation. As a result, revenues represent sales-based royalties related to the right to access the Company's intellectual property, which are recognized as franchisee sales occur. When brand fund contributions collected exceed the related brand fund expenses in a reporting period, the remaining nonrefundable balance is added to the Fund Balance to be spent in a later year as related brand fund expenditures are incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Software License Revenue

The Company earns technology fee revenue from franchisees for providing access to its proprietary technology platform and related support services, including point-of-sale, customer management, scheduling, billing, and reporting functionality. Technology fee revenue is recognized ratably over the contractual service period, as the Company's obligation to provide ongoing access to and support of the technology platform represents a series of distinct services that are substantially the same and are transferred to franchisees over time.

Market Introduction Program Revenue

The Company administers a market introduction program to fund marketing production and media placement for the benefit of franchised units. Program revenues are collected from franchisees based on a fixed fee specified in the franchise agreement and are billed ratably beginning approximately five months prior to a unit's opening and continuing for approximately three months after opening, as related marketing activities are performed.

The Company has determined that it acts as principal in administering the program and therefore recognizes market introduction program revenues and related marketing expenses on a gross basis. The administration of the market introduction program is highly interrelated with the franchisee's right to access the Company's intellectual property and is accounted for as a single performance obligation. Program revenues are recognized as the marketing fees are billed and related expenses are incurred, all of which occur within a twelve-month period. To the extent program revenues exceed related expenses in a reporting period, advertising and marketing costs are accrued up to the amount of revenue recognized.

Member Service Center Revenues

The Company recognizes revenues from member service centers provided to the franchisees as single performance obligations when the services are rendered. During 2025, the Company started outsourcing this process.

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and accounts receivable. The Company maintains its cash in bank deposits which, at times, may exceed federally-insured limits. The Company has not experienced any losses in such accounts. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Income Taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and therefore a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statements do not include a provision or liability for federal or state income taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Company takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In general, the Company is no longer subject to tax examinations for the tax years ending before December 31, 2022.

Advertising and Marketing

Advertising and marketing costs for the Company are expensed as incurred and amounted to approximately $100,000, $75,000, and $322,000 for the years ended December 31, 2025, 2024, and 2023, respectively. The advertising and marketing costs included in the amounts above and related to the Brand Fund were approximately $91,000 and $64,000 for the years ended December 31, 2025 and 2024.

Reclassifications

Certain amounts in the 2024 and 2023 financial statements have been reclassified to conform to the current year presentation.

NOTE 3 – FRANCHISED OUTLETS

The following data reflects the status of the Company's franchised outlets as of and for the years ended December 31:

	2025	2024	2023
Franchises sold	6	9	9
Franchises purchased	-	-	-
Franchised outlets in operation	32	23	15
Affiliate-owned outlets in operation	22	19	14

The following data represents the status of the Company's DRA agreements as of and for the years ended December 31:

	2025	2024	2023
Development rights sold*	-	-	4

*Certain franchised outlets in operation are owned and operated by a related party through common ownership and certain development rights sold, were sold to a related party through common ownership

NOTE 4 – FRANCHISE AGREEMENT ASSETS AND LIABILITIES

The following table provides details of Franchise Agreement retained balances including accounts receivable, deferred costs and deferred revenues:

	Opening January 1, 2023	Opening January 1, 2024	Opening January 1, 2025	Closing December 31, 2025
Development Rights and Franchise Agreement Assets:				
Franchise agreement receivables, net	$ 825,000	$ 550,000	$ 250,000	$ -
Deferred costs	2,724,564	2,559,420	2,431,072	2,347,282
	$ 3,549,564	$ 3,109,420	$ 2,681,072	$ 2,347,282
Development Rights and Franchise Agreement Liabilities:				
Deferred revenues	$ 7,526,324	$ 8,055,085	$ 6,692,362	$ 6,188,788

Deferred Costs

GAAP requires the Company to evaluate incremental costs required to obtain a contract as well as costs associated with fulfilling a contract. These costs include direct and incremental costs, principally consisting of commissions paid to brokers associated with the sale of franchises, and amortizes them over the term of the associated franchise agreement. In the case of costs paid related to DRAs for which no signed franchise agreement has been received, these costs are deferred until the associated franchise agreement is executed.

Deferred Revenues

Deferred revenues within the accompanying balance sheet represent Franchise Fees for franchisees who have not yet completed their training program as well as revenues that are being deferred over the term of the Franchise Agreement of 10 years.

Below is the activity that occurred within deferred costs and deferred revenues for the years ending December 31:

	Deferred Costs	Deferred Revenues
Balance, December 31, 2022	$ 2,724,564	$ 7,526,324
New contracts and associated costs	207,107	1,360,000
Annual amortization	(372,251)	(831,239)
Balance, December 31, 2023	2,559,420	8,055,085
New contracts and associated costs	30,000	80,000
Annual amortization	(158,348)	(1,442,723)
Balance, December 31, 2024	2,431,072	6,692,362
New contracts and associated costs	-	90,000
Annual amortization	(83,790)	(593,574)
Balance, December 31, 2025	$ 2,347,282	$ 6,188,788

NOTE 4 – FRANCHISE AGREEMENT ASSETS AND LIABILITIES (Continued)

Deferred revenues and costs are expected to be recognized as follows for the years ending December 31:

	Deferred Costs	Deferred Revenues
2026	$ 85,315	$ 135,724
2027	85,315	135,724
2028	85,549	136,096
2029	81,427	132,439
2030	64,803	112,715
Thereafter	1,944,873	5,536,090
	$ 2,347,282	$ 6,188,788

NOTE 5 – EQUIPMENT

Equipment is summarized as follows for the years ending December 31:

	2025	2024	2023
Computer equipment	$ 34,768	$ 34,768	$ 36,607
Less: accumulated depreciation	(33,979)	(31,406)	(24,450)
	$ 789	$ 3,362	$ 12,157

Depreciation expense amounted to $2,573, $7,935, and $9,142 for the years ended December 31, 2025, 2024, and 2023, respectively.

NOTE 6 – INTANGIBLES

Intangibles are summarized as follows for the years ending December 31:

	2025	2024	2023
Software	$ 671,124	$ 532,435	$ -
Less: accumulated amortization	(167,503)	(64,249)	-
	$ 503,621	$ 468,186	$ -

Amortization expense related to intangible assets was $103,254 and $64,249 for the years ended December 31, 2025 and 2024, respectively. There was no amortization expense for the year ended December 31, 2023.

NOTE 6 – INTANGIBLES (Continued)

Estimated amortization for the subsequent years ending December 31 are as follows:

2026	$ 134,225
2027	134,225
2028	134,225
2029	69,976
2030	30,970
	$ 503,621

NOTE 7 – RELATED-PARTY TRANSACTIONS

Affiliated Developer

The Company's largest developer is an affiliated entity through common ownership. Accordingly, in the normal course of business, the Company regularly executes franchise agreements with the affiliated developer pursuant to a development agreement. As a result of these transactions, revenues from these related-party franchises amounted to $1,471,387 as of December 31, 2023, and are included in the accompanying statements of operations and member's deficit. Receivables from these related-party franchises amounted to $1,947 and $88,618 as of December 31, 2024 and 2023, respectively. These amounts are included in “Accounts receivable - related party” in the accompanying balance sheets. There are no associated revenues or receivables as of December 31, 2025 due to the contribution agreement with L5 Swim Holdings, LLC in 2023.

Consulting Services

In addition, the Company incurred costs of $365,743 for the year ended December 31, 2023, to a related party which provides franchise consulting services. The Company did not utilize these consulting services during 2025 and 2024. These costs are included in 'Operating expenses' in the accompanying statement of operations and member's deficit.

NOTE 7 – RELATED-PARTY TRANSACTIONS (Continued)

License Agreement

On August 28, 2018, the Company entered into a license agreement with a related party for the use of various registered names, copyrights and other proprietary information, as defined in the license agreement. After the initial 20-year term, the license agreement will automatically renew for three additional 10-year terms, unless certain circumstances occur, as defined in the license agreement. Pursuant to the license agreement, the Company has acquired the right to sell Big Blue Swim School franchises, as well as license various other trademarks, as defined in the license agreement, in the United States of America, and to collect franchise fees, royalties and other fees from franchisees. There are no agreements currently in effect which significantly limit the rights to use or license the use of any trademarks, services marks, trade names, logotypes, or other commercial symbols in any manner material to the franchise. The Company is not currently obligated to pay the related party a royalty fee. There were no expenses under the license agreement for each of the years in the three-year period ended December 31, 2025.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 12, 2026, the date the financial statements were available to be issued.

UNAUDITED FINANCIAL STATEMENTS

Big Blue Swim School - Balance Sheet
As of April 30, 2026

Reporting Book:	ACCRUAL
As of Date:	04/30/2026
Location:	Big Blue Swim School Franchising LLC

	04/30/2026
	CY Actual
Assets	
Current assets	
Cash and cash equivalents	451,495.03
Accounts Receivable	245,417.78
Prepaid expenses	354,075.55
Development rights and franchise agreement assets, Current portion	85,314.64
Total Current assets	1,136,303.00
Noncurrent assets	
Development rights and franchise agreement assets, Net of Current Portion	2,233,918.07
Property and equipment, net	690.01
Intagible assets, net	503,621.15
Deposits	33,516.00
Total Noncurrent assets	2,771,745.23
Total Assets	3,908,048.23
Liabilities and Equity	
Liabilities	
Current liabilities	
Accounts Payable and accrued expenses	876,295.18
Brand Fund Payable	19,767.16
Development rights and franchise agreement liabilities, current portion	135,723.79
Total Current liabilities	1,031,786.13
Noncurrent liabilities	
Development rights and franchise agreement liabilities, net of current portion	6,008,442.49
Total Noncurrent liabilities	6,008,442.49
Total Liabilities	7,040,228.62
Equity	
Total Equity	(3,132,180.39)
Total Liabilities and Equity	3,908,048.23

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

Big Blue Swim School - Income Statement
As of April 30, 2026

Reporting Book:
As of Date:
Location:

	Year To Date 04/30/2026 Actual
REVENUE	
Franchise Revenue	
Royalty Fee Revenue	817,194.70
Technology Fee Revenue	420,603.77
Initial Franchise Fee	44,621.51
Total Revenue	1,282,419.98
Total Operating Expenses	1,331,876.19
NET INCOME (LOSSES)	(49,456.21)

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

Big Blue Swim School - Cash Flow Statement
As of April 30, 2026

Reporting Book:
As of Date:
Location:

	Year To Date 04/30/2026
	Actual
Operating Activities	
NET INCOME (LOSSES)	(49,456.21)
Add back non-cash expenses:	
Depreciation and Amortization	98.66
Changes in:	
Accounts Receivables	(7,611.42)
Accounts Receivable - DRA/FA	(37,805.66)
Other receivables	(6,384.00)
Prepayments	(159,501.88)
Trade and other payables	(2,290.77)
Deferred franchise fees	(44,621.51)
Total Operating Activities	(307,572.79)
Net change in cash and cash equivalents	(307,572.79)

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

EXHIBITS B-1 AND B-2

FRANCHISE AGREEMENT AND FRANCHISE AGREEMENT AMENDMENT FOR LEGACY FRANCHISEE

EXHIBIT B-1

FRANCHISE AGREEMENT

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISE AGREEMENT

_____
FRANCHISEE NAME

_____
_____
_____
SCHOOL ADDRESS

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EXHIBITS

Exhibit A – Basic Terms

Exhibit B – Guaranty and Assumption of Obligations

Exhibit C – Franchisee and Its Owners

Exhibit D – Lease Rider

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISE AGREEMENT

This Franchise Agreement (this "**Agreement**") is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**"), and is effective as of the date we sign it, which is set forth next to our signature at the end of this Agreement (the "**Effective Date**").

1. Preambles

We and certain of our affiliates (a) have created, designed, and developed a swim school concept identified by the Marks (defined below) that currently provides a proprietary curriculum of swim lessons and skills in approximately 90-degree water to children ranging in age from three (3) months to twelve (12) years old (the "**Swim School Concept**"), and (b) also may permit other services provided in a swimming pool (the "**Ancillary Services**") that are not encompassed within the Swim School Concept. We and such affiliates currently use, promote, and license certain trademarks, service marks, and other commercial symbols for the Swim School Concept and Ancillary Services, including "BIG BLUE SWIM SCHOOL®," and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the "**Marks**"). One of our affiliates currently owns the Marks, the Confidential Information (defined in Section 9 below), and all aspects of our branded system and licenses that intellectual property to us for use in our franchise program for BIG BLUE Swim Schools operating the Swim School Concept ("**BIG BLUE Swim Schools**"). The definition of "Swim School Concept" expressly excludes a swim-related business, whether or not operated under the Marks, whose core activities are anything other than providing swim lessons and skills in approximately 90-degree water to children ranging in age from three (3) months to twelve (12) years old, including, for example but without limitation, competitive swimming in lower-temperature water, coaching and video analysis, laps, wave pools, and any Ancillary Services.

We offer and grant franchises to operate a BIG BLUE Swim School operating the Swim School Concept and using the BIG BLUE Swim School business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications, and Marks, all of which we and our affiliates periodically may improve, further develop, and otherwise modify (collectively, the "**Franchise System**").

You have applied for a franchise to operate a BIG BLUE Swim School, and we are willing to grant you the franchise on the terms and conditions contained in this Agreement.

2. Acknowledgments

You acknowledge that:

(1) Attracting customers for your BIG BLUE Swim School will require you to make consistent marketing efforts in your community, including through permitted media

advertising, direct mail and on-line advertising, social media marketing and networking, and display and use of in-School promotional materials.

(2) Retaining customers for your BIG BLUE Swim School will require you to provide high-quality services and adhere strictly to the Franchise System and our Brand Standards (defined in Section 6.G below and categorized in Section 7.C below).

(3) You are committed to maintaining Brand Standards.

(4) Our officers, directors, employees, consultants, lawyers, and agents act only in a representative, and not in an individual, capacity when dealing with you, and their business dealings with you as a result of this Agreement therefore are considered to be only between you and us.

(5) All application and qualification materials you gave us about you and your owners to acquire this franchise were accurate and complete.

(6) We make no commitment about the extent to which we and our affiliates will continue developing and expanding the BIG BLUE Swim School network.

The acknowledgments in clauses (7) through (14) below apply to all franchisees and franchises except not to any franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

(7) Other than disclosures in our franchise disclosure document, you have not received from us or our affiliates and are not relying upon any representations or guarantees, express or implied, of a BIG BLUE Swim School's potential volume, sales, income, or profits.

(8) You read this Agreement and our franchise disclosure document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high service-quality and product standards (and the uniformity of those standards at each BIG BLUE Swim School) and to protect and preserve the goodwill of the Marks.

(9) You independently investigated the BIG BLUE Swim School franchise opportunity and recognize that the nature of the School's business will evolve and change over time.

(10) Investing in a BIG BLUE Swim School involves business risks that could result in your losing a significant portion or all of your investment.

(11) Your business abilities and efforts are vital to your success.

(12) We have not made any representation, warranty, or other claim regarding this BIG BLUE Swim School franchise opportunity other than those made in this Agreement and our franchise disclosure document, and you independently evaluated this opportunity.

(13) You had an opportunity to ask questions and to review materials of interest to you concerning the BIG BLUE Swim School franchise opportunity.

(14) You had an opportunity, and we encouraged you, to have an attorney or other professional advisor review this Agreement and all other materials we gave or made available to you.

3. Grant of Franchise

3.A. Grant of Franchise

Subject to this Agreement's terms, we grant you the right, and you commit, to operate a BIG BLUE Swim School at the address identified on Exhibit A (the "**School**") using the Franchise System and the Marks. (If the School's address is unknown as of the Effective Date, the address will be determined as provided in Section 4.B and then listed on an amended and restated Exhibit A we will give you.) Your right to operate the School is limited to services you provide and products you sell at the School's physical location. You do not have the right to distribute services and products over the Internet or to engage in other supply or distribution channels.

3.B. Term

The franchise term (the "**Term**") begins on the Effective Date and expires ten (10) years from the first day on which the School opens to the public for business. The Term is subject to earlier termination under Section 18. You agree to operate the School in compliance with this Agreement for the entire Term unless this Agreement is properly terminated under Section 19.

3.C. Territorial Rights

During the Term, we and our affiliates will not own or operate, or allow another franchisee or licensee to own or operate, another BIG BLUE Swim School operating the Swim School Concept that has its physical location within the geographical area described on Exhibit A (the "**Area of Protection**"). We may modify the Area of Protection only as provided in Exhibit A. If the School's address is unknown as of the Effective Date, we will describe the Area of Protection on an amended and restated Exhibit A that we will send you after we accept the School's site as provided in Section 4.B.

3.D. Reservation of Rights

Except for your location exclusivity with respect to the BIG BLUE Swim School Swim School Concept described in Section 3.C above, we and our affiliates retain all rights with respect to BIG BLUE Swim Schools, the Marks, the offer and sale of similar or dissimilar services and products, and any other activities we and they deem appropriate, whenever and wherever we and

they desire, whether inside or outside the Area of Protection. Specifically, but without limitation, we and our affiliates reserve the following rights:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, BIG BLUE Swim Schools (whether or not operating the Swim School Concept) at any locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;

(2) to own and operate, and to allow other franchisees and licensees to own and operate, at any locations inside the Area of Protection and on any terms and conditions we and they deem appropriate, BIG BLUE Swim Schools not operating the Swim School Concept;

(3) to offer and sell, and to allow others to offer and sell, inside and outside the Area of Protection, and on any terms and conditions we and they deem appropriate, services and products that are identical or similar to and/or competitive with those offered and sold by BIG BLUE Swim Schools, whether identified by the Marks or other trademarks or service marks, through any advertising media, distribution channels (including the Internet), and shipping and delivery methods and to any customer, no matter where located, but not through BIG BLUE Swim Schools operating the Swim School Concept that have their physical locations inside the Area of Protection;

(4) to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Area of Protection) businesses offering similar services and products under trademarks and service marks other than the Marks;

(5) to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at BIG BLUE Swim Schools (even if such a business operates, franchises, or licenses Competitive Businesses (defined in Section 12 below)), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;

(6) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at BIG BLUE Swim Schools, or by another business, even if such a business operates, franchises, or licenses Competitive Businesses inside or outside the Area of Protection; and

(7) to engage in all other activities this Agreement does not expressly prohibit.

3.E. Guaranty

The Guarantors must fully guarantee all of your financial and other obligations to us under this Agreement or otherwise arising from our franchise relationship with you, and agree personally to comply with this Agreement's terms, by executing the form of Guaranty attached as Exhibit B.

"**Guarantors**" means each individual or Entity having an ownership interest (direct or indirect) in you. Each owner's name and his, her, or its percentage ownership interest (direct or indirect) in you are set forth in Exhibit C. Subject to our rights and your obligations in Section 17, you must notify us of any change in the information in Exhibit C within ten (10) days after the change occurs.

3.F. Your Form and Structure

As a corporation, limited liability company, or general, limited, or limited liability partnership (each, an "**Entity**"), you agree and represent that:

(1) You have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly exist in good standing under the laws of the state of your incorporation or formation;

(2) Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, recite that this Agreement restricts the issuance and transfer of any direct or indirect ownership interests in you, and all certificates and other documents representing ownership interests in you will, at our request, bear a legend (the wording of which we may prescribe) referring to this Agreement's restrictions;

(3) Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, contain a provision requiring any dissenting or non-voting interest holders to execute all documents necessary to effectuate any action that is properly authorized under the organizational documents, operating agreement, or partnership agreement, as applicable;

(4) Exhibit C to this Agreement completely and accurately describes all of your owners and their interests (direct or indirect) in you as of the Effective Date;

(5) Your (and your owners') execution and delivery of this Agreement and any related agreement with us (or our affiliates), and performance of your (and their) obligations under this Agreement and such other related agreements, (a) have not violated and will not violate any other agreement or commitment to which you (or they) are a party or by which you (or they) are otherwise bound, and (b) have not violated and will not violate the rights of, or duties owed to, any third party; and

(6) You may not use any Mark (in whole or in part) in, or as part of, your legal business name or email address or use any name that is the same as or similar to, or an acronym or abbreviation of, the BIG BLUE SWIM SCHOOL name (although you may register the "assumed name" or "doing business as" name "BIG BLUE SWIM SCHOOL" in the jurisdictions where you are formed and qualify to do business).

3.G. Managing Owner

Upon signing this Agreement, you must designate one of your individual owners to serve as your managing owner (the "**Managing Owner**"). At all times during the Term, there must be a

Managing Owner meeting the following qualifications and any other standards we set forth from time to time in the Operations Manual or otherwise communicate to you:

(1) We must approve the proposed Managing Owner in writing before the Effective Date. We have the right, as we deem best, to approve or disapprove the proposed Managing Owner or any proposed change in the individual designated as the Managing Owner. The Managing Owner must attend our initial orientation session on the Franchise System as well as attend and satisfactorily complete our Initial Training.

(2) The Managing Owner is responsible for managing your business. The Managing Owner must have sufficient authority to make decisions on your behalf that are essential to the School's effective and efficient operation. The Managing Owner must communicate directly with us regarding any School-related matters (excluding matters relating to labor relations and employment practices). Your Managing Owner's decisions will be final and binding on you, we may rely solely on the Managing Owner's decisions without discussing the matter with another party, and we will not be liable for actions we take based on your Managing Owner's decisions or actions.

(3) If you want or need to change the individual designated as the Managing Owner, you must seek a new individual (the "**Replacement Managing Owner**") for that role in order to protect our brand. You must appoint the Replacement Managing Owner within thirty (30) days after the former Managing Owner no longer occupies that position. We must approve in writing the Replacement Managing Owner. The Replacement Managing Owner must attend our initial orientation session on the Franchise System, as well as attend and satisfactorily complete Initial Training, within the timeframe we specify. You are responsible for the Replacement Managing Owner's compensation and TRE during the orientation session. As used in this Agreement, "**TRE**" means travel-related expenses of our or your personnel, as applicable. In the case of our personnel, TRE includes coach or economy airfare, local transportation (including airport transfers), accommodations in a facility subject to our approval, meals, and a daily allowance upon which we and you agree for reasonable miscellaneous expenses.

4. Project/Construction Manager, Site Selection, Lease, and Developing the School

4.A. Project Construction Manager

You may hire (and contract directly with) a Project/Construction Manager to provide, supervise, or oversee various pre-opening services (including the market analysis, site investigation and selection, lease negotiation, and School design, construction, and development services described in Sections 4.B, C, and D below). The terms of your relationship with the Project/Construction Manager will be governed by a separate agreement you sign with it. The Project/Construction Manager will hire on your behalf outside service providers and vendors to perform the services and provide the goods encompassed within the real estate, construction, and project-site services necessary to complete the School's construction and development, including real estate brokers, design professionals, engineers, architects, and general contractors. The Project/Construction Manager will give you the opportunity to review and approve all contracts

(such approval not to be withheld or delayed unreasonably) and has the right to require you to sign some or all project-related contracts directly with the service provider or vendor. You are responsible for and must pay all fees due to all service providers and vendors. We will not be responsible for delays in constructing, equipping, or decorating the School or for any loss or damage to you or any third party resulting from the performance or alleged non-performance of the service providers and vendors.

4.B. Site Selection and Acceptance

(1) If the School's address is unknown as of the Effective Date, this Section 4.B will govern the site selection and acceptance process. Within two hundred ten (210) days after the Effective Date, but subject to the potential extensions described below in Section 4.C, an acceptable site for the School within the exclusive geographical area described in Exhibit A (the "**Site Selection Area**") must be found and secured. The timeframe during which the School's site must be located, accepted, and secured within the Site Selection Area (the "**Site Selection Period**") will expire upon the earliest of (a) our acceptance of the School's site and Lease and giving you an amended and restated Exhibit A, (b) this Agreement's termination, or (c) two hundred ten (210) days after the Effective Date.

(2) We may (but have no obligation to) visit the Site Selection Area to review potential School sites. Using local commercial real estate brokers, we may recommend potential School sites for your consideration. Recommendation of a School's site will be based on our then-current criteria for BIG BLUE Swim School sites, including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, ingress and egress, size, and other physical and commercial characteristics.

(3) We will not unreasonably withhold our acceptance of a site if, in our experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites in the past for BIG BLUE Swim Schools. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a BIG BLUE Swim School.

(4) You must evaluate and ultimately approve the selection of the School's site. Our recommendation and acceptance of a site indicates only that we believe the site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites in the past for BIG BLUE Swim Schools. Applying criteria appearing effective with other sites might not accurately reflect the potential of all sites, and demographic or other factors included in or excluded from our criteria could change, altering a site's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a particular site fails to meet your expectations. Once a proposed site is accepted and secured, we will list the accepted site's location as the School's address in Exhibit A.

(5) As noted above, subject to the potential extensions described below in Section 4.C, if an acceptable School site is not found and secured within two hundred ten (210) days after the Effective Date, we may terminate this Agreement upon written notice to you. In addition, notwithstanding anything to the contrary appearing in this Section 4, we may terminate this Agreement if you reject a School site the location and physical and other characteristics of which, and the proposed commercial lease terms for which (as encompassed in a lease letter of intent that we or the Project/Construction Manager negotiated or reviewed), were accepted by our real estate committee (a "**Qualified Site**").

(6) You may not relocate the School to a new site without our prior written consent, which we may grant or deny as we deem best. We may condition relocation approval on (a) the new site and its lease being acceptable to us, (b) your paying us a reasonable relocation fee (not to exceed Twenty-Five Thousand Dollars ($25,000)), (c) your reimbursing any costs we incur during the relocation process, (d) your confirming that this Agreement remains in effect and governs the School's operation at the new site with no change in the Term or, at our option, your signing our then-current form of franchise agreement to govern the School's operation at the new site for a new franchise term, (e) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (f) your continuing to operate the School at its original site until we authorize its closure, and (g) your taking within the timeframe we specify, and at your own expense, all action we require to de-brand and de-identify the School's former premises so it no longer is associated in any manner (in our opinion) with the Franchise System and the Marks.

4.C. Lease Negotiation and Acceptance

(1) You will negotiate the lease or sublease (and any renewals, amendments, or extensions of the lease or sublease) (collectively, the "**Lease**") that will govern your occupancy and lawful possession of the School's site. The Lease will include the Lease Rider substantially in the form attached to this Agreement as Exhibit D. Review or negotiation of the Lease by either us or an approved vendor is not a guarantee or warranty, express or implied, of the School's success or profitability or of the Lease's suitability for your business purposes. Such review or negotiation indicates only that the site and the Lease terms appear adequately to protect our interests and/or the interests of other franchisees in the BIG BLUE Swim School system, to the extent those interests are implicated in the Lease. You agree to review the negotiated lease with your own legal and other advisors before signing it to confirm that all commercial and other terms are acceptable to you.

(2) A Lease must be signed by the end of the Site Selection Period. However, if you cannot sign a Lease by the end of the Site Selection Period despite your diligent efforts to do so, you may request (at no cost to you) two separate thirty (30)-day extensions to sign the Lease. We will not unreasonably deny your request if the reasons for each extension request demonstrate your diligence in the site selection and leasing process. However, these extensions are not available if we exercise our right to terminate this Agreement because you reject a Qualified Site.

(3) After your Lease is executed, you must send us prior notice of any revisions to its terms, whether proposed by you or the landlord, and we may negotiate, and/or accept or reject, those proposed revisions before they become effective.

4.D. Development of School

(1) You must immediately following the Effective Date begin to pursue diligently all financing required to construct, develop, and open the School. In addition, within fourteen (14) months following the date on which you execute the Lease for the School (the "**Opening Deadline**"), but subject to the potential extensions described below in this Section, you must:

(a) obtain all permits and licenses required to construct and operate the School;

(b) construct the School and all required improvements to the site and decorate the School in compliance with our approved plans and specifications;

(c) purchase or lease and install all required Operating Assets (defined below);

(d) purchase an opening inventory of required, authorized, and approved products, materials, and supplies;

(e) complete all required training; and

(f) open your School for business in accordance with all requirements of this Agreement.

If you cannot open the School for business by the Opening Deadline despite your diligent efforts to do so, you may request a thirty (30)-day extension to open. We will not unreasonably deny your request if the reasons for your request demonstrate your diligence in the School development and opening process. You may request no more than three (3) separate thirty (30)-day extensions on the same terms. However, no extension of the Opening Deadline is available if the School's site is a site selected after you rejected a Qualified Site; rejection of a Qualified Site disqualifies you from any such extension.

(2) We will provide guidance on the School's design, construction, and development, although the School will be developed at your expense. You are responsible for and must pay all fees due to all service providers and vendors. The School's design, construction, and development will follow our guidelines and mandatory specifications and layouts for a BIG BLUE Swim School (collectively, "**Plans**"), including requirements for dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. You must work with your Project/Construction Manager or third-party vendor to ensure that the Plans reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations (collectively, "**Laws**"), including those arising under the Americans with Disabilities Act, and any Lease requirements or restrictions. You

must inform us of any changes to the School's specifications that you believe are necessary to comply with the Laws and Lease requirements and restrictions.

(3) Your Project/Construction Manager or other third-party vendor will adapt the Plans for the School, using the outside service providers and vendors that we or it selects. We own the Plans.

(4) The School must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You agree to place or display at the School (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and display materials we approve from time to time. You agree to purchase or lease from time to time only approved brands, types, and models of Operating Assets according to our standards and specifications and, at our direction, only from one or more suppliers we designate or approve (which may include or be limited to us and/or certain of our affiliates). "**Operating Assets**" means all required furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System (defined in Section 7.E)) we periodically require for the School.

4.E. Opening

Despite the Opening Deadline, you may not open the School for business until:

(1) we or our designee approves the School in writing;

(2) your Managing Owner, general managers, and assistant managers have completed to our satisfaction the initial orientation and training programs described in Section 6.A;

(3) the School has a sufficient number of trained employees to manage and operate the School on a day-to-day basis in compliance with Brand Standards;

(4) the School's employees have completed all required third-party certifications for the School's lawful operation (including certifications required under Laws);

(5) you have satisfied all state and federal permitting, licensing, and other legal requirements for the School's lawful operation, have obtained the amounts and types of insurance coverage required by this Agreement, and, upon our request, have sent us copies of all permits, licenses, and insurance policies required by this Agreement;

(6) all amounts due to us, our affiliates, and principal suppliers have been paid; and

(7) you are not in default under any agreement with us, our affiliates, or principal suppliers.

5. Fees

5.A. Initial Franchise Fee

You must pay us a Fifty Thousand Dollar ($50,000) initial franchise fee (the "**Initial Franchise Fee**") concurrently with your execution of this Agreement. The Initial Franchise Fee is not refundable under any circumstances. If you signed this Agreement pursuant to a Development Rights Agreement and this Agreement is for your second or subsequent BIG BLUE Swim School, your Initial Franchise Fee will be Forty Thousand Dollars ($40,000). We will credit toward the Initial Franchise Fee any deposit you (or an affiliate) paid us under a Development Rights Agreement.

5.B. Royalty

Subject to the Minimum Royalty described below, you agree to pay us, on or before the day or date we specify from time to time in the Operations Manual (each, a "**Payment Day**"), a royalty ("**Royalty**") equal to six percent (6%) of the School's Gross Revenue during the preceding School operating period we also specify from time to time in the Operations Manual (each, a "**Calculation Period**"). We can specify the Payment Day to be a particular day of the week or a particular date during a month and can vary the Payment Day depending on the payment due to us or our affiliates (i.e., there may be different Payment Days for different payments). The Calculation Period can be a weekly, bi-weekly, monthly, or other period and likewise can vary depending on the payment due to us or our affiliates (i.e., there may be different Calculation Periods for different payments). We have the unlimited right during the Term to change the Payment Days and Calculation Periods for the various payments due to us or our affiliates upon thirty (30) days' prior notice to you.

In this Agreement, "**Gross Revenue**" means the aggregate amount of all revenue and other consideration generated from any source, including, without limitation, from selling services, products, and merchandise; other types of revenue you receive, including the proceeds of business interruption insurance.

Notwithstanding the above, you agree to pay us a minimum Royalty for each four (4)-week period during the Term equal to no less than Five Thousand Five Hundred Dollars ($5,500), as periodically increased in accordance with Section 5.H below (the "**Minimum Royalty**"). We will prorate the Minimum Royalty payable based on the then-current Calculation Period for the Royalty. If the Royalties you pay us, based on six percent (6%) of the School's Gross Revenue during the applicable Calculation Period, do not equal the prorated amount of the Minimum Royalty for that Calculation Period, you must pay us the deficiency (in addition to all other amounts regularly due) on or before the Payment Day we specify (we may debit the deficiency automatically, as provided in Section 5.E below). The Minimum Royalty will not begin until after you have operated the School for twelve (12) weeks. (All references in this Agreement to "Royalty" will be deemed to include the Minimum Royalty.)

All transactions must be entered into the Computer System (defined in Section 7.E below) at the full, standard retail price for purposes of calculating Gross Revenue. However, Gross

Revenue excludes: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities. In addition, Gross Revenue is reduced by (i) the value of promotional or marketing discounts offered to the public (with our prior approval), and (ii) the amount of any credits the School provides in accordance with the terms and conditions set forth in the Operations Manual.

Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, irrespective of when you receive payment (whether full or partial, or at all) on that sale. Revenue from gift/loyalty/stored-value/affinity "cards" and similar items we approve for offer and sale at BIG BLUE Swim Schools, whether maintained on an App, on another electronic medium, or in another form (together, "**Loyalty Program Media**"), is included in Gross Revenue when the Loyalty Program Media are used to pay for services and products (although we may collect our fees due on that revenue when the Loyalty Program Media are acquired by the customer). Your School may not issue or redeem any coupons or Loyalty Program Media unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We may grant or withhold our approval as we deem best.

5.C. Software License Fee

Subject to the Minimum Software License Fee described below, you agree to pay us, on or before the applicable Payment Day, a software license fee ("**Software License Fee**") not to exceed two percent (2%) of the School's Gross Revenue during the preceding Calculation Period. The Software License Fee is payment for your right to use our affiliate's proprietary BIG BLUE Swim School software ("**LESSONBuddy**") in operating your School.

Notwithstanding the above, you agree to pay us a minimum Software License Fee for each four (4)-week period during the Term equal to no less than One Thousand Five Hundred Dollars ($1,500), as periodically increased in accordance with Section 5.H below (the "**Minimum Software License Fee**"). We will prorate the Minimum Software License Fee payable based on the then-current Calculation Period for the Software License Fee. If the Software License Fees you pay us, based on the then-applicable percentage (not to exceed two percent (2%)) of the School's Gross Revenue during the applicable Calculation Period, do not equal the prorated amount of the Minimum Software License Fee for that Calculation Period, you must pay us the deficiency (in addition to all other amounts regularly due) on or before the Payment Day we specify (we may debit the deficiency automatically, as provided in Section 5.E below). The Minimum Software License Fee will not begin until after you have operated the School for twelve (12) weeks. (All references in this Agreement to "Software License Fee" will be deemed to include the Minimum Software License Fee.)

5.D. Member Services Center Fee

We have the right (but no obligation), directly or through a designated source (including an affiliate), to develop, implement, operate, maintain, and improve a member services center ("**MSC**") for the benefit of all BIG BLUE Swim Schools and which all BIG BLUE Swim Schools

must use. The MSC will have dedicated individual local phone numbers for each BIG BLUE Swim School location and perform various services for BIG BLUE Swim Schools and their customers, including, but not limited to, scheduling free trial lessons and reserving lesson times for customers, handling customer inquiries, helping resolve customer complaints and concerns, and maintaining a customer database that provides management reports to franchisees. You must comply with our Brand Standards for participating in and using the MSC. We assume no direct or indirect liability or obligation to you with respect to the MSC's maintenance, direction, or administration. We have no obligation to ensure that any particular BIG BLUE Swim School benefits on a pro rata basis from the MSC. You are not a third-party beneficiary of the MSC. We may discontinue operation of the MSC at any time in our sole judgment.

We may charge you and other BIG BLUE Swim Schools (or cause BIG BLUE Swim Schools to be charged) an administrative fee, not to exceed two percent (2%) of the School's Gross Revenue, payable on or before the Payment Day we specify for the preceding Calculation Period we specify, to support the MSC's operation, including staffing, equipment, and technology (the "**MSC Fee**"). The purpose of the MSC Fee is to cover, and/or reimburse us or our designee for, the actual costs of operating the MSC. The MSC Fee is separate from the Royalty, Brand Fund contribution (defined in Section 13.B below), Software License Fee, and other fees and charges due under this Agreement. While we or our designee may control use of the MSC Fee, the MSC Fee will not be used to pay any of our general operating costs, except for salaries for MSC staff and other actual costs to administer and operate the MSC.

5.E. Payment Method and Timing

You agree to authorize us to debit your business checking or other account automatically for the Royalty, Software License Fee, Brand Fund contribution, MSC Fee, and other amounts due under this Agreement and any related agreement between us (or our affiliates) and you. We will debit your account no later than the Payment Day for the Royalty, Software License Fee, Brand Fund contribution, MSC Fee, and other amounts due. Funds must be available in the account before the Payment Day for withdrawal by electronic transfer. We may require you to obtain, at your expense, overdraft protection for your bank account in an amount we specify. You must reimburse any "insufficient funds" charges and related expenses we incur due to your failure to maintain sufficient funds in your bank account. You may not close this account without first establishing, and notifying us of, a new account that we are authorized to debit as provided in this Section.

If you fail to report the School's Gross Revenue when required, we may debit your account for one hundred twenty-five percent (125%) of the Royalty, Software License Fee, Brand Fund contribution, and MSC Fee we debited for the previous Calculation Period. If the amount we debit from your account is less than the amount you actually owe us for the Calculation Period (once we determine the School's actual Gross Revenue), we will debit your account for the balance due on the Payment Day we specify. If the amount we debit from your account is greater than the amount you actually owe us for the Calculation Period (once we determine the School's actual Gross Revenue), we will credit the excess, without interest, against the amount we may debit from your account for the following Calculation Period.

As noted in Section 5.B above, we have the unlimited right during the Term upon notice to you to change from time to time the timing and terms for payment of Royalties, Software License Fees, Brand Fund contributions, MSC Fees, and other amounts due to us and our affiliates under this Agreement. You may not subordinate to any other obligation your obligation to pay us Royalties, Software License Fees, Brand Fund contributions, MSC Fees, or any other amount due under this Agreement.

5.F. Administrative Fee and Interest on Late Payments

In addition to our other remedies, including, without limitation, the right to terminate this Agreement under Section 18, if you fail to pay (or make available for withdrawal from your account) when due any amounts you owe us or our affiliates relating to this Agreement or the School, those amounts will bear interest, accruing as of their original due dates, at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the Law allows, whichever is less. In addition, you must pay us a One Hundred Dollar ($100) administrative fee for each payment not made to us or our affiliate when due (or for each dishonored payment) to cover the increased costs and expenses incurred due to your failure to pay the amounts when due.

5.G. Application of Payments and Right of Set-Off

Notwithstanding any designation you make, we may apply any of your payments (whether made by debit or otherwise) to any of your past due indebtedness to us or our affiliates relating to this Agreement or the School. We may set off any amounts you or your owners owe us or our affiliates against any amounts that we or our affiliates owe you or your owners, whether in connection with this Agreement or otherwise.

5.H. Annual Increase in Fixed Fees and Amounts

We reserve the right to increase any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under this Agreement, including the Minimum Royalty and the Minimum Software License Fee, based on changes in the Index (defined below) ("**Annual Increase**"). An Annual Increase to such fees, payments, and amounts may occur only once during any calendar year and may not exceed the corresponding cumulative increase in the Index since the Effective Date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made at the same time during the calendar year. "Index" refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, All Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. Notwithstanding this Section, if any fixed fee, payment, or amount due under this Agreement encompasses any third-party charges we collect from you on a pass-through basis (i.e., for ultimate payment to the third party), we also reserve the right to increase the fixed fee, fixed payment, or fixed amount beyond the Annual Increase to reflect increases in the third party's charges to us.

6. Training, Guidance, and Assistance

6.A. Initial Orientation and Training

If this is your first BIG BLUE Swim School, your Managing Owner must attend a two (2) day initial orientation session on the Franchise System at our principal business address (or another location we designate) before you open the School. We also will furnish without additional charge, at a designated training location of our choice (which may be our corporate headquarters, an operating BIG BLUE Swim School, and/or your School) and/or through video and other electronic means, an initial training program ("**Initial Training**") on operating a BIG BLUE Swim School for your Managing Owner and up to three (3) additional people. We may charge our then-current training fee for each person beyond four (4) people that you send to Initial Training. Initial Training will last for the time we specify and focuses on our philosophy, Brand Standards, and the material aspects of operating a BIG BLUE Swim School, excluding aspects relating to labor relations and employment practices. Our training program may include a "train the trainer" module so that your senior-level personnel can learn how to train your other employees to follow our Brand Standards.

The School always must have on staff at least one (1) fully-trained person (also known as a "**Certified Manager**"). Any general manager must be a Certified Manager. If this is your first BIG BLUE Swim School, you must have at least (2) Certified Managers for at least the first six (6) months of operations. If you have more than one (1) BIG BLUE Swim School, you may hire a Certified Manager to supervise up to ten (10) schools (a "**Regional Manager**"). If you replace an existing Certified Manager, the new manager must attend and satisfactorily complete Initial Training within ninety (90) days after being hired in order to become a Certified Manager. You must pay our then-current training fee to provide Initial Training to your new manager.

You are responsible for paying your employees' wages, benefits, and TRE while they attend training. We will give you information about the number of hours your employees are actively involved in classroom and in-School training, and you are responsible for evaluating any other information you believe you need to ensure your employees are accurately paid during training. You also are responsible for maintaining workers' compensation insurance over your employees during training and must send us proof of that insurance before a given training program begins.

6.B. Retraining

If your Managing Owner, general manager, or assistant manager fails to complete Initial Training to our satisfaction, or we determine after an inspection that retraining is necessary because the School is not operating according to Brand Standards, he or she may attend a retraining session for which we may charge our then-current training fee. You are responsible for all employee compensation and TRE during retraining. We may terminate this Agreement if the School does not commence operation by the Opening Deadline with a fully-trained, certified staff. The Initial Franchise Fee is not refundable under any circumstances.

You may request additional or repeat training for your Managing Owner and School general managers and assistant managers at the end of Initial Training if they do not feel

sufficiently trained to operate a BIG BLUE Swim School. We and you will jointly determine the duration of any additional training, which is subject to our personnel's availability. You must pay our then-current training fee for additional or repeat training. However, if you do not expressly inform us that your Managing Owner and School general managers and assistant managers do not feel sufficiently trained to operate a BIG BLUE Swim School, they will be deemed to have been trained sufficiently to operate a BIG BLUE Swim School. If your Managing Owner cannot satisfactorily complete Initial Training (including retraining), we have the right to require you to designate a Replacement Managing Owner who then must attend and satisfactorily complete Initial Training.

6.C. Opening Set-Up and Support

We will send an "opening team" (involving the number of people we determine) to the School in connection with its opening to the public for business for at least three (3) days (typically starting before and continuing after actual opening), as we deem best under the circumstances, if this Agreement covers your first or second BIG BLUE Swim School. For your third and each subsequent BIG BLUE Swim School, we may (but have no obligation to) send an opening team for some amount of time we deem reasonable. The opening team will help you train your supervisory employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices) and prepare the School for opening. We will pay our opening team's wages and TRE. However, if you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase (excluding training relating to labor relations and employment practices), you must pay our then-current training fee in addition to our personnel's daily charges (including wages) and TRE. We may delay the School's opening until all required training has been satisfactorily completed.

6.D. Ongoing and Supplemental Training/Convention

We may require your Managing Owner and School's general managers and assistant managers to attend and complete satisfactorily various training courses and programs offered periodically during the Term by us or third parties at the times and locations we designate. You are responsible for their compensation and TRE during their attendance. We may charge our then-current fee for continuing and advanced training. If you request any training courses and programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee and our training personnel's TRE.

Besides attending and/or participating in various training courses and programs, at least one of your representatives (an owner or another designated representative we approve) must at our request attend a periodic meeting of all BIG BLUE Swim School franchisees at a location we designate, which we organize in our discretion. You must pay all TRE to attend. You must pay any meeting fee we charge even if your representative does not attend (whether or not we excuse that non-attendance).

6.E. Training for School Employees

You must properly train all School employees to perform the tasks required of their positions. We may develop and make available training tools and recommendations for you to use in training the School's employees to comply with Brand Standards. We may update these training materials periodically to reflect changes in our training methods and procedures and changes in Brand Standards.

We may periodically and without prior notice review the School's performance to determine if the School meets our Brand Standards. If we determine that the School is not operating according to Brand Standards, we may, in addition to our other rights under this Agreement, recommend that you retrain one or more School employees.

6.F. Training Cancellation Fee

If your Managing Owner or any general manager or assistant manager cancels participation in any training class or program for which he or she pre-registers and pays us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than two (2) weeks before the class or program is scheduled to begin, we will apply one-half (½) of the training fee as a credit toward the fees due for a future training class or program that your general managers or assistant managers attend. However, if participation is cancelled two (2) weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees due. If your Managing Owner, general manager, or assistant manager cancels participation in any training class that is part of the initial training we provide for no additional fee after granting the Franchise to you, you must pay us a cancellation fee. The cancellation fee is one-half (½) of our then-applicable training fee per person (depending on which class or program is involved) if the person cancels more than two (2) weeks before the class or program is scheduled to begin. The cancellation fee is one hundred percent (100%) of our then-applicable training fee per person (depending on which class or program is involved) if the person cancels two (2) weeks or less before the class or program is scheduled to begin. This fee is due immediately and is not refundable.

6.G. General Guidance and the Operations Manual

We periodically will advise you or make recommendations regarding the School's operation with respect to:

(1) standards, specifications, operating procedures, and methods that BIG BLUE Swim Schools use;

(2) purchasing required or recommended Operating Assets and other products, services, supplies, and materials;

(3) supervisory employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all School employees); and

(4) accounting, advertising, and marketing.

We may guide you through our various operations and technical manuals, bulletins, and other written materials ("**Operations Manual**"), by electronic media, by telephone consultation, and/or at our office or the School. If you request and we agree to provide, or we determine that you need, additional or special guidance, assistance, or training, you agree to pay our then-applicable charges, including reasonable training fees and our personnel's daily charges and TRE. Any specific ongoing training, conventions, advice, or assistance we provide does not obligate us to continue providing that training, convention, advice, or assistance, all of which we may discontinue and modify at any time.

We will give you access to our Operations Manual through the System Website (defined in Section 13.F below). Any passwords or digital identifications necessary to access the Operations Manual are considered part of Confidential Information. The Operations Manual may consist of and is defined to include audio, video, computer software, other electronic and digital media, and/or written and other tangible materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules we periodically issue for developing and operating a BIG BLUE Swim School ("**Brand Standards**") and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under this Agreement.

You agree to keep current on the Operations Manual and timely communicate all updates to your employees. You must monitor the System Website and our other communications periodically for updates to the Operations Manual or Brand Standards. You agree to keep the Operations Manual secure and restrict access to any passwords for accessing the Operations Manual. If there is a dispute over its contents, our version of the Operations Manual controls. You agree that the Operations Manual's contents are confidential and not to disclose any part of the Operations Manual to any person other than School employees and others needing access in order to perform their duties, but only if they agree to maintain its confidentiality by signing a form of confidentiality agreement. We have the right to pre-approve the form used. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual, except for certain forms specified in the Operations Manual.

While we have the right to pre-approve the form of confidentiality agreement you use with School employees and others having access to our Confidential Information in order to protect that Confidential Information, under no circumstances will we control the forms or terms of employment agreements you use with School employees or otherwise be responsible for your labor relations.

In addition, Brand Standards do not include any personnel policies or procedures, or any School security-related policies or procedures, that we (at our option) may make available to you in the Operations Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your School's operation. You and we agree that we do not dictate or control labor or employment matters for franchisees and BIG BLUE Swim School employees. You are solely responsible for obtaining, installing, and maintaining the security and safety procedures, measures, devices, and systems reasonably necessary to protect

employees, the public, guests, and customers of your School from foreseeable harm during and after business hours.

6.H. Delegation

We have the right from time to time to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether they are our affiliates, agents, or independent contractors with which we contract to perform such obligations.

7. School Operation and Brand Standards

7.A. Condition and Appearance of School

You may not use, or allow another to use, any part of the School for any purpose other than operating a BIG BLUE Swim School in compliance with this Agreement. You must place or display at the School (interior and exterior), according to our guidelines, only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials we periodically specify. You agree to maintain the condition and appearance of the School, the site, and the Operating Assets in accordance with Brand Standards. Without limiting that obligation, you must take the following actions during the Term at your own expense: (1) thorough cleaning, repainting, and redecorating of the School's interior and exterior at intervals we periodically specify and at our direction; (2) interior and exterior repair of the School and the site as needed; and (3) repair or replacement, at our direction, of damaged, worn-out, unsafe, non-functioning, or obsolete Operating Assets at intervals we periodically specify (or, if we do not specify an interval for replacing an Operating Asset, as that Operating Asset needs to be replaced in order to provide services required to be offered by BIG BLUE Swim Schools in compliance with Brand Standards).

In addition to your obligations described above in clauses (1) through (3), we periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the School and/or incur higher operating costs. You agree to implement any changes in mandatory Brand Standards within the time period we request as if they were part of this Agreement on the Effective Date. However, except for:

(a) changes in the Computer System;

(b) changes in signage and logo (i.e., School exterior and interior graphics);

(c) changes provided in Sections 17.C(f) and (h) in connection with a transfer;

(d) changes required by the Lease or applicable Law; and

(e) your obligations in clauses (1) through (3) in the first paragraph of this Section 7.A,

for all of which the timing and amounts are not limited during the Term, we will not obligate you to make any capital modifications:

(i) during the first three (3) years after the School commences operation; or

(ii) during the last two (2) years of the Term, unless the proposed capital modifications during those last two (2) years (the amounts for which are not limited) are in connection with School upgrades, remodeling, refurbishing, and similar activities for your acquisition of a successor franchise (as provided in Section 18(4)).

This means that, besides the rights we reserve above in clauses (a) through (e), we may during the fourth (4^{th}) through eighth (8^{th}) years after the School commences operation (and unrelated to your potential acquisition of a successor franchise) require you substantially to alter the School's appearance, layout, and/or design, and/or replace a material portion of the Operating Assets, in order to meet our then-current requirements and then-current Brand Standards for new BIG BLUE Swim Schools. This could obligate you to make extensive structural changes to, and significantly remodel and renovate, the School, and/or to spend substantial amounts for new Operating Assets. You agree to spend any sums required in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining Term), provided, however, that we will not require you to spend in the aggregate in connection with any remodeling and renovation project, during the fourth (4^{th}) through eighth (8^{th}) years after the School commences operation, more than twenty-percent (20%) of the initial amount you spent to construct the School. Within sixty (60) days after receiving written notice from us, you must prepare plans according to the standards and specifications we prescribe, using architects and contractors we designate or approve, and you must submit those plans to us for written approval. You agree to complete all work according to the plans we approve within the time period we reasonably specify and in accordance with this Agreement.

We also may from time to time require you to participate in certain test programs and consumer surveys for new services, products, and/or Operating Assets. This could obligate you to spend money for new Operating Assets and to incur other operating costs for the School. While we need not reimburse those costs, we will not require you to spend unreasonable amounts to participate in test programs and consumer surveys. Alternatively, we have the right to use the Brand Fund to pay for these costs. You agree to maintain and timely send us any records and reports we require related to the test programs. We may discontinue any test programs before their scheduled completion dates and choose not to implement any changes to the Franchise System.

7.B. Compliance with Applicable Laws and Good Business Practices

You must secure and maintain all licenses, permits, and certificates required for the School's operation and operate the School in full compliance with all Laws, including government regulations relating to occupational hazards, advertising, health, environment, employment, workers' compensation and unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales and service taxes. Your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. The School must in all dealings with its customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You may not engage in any business or advertising practice that could injure our business and the goodwill associated with the Marks, the Franchise System, and other BIG BLUE Swim Schools. However, nothing in this

Section 7.B or elsewhere in this Agreement restricts or is intended to restrict your or your owners' communications with any state or federal law regulator or enforcement authority about potential violations of Law. You alone are responsible for ensuring that your membership agreements and presale of memberships (to the extent applicable) comply with all applicable Laws. You will be liable to the applicable legal authorities for your failure to do so (and to us if we are brought into the matter because of your failure). You must notify us in writing immediately if (i) any legal charge is asserted against you or the School (even if there is no formal proceeding), (ii) any action, suit, or proceeding is commenced against you or the School, (iii) you receive any report, citation, or notice regarding the School's failure to comply with any licensing, health, cleanliness, or safety Law or standard, (iv) any bankruptcy or insolvency proceeding or an assignment for the benefit of creditors is commenced by or against you, your owners, or the School, or (v) there is any incident at the School affecting the health, safety, or well-being of a child.

7.C. Compliance with Brand Standards

You agree to comply with all Brand Standards, as we may periodically modify them, as if they were part of this Agreement. You may not offer, sell, or provide at or from the School any services or products not authorized in the Operations Manual. You must offer, sell, and provide all services and products we prescribe from time to time. We may change such services and products from time to time and from market to market based on numerous considerations. Brand Standards may direct any aspect of the School's operation and maintenance that impacts the goodwill associated with the Marks, the Franchise System, and BIG BLUE Swim Schools. While we maintain the right to issue and modify Brand Standards, you alone exercise day-to-day control over the School's operation and remain solely responsible for compliance with Brand Standards, which may include any one or more of the following:

(1) Ancillary Services, required and/or authorized services and products; unauthorized and prohibited services and products; and inventory requirements so the School may operate at full capacity. We always have the right to approve or disapprove in advance all items and services to be used or sold by the School. We may withdraw our approval of previously-authorized products and services;

(2) sales, marketing, advertising, and promotional programs and the materials and media used in those programs, including participating in and complying with the requirements of any special advertising, marketing, and promotional programs we periodically specify;

(3) adequate staffing levels to operate the School in compliance with Brand Standards, appearance of School personnel, conducting criminal background checks and due diligence on the School's employees (although you alone will review the results and make employment decisions on the basis of those results), and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. School employees are exclusively under your control at the School. You must communicate clearly with School employees

in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of BIG BLUE Swim Schools, and our affiliates are not their employer or joint employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment (in the form we specify or approve) from all School employees that you (and not we or our affiliates) are their employer;

(4) standards, procedures, and requirements for participating in and using the MSC and responding to customer complaints, including reimbursing our out-of-pocket costs if we resolve a customer complaint because you fail to do so as or when required;

(5) price advertising policies and maximum, minimum, or other pricing requirements for services and products the School sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all BIG BLUE Swim Schools must participate, in each case to the maximum extent the Law allows;

(6) standards and recommendations for training your School's supervisory personnel to follow Brand Standards;

(7) use and display of the Marks at the School and on supplies;

(8) quality assurance, safety audit, guest satisfaction, "mystery shop," consumer survey, and similar programs, including your using and paying directly (or reimbursing us for) our designated third-party service providers;

(9) minimum days and hours of operation, which may vary depending on the School's location;

(10) use of various electronic, cloud-based, digital, and other payment systems (including cryptocurrency);

(11) use of mobile or digital systems and Franchise System applications and other digital channels ("**Apps**") for which we or a third-party provider has the right to charge fees;

(12) issuing and honoring/redeeming Loyalty Program Media and administering customer loyalty/affinity and similar programs. You must participate in, and comply with the requirements of, our Loyalty Program Media and customer loyalty programs. You agree that we may draft from your bank account all monies paid to you for Loyalty Program Media and similar customer loyalty initiatives and hold those monies until the Loyalty Program Media and similar customer loyalty initiatives are redeemed at your School (or, if applicable, another BIG BLUE Swim School). However, we may keep any prepaid amounts that are not used by customers to the extent allowed by Law;

(13) standards, platforms, and procedures for (a) communications among you, us, and other franchisees, (b) accessing and using various aspects of the System Website, (c) using blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio, and video-sharing sites, and other similar social-networking media or tools (collectively, "**Social Media**") that in any way reference the Marks or involve the School, and (d) using the Marks as part of any domain name, homepage, electronic address, metatag, or otherwise in connection with any website or other online presence, including on or through Social Media and display ads (collectively, "**Digital Marketing**") (except to the extent our standards or procedures are prohibited under Law);

(14) communicating with the School's customers only through branded mobile Apps, branded email domains, online brand-reputation-management sites, or other channels we expressly designate and only for purposes related to the School's operation; and

(15) any other aspects of operating and maintaining the School that we determine are useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and BIG BLUE Swim Schools.

Brand Standards will not include any employment-related policies or procedures or dictate or regulate the employment terms and conditions for the School's employees. Any information we provide (in the Operations Manual or otherwise) concerning employment-related policies or procedures, or relating to employment terms and conditions for School employees, is only a recommendation, and not a requirement, for your optional use.

As described in Section 7.A above, we have the right periodically to modify and supplement Brand Standards, which may require you to invest additional capital in the School and incur higher operating costs. Those Brand Standards will constitute legally binding obligations on you when we communicate them. Although we retain the right to establish and modify periodically the Brand Standards you have agreed to follow, you retain complete responsibility and authority for the School's management and operation and for implementing and maintaining Brand Standards at the School.

You acknowledge the importance of operating the School in full compliance with this Agreement and Brand Standards. You further acknowledge that your deviation from any contractual requirement, including any Brand Standard, is a violation of this Agreement and will trigger incalculable administrative and management costs for us to address the violation (separate and apart from any damages your violation might cause to the Franchise System, our business opportunities, or the goodwill associated with the Marks). Therefore, you agree to compensate us for our incalculable administrative and management costs by paying us Two Hundred Fifty Dollars ($250) for each deviation from a contractual requirement, including any Brand Standard, cited by us (the **"Non-Compliance Fee"**). However, if we discover that same (or a substantially similar) deviation on one or more consecutive, subsequent visits to or inspections of the School, the Non-Compliance Fee will, at our option, be Five Hundred Dollars ($500) for the first repeat deviation and One Thousand Dollars ($1,000) for the second and each subsequent repeat deviation. (The

Non-Compliance Fee does not apply to payment defaults for which we may charge late fees and interest under Section 5.F above.) We and you deem the Non-Compliance Fee to be a reasonable estimate of our administrative and management costs and not a penalty. We may debit your bank account for Non-Compliance Fees or set off monies otherwise due and payable to you to cover the payment of Non-Compliance Fees. We must receive the Non-Compliance Fee within five (5) days after we notify you that we are charging it due to your violation. We need not give you a cure opportunity before charging the Non-Compliance Fee. Charging the Non-Compliance Fee does not prevent us from seeking to recover damages to the Franchise System, our business opportunities, or the goodwill associated with the Marks due to your violation, seeking injunctive relief to restrain any subsequent or continuing violation, and/or formally defaulting you and terminating this Agreement under Section 19.B.

7.D. Approved Services, Products, and Suppliers

We may periodically designate and approve Brand Standards, manufacturers, suppliers, and/or distributors for the Operating Assets and other services and products we periodically authorize for use or sale by BIG BLUE Swim Schools. You must purchase or lease all Operating Assets and other services and products you use or sell at the School only according to our Brand Standards and, if we require, only from suppliers or distributors we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources). We and/or our affiliates may derive revenue based on your purchases and leases, including, without limitation, from charging you (at prices exceeding our and their costs) for services and products we or our affiliates sell you and from promotional allowances, volume discounts, and other amounts paid to us and our affiliates by suppliers that we designate, approve, or recommend for some or all BIG BLUE Swim School franchisees. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes we and our affiliates deem appropriate.

(1) If you want to purchase or lease any Operating Assets or other products or services from a supplier or distributor we have not then approved (if we require you to buy or lease the product or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the product or service is of equivalent quality and functionality to the product or service it replaces and the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product liability claims. You must pay upon request any actual expenses and TRE we incur to determine whether or not the products, services, suppliers, or distributors meet our requirements and specifications.

(2) We may condition our written approval of a supplier or distributor on requirements relating to product quality and safety; third-party lab testing; prices; consistency; warranty; supply-chain reliability and integrity; financial stability; customer relations; frequency, economy, and efficiency of delivery; concentration of purchases; standards of service (including prompt attention to complaints); and other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any third party we designate for testing. If we approve a supplier or

distributor you recommend, you agree that we may allow other BIG BLUE Swim Schools to purchase or lease the Operating Assets or other products or services from those suppliers or distributors without limitation and without compensation to you.

(3) Despite the foregoing, we may limit the number of approved suppliers and distributors with which you may deal, designate sources you must use, and refuse any of your requests for any reason, including, without limitation, because we have already designated an exclusive source (which might be us or one of our affiliates) for a particular item or service or believe that doing so is in the BIG BLUE Swim School network's best interests. You acknowledge that it might be disadvantageous from a cost and service basis to have more than one supplier in a given market area, and that we have the right to consider the impact of any supplier approval on our and our franchisees' ability to obtain the lowest distribution costs and best service. However, we make no guaranty, warranty, or promise that we will obtain the best pricing or most advantageous terms on behalf of BIG BLUE Swim Schools. We also do not guaranty the performance of suppliers and distributors to BIG BLUE Swim Schools. We are not responsible or liable if the products or services provided by a supplier or distributor fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

(4) We have the right (without liability) to consult with your suppliers about the status of your account with them and to advise your suppliers and others with whom you, we, our affiliates, and other franchisees deal that you are in default under any agreement with us or our affiliates (but only if we or our affiliate has notified you of such default).

7.E. Computer System

You agree to obtain and use the computer hardware and software, point-of-sale system, communications services and equipment, computer-related accessories, peripheral equipment, tablets, smart phones, web-based scheduling, reservation and payment systems, and other online and digital systems and Apps we periodically specify (the "**Computer System**"). You must use the Computer System to input and access information about your revenue and operations. You must maintain the Computer System's continuous operation. We will have continuous, unlimited access to all information maintained on the Computer System (excluding matters relating to labor relations and employment practices) and to the content of any BIG BLUE Swim School e-mail accounts we provide you.

We may periodically modify the Computer System's specifications and components. Our modification of Computer System specifications, and/or other technological developments or events, may require you to purchase, lease, or license new or modified computer hardware, software, peripherals, and other components and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, you must incur the costs to obtain the computer hardware, software, peripherals, and other components comprising the Computer System (and additions and modifications) and required service or support. Within ninety (90) days after we deliver notice to you, you must obtain

the Computer System components we designate and ensure that your Computer System, as modified, is functioning properly.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement, liability waiver, and/or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically prescribe to regulate your use of, and our (or our affiliates') and your respective rights and responsibilities with respect to, the software or technology. In addition to the Software License Fee described in Section 5.C above, which covers the cost of LESSONBuddy, we and our affiliates may charge you upfront and ongoing fees for any other required or recommended proprietary software or technology we or our affiliates license to you and for other Computer System maintenance and support services and programs provided during the Term.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded (though we are not responsible for any outages in our proprietary operating software); and (4) independently determining what is required for you to comply (and then complying) at all times with the most current version of the Payment Card Industry Data Security Standards, and with all Laws governing the use, disclosure, and protection of Consumer Data (defined in Section 10) and the Computer System, and validating compliance with those standards and Laws as may be periodically required. The Computer System must permit twenty-four (24) hours per day, seven (7) days per week electronic communications between you and us, including access to the Internet and System Website (but excluding matters relating to labor relations and employment practices).

8. Marks

8.A. Ownership and Goodwill of Marks

Your right to use the Marks is derived only from this Agreement and is limited to your operating the School according to this Agreement and all mandatory Brand Standards we prescribe during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our (and our licensor's) rights in the Marks. Any use of the Marks relating to the School, and any goodwill that use establishes, are for our (and our licensor's) exclusive benefit. We (and our licensor) may take the action necessary to enforce all trademark use obligations under this Agreement. This Agreement does not confer any goodwill or other interests in the Marks upon you, other than the right to operate the School according to this Agreement. All provisions in this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we periodically authorize you to use. You may not at any time during or after the Term contest or assist any other person to contest the validity, or our (or our licensor's) ownership, of the Marks.

8.B. Limitations on Use of Marks

You agree to use the Marks as the School's sole identification, subject to the notices of independent ownership we periodically designate. You may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you), (3) in selling any unauthorized services or products, (4) in connection with any Digital Marketing, or in any user name, screen name, or profile in connection with any Social Media sites, without our consent or, if applicable, without complying with our Brand Standards communicated to you, or (5) in any other manner we have not expressly authorized in writing. You may not use any Mark to advertise the transfer, sale, or other disposition of the School or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must give the notices of trademark and service mark registrations we periodically specify and obtain any fictitious or assumed name registrations that applicable Law requires. You may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction.

You must include a clear disclaimer in all of the School's employee-facing materials that you (and only you) are the employer of School employees and that we, as the franchisor of BIG BLUE Swim Schools, and our affiliates are not their employer or joint employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all School employees that you (and not we or our affiliates) are their employer.

8.C. Notification of Infringements and Claims

You agree to notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and our licensor, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and our licensor may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions we and our, and our licensor's, attorneys deem necessary or advisable to protect and maintain our (and our licensor's) interests in any litigation, Patent and Trademark Office or other proceeding, or enforcement action or otherwise to protect and maintain our (and our licensor's) interests in the Marks.

8.D. Discontinuance of Use of Marks

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice.

We need not reimburse your expenses to comply with those directions (such as your costs to change signs or to replace supplies for the School), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

8.E. Indemnification for Use of Marks

We agree to reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided your use has been consistent with this Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliate(s) may defend and control the defense of any proceeding arising from or relating to your use of any Mark under this Agreement.

9. Confidential Information

We and our affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable Law, relating to developing and operating BIG BLUE Swim Schools (the "**Confidential Information**"), which includes, but is not limited to:

(1) information in the Operations Manual and our Brand Standards, including our proprietary School curriculum;

(2) layouts, designs, and other Plans for BIG BLUE Swim Schools;

(3) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating BIG BLUE Swim Schools;

(4) the standards, processes, information, and technologies involved in creating, developing, operating, maintaining, and enhancing digital and other sales platforms, Apps, and Loyalty Program Media;

(5) marketing research and promotional, marketing, and advertising programs for BIG BLUE Swim Schools;

(6) strategic plans, including expansion strategies and targeted demographics;

(7) knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that BIG BLUE Swim Schools use and sell;

(8) knowledge of the operating results and financial performance of BIG BLUE Swim Schools other than the School;

(9) customer solicitation, communication, and retention programs, along with Data used or generated in connection with those programs;

(10) all Data and other information generated by, or used or developed in, operating the School, including Consumer Data, and any other information contained from time to time in the Computer System or LESSONBuddy or that visitors (including you) provide to the System Website; and

(11) any other information we reasonably designate as confidential or proprietary.

You will not acquire any interest in any Confidential Information, other than the right to use certain Confidential Information as we specify in operating the School during the Term according to Brand Standards and this Agreement's other terms and conditions. Using any Confidential Information in another business would constitute an unfair method of competition with us and our affiliates, suppliers, and franchisees. You acknowledge and agree that Confidential Information is proprietary, includes our and our affiliates' trade secrets, and is disclosed to you only on the condition that you, your owners, and your employees agree, and you and they do agree:

(1) not to use any Confidential Information in another business or capacity and at all times to keep Confidential Information absolutely confidential, both during and after the Term (afterward for as long as the information is not generally known in the swim lesson industry);

(2) not to make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;

(3) to adopt and implement all reasonable procedures we periodically specify to prevent unauthorized use or disclosure of Confidential Information, including disclosing it only to School personnel and others needing to know the Confidential Information in order to operate the School and using confidentiality and non-disclosure agreements with those having access to Confidential Information. (We have the right to pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of BIG BLUE Swim Schools. Under no circumstances will we control the forms or terms of employment agreements you use with School employees or otherwise be responsible for your labor relations or employment practices); and

(4) not to sell, trade, or otherwise profit in any way from the Confidential Information (including by selling or assigning any Consumer Data or related information or Data), except during the Term using methods we have approved.

"Confidential Information" does not include information, knowledge, or know-how that lawfully is or becomes generally known in the swim lesson industry or that you knew from previous business experience before we gave you access to it (directly or indirectly). If we include any matter in Confidential Information, anyone claiming it is not Confidential Information must prove that the exclusion in this paragraph applies.

10. Consumer Data

You must comply with our reasonable instructions regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of the names, addresses, telephone numbers, e-mail addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally identifiable information of customers ("**Consumer Data**") and, in any event, employ reasonable means to safeguard the confidentiality and security of Consumer Data. You must comply with all Laws governing the use, protection, and disclosure of Consumer Data.

If there is a Data Security Incident at the School, you must notify us immediately after becoming aware of the actual or suspected occurrence, specify the extent to which Consumer Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the Data Security Incident in order to protect Consumer Data and the BIG BLUE Swim School brand (including giving us or our designee access to your Computer System, whether remotely or at the School). We (and our designated affiliates) have the right, but no obligation, to take any action or pursue any proceeding or litigation with respect to the Data Security Incident, control the direction and handling of such action, proceeding, or litigation, and control any remediation efforts.

"**Data Security Incident**" means any act that initiates either internally or from outside the School's computers, point-of-sale terminals, and other technology or networked environment and violates the Law or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the Franchise System, BIG BLUE Swim Schools, or their Data or to view, copy, or use Consumer Data or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial or service; unauthorized use of a system for processing or storage of Data; and changes to system hardware, firmware, or software characteristics without our knowledge, instruction, or consent.

If we determine that any Data Security Incident results from your failure to comply with this Agreement or any requirements for protecting the Computer System and Consumer Data, you must (a) indemnify us under Section 21.E and (b) compensate us for all other damages we incur as a result of your breach of this Agreement.

11. Innovations

All ideas, concepts, techniques, or materials relating to a BIG BLUE Swim School, whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors ("**Innovations**"), must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any Innovation does not qualify as a "work made-for-hire" for us, by this paragraph you assign ownership of and all related rights to that Innovation to us and agree to sign (and to cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the School or otherwise without our prior written approval.

12. Exclusive Relationship

12.A. Restrictions

We granted you the rights under this Agreement in consideration of and reliance upon your and your owners' agreement to deal exclusively with us with respect to the services and products that BIG BLUE Swim Schools offer and sell. You therefore agree that, during the Term, neither you, your owners, nor any members of your or their Immediate Families (defined below) will:

(1) have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;

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

(3) directly or indirectly loan any money or other thing of value, or guarantee any other person's loan, to any Competitive Business or any owner, director, officer, manager, or employee of any Competitive Business, wherever located or operating;

(4) divert or attempt to divert any actual or potential business or customer of the School to a Competitive Business; or

(5) solicit other franchisees, or use available lists of franchisees, for any commercial purpose other than purposes directly related to the School's operation.

The term "**Competitive Business**," as used in this Agreement, means any (a) business that provides swim lessons, swim skills, or swim activities for children ranging in age from three (3) months to twelve (12) years old, or (b) business granting franchises or licenses to others to operate the type of business described in clause (a), other than a BIG BLUE Swim School operated under a franchise agreement with us.

The term "**Immediate Family**" includes the named individual, his or her spouse or domestic partner, and all children of the named individual or his or her spouse or domestic partner. You agree to obtain similar covenants from your officers, directors, and other supervisory personnel, to the extent permitted by applicable Law, to the extent their competitive activities would adversely affect your School or the BIG BLUE Swim School brand. We may pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of BIG BLUE Swim Schools. Under no circumstances will we control the forms or terms of employment agreements you use with School employees or otherwise be responsible for your labor relations or employment practices.

12.B. Directives

If there is a dispute related to this Section 12 or Section 20.E, you and your owners direct any third party construing this Section or Section 20.E, including any court, arbitrator, mediator, master, or other party acting as trier-of-fact or law:

(1) To presume conclusively that the restrictions set forth in this Section and in Section 20.E are reasonable and necessary in order to protect (a) our legitimate business interests, including the interests of our other franchisees, (b) the confidentiality of Confidential Information, (c) the integrity of the Franchise System, (d) our investment in the Franchise System, (e) the investment of our other franchisees in their franchised BIG BLUE Swim Schools, and (f) the goodwill associated with the Franchise System;

(2) To presume conclusively that the restrictions set forth in this Section and in Section 20.E will not unduly burden your or your owners' ability to earn a livelihood;

(3) To construe this Section and Section 20.E under the Laws governing distribution contracts between commercial entities in an arms-length transaction and not under Laws governing employment contracts; and

(4) To presume conclusively that any violation of the terms of this Section or Section 20.E was accompanied by the misappropriation and inevitable disclosure of Confidential Information and constitutes a deceptive and unfair trade practice and unfair competition.

13. Advertising and Marketing

13.A. Market Introduction Program

You must conduct a public relations and market introduction program for the School. We expect this program to begin approximately five (5) months before and to continue for approximately three (3) months after the School opens (although we may specify a different timeframe). We will consult with you about the type of public relations and market introduction program that we believe is most suitable for your School's market and will help create and implement the program for you. You must spend at least Forty Thousand Eight Hundred Fifty Dollars ($40,850) and potentially up to at least Eighty-Three Thousand Six Hundred Dollars ($83,600), as we specify, on the market introduction program. The specific minimum amount you must spend depends on what we determine to be the most advisable materials and activities for the School's market area. You must pay the required amounts to us or at our direction at the times and in the installments we specify. The market introduction program will be implemented according to Brand Standards and our other requirements. We will spend the money dedicated for production and media placement on your behalf in the School's market in compliance with the planned market introduction program.

13.B. Brand Fund

We have established a fund ("**Brand Fund**" or "**Fund**") for advertising, marketing, research and development, public relations, Social-Media management, lead-generation, and

customer-relationship management programs, materials, and activities, the purpose of which is to enhance, promote, and protect the BIG BLUE Swim School brand and Franchise System. You agree to contribute to the Brand Fund on or before the applicable Payment Day the amounts we periodically specify, not to exceed three percent (3%) of the School's Gross Revenue during the preceding applicable Calculation Period.

Each operational company- and affiliate-owned BIG BLUE Swim School will contribute to the Brand Fund for each Calculation Period on the same percentage basis as franchisees, provided, however, that no operational company- or affiliate-owned BIG BLUE Swim School must contribute to the Brand Fund for any Calculation Period during the Term more than the highest-contributing operational franchised BIG BLUE Swim School actually contributed for that Calculation Period.

We will direct all programs the Brand Fund finances, with sole control over and ownership of all creative and business aspects of the Fund's activities. The Brand Fund may pay for, among other things, preparing, producing, and placing video, audio, and written materials, Digital Marketing, and Social Media; developing, maintaining, and administering one or more System Websites; administering national, regional, and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; implementing and supporting franchisees' local market introduction programs; establishing regional and national promotions and partnerships and hiring spokespersons to promote the BIG BLUE Swim School brand; supporting public relations, market research and development, and other advertising, promotion, marketing, and brand-related activities; creating and implementing customer-satisfaction surveys; organizing and hosting franchisee conferences, conventions, and meetings; and supporting and hosting charitable or nonprofit events and community-based activities. The Brand Fund periodically may give you sample advertising, marketing, and promotional formats and materials (collectively, "**Marketing Materials**") at no cost. We may sell you multiple copies of Marketing Materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund's administrative costs; TRE of our personnel while they are on Brand Fund business; meeting costs; overhead relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive, and any other costs or expenses we incur operating or as a consequence of the Fund.

The Brand Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Brand Fund or for any other reason.

The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, invest any surplus for future use, and roll over unspent monies to the following year. We may use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will prepare an annual, unaudited statement of Brand Fund collections and expenses and share the statement electronically within one hundred twenty (120) days after our fiscal-year end or otherwise give you a copy of the statement upon reasonable request. We have the right (but no obligation) to have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant we designate. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 13.B.

The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of BIG BLUE Swim Schools, and enhance, promote, and protect the BIG BLUE Swim School brand and Franchise System. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all BIG BLUE Swim Schools, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by BIG BLUE Swim Schools operating in that geographic area or that any BIG BLUE Swim School benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. The Brand Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs (including the System Website) prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 13.B, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We may at any time defer or reduce the Brand Fund contributions of any BIG BLUE Swim School franchisee and, upon thirty (30) days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Brand Fund contributions during the preceding twelve (12) month period.

13.C. Approval of Marketing and Other External Communications

All advertising, promotion, lead-generation, marketing, and public relations activities you conduct and Marketing Materials you prepare must comply with Laws, not mislead, and conform to Brand Standards. To protect the goodwill that we and certain of our affiliates have accumulated in the "BIG BLUE SWIM SCHOOL" name and other Marks, at least thirty (30) days before you intend to use them, you must send us samples or proofs of (1) all Marketing Materials we have not

prepared or already approved, and (2) all Marketing Materials we have prepared or already approved which you propose to change in any way. However, you need not send us any Marketing Materials in which you have simply completed the missing School-specific or pricing information based on templates we sent you. If we do not approve your Marketing Materials in writing within thirty (30) days after we actually receive them, they will be deemed disapproved for use. We will not unreasonably withhold our approval. You may not use any Marketing Materials we have not approved or have disapproved. We reserve the right upon thirty (30) days' prior written notice to require you to discontinue using any previously-approved Marketing Materials.

13.D. Local Marketing

During the Term, you must spend at least the minimum percentage of the School's Gross Revenue that we periodically require on approved Marketing Materials and advertising, marketing, and promotional programs for the School (the "**Local Marketing Spending Requirement**"). We have the right to participate in preparing for you a local marketing plan for the Local Marketing Spending Requirement. The minimum required percentage will not exceed six percent (6%) of the School's Gross Revenue during any annual, monthly, or other timeframe we specify. We have the right, in our sole judgment, to calculate and implement the Local Marketing Spending Requirement based on the School's aggregate Gross Revenue during trailing twelve (12)-month ("TTM") periods. In other words, we may reduce the minimum required percentage for the School's Local Marketing Spending Requirement on a sliding scale below six percent (6%) of the School's aggregate Gross Revenue by reference to TTM Gross Revenue tiers.

As of the Effective Date, the School's minimum Local Marketing Spending Requirement during each TTM period will be as follows:

School's TTM Gross Revenue	Minimum Local Marketing Spending Requirement During TTM Period
Up to $1,499,999	6.0%
$1,500,000 to $1,749,999	5.0%
$1,750,000 to $1,999,999	4.0%
$2,000,000 to $2,499,999	3.0%
$2,500,000 or greater	2.0%

For illustration purposes only, if the School's aggregate Gross Revenue during the TTM period ending as of March 31 was $1.2 million, the School's minimum Local Marketing Spending Requirement for that same TTM period ending as of March 31 would have been Seventy-Two Thousand Dollars ($72,000), which is six percent (6%) of the School's aggregate Gross Revenue during that TTM period (meaning the School must have spent that minimum amount during that TTM period). If the School's aggregate Gross Revenue during the TTM period ending as of June 30 was $1.6 million, the School's minimum Local Marketing Spending Requirement for that same

TTM period ending as of June 30 would have been Eighty Thousand Dollars ($80,000), which is five percent (5%) of the School's aggregate Gross Revenue during that TTM period (meaning the School must have spent that minimum amount during that TTM period). (The minimum Local Marketing Spending Requirement referenced in the table above will not affect your required Advertising Cooperative contribution under Section 13.E below.)

We have the right in our sole judgment, upon no less than thirty (30) days' prior written notice to you, (1) to change the number of TTM tiers, or the low and high ranges of any particular TTM tier, referenced above and the related Local Marketing Spending Requirement, or (2) to eliminate the TTM tiers entirely and implement the Local Marketing Spending Requirement on a different periodic basis, provided, however, that your minimum Local Marketing Spending Requirement during any annual, monthly, or other timeframe will under no circumstances exceed six percent (6%) of the School's Gross Revenue.

If you fail to spend (or prove to us—in the manner and within the timeframe we specify—that you spent) the Local Marketing Spending Requirement during the applicable timeframe, we may, in addition to and without limiting our other rights and remedies, elect to require you (i) to contribute the shortfall to the Brand Fund for use as provided in Section 13.B above, (ii) to pay us the shortfall to spend for you in your market for the materials and activities described above, or (iii) to spend the shortfall in any manner and over any timeframe we deem appropriate.

We will not count any of the following expenditures towards your Local Marketing Spending Requirement: Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), employee incentive programs, and other amounts that we, in our reasonable judgment, deem inappropriate to satisfy the Local Marketing Spending Requirement. We may review your books and records, and require you to submit reports periodically, to determine your advertising, marketing, and promotion expenses.

You acknowledge that the marketing activities in which you engage will materially affect your School's success or lack of success. While you agree to the Local Marketing Spending Requirement as described above, that amount might be insufficient for you to achieve your business objectives.

13.E. Regional Advertising Cooperatives

We may designate a geographic area for an advertising cooperative (a "**Cooperative**"). The Cooperative's members in any area are the owners of all BIG BLUE Swim Schools located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. We may change, dissolve, and merge Cooperatives. Each Cooperative's purpose is, with our approval, to administer advertising programs and develop Marketing Materials for the area the Cooperative covers. If, as of the Effective Date, we have established a Cooperative for the geographic area in which the School is located, or if we establish a Cooperative in that area during the Term, you automatically will become a member of the Cooperative and then must participate as its governing documents require. We reserve the right to require you to contribute to the Cooperative up to four

percent (4%) of the School's Gross Revenue during the applicable preceding Calculation Period (regardless of the School's then-effective minimum Local Marketing Spending Requirement). All of the Cooperative dues you contribute will count toward the Local Marketing Spending Requirement under Section 13.D but will not affect your market introduction program obligations under Section 13.A or be credited toward your required Brand Fund contributions.

13.F. System Website

We or our designees may establish a website or series of websites (with or without restricted access) for the BIG BLUE Swim School network: (1) to advertise, market, identify, and promote BIG BLUE Swim Schools, the services and products they offer, and/or the BIG BLUE Swim School franchise opportunity; (2) to help us operate the BIG BLUE Swim School network; and/or (3) for any other purposes we deem appropriate for BIG BLUE Swim Schools or other business activities in which we engage (collectively, the "**System Website**"). The System Website need not provide you with a separate interior webpage or "micro-site" referencing your School. You must give us the information and materials we request for you to participate in the System Website. In doing so, you represent that they are accurate and not misleading and do not infringe another party's rights. We will own all intellectual property and other rights in the System Website and all information it contains, including domain names or URL, the log of "hits" by visitors, any personal or business data visitors supply, and all information relating to the School's customers (collectively, the "**Data**").

We will control, and may use Brand Fund contributions to develop, maintain, operate, update, and market, the System Website. You must pay our then-current monthly or other fee to participate in the various aspects of the System Website or as we otherwise require to maintain and operate the System Website's various features and functions (if, or to the extent, the Brand Fund does not pay for these costs). We have final approval rights over all information on the System Website. We may implement and periodically modify Brand Standards for the System Website.

We will allow you to participate in the System Website only while you are in substantial compliance with this Agreement and all Brand Standards (including those for the System Website). If you are in material default of any obligation under this Agreement or Brand Standards, we may, in addition to our other remedies, temporarily suspend your participation in the System Website until you fully cure the default. We will permanently terminate your access to and participation in the System Website upon this Agreement's expiration or termination.

All Marketing Materials you develop for the School must comply with Brand Standards and contain notices of the System Website's URL in the manner we periodically designate. You may not develop, maintain, or authorize any Digital Marketing or Social Media mentioning or describing the School or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Digital Marketing and Social Media. Except for the System Website and approved Digital Marketing and Social Media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Digital Marketing, Social Media, or website.

Nothing in this Section limits our right to maintain websites other than the System Website or to offer and sell services and products under the Marks from the System Website, another website, or otherwise over the Internet without payment or any other obligation to you.

14. Records, Reports, and Financial Statements

In order to assure consistency and reliability with respect to the various forms of financial reporting you must make to us, you must acquire at your own expense and then use our preferred accounting and bookkeeping system that we prescribe from time to time (whether or not proprietary to us or our affiliates). The records and information contained in any accounting, bookkeeping, or other recordkeeping system we require will not include any records or information relating to the School's employees, as you control exclusively your labor relations and employment practices. You must use a Computer System to maintain certain revenue data and other information (including Consumer Data) and give us access to that data and other information (but excluding employee records, as you control exclusively your labor relations and employment practices) in the manner we specify. We may, as often as we deem appropriate (including on a daily, continuous basis), independently access the Computer System and retrieve all information regarding the School's operation (other than School employee records, as you control exclusively your labor relations and employment practices). You must give us:

(1) on or before a Payment Day, statistical reports showing the School's total Gross Revenue, customer count, and other information we request regarding you and the School covering the previous applicable Calculation Period;

(2) within thirty (30) days after the end of each fiscal quarter, the School's operating statements and financial statements (including a balance sheet and cash flow and profit and loss statements) as of the end of that fiscal quarter;

(3) within ninety (90) days after the end of each of your fiscal years, annual profit and loss and cash flow statements, a balance sheet for the School as of the end of the previous fiscal year, and a narrative written description of your year-end operating results; and

(4) within fifteen (15) days after our request, exact copies of federal and state income, sales tax, and other tax returns and any other forms, records, books, reports, and other information we periodically require relating to you or the School (other than School employee records, as you control exclusively your labor relations and employment practices).

We may periodically specify the form and content of the reports and financial statements described above. You must verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data from such reports and statements (and to identify the School as the source of such reports and statements) for any business purpose we determine in our sole judgment, including the right to identify the School and disclose its individual financial results in both a financial performance representation appearing in Item 19 of our franchise disclosure document and a supplemental financial performance representation.

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location at the School or at another location we have approved in writing for at least five (5) years after the end of the fiscal year to which such records relate or for any longer time the Law requires. If we reasonably determine that any report or financial statement you send us is willfully or recklessly, and materially, inaccurate, we may require you to prepare, at your own expense, audited financial statements annually during the Term until we determine that your reports and statements accurately reflect the School's business and operations.

15. Inspections and Audits

15.A. Inspections

To determine whether you and the School are complying with this Agreement, all Brand Standards, and safety standards, we and our designated representatives and vendors (including "mystery" shoppers) have the right before you open the School for business and afterward from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the School, observe and record operations (including through electronic monitoring), remove samples of products and supplies, interview and interact with the School's supervisory employees and customers, inspect all books and records relating to the School, and access all electronic records on your Computer System to the extent necessary to ensure compliance with this Agreement and all Brand Standards (in all cases excluding records relating to labor relations and employment practices, as you control exclusively labor relations and employment practices for School employees). You must cooperate with us and our representatives and vendors in those activities. We will give you a written summary of the evaluation.

Without limiting our other rights and remedies under this Agreement, you must promptly correct at your own expense all deficiencies (i.e., failures to comply with Brand Standards) noted by our evaluators within the time period we specify after you receive notice of those deficiencies. We then may conduct one or more follow-up evaluations to confirm that you have corrected the deficiencies and otherwise are complying with this Agreement and all Brand Standards. You must pay the actual costs of the first follow-up audit, including our personnel's daily charges (including wages) and TRE. We may charge you a Two Thousand Five Hundred Dollar ($2,500) inspection fee, plus our personnel's TRE, for the second and each follow-up evaluation we make and for each inspection you specifically request. If you fail to correct a deficiency at the School or in its operation after these inspections, we may (short of taking over the School's management) take the required action for you, in which case you must immediately reimburse all of our costs.

Because we do not have the right to inspect your employment records, you agree to confirm for us periodically (in the manner specified in Brand Standards) that the School's employees have all certifications required by Law.

15.B. Our Right to Audit

We and our designated representatives may at any time during your business hours, and without prior notice to you, examine the School's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records (other than records we have no

authority to control and/or remedy, such as your employment records, as you control exclusively your labor relations and employment practices). You must fully cooperate with our representatives and independent accountants conducting any inspection or audit. If any inspection or audit discloses an understatement of the School's Gross Revenue, you must pay us, within ten (10) days after receiving the inspection or audit report, the amounts due on the understatement plus our administrative fee and interest from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the School's Gross Revenue, we will credit you (without interest) for the overpayment. Further, if an inspection or audit is necessary due to your failure to furnish reports, supporting records, or other information as required or on a timely basis, or if our examination reveals an understatement exceeding two percent (2%) of the amount you actually reported to us for the period examined, you must reimburse our costs for the examination, including, without limitation, legal fees, independent accountants' fees, and compensation and TRE for our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable Law.

16. Significant Damage to School

If the School is damaged by fire or other casualty, you must notify us immediately. If the cost to repair the damage is less than or equal to the Damage Threshold (defined below), or if the cost to repair the damage exceeds the Damage Threshold but you notify us within a reasonable time after the casualty that you intend to repair the damage and operate the School as a BIG BLUE Swim School, then you must repair the damage promptly according to the Brand Standards and this Agreement's other terms and conditions. The "Damage Threshold" means the greater of (a) sixty percent (60%) of the School's market value immediately before the fire or other casualty, or (b) the amount of insurance proceeds made available to you in connection with the fire or casualty. If the damage or repair requires you to close all or any portion of the School, then you must commence reconstruction as soon as practicable (but in any event within four (4) months) after closing the School and reopen for continuous business operations as a BIG BLUE Swim School as soon as practicable (but in any event within twenty-four (24) months) after closing the School, but not without complying with this Agreement's other terms and conditions.

If the cost to repair the damage from a fire or other casualty exceeds the Damage Threshold and you fail to notify us within a reasonable time after the casualty that you either intend to repair the damage and operate the School as a BIG BLUE Swim School or elect not to repair the damage and operate the School as a BIG BLUE Swim School, then either party has the right to terminate this Agreement immediately upon written notice to the other. If this Agreement is terminated pursuant to this Section, and if you and your owners sign a termination agreement, then the amount of liquidated damages payable under Section 20.G will not exceed the amount of any insurance proceeds that you receive relating to the fire or other casualty. You must give us the documentation we reasonably request to calculate the Damage Threshold and the insurance proceeds you receive in connection with any fire or other casualty. However, the termination agreement will provide that if you, any of your affiliates, or any other entity (including any buyer of the School) begins construction or operation of a swim school at the Site other than a BIG BLUE Swim School at any time during the twenty-four (24) months following the effective date of termination of this Agreement, then you or your owners must pay us liquidated damages equal to the difference between (i) the amount that would have been payable under Section 20.G at the time of

termination, less (ii) the amount of liquidated damages actually paid at the time of termination pursuant to this Section.

The Term will be extended for the time period during which the School is closed due to fire or other casualty. You need not pay Royalties or Brand Fund contributions while the School is closed due to condemnation or casualty unless you receive insurance proceeds compensating you for lost Gross Revenue during such time period.

17. Transfer

17.A. Transfer by Us

We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After we assign this Agreement to a third party that expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, you agree that we may sell our assets (including this Agreement), the Marks, or the Franchise System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

17.B. Transfer by You and Definition of Transfer

The rights and duties this Agreement creates are personal to you and your owners, and we have granted you the rights under this Agreement in reliance upon our perceptions of your and your owners' character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither: (i) this Agreement or any interest in this Agreement; (ii) the School or any right to receive all or a portion of the profits, losses, or capital appreciation relating to the School; (iii) all or substantially all of the Operating Assets; (iv) any ownership interest in you; nor (v) a controlling ownership interest in an Entity with an ownership interest in you, may be transferred without our prior written approval. A transfer of the School's ownership, possession, or control, or all or substantially all of the Operating Assets, may be made only with the concurrent transfer (to the same proposed transferee) of the franchise rights (with the transferee assuming this Agreement or signing our then-current form of franchise agreement and related documents, as we may require). Any transfer without our prior written approval is a breach of this Agreement and has no effect, meaning you and your owners will continue to be obligated to us for all your obligations under this Agreement.

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

(1) transfer of record or beneficial ownership of stock or any other ownership interest or the right to receive (directly or indirectly) all or a portion of the profits, losses, or any capital appreciation relating to the School;

(2) a merger, consolidation, or exchange of ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or a redemption of ownership interests;

(3) any sale or exchange of voting interests or securities convertible to voting interests, or any management or other agreement granting the right (directly or indirectly) to exercise or control the exercise of any owner's voting rights or to control your (or an Entity with an ownership interest in you) or the School's operations or affairs;

(4) transfer in a divorce, insolvency, or Entity dissolution proceeding or otherwise by operation of law;

(5) transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(6) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security or collateral, foreclosure upon or attachment or seizure of the School, or your transfer, surrender, or loss of the School's possession, control, or management. You may grant a security interest (including a purchase money security interest) in the School's assets (not including this Agreement or the franchise rights) to a lender that finances your acquisition, development, and/or operation of the School without having to obtain our prior written approval as long as you give us ten (10) days' prior written notice. Notwithstanding the above, you may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction. This Agreement and the franchise rights granted to you by this Agreement may not be pledged as collateral or be the subject of a security interest, lien, levy, attachment, or execution by your creditors or any financial institution. Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code.

17.C. Conditions for Approval of Transfer

If you and your owners are in full compliance with this Agreement, then, subject to this Section 17's other provisions:

We will approve the transfer of a non-controlling ownership interest in you if the proposed transferee and its owners are of good moral character, have no ownership interest in and do not perform services for (and have no affiliates with an ownership interest in or performing services for) a Competitive Business, otherwise meet our then-applicable standards for non-controlling owners of BIG BLUE Swim School franchisees, sign our then-current form of Guaranty and Assumption of Obligations and pay us a Five Thousand Dollar ($5,000) transfer fee. The term "**controlling ownership interest**" is defined in Section 22.M.

If the proposed transfer involves the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, or is one of a series of transfers (regardless of the timeframe over which those transfers take place) in the aggregate transferring the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, then we will not unreasonably withhold our approval of a proposed transfer meeting all of the following conditions (provided, however, there may be no such transfer until after the School has opened for business):

(a) on both the date you send us the transfer request and the transfer's proposed effective date: (i) the transferee and its direct and indirect owners have the necessary business experience, aptitude, and financial resources to operate the School, (ii) the transferee otherwise is qualified under our then-existing standards for the approval of new franchisees or of existing franchisees interested in acquiring additional franchises (including the transferee and its affiliates are in substantial operational compliance, at the time of the application, under all other franchise agreements for BIG BLUE Swim Schools to which they then are parties with us), and (iii) the transferee and its owners are not restricted by another agreement (whether or not with us) from purchasing the School or the ownership interest in you or the Entity that owns a controlling ownership interest in you;

(b) on both the date you send us the transfer request and the transfer's proposed effective date, you have paid all required Royalties, Software License Fees, Brand Fund contributions, MSC Fees, and other amounts owed to us and our affiliates relating to this Agreement and the School, have submitted all required reports and statements, and are not in breach of any provision of this Agreement or another agreement with us or our affiliates relating to the School;

(c) on both the date you send us the transfer request and the transfer's proposed effective date, neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in, or performs services for a Competitive Business;

(d) before or after the transfer's proposed effective date (as we determine), the transferee's management personnel, if different from your management personnel, satisfactorily complete our then-current Initial Training;

(e) the transferee has the right to occupy the School's site for the expected franchise term;

(f) before the transfer's proposed effective date, the transferee and each of its owners (if the transfer is of the franchise rights granted by this Agreement), or you and your owners (if the transfer is of a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you), if we so require, sign our then-current form of franchise agreement and related documents (including a Guaranty and Assumption of Obligations), any and all of the provisions of which

may differ materially from any and all of those contained in this Agreement, provided, however, that (i) the term of the new franchise agreement signed will equal the unexpired portion of this Agreement's Term, (ii) the Royalty, Software License Fee, and Brand Fund contribution levels specified in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term (i.e., the unexpired portion of the Term), and (iii) the Area of Protection defined in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term (i.e., the unexpired portion of the Term);

(g) before the transfer's proposed effective date, you or the transferee pays us a transfer fee equal to Twenty-Five Thousand Dollars ($25,000);

(h) before the transfer's proposed effective date, the transferee agrees to repair and/or replace Operating Assets and upgrade the School in accordance with our then-current requirements and specifications for new BIG BLUE Swim Schools within the timeframe we specify following the transfer's effective date;

(i) before the transfer's proposed effective date, you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors, and assigns;

(j) we have determined that the purchase price, payment terms, and required financing will not adversely affect the transferee's operation of the School;

(k) if you or your owners finance any part of the purchase price, you and they agree before the transfer's proposed effective date that the transferee's obligations under promissory notes, agreements, or security interests reserved in the Operating Assets, the School, or ownership interests in you are subordinate to the transferee's (and its owners') obligation to pay Royalties, Software License Fees, Brand Fund contributions, MSC Fees, and other amounts due to us and our affiliates and otherwise to comply with this Agreement;

(l) before the transfer's proposed effective date, you and your transferring owners (and members of their Immediate Families) agree, for the applicable timeframe beginning on the transfer's effective date, not to engage in any activity proscribed in Section 20.E below; and

(m) before the transfer's proposed effective date, you and your transferring owners agree not directly or indirectly at any time afterward or in any manner (except with other BIG BLUE Swim Schools you or they own or operate) to: (i) identify yourself or themselves in any business as a current or former BIG BLUE Swim School or as one of our franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, any copyrighted items, or other indicia of a BIG

BLUE Swim School for any purpose; or (iii) utilize for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.

If the proposed transfer is to or among your owners, your or their Immediate Family members, or an Entity you control, then the transfer fee in clause (g) will be Twelve Thousand Five Hundred Dollars ($12,500).

We have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you. Therefore, our contact with potential transferees to protect our business interests will not constitute improper or unlawful conduct. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms, to communicate candidly and truthfully with the transferee regarding your operation of the School, and to withhold our consent, as long as our decision is not unreasonable, even if the conditions in clauses (a) through (m) above are satisfied. You waive any claim that our decision to withhold approval of a proposed transfer in order to protect our business interests—if that decision was reasonable despite satisfaction of the conditions in clauses (a) through (m) above—constitutes tortious interference with contractual or business relationships or otherwise violates any Law. We may review all information regarding the School you give the proposed transferee, correct any information we believe is inaccurate, and give the proposed transferee copies of any reports you have given us or we have made regarding the School.

Notwithstanding anything to the contrary in this Section 17, we need not consider a proposed transfer of a controlling or non-controlling ownership interest in you, or a proposed transfer of this Agreement, until you (or an owner) and the proposed transferee first send us a copy of the bona fide offer to purchase or otherwise acquire the particular interest from you (or the owner). For an offer to be considered "bona fide," we may require it to include a copy of all proposed agreements between you (or your owner) and the proposed transferee related to the sale, assignment, or transfer.

17.D. Transfer to a Wholly-Owned or Affiliated Entity

Notwithstanding Section 17.C above, if you are in full compliance with this Agreement, you may transfer this Agreement, together with the Operating Assets and all other assets associated with the School, to an Entity that will conduct no business other than the School and, if applicable, other BIG BLUE Swim Schools and of which you or your then-existing owners own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all School assets are owned, and the School is operated, only by that single Entity. The Entity must expressly assume all of your obligations under this Agreement, but you will remain personally liable under this Agreement as if the transfer to the Entity did not occur. Transfers of ownership interests in that Entity are subject to the restrictions in Section 17.C.

17.E. Death or Disability

(1) Transfer Upon Death or Disability

Upon the death or disability of one of your owners, that owner's executor, administrator, conservator, guardian, or other personal representative (the "**Representative**") must transfer the owner's ownership interest in you (or an owner) to a third party, which may include an Immediate Family member. That transfer (including transfer by bequest or inheritance) must occur, subject to our rights under this Section 17.E, within a reasonable time, not to exceed six (6) months from the date of death or disability, and is subject to all terms and conditions in this Section 17. A failure to transfer such interest within this time period is a breach of this Agreement.

(2) Operation upon Death or Disability

If, upon the death or disability of any of your owners, the School's day-to-day operations are not being managed by a trained manager, then you or the Representative (as applicable) must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, hire a new manager to operate the School. The manager must at your expense satisfactorily complete the training we designate within the time period we specify. We have the right to assume the School's management, as described in Section 19.C, for the time we deem necessary if the School is not in our opinion being managed properly upon the death or disability of one of your owners.

17.F. Effect of Consent to Transfer

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

17.G. Our Right of First Refusal

If you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you at any time determines to sell or transfer for money or other consideration (which can be independently valued in dollars) the franchise rights granted by this Agreement and the School (or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you (except to or among your current owners or in a transfer under Section 17.D, which are not subject to this Section 17.G), you agree to obtain from a responsible and fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which, as noted in Section 17.C above, we may require to include a copy of all proposed agreements related to the sale or transfer). The offer must include details of the proposed sale or transfer's payment terms and the financing sources and terms of the proposed purchase price and provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed-dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to the rights granted by this Agreement and the School (or all

or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you. It may not relate to any other interests or assets. We may require you (or your owners) to send us copies of any materials or information you send to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (a) we may substitute cash for any form of consideration proposed in the offer; (b) our credit will be deemed equal to the credit of any proposed buyer; (c) the closing of our purchase will not (unless we agree otherwise) be earlier than sixty (60) days after we notify you of our election to purchase or, if later, the closing date proposed in the offer; (d) you and your owners must sign the general release described in Section 17.C(i) above; and (e) we must receive, and you and your owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or of ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; your and your owners' authorization to sell, as applicable, any ownership interests or assets without violating any Law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the School before the closing of our purchase. If the offer is to purchase all of your ownership interests, we may elect instead to purchase all of the School's assets (and not any of your ownership interests) on the condition that the amount we pay you for such assets equals the full value of the transaction as proposed in the offer (i.e., the value of all assets to be sold and of all liabilities to be assumed).

Once you or your owners submit the offer and related information to us triggering the start of the thirty (30) day decision period referenced above, the offer is irrevocable for that thirty (30) day period. This means we have the full thirty (30) days to decide whether to exercise the right of first refusal and may choose to do so even if you or your owners change your, his, her, or its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and we may exercise the right to purchase the particular interest in accordance with this Section's terms.

If we exercise our right of first refusal and close the transaction, you and your transferring owners agree that you and they (and members of your or their Immediate Families) will be bound by the non-competition covenants contained in Section 20.E for two (2) years beginning on the closing date.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section 17. If you or your owners do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the sale's terms (which you agree to tell us promptly), we will have

an additional right of first refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

We have the unrestricted right to assign this right of first refusal to a third party (including an affiliate), which then will have the rights described in this Section 17.G. (All references in this Section 17.G to "we" or "us" include our assignee if we have exercised our right to assign this right of first refusal to a third party.) We waive our right of first refusal for sales or transfers to Immediate Family members meeting the criteria in Section 17.C.

18. Expiration of Agreement

When this Agreement expires (unless it is terminated sooner), you will have the right to acquire a successor franchise to continue operating the School as a BIG BLUE Swim School for ten (10) years under our then-current form of franchise agreement, but only if you:

(1) have requested in writing and conducted with us a business review at least six (6) months, but not more than nine (9) months, before the end of the Term and then have formally notified us of your desire to acquire a successor franchise no less than three (3) months before the end of the Term;

(2) have substantially complied with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the School, including operated the School in substantial compliance with Brand Standards, during the Term, as noted in the business review we conduct;

(3) continue complying substantially with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the School between the time you formally notify us of your desire to acquire a successor franchise and the end of the Term; and

(4) retain the right to occupy the School at its original site, have remodeled and upgraded the School, and otherwise have brought the School into full compliance with then-applicable specifications and standards for new BIG BLUE Swim Schools (regardless of cost) before this Agreement expires. We have no obligation to grant you a successor franchise if you wish to relocate the School or no longer have the right to occupy the School at its original site.

To acquire a successor franchise, you and your owners must: (i) sign our then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement, including higher Royalties, Software License Fees, and Brand Fund contributions (provided that the Area of Protection will remain the same during the successor franchise), and will be modified to reflect that it is for a successor franchise; (ii) pay us a successor franchise fee equal to Five Thousand Dollars ($5,000); and (iii) sign a general release in the form we specify as to any and all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, agents, representatives, successors,

and assigns. If you fail to sign and return the documents referenced above, together with the successor franchise fee, within thirty (30) days after we deliver them to you, that will be deemed your irrevocable election not to acquire a successor franchise.

If you fail to notify us by the deadline specified in clause (1) above of your desire to acquire a successor franchise, or if you (and your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise (at or after the business review) and on the date on which this Agreement expires, in substantial compliance with this Agreement and all other agreements with us or our affiliates related to the School, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 19. We may condition our grant of a successor franchise on your completing certain requirements on or before designated deadlines following commencement of the successor franchise term.

19. Termination of Agreement

19.A. Termination by You

You may terminate this Agreement if we materially breach any of our obligations under this Agreement and fail to correct that breach within thirty (30) days after you deliver written notice to us of the breach; provided, however, if we cannot reasonably correct the breach within those thirty (30) days but give you, within the thirty (30) days, evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of that reasonable time period. Your termination of this Agreement other than according to this Section 19.A, or other than in the circumstances described in Section 16, will be deemed a termination without cause and your breach of this Agreement.

19.B. Termination by Us

We may, at our option, terminate this Agreement, effective immediately upon delivery of written notice of termination to you, upon the occurrence of any one of the following events:

(1) you (or any of your direct or indirect owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the franchise or your operation of the School, including, without limitation, by intentionally or through your gross negligence understating the School's Gross Revenue for any period;

(2) you reject a Qualified Site and do not correct the rejection within ten (10) days after delivery of written notice;

(3) you fail (a) to meet any development obligation identified in Section 4 on or before the required deadline (unless extended with our approval), or (b) to open and begin operating the School in compliance with this Agreement, including all Brand Standards (including with a fully-trained staff), on or before the Opening Deadline (unless extended with our approval);

(4) you (a) abandon the School, meaning you have deserted, walked away from, or closed the School under circumstances leading us to conclude that you have no intent to return to the School, regardless of how many days have passed since the apparent abandonment, or (b) fail actively and continuously to operate the School for at least three (3) consecutive days (except where closure is due to fire, riot, flood, terrorist acts, or natural disaster and you notify us within three (3) days after the particular occurrence to obtain our written approval to remain closed for an agreed-upon amount of time as is necessary under the circumstances before we will require you to re-open);

(5) you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you makes a purported transfer in violation of Section 17;

(6) you (or any of your direct or indirect owners) are or have been convicted by a trial court of, or plead or have pleaded guilty or no contest to, a felony;

(7) we reasonably determine that (a) a serious threat or danger to public health or safety has resulted or will result from the School's construction or operation, and (b) an immediate termination of this Agreement and permanent shutdown of the School or construction site is necessary to avoid substantial liability or material loss of goodwill of the BIG BLUE Swim School brand;

(8) you (or any of your direct or indirect owners) engage in any dishonest, unethical, immoral, or similar conduct as a result of which your (or the owner's) association with the School (or the owner's association with you) could, in our reasonable opinion, have a material adverse effect on the goodwill associated with the Marks, provided, however, that nothing in this clause or elsewhere in this Agreement restricts or is intended to restrict your or your owners' communications with any state or federal law regulator or enforcement authority about potential violations of law;

(9) a lender forecloses on its lien on a substantial and material portion of the School's assets;

(10) an entry of judgment against you involving aggregate liability of Twenty-Five Thousand Dollars ($25,000) or more in excess of your insurance coverage, and the judgment remains unpaid for ten (10) days or more following its entry;

(11) you (or any of your direct or indirect owners) misappropriate any Confidential Information or violate any provisions of Section 12, including, but not limited to, by holding interests in or performing services for a Competitive Business;

(12) you violate any material Law relating to the School's development, operation, or marketing and do not (a) begin to correct the noncompliance or violation immediately after delivery of written notice (regardless of by whom sent to you) or (b) completely correct the noncompliance or violation within the time period prescribed by Law, unless, in the case of both (a) and (b), you are in good faith contesting your liability

for the violation through appropriate proceedings or, in the case of (b) only, you provide reasonable evidence to us and the relevant authority of your continued efforts to correct the violation within a reasonable time period;

(13) you fail to report the School's Gross Revenue or to pay us or any of our affiliates any amounts when due and do not correct the failure within five (5) days after delivery of written notice;

(14) you underreport the School's Gross Revenue by two percent (2%) or more on three (3) separate occasions within any twenty-four (24) consecutive-month period or by five percent (5%) or more for any Calculation Period;

(15) you fail to maintain the insurance this Agreement requires or to send us satisfactory evidence of such insurance within the required time, or significantly modify your insurance coverage without our written approval, and do not correct the failure within five (5) days after delivery of written notice;

(16) you fail to pay when due any federal or state income, service, sales, employment, or other taxes due on the School's operation, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;

(17) you (or any of your direct or indirect owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive-month period to comply with this Agreement (including any Brand Standard), whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A), or (b) fail on two (2) or more separate occasions within any six (6) consecutive-month period to comply with the same obligation under this Agreement (including any Brand Standard), whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A);

(18) you fail to pay amounts you owe to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material relating to the School's operation or ownership, and do not correct the failure within five (5) days after delivery of written notice;

(19) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the School is attached, seized, or levied upon, unless the attachment, seizure, or levy is vacated within sixty (60) days; or any order appointing a receiver, trustee, or liquidator of you or the School is not vacated within sixty (60) days following its entry;

(20) your or any of your owners' assets, property, or interests are blocked under any Law relating to terrorist activities, or you or any of your owners otherwise violate any such Law;

(21) you lose the right to occupy the School's premises due to your Lease default (even if you have not yet vacated the School's premises);

(22) you lose the right to occupy the School's premises (but not due to your Lease default), or the School is damaged to such an extent that you cannot operate the School at its existing location over a thirty (30) day period, and you fail both to relocate the School to a substitute site we accept and to begin operating the School at that substitute site within one hundred eighty (180) days from the first date on which you could not operate the School at its existing location;

(23) you fail to comply with any safety-related obligation under this Agreement, including any Brand Standard, and do not correct the failure to our satisfaction within five (5) days after we deliver written notice;

(24) you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our affiliates) and you relating to the School, including, without limitation, any Brand Standard, and do not correct the failure to our satisfaction within thirty (30) days after we deliver written notice; or

(25) you cause or contribute to a Data Security Incident or fail to comply with any requirements to protect Consumer Data.

We also have the right to terminate this Agreement as provided in Section 16.

19.C. Assumption of School's Management

(i) If you abandon or fail actively to operate the School for any period, (ii) under the circumstances described in Sections 17.E and 19.D, and (iii) after termination or expiration of this Agreement while we are deciding whether to exercise our right to purchase the School's Operating Assets under Section 20.F, we or our designee has the right (but not the obligation) to enter the site and assume the School's management for any time period we deem appropriate. Our manager will exercise control over the working conditions of the School's employees only to the extent such control is related to our legitimate interest in protecting, and is necessary at that time to protect, the quality of our services, products, or brand. If we assume the School's management, all revenue from the School's operation during our management period will (except as provided below) be kept in a separate account, and all School expenses will be charged to that account. In addition to all other fees and payments owed under this Agreement on account of the School's operation, we may charge you a reasonable management fee, not to exceed ten percent (10%) of the School's Gross Revenue, plus any out-of-pocket expenses incurred in connection with the School's management, including salaries and TRE. We or our designee will have a duty to use only reasonable efforts and, if we or our designee is not grossly negligent and does not commit an act of willful misconduct, will not be liable to you or your owners for any debts, losses, lost or

reduced profits, or obligations the School incurs, or to any of your creditors for any supplies, products, or other assets or services the School purchases, while we or our designee manages it. We may require you to sign our then-current form of management agreement, which will govern the terms of our management of the School.

If we or our designee assumes the School's management due to your abandonment or failure actively to operate the School, or after termination or expiration of this Agreement while we are deciding whether to exercise our right to purchase the School's Operating Assets under Section 20.F, we or our designee may retain all, and need not pay you or otherwise account to you for any, Gross Revenue generated while we or our designee manages the School.

19.D. Other Remedies upon Default

Upon your failure to remedy any noncompliance with any provision of this Agreement or any Brand Standard, or another default specified in any written notice issued to you under Section 19.B, within the time period (if any) we specify in our notice, or if we reasonably determine that a serious threat or danger to public health or safety has resulted or will result from the School's operation that you have not corrected or cannot correct within the timeframe we require, we have the right, until the failure has been corrected to our satisfaction, to take any one or more of the following actions:

(1) suspend your right to participate in one or more advertising, marketing, or promotional programs that we or the Brand Fund provides;

(2) suspend or terminate your participation in any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(3) refuse to provide any operational support this Agreement requires; and/or

(4) assume the School's management, as described in Section 19.C, for the time we deem necessary in order to correct the default, for all of which costs you must reimburse us (in addition to the amounts you must pay us under Section 19.C).

Exercising any of these rights will not constitute an actual or constructive termination of this Agreement or be our sole and exclusive remedy for your default. If we exercise any remedies in this Section 19.D rather than terminate this Agreement, we may at any time after the applicable cure period under the written notice has lapsed (if any) terminate this Agreement without giving you any additional corrective or cure period. During any suspension period, you must continue paying all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. Our election to suspend your rights as provided above is not our waiver of any breach of this Agreement. If we rescind any suspension of your rights, you are not entitled to any compensation (including, without limitation, repayment, reimbursement, refunds, or offsets) for any fees, charges, expenses, or losses you might have incurred due to our exercise of any suspension right provided above.

20. Rights and Obligations upon Termination or Expiration of This Agreement

20.A. Payment of Amounts Owed

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date we determine the amounts due to us, the Royalties, Software License Fees, Brand Fund contributions, MSC Fees, late fees and interest, and other amounts owed to us (and our affiliates) that are then unpaid.

20.B. De-Identification

Upon termination or expiration of this Agreement, you must de-identify the School in compliance with this Section 20.B and as we reasonably require. De-identification includes, but is not limited to, taking the following actions:

(1) beginning immediately upon the effective date of termination or expiration, you and your owners may not directly or indirectly at any time afterward or in any manner (except in connection with other BIG BLUE Swim Schools you or they own and operate): (a) identify yourself or themselves in any business as a current or former BIG BLUE Swim School or as one of our current or former franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, any copyrighted items, or other indicia of a BIG BLUE Swim School for any purpose; or (c) use for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.

(2) immediately upon the effective date of termination or expiration, you must take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(3) if we do not exercise the option under Section 20.F below, you must at your own cost, and without any payment from us for such items, destroy all signs, Marketing Materials, forms, and other materials containing any Mark within twenty (20) days after the De-identification Date (defined below). If you fail to do so voluntarily, we and our representatives may enter the School at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so. (Notwithstanding the above, you may after the De-identification Date sell these branded items to another BIG BLUE Swim School franchisee.);

(4) if we do not exercise the option under Section 20.F below, you must at your own cost, and without any payment from us for such items, destroy all materials that are proprietary to the BIG BLUE Swim School brand within thirty (30) days after the De-identification Date. If you fail to do so voluntarily when we require, we and our representatives may enter the School at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You

must reimburse our costs of doing so. (Notwithstanding the above, you may after the De-identification Date sell these branded items to another BIG BLUE Swim School franchisee.);

(5) if we do not exercise the option under Section 20.F below, you must at your own expense within twenty (20) days after the De-identification Date make the alterations we specify to distinguish the School clearly from its former appearance and from other BIG BLUE Swim Schools in order to prevent public confusion. If you fail to do so voluntarily when we require, we and our representatives may enter the School at our convenience and take this action without liability to you, your landlord, or any other third party for trespass or any other claim. We need not compensate you or the landlord for any alterations. You must reimburse our costs of de-identifying the School;

(6) you must within fifteen (15) days after the De-identification Date notify the telephone company and all telephone directory publishers (both web-based and print) of the termination or expiration of your right to use any telephone, facsimile, or other numbers and telephone directory listings associated with any Mark; authorize, and not interfere with, the transfer of those numbers and directory listings to us or at our direction; and/or instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and

(7) you must immediately cease using or operating any Digital Marketing and Social Media related to the School or the Marks, take all action required to disable Digital Marketing and Social Media accounts, and cancel all rights in and to any accounts for such Digital Marketing and Social Media (unless we request you to assign them to us).

The "**De-identification Date**" means: (i) if we exercise the option under Section 20.F, the closing date of our (or our designee's) purchase of the School's assets; or (ii) if we do not exercise the option under Section 20.F, the date upon which that option expires or we notify you of our decision not to exercise, or to withdraw our previous exercise, of that option, whichever occurs first.

20.C. Confidential Information

Upon termination or expiration of this Agreement, you and your owners must immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials to which we gave you access. You may not sell, trade, or otherwise profit in any way from any Consumer Data or other Confidential Information at any time after expiration or termination of this Agreement.

20.D. Notification to Customers

Upon termination or expiration of this Agreement, we have the right to contact (at our expense) previous, current, and prospective customers to inform them that a BIG BLUE Swim School no longer will operate at the School's location or, if we intend to exercise the option under Section 20.F, that the School will operate under new management. We also have the right to inform

them of other nearby BIG BLUE Swim Schools. Exercising these rights will not constitute interference with your contractual or business relationship with those customers.

20.E. Covenant Not to Compete

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), you and your owners agree that neither you, they, nor any member of your or their Immediate Families will:

(1) have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in any Competitive Business located or operating:

(a) at the School's site; or

(b) within ten (10) miles of the School's site; or

(c) within ten (10) miles of the physical location of another BIG BLUE Swim School in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 20.E,

provided that this restriction does not prohibit ownership of shares of a class of securities publicly traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or

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

(a) at the School's site; or

(b) within ten (10) miles of the School's site; or

(c) within ten (10) miles of the physical location of another BIG BLUE Swim School in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 20.E.

You, each owner, and your and their Immediate Families will each be bound by these competitive restrictions for two (2) years beginning on the effective date of this Agreement's termination or expiration. However, if a restricted person does not begin to comply with these competitive restrictions immediately, the two (2) year restrictive period for that non-compliant person will not start to run until the date on which that person begins to comply with the competitive restrictions (whether or not due to the entry of a court order enforcing this provision). The running of the two (2) year restrictive period for a restricted person will be suspended whenever that restricted person

breaches this Section and will resume when that person resumes compliance. The restrictive period also will be tolled automatically during the pendency of a proceeding in which either party challenges or seeks to enforce these competitive restrictions. These restrictions also apply after a permitted transfer under Section 17 above. You (and your owners) expressly acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting those skills. Consequently, our enforcing the covenants made in this Section 20.E will not deprive you (and them) of personal goodwill or the ability to earn a living. The terms of Section 12.B of this Agreement also apply to the competitive restrictions described in this Section 20.E.

20.F. Option to Purchase Operating Assets

(1) Exercise of Option

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), we have the option, exercisable by giving you written notice before or within thirty (30) days after the effective date of termination or expiration, to purchase the Operating Assets and other assets associated with the School's operation that we designate. We have the unrestricted right to assign this purchase option to a third party (including an affiliate), which then will have the rights and, if the purchase option is exercised, obligations described in this Section 20.F (All references in this Section 20.F to "we" or "us" include our assignee if we have exercised our right to assign this purchase option to a third party.) We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including representations and warranties regarding ownership and condition of, and title to, assets; liens and encumbrances on assets; validity of contracts and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the School before the closing of our purchase. While we (or our assignee) are deciding whether to exercise the option to purchase, we (or our assignee) have the right to conduct any investigations to determine: (a) the ownership and condition of the Operating Assets; (b) liens and encumbrances on the Operating Assets; (c) environmental and hazardous substances at or upon the School's site; and (d) the validity of contracts and liabilities inuring to us (or our assignee) or affecting the Assets. You must give us and our representatives access to the School at all reasonable times to conduct inspections of the Operating Assets.

If you or one or more of your owners, directly or through another entity, hold title to the underlying real estate on which the School's physical structure is located, we (or our assignee) may elect to lease that site from you or your owner (or the entity) for an initial five (5) or ten (10) year term (at our option), with one (1) renewal term of five (5) or ten (10) years (again at our option), on commercially reasonable terms. If you lease the School's site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

(2) Purchase Price

If we elect to purchase all or substantially all of the Operating Assets and other assets associated with the School's operation, the purchase price for those assets will be their fair market

value, although fair market value will not include any value for (a) the franchise or any rights granted by this Agreement, (b) goodwill attributable to our Marks, brand image, and other intellectual property, or (c) participation in the network of BIG BLUE Swim Schools. In all cases, we may exclude from the assets purchased any Operating Assets or other items not reasonably necessary (in function or quality) to the School's operation or that we have not approved as meeting Brand Standards; the purchase price will reflect those exclusions. We and you must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after we deliver our notice exercising our right to purchase. If we and you cannot agree on fair market value within this fifteen (15) day period, fair market value will be determined by the following appraisal process.

Fair market value will be determined by one (1) independent accredited appraiser upon whom we and you agree who, in conducting the appraisal, will be bound by the criteria specified above. We and you agree to select the appraiser within fifteen (15) days after we deliver our purchase notice (if we and you do not agree on fair market value before then). If we and you cannot agree on a mutually-acceptable appraiser within the fifteen (15) days, we will send you a list of three (3) independent appraisers, and you must within seven (7) days select one of them to be the designated appraiser to determine the purchase price. Otherwise, we have the right to select the appraiser. We and you will share equally the appraiser's fees and expenses. Within thirty (30) days after delivery of notice invoking the appraisal mechanism, we and you each must send the appraiser our and your respective calculations of the purchase price, with such detail and supporting documents as the appraiser requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the assets' fair market value. The appraiser has no authority to compromise between the two (2) proposed purchase prices; it is authorized only to choose one or the other. The appraiser's choice will be the purchase price and is final.

(3) **Closing**

We will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined. However, we may decide after the purchase price is determined not to complete the purchase and will have no liability to you for choosing not to do so. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us (or our affiliates). At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; (b) all of the School's licenses and permits that may be assigned; and (c) possessory rights to the School's site.

If you cannot deliver clear title to all purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If we exercise our rights under this Section 20.F, then you and your owners (and members

of your and their Immediate Families) will be bound by the non-competition covenants contained in Section 20.E for two (2) years beginning on the closing date.

You may not under any circumstances sell any of the School's assets until we have exercised or elected not to exercise our right to purchase those assets, as provided in this Section.

20.G. Liquidated Damages

If we terminate this Agreement for cause under Section 19.B, or if you terminate this Agreement without cause, before the Term's scheduled expiration date, you acknowledge and confirm that we will suffer substantial damages as a result of such termination, including Brand Damages. "**Brand Damages**" means lost Royalties, lost Brand Fund Contributions, lost market penetration and goodwill, loss of BIG BLUE Swim School representation in the School's market area, customer confusion, lost opportunity costs, and expenses that we will incur in developing or finding another franchisee to develop another BIG BLUE Swim School in the School's market area. We and you acknowledge that Brand Damages are difficult to estimate accurately, and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to us. Therefore, upon termination of this Agreement, as provided above, before the Term's scheduled expiration date, you agree to pay us in a lump sum, within the timeframe we specify, liquidated damages equal to the product of either twenty-four (24) or the number of months that would have remained in the Term (as of the effective date of termination) had it not been terminated, whichever is shorter, multiplied by the average monthly Royalties and Brand Fund contributions that were due and payable to us during the twelve (12) months before the month of termination (or for such lesser period that the School has been open, if less than twelve (12) months).

You agree that the liquidated damages calculated under this Section 20.G represent the best estimate of our Brand Damages arising from any termination of this Agreement before the Term expires. Your payment of the liquidated damages to us will not be considered a penalty but, rather, a reasonable estimate of fair compensation to us for the Brand Damages we will incur because this Agreement did not continue for the Term's full length. You acknowledge that your payment of liquidated damages is full compensation to us only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, your obligations to pay other amounts due to us under this Agreement as of the effective date of termination and to comply strictly with the de-identification procedures of Section 20.B and your other post-termination obligations. If any valid law or regulation governing this Agreement limits your obligation to pay, and/or our right to receive, the liquidated damages for which you are obligated under this Section, then you will be liable to us for any and all Brand Damages we incur, now or in the future, as a result of your breach of this Agreement.

20.H. Continuing Obligations

All of our and your (and your owners') obligations expressly surviving expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination and until they are satisfied in full.

21. Relationship of the Parties; Indemnification

21.A. Independent Contractors

This Agreement does not create a fiduciary relationship between you and us (or any affiliate of ours). You have no authority, express or implied, to act as an agent for us or our affiliates for any purpose. You are, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the School and its assets, including any personal property, equipment, fixtures, or real property, and for all claims or demands based on damage to or destruction of property or based on injury, illness, or death of any person resulting directly or indirectly from the School's operation.

We and you are entering this Agreement with the intent and expectation that we and you are and will be independent contractors. Further, we and you are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and we (and our affiliates) will not be construed to be jointly liable for any of your acts or omissions under any circumstances. We (and our affiliates) are not the employer or joint employer of the School's employees. Your Managing Owner, general managers, and assistant managers are solely responsible for managing and operating the School and supervising the School's employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, School personnel, and others as the School's owner, operator, and manager under a franchise we have granted and to place notices of independent ownership at the School and on the forms, business cards, stationery, advertising, e-mails, and other materials we require from time to time.

We (and our affiliates) will not exercise direct or indirect control over the working conditions of School personnel, except to the extent such indirect control is related to our legitimate interest in protecting the quality of our services, products, or brand. We (and our affiliates) do not share or codetermine the employment terms and conditions of the School's employees and do not affect matters relating to the employment relationship between you and the School's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you must notify School personnel that you are their employer and that we, as the franchisor of BIG BLUE Swim Schools, and our affiliates are not their employer or joint employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all School employees that you (and not we or our affiliates) are their employer.

21.B. No Liability for Acts of Other Party

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

21.C. Taxes

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, employment, or other taxes, whether levied upon you or the School, due to the business you conduct (except for our own income taxes). You must pay those taxes and reimburse us for any taxes we must pay to any taxing authority on account of either your School's operation or payments you make to us (except for our own income taxes).

21.D. Insurance

During the Term, you must maintain in force at your sole expense insurance coverage for the School in the amounts, and covering the risks, we periodically specify in the Operations Manual. We may require some or all of your insurance policies to provide for waiver of subrogation in favor of us and certain of our affiliates. Your insurance carriers must be licensed to do business in the state in which the School is located and be rated A-, VII or higher by A.M. Best and Company, Inc. (or such similar criteria we periodically specify). Insurance policies must be in effect before you begin constructing the School. We may periodically increase the amounts of coverage required under those insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in Law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and any affiliates we periodically designate as additional insureds and provide for thirty (30) days' prior written notice to us of any policy's material modification, cancellation, or non-renewal and notice to us of any non-payment. You must periodically, including before the School opens, send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified above and the payment of premiums. We may require you to use our designated insurance broker to facilitate your compliance with these insurance requirements. We have the right to obtain insurance coverage for the School at your expense if you fail to do so, in which case you must promptly reimburse our costs. We also have the right to defend claims in our sole discretion.

21.E. Indemnification

To the fullest extent permitted by Law, you must indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and reimburse any one or more of the Indemnified Parties for, all Losses (defined below) incurred as a result of:

(1) a claim threatened or asserted;

(2) an inquiry made formally or informally; or

(3) a legal action, investigation, or other proceeding brought

by a third party and directly or indirectly arising out of:

(i) the School's construction, design, or operation;

(ii) the business you conduct under this Agreement;

(iii) your noncompliance or alleged noncompliance with any Law, including any allegation that we or another Indemnified Party is an employer or joint employer or otherwise responsible for your acts or omissions relating to the School's employees;

(iv) a Data Security Incident; or

(v) your breach of this Agreement.

You also agree to defend the Indemnified Parties (unless an Indemnified Party chooses to defend at your expense as provided in the following paragraph) against any and all such claims, inquiries, actions, investigations, and proceedings, including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct, and willful wrongful omissions. However, you have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's negligence, willful misconduct, or willful wrongful omissions, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or our failure to compel you to comply with this Agreement.

For purposes of this indemnification and hold harmless obligation, "**Losses**" includes all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, whether or not litigation, arbitration, or alternative dispute resolution actually is commenced. Each Indemnified Party, with its own counsel and at your expense, may defend and otherwise respond to and address any claim threatened or asserted or inquiry made, or action, investigation, or proceeding brought (instead of having you defend it with your counsel, as provided in the preceding paragraph), and, in cooperation with you, agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible (except as provided in the last sentence of the preceding paragraph).

Your obligations under this Section will continue in full force and effect after and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against you under this Section. A failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section.

22. Enforcement

22.A. Severability

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable. If, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future Law in a final, unappealable ruling issued by any court, arbitrator, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant restricting competitive activity is deemed unenforceable due to its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be reformed to the extent necessary to be reasonable and enforceable, and then enforced to the fullest extent permissible, under the Laws and public policies applied in the jurisdiction whose Laws determine the covenant's validity.

If any applicable and binding Law requires more notice than this Agreement requires of the termination of this Agreement or of our refusal to grant a successor franchise, or if under any applicable and binding Law any provision of this Agreement or any Brand Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the Law will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or Brand Standard to the extent required to be valid and enforceable or delete the unlawful provision entirely. You agree to be bound by any promise or covenant imposing the maximum duty the Law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

22.B. Waiver of Obligations and Force Majeure

We and you may in writing unilaterally waive or reduce any contractual obligation or restriction upon the other, effective upon delivery of written notice to the other or another effective date stated in the waiver notice. However, no interpretation, change, termination, or waiver of any provision of this Agreement will bind us unless in writing, signed by one of our officers, and specifically identified as an amendment to this Agreement. No modification, waiver, termination, discharge, or cancellation of this Agreement affects the right of any party to this Agreement to enforce any claim or right under this Agreement, whether or not liquidated, which occurred before the date of such modification, waiver, termination, discharge, or cancellation. Any waiver granted is without prejudice to any other rights we or you have, is subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand your strict compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice varying from this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including your compliance with any Brand Standard; our waiver

of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other BIG BLUE Swim Schools; the existence of franchise agreements for other BIG BLUE Swim Schools containing provisions differing from those contained in this Agreement; or our acceptance of any payments from you after any breach of this Agreement. No special or restrictive legend or endorsement on any payment or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We may remove any legend or endorsement, which will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from: (1) acts of God; (2) fires, strikes, embargoes, war, terrorist acts or similar events, or riot; (3) compliance with the orders, requests, or regulations of any federal, state, or municipal government; or (4) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties, Software License Fees, Brand Fund contributions, MSC Fees, and other amounts due afterward. Under no circumstances do any financing delays, difficulties, or shortages excuse your failure to perform or delay in performing your obligations under this Agreement.

22.C. Costs and Attorneys' Fees

If we incur costs and expenses (internal or external) to enforce our rights or your obligations under this Agreement because you have failed to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree to reimburse all costs and expenses we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. Your obligation to reimburse us arises whether or not we begin a formal legal proceeding against you to enforce this Agreement. If we do begin a formal legal proceeding against you, the reimbursement obligation applies to all costs and expenses we incur preparing for, commencing, and prosecuting the legal proceeding and until the proceeding has completely ended (including appeals and settlements).

22.D. You May Not Withhold Payments

You may not withhold payment of any amounts owed to us or our affiliates due to our alleged nonperformance of our obligations under this Agreement or for any other reason. You specifically waive any right you have at Law or in equity to offset any monies you owe us or our affiliates or to fail or refuse to perform any of your obligations under this Agreement.

22.E. Rights of Parties Are Cumulative

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

22.F. Arbitration

All controversies, disputes, or claims between us (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to:

(i) this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the School or any provision of any such agreements;

(ii) our relationship with you;

(iii) the validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the School, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Section; or

(iv) any Brand Standard,

must be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings, including the hearing, will be conducted at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law.

The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with 22.C above), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) subject to the exceptions in Section 22.I, we and you waive to the fullest extent the Law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 22.H below.

We and you will be bound by any limitation under this Agreement or applicable Law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator may not consider any

settlement discussions or offers either you or we made. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for the arbitration proceeding to take place and by doing so do not waive or relinquish our right to seek recovery of those costs in accordance with Section 22.C above.

We and you agree that arbitration will be conducted on an individual basis and not in a class, consolidated, or representative action, that only we (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving us and/or any other person. Despite the foregoing or anything to the contrary in this Section or Section 22.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 22.F, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with this Section 22 (excluding this Section 22.F).

This Section's provisions are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding expiration or termination of this Agreement.

Despite your and our agreement to arbitrate, each has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, each must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

22.G. Governing Law

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, all controversies, disputes, or claims arising from or relating to:

(1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates) relating to the School;

(2) our relationship with you;

(3) the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate) relating to the School; or

(4) any Brand Standard,

will be governed by the Laws of the State of Georgia, without regard to its conflict of Laws rules. However, the provisions of any Georgia regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply to the matters in clauses (1) through (4) above

under any circumstances unless their jurisdictional requirements and definitional elements are met independently, without reference to this Section 22.G, and no exemption to their application exists.

22.H. Consent to Jurisdiction

Subject to the arbitration obligations in Section 22.F, you and your owners agree that all judicial actions brought by us against you or your owners, or by you or your owners against us, our affiliates, or our or their respective owners, officers, directors, agents, or employees, relating to this Agreement or the School must be brought exclusively in the state or federal court of general jurisdiction located closest to where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the action is commenced. You and each of your owners irrevocably submit to the jurisdiction of such courts and waive any objection you or they might have to either jurisdiction or venue. Despite the foregoing, we may bring an action seeking a temporary restraining order or temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the School is located.

22.I. Waiver of Punitive and Exemplary Damages

EXCEPT FOR YOUR INDEMNIFICATION OBLIGATIONS UNDER SECTION 22.E AND CLAIMS BASED ON YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IF THERE IS A DISPUTE BETWEEN US AND YOU (AND/OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

22.J. Waiver of Jury Trial

SUBJECT TO THE ARBITRATION OBLIGATIONS IN SECTION 22.F, WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS). WE AND YOU (AND YOUR OWNERS) ACKNOWLEDGE THAT WE AND YOU (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERING THIS WAIVER'S RAMIFICATIONS.

22.K. Binding Effect

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors-in-interest. Subject to our right to modify the Operations Manual and Brand Standards, this Agreement may not be modified except by a written agreement signed by both you and us that is specifically identified as an amendment to this Agreement.

22.L. Limitations of Claims

EXCEPT FOR:

(1) CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US FOR ROYALTY FEES, BRAND FUND CONTRIBUTIONS, SOFTWARE LICENSE FEES, MSC FEES, AND ANY OTHER AMOUNTS THAT WOULD ACCRUE FOR AN OPERATING SCHOOL UNDER THIS AGREEMENT;

(2) OUR (AND CERTAIN OF OUR RELATED PARTIES') RIGHT TO SEEK INDEMNIFICATION FROM YOU FOR THIRD-PARTY CLAIMS AS PROVIDED IN THIS AGREEMENT; AND

(3) OUR RIGHTS IF YOU FAIL TO COMPLY WITH YOUR OBLIGATIONS UNDER A DEVELOPMENT RIGHTS AGREEMENT (IF APPLICABLE),

ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN THREE (3) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM. HOWEVER, IF THE TIME PERIOD FOR BRINGING AN ACTION UNDER ANY APPLICABLE STATE OR FEDERAL STATUTE OF LIMITATIONS IS SHORTER THAN THESE THREE (3) YEARS, WE AND YOU EXPRESSLY ACKNOWLEDGE AND AGREE THAT THE SHORTER STATUTE OF LIMITATIONS WILL APPLY.

22.M. Construction

The preambles and exhibits are part of this Agreement, which, together with any riders or addenda signed at the same time as this Agreement and together with the Operations Manual and Brand Standards, constitutes our and your entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to this Agreement's subject matter. There are no other oral or written representations, warranties, understandings, or agreements between us and you relating to this Agreement's subject matter. Notwithstanding the foregoing, nothing in this Agreement disclaims or requires you to waive reliance on any representation we made in the franchise disclosure document (including its exhibits and amendments) we delivered to you or your representative. Any policies we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and do not bind us. Except as provided in Sections 21.E and 22.F, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

We and you have negotiated this Agreement's terms and agree that neither may claim the existence of an implied covenant of good faith and fair dealing to contravene or limit any express written term or provision of this Agreement.

Headings of sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all your obligations to us under this Agreement, include any of our affiliates with whom you deal. "**Affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "**Control**" means the power to direct or cause the direction of management and policies. If two or more persons are at any time the owners of the rights under this Agreement and/or the School, whether as partners or joint venturers, their representations, warranties, obligations, and liabilities to us will be joint and several. "**Owner**" means any person holding a direct or indirect ownership interest (whether of record, beneficial, or otherwise) or voting rights in you (or your owner or a transferee of this Agreement and the School or any interest in you), including any person who has a direct or indirect interest in you (or your owner or a transferee), this Agreement, or the School or any other direct or indirect legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

References to a "**controlling ownership interest**" in you or one of your owners (if an Entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

"**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days mean calendar days and not business days. The term "**School**" includes all assets of the BIG BLUE Swim School you operate under this Agreement, including its revenue and income. "**Include**," "**including**," and words of similar import will be interpreted to mean "including, but not limited to," and the terms following such words will be interpreted as examples, and not an exhaustive list, of the appropriate subject matter.

This Agreement will become valid and enforceable only upon its full execution by you and us, although we and you need not be signatories to the same original or electronically-transmitted counterpart of this Agreement. A scanned copy of an originally-signed signature page that is sent as a .pdf by email or a signature page bearing an electronically/digitally captured signature and transmitted electronically will be deemed an original.

22.N. The Exercise of Our Business Judgment

Because complete and detailed uniformity under many varying conditions might not be possible or practical, we specifically reserve the right and privilege, as we deem best according to our business judgment, to vary Brand Standards or other aspects of the Franchise System for any franchisee. You have no right to require us to grant you a similar variation or accommodation.

We have the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves our right to take or withhold an action, or to grant or decline to grant you the right to take or omit an action, we may, except as this Agreement specifically provides, make our decision or exercise our rights based on information then available to us and our judgment of what is best for us, BIG BLUE Swim School franchisees generally, or the Franchise System when we make our decision, whether or not we could have made other reasonable or even arguably preferable alternative decisions and whether or not our decision promotes our financial or other individual interest.

23. Compliance with Anti-Terrorism Laws

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any Anti-Terrorism Law. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States and all other present and future Laws, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement, as provided in Section 19 above.

24. Notices and Payments

All acceptances, approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive them in accordance with this Section 24. All such acceptances, approvals, requests, notices, and reports will be deemed delivered at the time delivered by hand; or one (1) business day after deposit with a nationally-recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices we send you or your owners, at the School's address. Payments and certain information and reports you must send us under this Agreement will be deemed delivered on any of the applicable dates described above or, if earlier, when we actually receive them electronically (all payments, information, and reports must be received on or before their due dates in the form and manner specified in this Agreement). As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

To us: BIG BLUE SWIM SCHOOL FRANCHISING, LLC
112 Krog Street NE, Suite D-135
Atlanta, Georgia 30307
Attn: President

Notices to you and your owners: _____
_____
_____

25. Electronic Mail

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize e-mail transmission to you during the Term by us and our employees, vendors, and affiliates ("**Official Senders**"). You further agree that: (1) Official Senders are authorized to send e-mails to your Managing Owner and other supervisory employees whom you occasionally authorize to communicate with us; (2) you will cause your Managing Owner, officers, directors, and supervisory employees to consent to Official Senders' transmission of e-mails to them; (3) you will require such persons not to opt out of or otherwise ask to no longer receive e-mails from Official Senders while such persons work for or are associated with you; and (4) you will not opt out of or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Section 25 will not apply to the provision of formal notices by either party under Section 24 of this Agreement using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

26. No Waiver or Disclaimer of Reliance in Certain States

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company	**[INSERT FRANCHISEE NAME],** a(n) [insert state of formation]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT A
TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISE AGREEMENT

BASIC TERMS

1. The exclusive Site Selection Area is reflected in the description and image on the attached map. The Site Selection Area is simply the geographical area within which we will look for the School's site. It will not determine the size or description of the Area of Protection.

2. The School's physical address is _____. If you have not found and secured the School's site as of the Effective Date, we and you will identify the School's physical address in the blank above after you find and secure the site.

3. The School's Area of Protection is reflected in the description and image on the attached map. If you have not found and secured the School's site as of the Effective Date, we and you will define the Area of Protection in the blank above (and, if applicable, on the attached map) after you find and secure the site. If there is a conflict between the narrative description above and the attached map, the narrative description will control. (We may modify the Area of Protection during the Franchise Agreement term if, with our prior written permission, which we have no obligation to grant, the School relocates.)

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company	**[INSERT FRANCHISEE NAME],** a(n) [insert state of formation]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT B
TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "**Agreement**") on this date by **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company ("**Franchisor**"), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that _____ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 22, 23, and 24 of the Agreement, including the arbitration provision.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or another person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, any release of other guarantors), none of which will in any way modify or amend this Guaranty, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any Franchisee indebtedness to the undersigned, for whatever reason, whether currently existing or hereafter arising, will at all times be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor or its affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the

undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Guaranty in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.

[Signature Page Follows]

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

GUARANTOR(S)	**PERCENTAGE OF OWNERSHIP IN FRANCHISEE**
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

EXHIBIT C
TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISE AGREEMENT

FRANCHISEE AND ITS OWNERS

Effective Date: This Exhibit C is current and complete as of _____

(A) Franchisee was incorporated or formed on _____ under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's corporate, limited liability company, or partnership name and (if applicable) _____. The following is a list of Franchisee's directors or managers (if applicable) and officers as of the effective date shown above:

Name	**Position(s) Held**
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(B) **Owners**. The following list includes the full name of each person who is one of Franchisee's direct or indirect owners and fully describes the nature of each owner's interest. If one or more of Franchisee's owners are entities, please identify each such entity as well as the direct and indirect owners of such entity (attach additional pages if necessary).

Owner's Name	**Description of Interest**
_____	_____
_____	_____
_____	_____
_____	_____

(C) **Managing Owner**. Franchisee's Managing Owner is _____. His or her contact information for notice is _____.

[Signature Page Follows]

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company	**[INSERT FRANCHISEE NAME],** a(n) [insert state of formation]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT D
TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISE AGREEMENT

LEASE RIDER

LEASE PROVISIONS FOR BIG BLUE SWIM SCHOOL FRANCHISES

The following provisions must be inserted into the lease for the School you will operate under the "BIG BLUE SWIM SCHOOL®" brand (the "**Lease**"). You may add this language via a rider or addendum to your Lease as long as the rider or addendum is signed by both the tenant and the landlord. Please send us a copy of the signed Lease and any riders or addenda.

REQUIRED LANGUAGE:

A. During the Term of the franchise agreement (the "**Franchise Agreement**") between Tenant and **BIG BLUE SWIM SCHOOL FRANCHISING, LLC** ("**BBSS**"), Tenant will use the premises only to operate a BIG BLUE Swim School.

B. Landlord agrees that BBSS, or a Franchisee of the BBSS Franchise System selected by BBSS, shall have the right to receive an assignment of this Lease upon transfer, termination or expiration of the Franchise Agreement between BBSS and Tenant, d/b/a BIG BLUE Swim School. Upon such transfer, termination or expiration of said Franchise Agreement, Landlord shall promptly execute an acknowledgement of and consent to the assignment of the Lease.

C. Landlord will send to BBSS copies of all default notices, and all notices of Landlord's intent to terminate the Lease (or any rights of Tenant under the Lease) or evict Tenant from the leased premises, simultaneously with sending such notices to Tenant. Such notice shall be delivered to BBSS in writing by overnight delivery by FedEx or other nationally-recognized overnight courier. Landlord and Tenant hereby acknowledge and agree that BBSS has the right, but is under no obligation, to cure any deficiency under the Lease, if Tenant should fail to do so, within (i) fifteen (15) days after Franchisor's receipt of such notice as to monetary defaults or (ii) thirty (30) days after Franchisor's receipt of such notice as to non-monetary defaults. Such copies must be sent to:

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
112 Krog Street NE, Suite D-135
Atlanta, Georgia 30307
Attn: President

D. **Consent to Collateral Assignment to Franchisor; Disclaimer**. Landlord acknowledges that Tenant intends to operate a BIG BLUE Swim School in the Premises, and that Tenant's rights to operate a BIG BLUE Swim School and to use the trade and service marks set forth on Exhibit "A" to this Rider are solely pursuant to a franchise agreement dated _____, 20__ (the "Franchise Agreement") between Tenant and Big

Blue Swim School Franchising, LLC (the "Franchisor"). Tenant's operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is responsible for all obligations under the Lease unless and until Franchisor or another franchisee expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to Franchisor to secure Tenant's obligations to Franchisor under the Franchise Agreement, and/or (ii) Franchisor's (or any entity owned or controlled by, or under common control or ownership with, Franchisor) succeeding to Tenant's interest in the Lease by mutual agreement of Franchisor and Tenant, or as a result of Franchisor's exercise of rights or remedies under such collateral assignment or as a result of Franchisor's termination of, or exercise of rights or remedies granted in or under, any other agreement between Franchisor and Tenant, and/or (iii) Tenant's, Franchisor's and/or any other franchisee of Franchisor's assignment of the Lease to another franchisee of Franchisor with whom Franchisor has executed its then-standard franchise agreement. Landlord, Tenant and Franchisor agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, Franchisor shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event Franchisor is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights and other rights stated to be personal to Tenant shall not be terminated in the event of any assignment referenced herein, but shall inure to the benefit of the applicable assignee.

E. BBSS or its affiliates may enter the premises to make any modifications or alterations necessary to protect the Franchise System and the Marks or to cure any default under the Franchise Agreement or Lease at any time and without prior notice to Landlord.

F. Notwithstanding anything contained in the Lease to the contrary or in conflict, it will be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt, or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to Section C above).

G. Landlord acknowledges that the value of the BIG BLUE SWIM SCHOOL® brand is derived from the ability to provide uniform products and services and the uniform appearance of its brand, signs, store concept and leasehold improvements. As a result, Landlord shall, without charge, permit Tenant to comply with standard changes and updates by BBSS to its brand, signs, store concept and leasehold improvements; provided that such changes and updates are not in violation of the terms of the Lease. In the event that Landlord approval for such changes and updates is required under the Lease, such approval shall not be unreasonably withheld.

H. BBSS shall have the right, but not the obligation, to enter the Premises to take any action necessary, without damage to the Premises, to protect the BBSS brand and its trademarks within thirty (30) days after BBSS receives a notice of termination or expiration of the Lease from Landlord, including, but not limited to, the right to remove, alter or repaint any signage or proprietary items identifying BBSS. Any material alterations, design or color changes shall require prior Landlord approval, which approval shall not be unreasonably withheld.

I. BBSS is an intended third-party beneficiary under the provisions set forth above with independent rights to enforce them, and neither Landlord nor Tenant may alter or limit any of those provisions without BBSS's prior written approval.

J. Landlord agrees to provide Franchisor with a copy of the fully-executed Lease within ten (10) days of its full execution by Landlord and Tenant to the address shown in paragraph C above.

This Addendum amends the Lease between the parties described hereinabove; and except as provided herein, all other terms of said Lease shall remain unchanged.

DATED this _____ day of _____, 20__.

LANDLORD:	TENANT:
_____	_____
Signature	Signature
_____	_____
Title	Title

EXHIBIT B-2

FRANCHISE AGREEMENT AMENDMENT FOR LEGACY FRANCHISEE

BIG BLUE SWIM SCHOOL FRANCHISING, LLC

FRANCHISE AGREEMENT AMENDMENT FOR LEGACY FRANCHISEE

This Franchise Agreement for Legacy Franchisee (this "**Amendment**") is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**"), and is effective as of the date we sign it, which is set forth next to our signature at the end of this Agreement (the "**Effective Date**").

Background

A. We and you are contemporaneously signing a BIG BLUE Swim School Franchise Agreement (the "FA") granting you the right and obligating you to develop and operate a BIG BLUE Swim School at a location currently identified, or to be identified, in the FA.

B. We and you are signing this Amendment because you (or your affiliate) is a "Legacy" franchisee, as we define that term, and we are willing to modify a certain FA provision in your favor and for your benefit in consideration for your signing the FA.

C. This Amendment is annexed to and intended to form part of and modify the FA. Except as expressly provided in this Amendment, the FA remains in full force and effect as originally written. If there is any inconsistency between the FA and this Amendment, this Amendment's terms will govern. (All capitalized or initial capitalized terms used but not defined in this Amendment have the meanings given to them in the FA.)

Agreement

1. **Software License Fee**. Section 5.C of the FA is hereby deleted in its entirety, and the following amended version of Section 5.C is substituted in its place:

> Subject to the Minimum Software License Fee described below, you agree to pay us, on or before the applicable Payment Day, a software license fee ("**Software License Fee**") not to exceed two percent (2%) of the School's Gross Revenue during the preceding Calculation Period. The Software License Fee is payment for your right to use our affiliate's proprietary BIG BLUE Swim School software ("**LESSONBuddy**") in operating your School.
>
> The specific Software License Fee you must pay us depends on the number of BIG BLUE Swim Schools that you and, if applicable, your affiliates then own and operate pursuant to a single development agreement with us (i.e., specifically, the number of BIG BLUE Swim Schools that you and, if applicable, your affiliates constructed, developed, and opened for business pursuant to, and

counted toward the development schedule in, a single development agreement and continue to operate). The applicable Software License Fee is as follows:

Number of BIG BLUE Swim Schools Opened Pursuant to Single Development Agreement and Open and Operating	**Software License Fee Payable on Each BIG BLUE Swim School's Gross Revenue**
1	2.0%
2	1.9%
3	1.8%
4	1.7%
5	1.6%
6	1.5%
7	1.4%
8 or more	1.3%

If you or your affiliate open and begin operating a new BIG BLUE Swim School pursuant to, and count it toward the development schedule in, a single development agreement, the reduced Software License Fee for all BIG BLUE Swim Schools that you and your affiliates then operate pursuant to that single development agreement will become effective automatically beginning with the Gross Revenue generated by such BIG BLUE Swim Schools during the calendar month following that new School's opening. (Conversely, if you or your affiliate ceases operating (for any or no reason) any BIG BLUE Swim School that was developed pursuant to, and counted toward the development schedule in, a single development agreement, the applicable Software License Fee will revert to the next highest tier depending on the number of BIG BLUE Swim Schools that you and your affiliates then operate.)

Notwithstanding the above, you agree to pay us a minimum Software License Fee for each four (4)-week period during the Term equal to no less than One Thousand Five Hundred Dollars ($1,500), as periodically increased in accordance with Section 5.H below (the "**Minimum Software License Fee**"). We will prorate the Minimum Software License Fee payable based on the then-current Calculation Period for the Software License Fee. If the Software License Fees you pay us, based on the then-applicable percentage (not to exceed two percent (2%)) of the School's Gross Revenue during the applicable Calculation Period, do not equal the prorated amount of the Minimum Software License Fee

for that Calculation Period, you must pay us the deficiency (in addition to all other amounts regularly due) on or before the Payment Day we specify (we may debit the deficiency automatically, as provided in Section 5.E below). The Minimum Software License Fee will not begin until after you have operated the School for twelve (12) weeks. (All references in this Agreement to "Software License Fee" will be deemed to include the Minimum Software License Fee.)

In Witness Whereof, the parties have executed and delivered this Agreement, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

By:_____

Name: _____

Title: _____

Date: _____**

[INSERT FRANCHISEE NAME], a(n) [insert state of formation]

By:_____

Name: _____

Title: _____

Date: _____

**Effective Date

EXHIBIT C

DEVELOPMENT RIGHTS AGREEMENT

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
DEVELOPMENT RIGHTS AGREEMENT

This **Development Rights Agreement** (the "**DRA**") is made by and between **Big Blue Swim School Franchising, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____, whose principal business address is _____ ("**you**" or "**your**"). This DRA is effective as of the date we sign it, which is set forth next to our signature on the Signature Page at the end (the "**Effective Date**").

RECITALS

A. We and certain of our affiliates have created, designed, and developed a swim school concept identified by the Marks (defined below) that currently provides a proprietary curriculum of swim lessons and skills in approximately 90-degree water to children ranging in age from three (3) months to twelve (12) years old (the "**Swim School Concept**").

B. We and such affiliates currently use, promote, and license certain trademarks, service marks, and other commercial symbols for the Swim School Concept, including "BIG BLUE SWIM SCHOOL®," and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the "**Marks**").

C. One of our affiliates currently owns all aspects of the BIG BLUE SWIM SCHOOL branded system and licenses that intellectual property to us for use in our franchise program for BIG BLUE Swim Schools operating the Swim School Concept ("**BIG BLUE Swim Schools**"). The definition of "Swim School Concept" expressly excludes a swim-related business, whether or not operated under the Marks, whose core activities are anything other than providing swim lessons and skills in approximately 90-degree water to children ranging in age from three (3) months to twelve (12) years old, including, for example but without limitation, competitive swimming in lower-temperature water, coaching and video analysis, laps, and wave pools.

D. We offer and grant franchises for BIG BLUE Swim Schools operating the Swim School Concept and using the BIG BLUE Swim School business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications, and Marks, all of which we and our affiliates periodically may improve, further develop, and otherwise modify.

E. Simultaneously with signing this DRA, we and you (or your Approved Affiliate, as defined in Section 2 below) also are signing as of the Effective Date a franchise agreement (the "**First Franchise Agreement**") for the construction, development, and operation of the first BIG BLUE Swim School to be developed within the Territory (defined below). We and you are signing this DRA because you want the right to construct, develop, and operate multiple BIG BLUE Swim Schools within the Territory over a certain time period (besides the BIG BLUE Swim School covered by the First Franchise Agreement), and we are willing to grant you those development rights if you comply with the terms of this DRA.

Now, therefore, in consideration of the mutual covenants, agreements, and obligations set forth in this DRA, we and you agree as follows:

1. **Grant of Development Rights**.

(a) Subject to your strict compliance with this DRA, we grant you the right (directly or through your Approved Affiliates) to construct, develop, and operate _____ (___) new BIG BLUE Swim Schools (including the BIG BLUE Swim School covered by the First Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this DRA (the "**Schedule**"), within the distinct geographic areas narratively described and/or pictorially identified in Exhibit B (such geographic areas, collectively, the "**Territory**").

(b) If you (and your Approved Affiliates, as applicable) are fully complying with all of your (and their) obligations under this DRA, the First Franchise Agreement, and all other franchise agreements then in effect between us and you (and your Approved Affiliates, as applicable) for the construction, development, and operation of BIG BLUE Swim Schools, then during this DRA's term only, we (and our affiliates) will not establish and operate, or grant to others the right to establish and operate, BIG BLUE Swim Schools operating the Swim School Concept that have their physical locations within the Territory. However, for the avoidance of all doubt, you acknowledge that we (and our affiliates) reserve the rights described in Section 8 of this DRA.

(c) The location exclusivity described in clause (b) above (subject to this DRA's terms, including Section 8) is the only restriction on our (and our affiliates') activities within the Territory during this DRA's term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within and throughout the Territory, including, without limitation, the types of activities in which we and our affiliates reserve the right to engage (in a BIG BLUE Swim School's "**Area of Protection**") under Section 3.D of the First Franchise Agreement. After this DRA expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to (i) establish and operate, and grant to others the right to establish and operate, BIG BLUE Swim Schools operating the Swim School Concept that have their physical locations within the Territory, subject only to your (or an Approved Affiliate's) rights within an Area of Protection under a franchise agreement with us then in effect, and (ii) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within and throughout the Territory.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS DRA, AND YOUR RIGHTS UNDER THIS DRA ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS DRA STRICTLY.

2. **Development Obligations**.

(a) To maintain your rights under this DRA, you (and/or your Approved Affiliates) must by the deadlines specified in the Schedule:

(i) sign leases, franchise agreements, and SaaS Agreements for, and then

(ii) construct, develop, and have open and operating within the Territory,

the agreed-upon minimum number of BIG BLUE Swim Schools.

(b) If you or your owners establish a new legal entity to construct, develop, and operate one or more of the BIG BLUE Swim Schools required to be developed pursuant to this DRA, and either (i) you own 100% of that legal entity or (ii) that legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "**Approved Affiliate**" under this DRA. However, if you do not own 100% of that new legal entity or that legal entity's ownership is not completely identical to your ownership, you first must seek our approval for that new entity to be permitted to construct, develop, and operate the proposed BIG BLUE Swim School as an Approved Affiliate. We have the right to refuse any such request if you and/or your owners do not (1) own and control at least two-thirds (67%) of the new entity's ownership interests and (2) have the authority to exercise voting and management control of the BIG BLUE Swim School proposed to be owned by the new entity.

(c) You (and/or your Approved Affiliates) will operate each BIG BLUE Swim School under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations) that you and your owners (or your Approved Affiliate and its owners) must sign for each BIG BLUE Swim School to be constructed and developed pursuant to this DRA will be our then-current form of franchise agreement (and related documents, including Guaranty and Assumption of Obligations), any or all terms of which may differ substantially and materially from any or all terms contained in the First Franchise Agreement. However, each of the Royalty and Brand Fund contribution specified under our then-current form of franchise agreement will (if greater than those specified in the First Franchise Agreement) be modified for the initial franchise term of each subsequent BIG BLUE Swim School to be constructed and developed pursuant to this DRA to be the same as those specified in the First Franchise Agreement if you (and your Approved Affiliates) are not then in default under this DRA, the First Franchise Agreement, or any other franchise agreement then in effect between us and you (and your Approved Affiliates) for BIG BLUE Swim Schools. If you (and your Approved Affiliates) are then in default under this DRA, the First Franchise Agreement, or any other franchise agreement then in effect between us and you (and your Approved Affiliates) for BIG BLUE Swim Schools, then the Royalty and Brand Fund contribution rates will remain as stated in our then-current form of franchise agreement and will not be changed.

(d) Despite any contrary provision contained in the First Franchise Agreement or a newly-signed franchise agreement, each of your (and your Approved Affiliates') BIG BLUE Swim Schools within the Territory must be open and operating by the deadlines specified in the Schedule, subject only to any extensions expressly permitted and granted under the specific BIG BLUE Swim School's franchise agreement. Any extension granted under one of your (or your Approved Affiliates') franchise agreements will apply only to the BIG BLUE Swim School for which you (or your Approved Affiliate) obtained the extension. That extension will not extend, delay, or otherwise impact any other deadline under the Schedule. To retain your rights under this DRA, each BIG BLUE Swim School constructed, developed, and opened pursuant to this DRA must operate continuously throughout this DRA's term in full compliance with its franchise agreement.

3. **Subfranchising and Sublicensing Rights**. This DRA does not give you any right to franchise, license, subfranchise, or sublicense others to construct, develop, and operate BIG BLUE Swim Schools. Only you (and/or your Approved Affiliates) have the right to construct, develop, open, and operate BIG BLUE Swim Schools pursuant to this DRA. This DRA also does not give you (or your Approved Affiliates) any independent right to use the BIG BLUE SWIM SCHOOL® trademark or the other Marks. The right to use the Marks is granted only under a franchise agreement signed directly with us. This DRA only grants you potential development rights if you fully comply with its terms.

4. **Development Fee**. As consideration for the development rights we grant you under this DRA, you must pay us a total of _____ Dollars ($_____) (the "Development Fee") when you sign this DRA. The Development Fee consists of (a) the Fifty Thousand Dollar ($50,000) initial franchise fee due under the First Franchise Agreement, plus (b) total deposits equaling _____ Thousand Dollars ($_____) for all additional BIG BLUE Swim Schools you have committed under this DRA to construct, develop, and operate after the first BIG BLUE Swim School. This DRA will not be effective, and you will have no development rights, until we receive the Development Fee. Our initial franchise fee is Fifty Thousand Dollars ($50,000) for the first, and Forty Thousand Dollars ($40,000) for the second and each subsequent, BIG BLUE Swim School you commit to construct, develop, and operate pursuant to this DRA. The deposits appearing above represent Fifteen Thousand Dollars ($15,000) for each BIG BLUE Swim School you have committed to construct, develop, and operate after the first BIG BLUE Swim School.

The Development Fee is:

(a) consideration for the rights we grant you in this DRA and for reserving the Territory for you to the exclusion of others (subject to our rights in Section 8) while you are in compliance with this DRA;

(b) fully earned by us when we and you sign this DRA; and

(c) not refundable under any circumstances (except as provided in Section 8(c) below), even if you do not comply or attempt to comply with the Schedule and we then terminate this DRA for that reason. However, each time you (or your Approved Affiliate) sign a franchise agreement for the next BIG BLUE Swim School to be constructed and developed within the Territory, we will apply the deposit related to that Swim School (which is part of the Development Fee) toward the initial franchise fee due for that Swim School (leaving only the balance of the initial franchise fee due at signing).

5. **Grant of Franchises and Site Selection/Leasing Process for BIG BLUE Swim Schools**.

(a) You must locate, evaluate, and select the Swim School's site. You must give us all information and materials we request to assess each proposed Swim School site. We will not search for or select the site for you. In granting you development rights under this DRA, we are relying

on your knowledge of the real estate market in the Territory and your ability to locate and access sites.

(b) We will give you our then-current criteria for BIG BLUE Swim School sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, ingress and egress, size, and other physical and commercial characteristics) to help in the site-selection process. We will not unreasonably withhold site acceptance if, in our and our affiliates' experience and based on the factors identified above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for BIG BLUE Swim Schools. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen, while acceptable to us, is not recommended due to its incompatibility with certain factors bearing on a site's suitability as a location for a BIG BLUE Swim School.

We will review potential BIG BLUE Swim School sites that you identify within the Territory and may, but have no obligation to, visit the Territory once (for no additional fee) to review potential sites for each BIG BLUE Swim School to be constructed and developed under this DRA. We have the right to require you to reimburse our out-of-pocket expenses for each site visit after the first per-Swim School visit. We have the right to condition our acceptance of a proposed site, or a proposed site visit, on your first sending us complete site reports and other materials (including, without limitation, photographs and digital recordings) we request. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials. You may not proceed with a site that we have not accepted.

(c) You (and your Approved Affiliates) do not have the right under this DRA to reject (and therefore must accept) a proposed Swim School site the location and physical and other characteristics of which, and the proposed commercial lease terms for which, were accepted by our real-estate committee (a "**Qualified Site**").

(d) You also must send us for our written acceptance, which we will not unreasonably withhold, any lease or sublease that will govern your occupancy and lawful possession of each BIG BLUE Swim School site before you sign it. You may not sign any lease or sublease that we have not accepted in writing. We may (but have no obligation to) guide you in the leasing process but will not negotiate the lease or sublease for you or provide any legal advice. You must satisfy the lease execution deadline specified in the Schedule for each BIG BLUE Swim School you commit to develop under this DRA.

(e) If we accept the proposed site and you (or your Approved Affiliate) have gained lawful possession of the site, but you (or your Approved Affiliate) have not yet signed a franchise agreement for that BIG BLUE Swim School (even though we expect the lease, franchise agreement, and SaaS Agreement to be signed at same time), you agree within the time period we specify (but no later than the deadline on the Schedule) to sign (or cause your Approved Affiliate to sign) a separate franchise agreement (and related documents) for that BIG BLUE Swim School. If you (or your Approved Affiliate) fail to do so, or cannot obtain lawful possession of the proposed

site, we have the right to withdraw our acceptance of the proposed site and exercise any of our other rights under this DRA.

After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents) and SaaS Agreement for a BIG BLUE Swim School, their terms and conditions will control the construction, development, and operation of the BIG BLUE Swim School (except that the required opening deadline is governed exclusively by the Schedule in this DRA, except as expressly provided in Section 2(d) above).

(f) In addition to our rights with respect to proposed BIG BLUE Swim School sites, we have the right to delay the construction, development, and/or opening of additional BIG BLUE Swim Schools within the Territory for the time period we deem best if at any time we believe that such delay is in the best interests of the brand or the franchise network, including for reasons related to lack of sites that meet our criteria, supply chain issues, or our assessment in our sole judgment that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) for the construction, development, opening, and/or operation of the additional BIG BLUE Swim School in full compliance with our standards and specifications. We have the right to delay additional development and/or a BIG BLUE Swim School's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

6. **Term**. This DRA's term begins on the Effective Date and ends on the date when (a) you (or your Approved Affiliate) open for business the final BIG BLUE Swim School to be constructed and developed under the Schedule, or (b) this DRA otherwise is terminated, but in any event this DRA's term will end no later than *<insert date>*.

7. **Termination**. We have the right at any time to terminate this DRA and your rights under this DRA to develop BIG BLUE Swim Schools within the Territory, such termination to be effective upon our delivery to you of written notice of termination, if:

(a) you fail to satisfy any deadline under the Schedule or any other obligation under this DRA, which defaults you have no right to cure (except for the circumstances described in Section 8 below); or

(b) you (or your Approved Affiliate) reject a Qualified Site for the first BIG BLUE Swim School to be constructed and developed within the Territory pursuant to this DRA; or

(c) the First Franchise Agreement or another franchise agreement between us and you (or your Approved Affiliate) for a BIG BLUE Swim School is terminated by us in compliance with its terms or by you (or your Approved Affiliate) for any (or no) reason; or

(d) we have delivered a formal written notice of default to you (or your Approved Affiliate) under the First Franchise Agreement or another franchise agreement between us and you (or your Approved Affiliate) for a BIG BLUE Swim School, and you (or your Approved Affiliate) fail to cure that default within the required timeframe; or

(e) you (or your Approved Affiliate), without our prior written approval, cease operating any BIG BLUE Swim School.

No portion of the Development Fee is refundable upon termination of this DRA or under any other circumstances (except as provided in Section 8(c) below). If we terminate this DRA solely because you fail to satisfy any deadline under the Schedule or reject a Qualified Site for the first BIG BLUE Swim School to be constructed and developed in the Territory pursuant to this DRA, we will keep the full Development Fee but otherwise will not seek to recover damages from you due solely to such failures.

Termination of this DRA under any of clauses (a) through (e) above is not deemed to be the termination of any franchise rights because this DRA grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. While you will lose all further rights to develop BIG BLUE Swim Schools within the Territory if this DRA is terminated, termination of this DRA does not affect any franchise rights previously granted under any then-effective individual franchise agreements.

8. **Default for Rejecting a Qualified Site for Second and Subsequent BIG BLUE Swim School Sites**.

(a) If you (or your Approved Affiliate) reject a Qualified Site for a BIG BLUE Swim School to be constructed and developed within the Territory, that Qualified Site is proposed for your second or subsequent BIG BLUE Swim School to be constructed and developed within the Territory pursuant to this DRA, and you (or your Approved Affiliate) do not correct that failure by accepting the Qualified Site within ten (10) days after we deliver written notice of default, then we have the right to establish and operate, or grant to another franchisee the right to establish and operate, a BIG BLUE Swim School at that Qualified Site and to sign a lease for that Qualified Site (together, the "**Qualified Site Lease Rights**"). We have the right to exercise the Qualified Site Lease Rights even if you are not then otherwise in default under the Schedule or this DRA.

(For the avoidance of all doubt, Qualified Site Lease Rights are exercisable more than once during this DRA's term. In addition, except as noted in clause (c) below, the exercise of the Qualified Site Lease Rights will not modify or otherwise affect your obligation to comply strictly with the Schedule. We have the right to terminate this DRA under Section 7 above if you do not timely satisfy any deadline under the Schedule notwithstanding our exercise (directly or through another franchisee) of the Qualified Site Lease Rights.)

(b) If we exercise the Qualified Site Lease Rights (directly or through another franchisee), we have the unilateral right to amend immediately the definition and scope of the Territory to carve out and exclude from the Territory both (i) the BIG BLUE Swim School site that is the subject of the Qualified Site Lease Rights and (ii) an area of protection around that site the size and description of which will be consistent with the size and description of areas of protection that we customarily have granted or would grant to a franchisee developing a BIG BLUE Swim School in a similar market area. (This excised portion of the Territory is referenced as the "**Carved-Out Area**.") Our amendment of the Territory definition and scope will be effective upon our delivery of written notice to you. Your Territory definition otherwise will not be altered.

After we deliver such written notice to you, you no longer will have any BIG BLUE Swim School development rights under this DRA in the Carved-Out Area.

(c) Our or another franchisee's construction, development, and operation of a BIG BLUE Swim School within the Carved-Out Area, as permitted by the Qualified Site Lease Rights, will not count toward your compliance with the Schedule. However, each time the Qualified Site Lease Rights are exercised, you may elect to develop one less BIG BLUE Swim School in the Territory (based on the number of BIG BLUE Swim Schools remaining to be constructed and developed under the Schedule). You must notify us of that election within thirty (30) days after we deliver notice to you under clause (b) above, in which case the then-final BIG BLUE Swim School appearing on the Schedule will be deemed to be removed from the Schedule without further action. Within thirty (30) days after you notify us of that election, we will refund to you the pro rata portion of the Development Fee allocable to the BIG BLUE Swim School that is the subject of the Qualified Site Lease Rights.

9. **Assignment**.

(a) Your development rights under this DRA are not assignable at all. This means we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of this DRA, a transfer of a controlling ownership interest in you or in an entity with a controlling ownership interest in you, or any other event attempting to assign the development rights. An assignment (direct or indirect) of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights). References to a "controlling ownership interest" in you or one of your owners (if an entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

(b) We may change our ownership or form and/or assign this DRA to a third party without restriction. Specifically and without limiting the foregoing, you agree that we may sell our assets (including this DRA), the Marks, or the BIG BLUE Swim School franchise system to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

10. **Representations and Warranties**. You and your owners, jointly and severally, represent, warrant, and covenant to us that your execution and delivery of, and performance of your obligations under, this DRA have not violated and will not violate (a) any other agreement or commitment to which you or they are a party or by which you or they are otherwise bound, or (b) the rights of, or duties owed to, any third party.

11. **Indemnity**. To the maximum extent permitted by law, you and your owners, jointly and severally, agree to indemnify, defend, and forever hold harmless us and our parent and other affiliated entities, and our and their respective officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "**Big Blue Parties**"), against, and to reimburse the Big Blue Parties for, any losses, liabilities, expenses, or damages (actual or consequential), including, without limitation, reasonable attorneys', attorney assistants', accountants', and expert witness fees, collection costs, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which the Big Blue Parties suffer directly or indirectly arising from or with respect to (a) any breach or alleged breach by you or your owners of any representation or warranty set forth in this DRA, or (b) any claim or allegation by any third party that our signing this DRA with you or granting you the development rights, or any related activities, violate any law or any rights of, or duty owed to, such third party. This indemnification obligation is in addition to the indemnification obligations currently referenced in Section 12 below.

12. **Incorporation of Other Terms**. Sections 9, 12, 21, 22, 24, and 25 of the First Franchise Agreement, entitled "Confidential Information," "Exclusive Relationship," "Relationship of the Parties; Indemnification," "Enforcement," "Notices and Payments," and "Electronic Mail," respectively, including, without limitation, the arbitration obligations under Section 22.F of the First Franchise Agreement, are incorporated by reference in this DRA and will govern all aspects of this DRA and our and your relationship as if fully restated within the text of this DRA (whether or not the First Franchise Agreement is terminated before this DRA expires or is terminated).

This DRA and all exhibits to this DRA constitute the entire agreement between the parties with respect to its subject matter and supersede any and all prior negotiations, understandings, representations, and agreements with respect to its subject matter. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

13. **No Waiver or Disclaimer of Reliance in Certain States**. The following provision applies only to developers and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

In Witness Whereof, we and you have signed and delivered this DRA, to be effective as of the Effective Date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company	**[INSERT FRANCHISEE NAME],** a(n) [insert state of formation]
By: _____	By: _____
Name: Brandon Bean	Name: _____
Title: Chief Executive Officer	Title: _____
Date: _____	Date: _____

EXHIBIT A
TO BIG BLUE SWIM SCHOOL FRANCHISING, LLC
DEVELOPMENT RIGHTS AGREEMENT

DEVELOPMENT SCHEDULE

You agree to construct, develop, and open <_____> BIG BLUE Swim Schools in the Territory, including the Swim School that is the subject of the First Franchise Agreement, and to sign the leases, Franchise Agreements, and SaaS Agreements relating to those BIG BLUE Swim Schools, according to the following Schedule:

New BIG BLUE Swim School	**Single Deadline by Which Lease, Franchise Agreement, and SaaS Agreement for the Specific New Franchised BIG BLUE Swim School Must be Signed by You (or Approved Affiliate) (we expect all three documents to be signed at same time)**	**Deadline by Which Specific New Franchised BIG BLUE Swim School Must be Opened by You (or Approved Affiliate) and Operating in Territory**
#1	For 1st BIG BLUE Swim School only, Franchise Agreement and SaaS Agreement are signed concurrently with this DRA Lease Execution Deadline for 1st BIG BLUE Swim School is: <*insert date*>	14 months after date on which lease for BIG BLUE Swim School is signed (even if lease is signed before Lease Execution Deadline appearing in previous column)*
#2	<*insert date*>	14 months after date on which lease for BIG BLUE Swim School is signed (even if lease is signed before Lease

New BIG BLUE Swim School	Single Deadline by Which Lease, Franchise Agreement, and SaaS Agreement for the Specific New Franchised BIG BLUE Swim School Must be Signed by You (or Approved Affiliate) (we expect all three documents to be signed at same time)	Deadline by Which Specific New Franchised BIG BLUE Swim School Must be Opened by You (or Approved Affiliate) and Operating in Territory
		Execution Deadline appearing in previous column)*
#3	<*insert date*>	14 months after date on which lease for BIG BLUE Swim School is signed (even if lease is signed before Lease Execution Deadline appearing in previous column)*
#4	<*insert date*>	14 months after date on which lease for BIG BLUE Swim School is signed (even if lease is signed before Lease Execution Deadline appearing in previous column)*

New BIG BLUE Swim School	Single Deadline by Which Lease, Franchise Agreement, and SaaS Agreement for the Specific New Franchised BIG BLUE Swim School Must be Signed by You (or Approved Affiliate) (we expect all three documents to be signed at same time)	Deadline by Which Specific New Franchised BIG BLUE Swim School Must be Opened by You (or Approved Affiliate) and Operating in Territory
#5	<*insert date*>	14 months after date on which lease for BIG BLUE Swim School is signed (even if lease is signed before Lease Execution Deadline appearing in previous column)*

*For example, if the lease for the new BIG BLUE Swim School is signed on April 15 of a particular calendar year (with a May 15 Lease Execution Deadline), the deadline for opening that new BIG BLUE Swim School for business would be June 15 of the following calendar year.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

By: _____
Name: Brandon Bean
Title: Chief Executive Officer
Date: _____

[INSERT FRANCHISEE NAME], a(n) [insert state of formation]

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

EXHIBIT B
TO BIG BLUE SWIM SCHOOL FRANCHISING, LLC
DEVELOPMENT RIGHTS AGREEMENT

DESCRIPTION OF TERRITORY (below and attached)

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company	**[INSERT FRANCHISEE NAME],** a(n) [insert state of formation]
By: _____	By: _____
Name: Brandon Bean	Name: _____
Title: Chief Executive Officer	Title: _____
Date: _____	Date: _____

EXHIBIT C
TO BIG BLUE SWIM SCHOOL FRANCHISING, LLC
DEVELOPMENT RIGHTS AGREEMENT

DEVELOPER AND ITS OWNERS

Effective Date: This Exhibit C is current and complete as of _____, 20__

Form. Developer was incorporated or formed on _____, 20__, under the laws of the State of _____. Developer has not conducted business under any name other than its corporate, limited liability company, or partnership name and (if applicable) _____. The following lists Developer's directors or managers (if applicable) and officers as of the effective date shown above:

Name	Position(s) Held

Owners. The following lists the full name of every person who or entity that is, as of the effective date shown above, one of Developer's direct or indirect owners and fully describes the nature of each owner's interest (attach additional pages if necessary):

Owner's Name	Description of Interest

[Signature Page Follows]

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company	**[INSERT FRANCHISEE NAME],** a(n) [insert state of formation]
By: _____	By: _____
Name: Brandon Bean	Name: _____
Title: Chief Executive Officer	Title: _____
Date: _____	Date: _____

EXHIBIT D

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EXHIBIT E

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS

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

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Website: www.dfpi.ca.gov
Email: ask.DFPI@dfpi.ca.gov

(for service of process)
Commissioner of Department of Financial Protection & Innovation

(state franchise administrator)
Department of Financial Protection & Innovation

Toll Free: 1 (866) 275-2677

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

Sacramento
651 Bannon Street, Suite 300
Sacramento, California 95811
(916) 327-7585

San Diego
1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

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

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

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

(state agency)

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

MARYLAND

(for service of process)

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

(state agency)

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

MICHIGAN

Michigan Department of Attorney General
Corporate Oversight Division
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

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

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Insurance Commissioner
North Dakota Insurance & Securities
Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

(state agency)

North Dakota Insurance & Securities
Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

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

WASHINGTON

(for service of process)

Securities Division
Department of Financial Institutions
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Securities Division
Department of Financial Institutions
P. O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT F

FRANCHISEE REPRESENTATIONS DOCUMENT

(This Franchisee Representations Document will not be used if the franchise is to be operated in, or you are a resident of, California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)

BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISEE REPRESENTATIONS

DO NOT SIGN THIS FRANCHISEE REPRESENTATIONS IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

Do not sign this Franchisee Representations document if you are a resident of Maryland or the business is to be operated in Maryland.

Important Instructions: Big Blue Swim School Franchising, LLC ("we," "us," or "our") and you are ready to sign a Franchise Agreement for the development and operation of a BIG BLUE Swim School® (the "School") and, possibly, a Development Rights Agreement for the development and operation of multiple BIG BLUE Swim Schools. This document's purpose is to determine whether any statements or promises were made to you that we have not authorized, that do not appear in or are inconsistent with our franchise documents, and/or that may be untrue, inaccurate, or misleading. We also want to be sure that you understand certain terms of the agreements you will sign and their ramifications. Please review each of the following statements carefully and do not sign this document if it contains anything you think might be untrue. If you sign this document, you are confirming the truth of what it says. In addition, if you sign it, we will take actions in reliance on the truth of what it says.

Initial the spaces after the statements to confirm your understanding and the accuracy of the statements.

Name of Prospective Franchisee:_____
(the "Franchisee")

Each of the undersigned represents that all of the following statements are true:

1. The only state(s) in which each of the undersigned is a resident is (are): _____.
_____.

***Insert initials into the following blank to confirm this statement: ___**

2. Each of the undersigned has independently investigated us, our affiliates, the BIG BLUE Swim School system, the risks, burdens, and nature of the business that Franchisee will conduct under the Franchise Agreement, the School, the shopping center or other location for the School (if already selected), and the School's market area.

***Insert initials into the following blank to confirm this statement: ___**

3. Each of the undersigned understands that the business Franchisee will conduct under the Franchise Agreement involves risk, and any success or failure will be substantially influenced by Franchisee's ability and efforts, the viability of the School's location, competition

from other swim schools and swimming pool areas, interest rates, inflation, labor and supply costs, lease terms, and other economic and business factors.

***Insert initials into the following blank to confirm this statement: ___**

4. Each of the undersigned understands that we previously might have signed, and in the future we have the right to sign, franchise agreements with provisions different from the provisions of the School's Franchise Agreement.

***Insert initials into the following blank to confirm this statement: ___**

5. If we unilaterally made material changes in Franchisee's final, ready-to-be-signed copies of the Franchise Agreement, Development Rights Agreement, and related documents (other than as a result of our negotiations with Franchisee), Franchisee has had possession of those documents for at least seven (7) calendar days before signing them and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning those documents.

***Insert initials into the following blank to confirm this statement: ___**

6. Franchisee has received a franchise disclosure document ("FDD") as required by federal law at least 14 calendar days before signing the Franchise Agreement and Development Rights Agreement, or paying any consideration to us or our affiliate in connection with this franchise, and has had ample opportunity to consult with its, his, or her attorneys, accountants, and other advisors concerning the FDD.

***Insert initials into the following blank to confirm this statement: ___**

7. Except as provided in Item 19 of our FDD, we and our affiliates and agents have made no representation, warranty, promise, guaranty, prediction, projection, or other statement, and given no information, as to the future, past, likely, or possible income, sales volume, or profitability, expected or otherwise, of the School or any other business, except: (None, unless something is filled-in here or provided on additional sheets) _____ _____ _____ _____.

***Insert initials into the following blank to confirm this statement: ___**

8. Each of the undersigned understands that:

8.1 Except as provided in Item 19 of our FDD, we do not authorize our affiliates, or our or their respective officers, directors, employees, or agents, to furnish any oral or written representation, warranty, promise, guaranty, prediction, projection, or other statement or information concerning actual or potential income, sales volume, or profitability, either generally or of any BIG BLUE Swim School.

***Insert initials into the following blank to confirm this statement: ___**

8.2 Actual results vary from unit to unit and from time period to time period, and we cannot estimate, project, or predict the results of any particular BIG BLUE Swim School.

***Insert initials into the following blank to confirm this statement: ___**

8.3 We have specifically instructed our affiliates, and our and their respective officers, directors, employees, and agents, that except as provided in Item 19 of our FDD, they are not permitted to make any representation, warranty, promise, guaranty, prediction, projection, or other statement or give other information as to income, sales volume, or profitability, either generally or with respect to any particular BIG BLUE Swim School.

***Insert initials into the following blank to confirm this statement: ___**

8.4 If any unauthorized representation, warranty, promise, guaranty, prediction, projection, or other statement or information is made or given, the undersigned should not (and will not) rely on it.

***Insert initials into the following blank to confirm this statement: ___**

9. Before signing the Franchise Agreement, Development Rights Agreement, or any related documents, the undersigned Franchisee has had ample opportunity: (a) to discuss the particular agreement, any related document, and the business Franchisee will conduct with its, his, or her own attorneys, accountants, and real estate and other advisors; (b) to contact our existing franchisees; and (c) to investigate all statements and information made or given by us or our affiliates, or our or their respective officers, directors, employees, and agents, relating to the BIG BLUE Swim School system, the School, and any other subject.

***Insert initials into the following blank to confirm this statement: ___**

10. Each of the undersigned understands that the Franchise Agreement licenses certain rights for one, and only one, BIG BLUE Swim School, located only at the location now specified (or to be specified) in the Franchise Agreement, and that, except as may be provided in the Franchise Agreement or a signed Development Rights Agreement with us, no "exclusive," "expansion," "protected," "non-encroachable," or other territorial rights, rights of first refusal, or rights of any other kind are granted or have been promised concerning the shopping center or other site at which the School is located, the contiguous or any other market area of the School, or any other existing or potential BIG BLUE Swim School or geographic territory.

***Insert initials into the following blank to confirm this statement: ___**

11. Each of the undersigned understands that nothing stated or promised that is not specifically set forth in the Franchise Agreement, Development Rights Agreement, or FDD can be relied upon by the undersigned or Franchisee.

***Insert initials into the following blank to confirm this statement: ___**

12. Each of the undersigned has confirmed that no employee or agent of ours or our affiliates, or other person speaking on our behalf, has made any statement, promise, or agreement

concerning the advertising, marketing, training, support service, or assistance we will furnish to Franchisee that is contrary to, or different from, the information contained in the FDD and the Franchise Agreement.

***Insert initials into the following blank to confirm this statement: ___**

13. Each of the undersigned understands that we and our affiliates may sell or transfer our assets, our trademarks, and/or the BIG BLUE Swim School system outright to a third party; may go public; may engage in a private placement of some or all of our and our affiliates' securities; may merge, acquire other companies, or be acquired by another company; and/or may undertake a refinancing, a recapitalization, a leveraged buy-out, or other economic or financial restructuring.

***Insert initials into the following blank to confirm this statement: ___**

14. Each of the undersigned understands the importance of the School's location. The undersigned and Franchisee have had, or will have, ample opportunity and the means to investigate, review, and analyze independently the School's location, the shopping center or other building in which it is contained, the market area and all other facts relevant to the selection of a site for a BIG BLUE Swim School, and the lease or purchase documents for such location.

***Insert initials into the following blank to confirm this statement: ___**

15. Each of the undersigned understands that neither our acceptance or selection of any location nor our negotiation or acceptance of any lease or purchase contract implies or constitutes any warranty, representation, guarantee, prediction, or projection that the location will be profitable or successful or that the lease or purchase contract is on favorable terms. It often is the case that such documents contain very tough terms.

***Insert initials into the following blank to confirm this statement: ___**

16. Each of the undersigned understands that site selection is a difficult and risky proposition. We and our affiliates have not given (and will not give) any representation, warranty, promise, guaranty, prediction, projection, or other statement or information relied upon (or to be relied upon) by the undersigned or Franchisee regarding a location's prospects for success, nearby tenants, or other attributes, even if we reviewed the lease or purchase contract. Franchisee will have any lease or purchase contract reviewed by its, his, or her own attorney and other advisors.

***Insert initials into the following blank to confirm this statement: ___**

17. Each of the undersigned understands that the estimated initial investment ranges disclosed in Item 7 of our FDD are for BIG BLUE Swim Schools of a certain size, at certain types of locations, and having certain characteristics we consider to be fairly standard for BIG BLUE Swim Schools. Franchisee's actual investment to develop its BIG BLUE Swim School could be incrementally or materially higher than the estimated initial investment ranges disclosed in Item 7 if Franchisee chooses to develop a School that otherwise is atypical when compared with standard BIG BLUE Swim Schools.

***Insert initials into the following blank to confirm this statement: ___**

18. The covenants and restrictions concerning competition contained in the Franchise Agreement are fair and reasonable and will not impose an undue hardship on the undersigned or Franchisee. Each of them has other considerable skills, abilities, opportunities, and experience in other matters and of a general nature enabling each of them to derive income that is satisfactory to them from other endeavors.

***Insert initials into the following blank to confirm this statement: ___**

19. There is no fiduciary or confidential relationship between us and the undersigned or between us and Franchisee. Each of the undersigned expects us to deal, and will act as if we are dealing, with it, him, or her at arm's length and in our own best interests.

***Insert initials into the following blank to confirm this statement: ___**

20. We have advised the undersigned and Franchisee to consult with their own advisors on the legal, financial, and other aspects of the Franchise Agreement, the Development Rights Agreement, this document, the School, any lease, sublease, or purchase contract for the premises, and the business contemplated. Each of the undersigned has either consulted with such advisors or deliberately declined to do so.

***Insert initials into the following blank to confirm this statement: ___**

21. Neither we or our affiliates, nor any of our or our affiliates' employees or agents, have provided the undersigned or Franchisee with services or advice that is legal, accounting, or other professional services or advice.

***Insert initials into the following blank to confirm this statement: ___**

22. We may communicate directly with Franchisee's trade suppliers at any time during the School's operation and obtain from them any sales and purchasing information relating to their dealings with Franchisee.

***Insert initials into the following blank to confirm this statement: ___**

23. The statements made in this document supplement and are cumulative to statements, warranties, and representations made in other documents, such as the Franchise Agreement and Development Rights Agreement. The statements made in this document or the Franchise Agreement and Development Rights Agreement are made separately and independently. They are not intended to be, and will not be, construed as modifying or limiting each other.

***Insert initials into the following blank to confirm this statement: ___**

24. Each of the undersigned acknowledges that Franchisee is entering the franchise relationship with the intent and expectation that we and Franchisee are and will be independent contractors. Neither we nor Franchisee is—and neither we nor Franchisee intends to be—a partner, joint venturer, associate, or employee of the other in any way. We (and our affiliates) will not exercise direct or indirect control over the School's personnel except to the extent any indirect control is related to our legitimate interest in protecting the quality of products, services, or the

BIG BLUE Swim School brand. We (and our affiliates) will not share or codetermine the employment terms and conditions of the School's employees or affect matters relating to the employment relationship between Franchisee and the School's employees, such as employee selection, training, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. We (and our affiliates) will not be the employer or joint employer of the School's employees.

***Insert initials into the following blank to confirm this statement: ___**

25. The President of the United States of America has issued Executive Order 13224 (the "Executive Order") prohibiting transactions with terrorists and terrorist organizations, and the United States government has adopted, and in the future may adopt, other anti-terrorism measures (the "Anti-Terrorism Measures"). We therefore require certain certifications that the parties with whom we deal are not directly or indirectly involved in terrorism. For that reason, the undersigned and Franchisee hereby certify that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with Franchisee, is: (a) a person or entity listed in the Annex to the Executive Order; (b) a person or entity otherwise determined by the Executive Order to have committed acts of terrorism or to pose a significant risk of committing acts of terrorism; (c) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (d) owned or controlled by terrorists or sponsors of terrorism. The undersigned and Franchisee further covenant that neither they nor any of their employees, agents, or representatives, nor any other person or entity associated with them, will during the term of the Franchise Agreement become a person or entity described above or otherwise become a target of any Anti-Terrorism Measure.

***Insert initials into the following blank to confirm this statement: ___**

FRANCHISEE:

[_____]

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Owners/executives of the Franchisee legal entity must sign below individually

_____ _____
(Signature | Date) (Signature | Date)

_____ _____
(Name Printed) (Name Printed)

EXHIBIT G

FORM OF GENERAL RELEASE

BIG BLUE SWIM SCHOOL FRANCHISING, LLC

GRANT OF FRANCHISOR CONSENT AND RELEASE BY FRANCHISEE

Big Blue Swim School Franchising, LLC ("we," "us," or "our") and the undersigned franchisee, _____ ***[insert name of franchisee entity]*** ("you" or "your"), currently are parties to a Franchise Agreement dated _____ (the "Franchise Agreement") for the operation of a BIG BLUE Swim School at _____. You have asked us to _____ ***[insert relevant detail]***. We currently have no obligation under your Franchise Agreement or otherwise to _____ ***[repeat relevant detail]***, or we have the right under the Franchise Agreement to condition our approval on your and your owners signing a release of claims. We are willing to _____ ***[repeat relevant detail]*** if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below in consideration for our willingness to _____ ***[repeat relevant detail]***.

Consistent with the previous introduction, you, on behalf of yourself and your successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, employees, and affiliated entities (collectively, the "Releasing Parties"), hereby forever release and discharge us and our parent and other affiliated entities, and our and their respective current and former officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "Big Blue Parties") from any and all claims, damages, demands, debts, causes of action, suits, duties, liabilities, costs, and expenses of any nature and kind, whether presently known or unknown, vested or contingent, suspected or unsuspected (all such matters, collectively, "Claims"), that you and any other Releasing Party now have, ever had, or, but for this Consent, hereafter would or could have against any Big Blue Party (1) arising out of or related in any way to the Big Blue Parties' performance of or failure to perform their obligations under the Franchise Agreement before the date of your signature below, (2) arising out of or related in any way to our offer and grant to you of your Big Blue Swim School franchise, or (3) otherwise arising out of or related in any way to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Big Blue Parties.

The released Claims include, but are not limited to, any Claim alleging violation of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules, or regulations. You and the other Releasing Parties acknowledge that you and they may after the date of the signatures below discover facts different from, or in addition to, those facts currently known to you and them, or which you and they now believe to be true, with respect to the Claims released by this document. You and the other Releasing Parties nevertheless agree that the release set forth in this document has been negotiated and agreed on despite such acknowledgement and despite any federal or state statute or common law principle which may provide that a general release does not extend to claims which are not known to exist at the time of execution.

You, on behalf of yourself and the other Releasing Parties, further covenant not to sue any Big Blue Party on any Claim released by this paragraph and represent that you have not assigned any Claim released by this paragraph to any individual or entity that is not bound by this paragraph.

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

****

[NOTE: The following language in brackets and bold type applies only when the franchisee operates in California or California law is deemed to apply. Remove the language in all other circumstances.]

[Each of the parties granting a release acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

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

Each party granting a release and its authorized signatories hereto recognize that he, she, or it may have some claim, demand, or cause of action against the released parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Addendum. Each party granting a release and its authorized signatories hereby waive and relinquish every right or benefit which he, she or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.]

****

If the Big Blue Swim School is located in Washington or you are a resident of Washington, the following shall apply:

> This General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC

By:_____
Title:_____
Date:_____

_____
[Name of Franchisee]

By:_____
Title:_____
Date:_____

_____
[Name of Owner]

_____
[Signature and Date]

EXHIBIT H

STATE-SPECIFIC ADDITIONAL DISCLOSURES AND AGREEMENT RIDERS

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF BIG BLUE SWIM SCHOOL FRANCHISING, LLC

The following are additional disclosures for the Franchise Disclosure Document of **BIG BLUE SWIM SCHOOL FRANCHISING, LLC** required by various state franchise laws. No provision of these additional disclosures will apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. THE 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 THE EXECUTION OF ANY AGREEMENT.

2. BEFORE THE FRANCHISOR CAN ASK YOU TO MATERIALLY MODIFY YOUR EXISTING FRANCHISE AGREEMENT, SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES THE FRANCHISOR TO FILE A MATERIAL MODIFICATION APPLICATION WITH THE DEPARTMENT THAT INCLUDES A DISCLOSURE DOCUMENT SHOWING THE EXISTING TERMS AND THE PROPOSED NEW TERMS OF YOUR FRANCHISE AGREEMENT. ONCE THE APPLICATION IS REGISTERED, THE FRANCHISOR MUST PROVIDE YOU WITH THAT DISCLOSURE DOCUMENT WITH AN EXPLANATION THAT THE CHANGES ARE VOLUNTARY.

3. OUR WEBSITE, www.bigblueswimschool.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. The following paragraph is added to the "Special Risks to Consider About This Franchise" page:

> **Spousal Liability.** While your spouse need not sign a personal guarantee unless he or she is an owner of the legal entity that is the franchisee, the fact that California is a community-property state means that both your and your spouse's marital and personal assets, including your house, could be lost if your franchise fails.

5. The following language is added to the end of Item 3 of the Franchise Disclosure Document:

Neither we, nor any person in Item 2 of the disclosure document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such person from membership in that association or exchange.

6. The following language is added after the last paragraphs in Items 5 and 7 of the Franchise Disclosure Document:

The Department has determined that the franchisor either has not demonstrated that it is adequately capitalized or must rely on franchise fees to fund operations. The Commissioner has imposed a fee deferral condition.

Payment of all initial franchise fees is postponed until after all of franchisor's initial obligations are complete and franchisee is open for business.

For area development offerings, the portion of the development fee attributable to an individual outlet in the development schedule is deferred until after all of franchisor's initial obligations are complete and that outlet is open for business.

7. The following language is added to the "Remarks" column of the "Interest" line-item in Item 6 of the Franchise Disclosure Document:

Any interest rate charged to a California franchisee must comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

8. The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning transfer, termination, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, then the law will control.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement provides for termination upon insolvency. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement requires application of the laws of the State of Georgia. This provision might not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration demand is filed (currently Atlanta, Georgia), with the costs being borne equally by the parties (and with each party also bearing all of its own travel and related expenses during the arbitration). 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 the Franchise Agreement restricting venue to a forum outside the State of California.

You must sign a general release of claims if you renew or transfer the franchise. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000–31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000–20043).

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ILLINOIS

1. The following statement is added to the State Cover Page of the Franchise Disclosure Document:

DURING THE 4TH – 8TH YEARS AFTER YOU COMMENCE BUSINESS OPERATIONS, THE FRANCHISOR MAY REQUIRE YOU TO SUBSTANTIALLY ALTER THE SCHOOL'S APPEARANCE, LAYOUT AND/OR DESIGN. THIS COULD OBLIGATE YOU TO SPEND

SUBSTANTIAL AMOUNTS OF MONEY, BUT NO MORE THAN 20% OF THE INITIAL AMOUNT YOU SPENT TO CONSTRUCT THE SCHOOL

2. The following language is added after the last paragraphs in Items 5 and 7 of the Franchise Disclosure Document:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced operating the BIG BLUE Swim School. You must pay us the initial franchise fee on the day you begin operating your BIG BLUE Swim School.

Despite the payment provisions above, we will defer your payment of the development fee due to us under a Development Rights Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first BIG BLUE Swim School. You must pay us the development fee due under a Development Rights Agreement on the day you begin operating your first BIG BLUE Swim School.

3. The following statements are added to the end of Item 17 of the Franchise Disclosure Document:

If you reject a site for your Big Blue Swim School that has been approved by the Franchisor's real estate committee, your Franchise Agreement will be terminated and you will lose your investment.

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees' rights upon termination and non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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.

MARYLAND

1. The following language is added after the last paragraphs in Items 5 and 7 of the Franchise Disclosure Document:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you will be deferred until we complete our pre-opening obligations under the Franchise Agreement. In addition, all development fees and initial payments will be deferred until the first franchise under the Development Rights Agreement opens.

2. The following language is added to the end of the "Summary" sections of Item 17(c) of the Franchise Disclosure Document, titled "Requirements for franchisee to renew or extend," and Item 17(m) of the Franchise Disclosure Document, titled "Conditions for franchisor approval of transfer":

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. The following language is added to the end of the "Summary" section of Item 17(h) of the Franchise Disclosure Document, titled "'Cause' defined – non-curable defaults":

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

4. The "Summary" section of Item 17(v) of the Franchise Disclosure Document, titled "Choice of forum," is amended to read as follows:

Subject to your arbitration obligation, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

5. The "Summary" section of Item 17(w) of the Franchise Disclosure Document, titled "Choice of law," is amended to read as follows:

Illinois law governs except for Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the chart in Item 17 of the Franchise Disclosure Document:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

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 CALENDAR DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 CALENDAR 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. The following language is added after the last paragraphs in Items 5 and 7 of the Franchise Disclosure Document:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due to us under the Franchise Agreement until we have fulfilled all our initial obligations to you under the Franchise Agreement and you have commenced operating the BIG BLUE Swim School. You must pay us the initial franchise fee on the day you begin operating your BIG BLUE Swim School.

Despite the payment provisions above, we will defer your payment of the development fee due to us under a Development Rights Agreement until we have

fulfilled all our initial obligations to you and you have commenced operating your first BIG BLUE Swim School. You must pay us the development fee due under a Development Rights Agreement on the day you begin operating your first BIG BLUE Swim School.

2. The following sentence is added to the "Remarks" column of the "Administrative Fee" line-item in Item 6 of the Franchise Disclosure Document:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 604.113, which puts a cap of $30 on an NSF check.

3. The following language is added to the end of the chart in Item 17 of the Franchise Disclosure Document:

Minn. Stat. Sec. 80C.12 Subd. 1(G) considers it unfair to not protect your right to use the trademarks. We will protect your rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

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

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

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statute 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, Minn. Rule 2860.4400(J) prohibits us from requiring you to consent to our obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.

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

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the

effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following language is added to the end of Item 3 of the Franchise Disclosure Document:

Except as provided above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, that 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-years 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 5 of the Franchise Disclosure Document:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

4. The following language is added to the end of the "Summary" sections of Item 17(c) of the Franchise Disclosure Document, titled "Requirements for a franchisee to renew or extend," and Item 17(m) of the Franchise Disclosure Document, titled "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; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. The following language replaces the "Summary" section of Item 17(d) of the Franchise Disclosure Document, titled "Termination by franchisee":

You may terminate the agreement on any grounds available by law.

6. The following language is added to the end of the "Summary" sections of Item 17(v) of the Franchise Disclosure Document, titled "Choice of forum," and Item 17(w) of the Franchise Disclosure Document, 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.

7. Franchise Questionnaires and Acknowledgments. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

8. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17(r) of the Franchise Disclosure Document, captioned "Non-competition covenants after the franchise is terminated or expires":

> Effective July 1, 2026, 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.

2. The following language is added to the end of the "Summary" section of Item 17(w) of the Franchise Disclosure Document, captioned "Choice of Law":

> Effective July 1, 2026, 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.

3. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC FRANCHISE AGREEMENT FOR USE IN CALIFORNIA

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the BIG BLUE Swim School you will operate under the Franchise Agreement was made in the State of California and you are a California resident, and/or (b) the BIG BLUE Swim School will operate in California.

2. **FEES**. The following language is added to the end of Section 5.A. of the Franchise Agreement:

> Despite the payment provisions above, we will defer your payment of the initial franchise fee until we have fulfilled all our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the BIG BLUE Swim School for business.

3. The following language is added to the end of the Franchise Agreement:

> For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.
>
> The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.
>
> 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

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

FRANCHISEE

_____
[Name]

By:_____
Name_____
Title:_____
Date:_____

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC FRANCHISE AGREEMENT FOR USE IN ILLINOIS

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in Illinois and the BIG BLUE Swim School you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are an Illinois resident.

2. **SITE SELECTION AND ACCEPTANCE.** The following language is added to the end of Section 4.B of the Franchise Agreement:

> If you reject a site for your Big Blue Swim School that has been approved by the Franchisor's real estate committee, your Franchise Agreement will be terminated and you will lose your investment.

3. **FEES**. The following language is added to the end of Section 5.A. of the Franchise Agreement:

> Despite the payment provisions above, we will defer your payment of the initial franchise fee until we have fulfilled all our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the BIG BLUE Swim School for business.

4. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL**. The following language is added to the end of Sections 22.I. and 22.J. of the Franchise Agreement:

> HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as new Section 27 of the Franchise Agreement:

27. **ILLINOIS FRANCHISE DISCLOSURE ACT**

> In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any

franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

FRANCHISEE

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC FRANCHISE AGREEMENT FOR USE IN MARYLAND

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a Maryland resident, or (b) the BIG BLUE Swim School you will operate under the Franchise Agreement will be located in Maryland.

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

> All representations requiring you to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **RELEASES**. The following language is added at the end of Sections 4.B.(5), 17.A., 17.C.(2)(i), 17.G., 18, and 20.G.(3) of the Franchise Agreement:

> Pursuant to COMAR 02.02.08.16L, 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.

4. **FEES**. The following language is added to the end of Section 5.A. of the Franchise Agreement:

> Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you will be deferred until we complete our pre-opening obligations under this Agreement.

5. **GOVERNING LAW**. The following language is added at the end of Section 22.G. of the Franchise Agreement:

> However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **CONSENT TO JURISDICTION**. The following language is added at the end of Section 22.H. of the Franchise Agreement:

> Notwithstanding the foregoing, and subject to your arbitration obligations, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATION OF CLAIMS**. The following language is added to the end of Section 22.L. of the Franchise Agreement:

> , except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

FRANCHISEE

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC FRANCHISE AGREEMENT FOR USE IN MINNESOTA

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the BIG BLUE Swim School you will operate under the Franchise Agreement will be located in Minnesota, and/or (b) any of the franchise offer or sales activity occurred in Minnesota.

2. **FEES**. The following language is added to the end of Section 5.A. of the Franchise Agreement:

> Despite the payment provisions above, we will defer your payment of the initial franchise fee until we have fulfilled all our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the BIG BLUE Swim School for business.

3. **RELEASES**. The following language is added at the end of Sections 4.B.(5), 17.A., 17.C.(2)(i), 17.G., 18, and 20.G.(3) of the Franchise Agreement:

> However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law with respect to claims arising under Minn. Rule 2860.4400D.

4. **TERMINATION**. The following language is added to the end of Section 19.B. of the Franchise Agreement:

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

5. **GOVERNING LAW**. The following language is added to the end of Section 22.G. of the Franchise Agreement:

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

6. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 22.H. of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Sections 22.I. and 22.J. of the Franchise Agreement are deleted in their entirety.

8. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 22.L. of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

FRANCHISEE

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC FRANCHISE AGREEMENT STATE OF NEW YORK

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is being signed because (a) you are a New York resident and the BIG BLUE Swim School you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the franchise offer or sales activity occurred in New York.

2. **RELEASES**. The following language is added at the end of Sections 4.B.(5), 17.A., 17.C.(2)(i), 17.G., 18, and 20.G.(3) of the Franchise Agreement:

> Notwithstanding the foregoing, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TRANSFER BY US**. The following language is added to the end of Section 17.A. of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **TERMINATION BY YOU**. The following language is added to the end of Section 19.A. of the Franchise Agreement:

> You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Sections 22.G. and 22.H. of the Franchise Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 22.L. of the Franchise Agreement:

> To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

FRANCHISEE

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC
FRANCHISE AGREEMENT
STATE OF VIRGINIA

THIS RIDER IS TO BE SIGNED ONLY IF THE FRANCHISE AGREEMENT TO WHICH IT RELATES IS SIGNED ON OR AFTER JULY 1, 2026.

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement"). This Rider is being signed because the BIG BLUE Swim School you will operate under the Franchise Agreement will be located in Virginia.

2. Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

> 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.
>
> 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.

To the extent the Franchise Agreement includes any provision that is wholly or partially unlawful under Virginia law, the unlawful portions of the provision will be deemed to be severed from, and not to be a part of, the Franchise Agreement to the extent they are unlawful. However, any remaining lawful portions of the provision may be fully enforced.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

FRANCHISEE

_____
[Name]

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

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, THE DEVELOPMENT RIGHTS AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Fees**. The following language is added to the end of Section 5.A. of the Franchise Agreement and Section 4 of the Development Rights Agreement:

> Despite the payment provisions above, we will defer your payment of the initial franchise fee until we have fulfilled all our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the initial franchise fee on the day you open the BIG BLUE Swim School for business.
>
> We will defer your payment of the development fee due under a Development Rights Agreement on a prorated basis (i.e., per BIG BLUE Swim School) until such time as each BIG BLUE Swim School opens for business.

The undersigned parties do hereby acknowledge receipt of this Addendum.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

FRANCHISEE

_____
[Name]

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

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

DEVELOPER

_____
[Name]

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

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE DEVELOPMENT RIGHTS AGREEMENT

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC DEVELOPMENT RIGHTS AGREEMENT FOR USE IN CALIFORNIA

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the BIG BLUE Swim Schools you will develop under the Development Rights Agreement was made in the State of California and you are a California resident, and/or (b) the BIG BLUE Swim Schools will operate in California.

2. **FEES**. The following language is added to the end of Section 4 of the Development Rights Agreement:

> Despite the payment provisions above, we will defer your payment of the development fee due to us under this Agreement on a prorated basis (i.e., per BIG BLUE Swim School) until such time as each BIG BLUE Swim School opens for business.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

DEVELOPER

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC DEVELOPMENT RIGHTS AGREEMENT FOR USE IN ILLINOIS

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in Illinois and the BIG BLUE Swim Schools you will develop under the Development Rights Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. **FEES**. The following language is added to the end of Section 4 of the Development Rights Agreement:

> Despite the payment provisions above, we will defer your payment of the development fee due to us under this Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first BIG BLUE Swim School. You must pay us the development fee due under this Agreement on the day you begin operating your first BIG BLUE Swim School.

3. **SITE SELECTION AND ACCEPTANCE.** The following language is added to the end of Section 5 of the Development Rights Agreement:

> If you reject a site for your Big Blue Swim School that has been approved by the Franchisor's real estate committee, your Franchise Agreement will be terminated and you will lose your investment.

4. **WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL**. The following language is added to the end of Sections 22.I. and 22.J. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

> HOWEVER, THIS WAIVER SHALL NOT APPLY TO THE EXTENT PROHIBITED BY SECTION 705/41 OF THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987 OR ILLINOIS REGULATIONS AT SECTION 260.609.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as new Section 14 of the Development Rights Agreement:

14. **Waivers Void**. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

DEVELOPER

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC DEVELOPMENT RIGHTS AGREEMENT FOR USE IN MARYLAND

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a Maryland resident, and/or (b) the BIG BLUE Swim Schools you will develop under the Development Rights Agreement will be located in Maryland.

2. **FEES**. The following language is added to the end of Section 4 of the Development Rights Agreement:

> Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you will be deferred until we complete our pre-opening obligations under this Agreement and the first franchise under this Agreement opens.

3. **GOVERNING LAW**. The following sentence is added to the end of Section 22.G. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

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

4. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 22.H. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

> You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 22.L. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

> However, you must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within three (3) years after we grant you the franchise.

6. **ACKNOWLEDGMENTS**. The following language is added as new Section 14 of the Development Rights Agreement:

> **14. Acknowledgments**. All representations requiring you to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

DEVELOPER

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC DEVELOPMENT RIGHTS AGREEMENT FOR USE IN MINNESOTA

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) the BIG BLUE Swim Schools you will develop under the Development Rights Agreement will be located in Minnesota, and/or (b) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in Minnesota.

2. **FEES**. The following language is added to the end of Section 4 of the Development Rights Agreement:

> Despite the payment provisions above, we will defer your payment of the development fee due to us under this Agreement until we have fulfilled all our initial obligations to you and you have commenced operating your first BIG BLUE Swim School. You must pay us the development fee due under this Agreement on the day you begin operating your first BIG BLUE Swim School.

3. **GOVERNING LAW**. The following sentence is added to the end of Section 22.G. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

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

4. **CONSENT TO JURISDICTION**. The following sentence is added to the end of Section 22.H. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or

reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

5. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. If and then only to the extent required by the Minnesota Franchises Law, Sections 22.J. and 22.K. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement, are deleted in their entirety.

6. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 22.L. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

DEVELOPER

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC
DEVELOPMENT RIGHTS AGREEMENT
STATE OF NEW YORK

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a New York resident, and the BIG BLUE Swim Schools you will develop under the Development Rights Agreement will be located in New York, and/or (b) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in New York.

2. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of Sections 22.G. and 22.H. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

3. **LIMITATION OF CLAIMS**. The following sentence is added to the end of Section 22.L. of the Franchise Agreement, as incorporated by reference in Section 12 of the Development Rights Agreement:

> To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the Effective Date of the Development Rights Agreement.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

DEVELOPER

_____
[Name]

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

RIDER TO THE BIG BLUE SWIM SCHOOL FRANCHISING, LLC
DEVELOPMENT RIGHTS AGREEMENT
STATE OF VIRGINIA

THIS RIDER IS TO BE SIGNED ONLY IF THE DEVELOPMENT RIGHTS AGREEMENT TO WHICH IT RELATES IS SIGNED ON OR AFTER JULY 1, 2026.

THIS RIDER is made by and between **BIG BLUE SWIM SCHOOL FRANCHISING, LLC**, an Illinois limited liability company whose principal business address is 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307 ("**we**," "**us**," or "**our**"), and _____, a(n) _____ ("**you**" or "**your**").

1. **BACKGROUND**. We and you are parties to that certain Development Rights Agreement dated _____ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated _____ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because the BIG BLUE Swim Schools you will develop under the Development Rights Agreement will be located in Virginia.

2. Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

> 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.
>
> 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.

To the extent the Development Rights Agreement includes any provision that is wholly or partially unlawful under Virginia law, the unlawful portions of the provision will be deemed to be severed from, and not to be a part of, the Development Rights Agreement to the extent they are unlawful. However, any remaining lawful portions of the provision may be fully enforced.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider, to be effective as of the date set forth next to our signature below.

BIG BLUE SWIM SCHOOL FRANCHISING, LLC, an Illinois limited liability company

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

**Effective Date

DEVELOPER

_____
[Name]

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

EXHIBIT I

SOFTWARE AS A SERVICE AGREEMENT

SOFTWARE AS A SERVICE AGREEMENT

This Agreement dated _____ is between Big Blue Swim School Franchising, LLC ("**Licensor**"), and _____ ("**Licensee**"), who, intending to be legally bound, hereby agree as follows:

1. INTRODUCTION.

(a) Licensor owns the proprietary computer software system known as LessonBuddy® more particularly described on the attached **Exhibit A** ("Licensed Software").

(b) Licensee desires to obtain a license from Licensor to use the Software by remote access to the Licensor computing environment in accordance with the terms and conditions of this Agreement in conjunction solely with its operation of a BIG BLUE Swim School No. ____ under the Big Blue Swim School Franchising, LLC Franchise Agreements by and between Licensee and Licensor.

(c) Any incongruities or conflicts, whether in fact or by operation of law, between the terms of this License and the Franchise Agreements shall be construed in the light most favorable to Licensor and in such a manner as to effectuate the intent of Licensor hereunder and the provisions of the Franchise Agreements. In the case of an unresolvable conflict between the License and the Franchise Agreements, the terms of the Franchise Agreements shall supersede and apply herein.

2. DEFINITIONS.

"Effective Date" means the date upon which the Franchise Agreements for each Big Blue Swim School is fully executed by Licensee.

"Franchise Agreements" means the documents executed by Licensee for the franchise rights for the specific Big Blue Swim School listed on **Exhibit B**.

"Licensee Materials" means all images, content, data, software, creative works, and other materials that are provided by Licensee to Licensor.

"Documentation" shall mean the specifications, user guides and other materials for the Software made available by Licensor to Licensee in written or electronic form at no additional charge.

"Fees" means the amounts payable hereunder as more particularly described on the attached Franchise Agreements.

"Software" means the computer program(s) listed on the attached **Exhibit A**, including Deliverables, if any, and updates, enhancements, translations, modifications and derivatives of the Software as may be supplied by Licensor during the Term.

"Standard Enhancement" means any enhancement of the hosted program or revision to the Documentation that Licensor makes on its own initiative and that Licensor makes available to its licensees generally, without charge.

"Term" means the Term as defined in the Franchise Agreements specified in Exhibit B.

"Unsupported Activity" means any activity not described in the software description in Exhibit A and any of the software release notes during the license term.

3. USAGE/TITLE/FEES.

(a) Licensee may use the Software during the Term only as set forth in the Franchise Agreements listed in Exhibit B.

(b) Licensee may not: (i) rent, loan, transfer or re-license the Software or Documentation or any portion thereof; (ii) make copies, translations or derivative works of the Software or Documentation; (iii) reverse engineer the Software, except as expressly permitted by applicable law, or create from it any work, whether in tangible or intangible form, that constitutes a "derivative work" within the meaning of the definition set forth in Section 101 of the U.S. Copyright Act; or (iv) communicate or reveal the Software or Documentation to any third party, except specific finance and accounting vendors or affiliates of Licensee ("Approved Third Party"), subject to execution by Approved Third Party of the then current third party license agreement and reasonably approved in writing by Licensor.

(c) Trade name or trademarks used with the Software, and any licenses and rights granted hereunder may not be distributed, sold, sub-licensed, or otherwise made available or transferred, in whole or in part, to any third party without the prior written consent of Licensor. Licensee shall not remove or alter any legends, copyright or trade secret notices from Software or Documentation.

(d) Title to the Software and any copies thereof, including all copies of the Documentation whether in electronic, or printed form and all proprietary rights therein shall at all times remain with Licensor.

(e) Licensee shall continue to own all right, title and interest (including copyrights) in and to all Licensee Materials. Licensee hereby grants to Licensor a perpetual, nonexclusive, transferable, worldwide, royalty-free, fully paid-up, irrevocable license to use, publish, perform, reproduce, display, and prepare derivative works of all Licensee Materials.

(f) Licensee will pay to Licensor, for the right to use the Licensed Software, the Software License Fee set forth in the Franchise Agreements.

4. UNAUTHORIZED USE/UNSUPPORTED ACTIVITY.

(a) Licensee agrees to notify Licensor immediately of the unauthorized possession, use, or knowledge of any component of the Software to which Licensee is given access under this Agreement and of other information made available to Licensee under this Agreement, by any person or organization not authorized by this Agreement to have such possession, use or knowledge. Licensee will promptly furnish full details of such possession, use or knowledge to Licensor, will assist in preventing the recurrence of such possession, use or knowledge, and will cooperate with Licensor in any litigation against third parties deemed necessary by Licensor to protect its proprietary rights. Licensee's compliance with this Section shall not be construed in any way as a waiver of any right by Licensor to recover damages or obtain other relief against Licensee for any act or omission which may have resulted in the unauthorized possession, use or disclosure.

(b) Licensee expressly acknowledges and agrees that: (1) the Software has not been designed to support any Unsupported Activity; and (2) Licensee is solely responsible for the accuracy of any Licensee Materials supplied to Licensor. Licensee hereby expressly disclaims and releases Licensor from any and all claims, damages, or liabilities whatsoever arising from or relating to Licensee's use of the Software for any Unsupported Activity. Licensee hereby expressly agrees to indemnify and hold harmless Licensor from any and all claims, damages, or liabilities whatsoever arising from or relating to Licensee's use of the Software for any Unsupported Activity, including without limitation, any attorneys' fees or costs incurred by Licensor in connection therewith.

(c) The Software has been designed for use with personal computers and hand held devices. Licensor does not represent or warrant that the Software will function as intended or be ADA compliant when used on any other devices, including kiosks or public computing stations. Such use is an Unsupported Activity as provided herein.

5. TERMINATION/DEFAULT.

(a) This Agreement shall be effective when signed by both parties hereto and is for the Term of the Franchise Agreements specified on **Exhibit B** to this Agreement.

(b) This Agreement shall terminate at any time during the Term upon the failure of Licensee to observe or perform any of the material covenants, terms and conditions of this Agreement where such non-performance is not fully remedied by Licensee within thirty (30) days after written notice by Licensor (other than as specified in subsection (c)).

(c) The failure of Licensee to pay Licensor any amounts due hereunder in a timely manner, if such delinquency is not corrected within ten (10) days of Licensor's demand shall be grounds for termination of this Agreement.

(d) Termination of this Agreement under this Section 5 shall be in addition to, and not a waiver of, any remedy at law or in equity. In the event of any termination, Licensee shall immediately cease to use the Software, and shall return all Documentation to Licensor. On the effective date of any termination or expiration of this Agreement, all amounts then owed by Licensee to are due and payable, even if later payment dates had been mutually agreed upon by the parties. Subsection (a) provides for expiration of this Agreement, and Subsections 5 (b) and (c) are the only permitted grounds for termination of this Agreement. Licensee shall not have the right to terminate this Agreement for convenience or unilaterally by returning the Software and Documentation for a reason other than expiration or permitted termination of the Agreement.

6. WARRANTIES. Licensor warrants that during the term of the Agreement, the Software shall materially conform to the specifications set forth in the Documentation. In the event of any non-conformance of such Software to the specifications, Licensee shall promptly so notify Licensor and provide Licensor with information that allows Licensor to investigate the claimed error. Licensor's sole obligation and Licensee's exclusive remedy under this warranty shall be limited to Licensor using commercially reasonable efforts to promptly correct such defects or, in Licensor's sole discretion, terminating this Agreement. Licensor's warranty obligations shall be void if the Software is modified by anyone other than Licensor. THE FOREGOING WARRANTY IS GIVEN IN LIEU OF, AND LICENSOR HEREBY DISCLAIMS, ALL OTHER WARRANTIES, EXPRESS AND IMPLIED, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE,

DATA ACCURACY, SYSTEMS INTEGRATION AND NONINFRINGEMENT. **LICENSEE EXPRESSLY ACKNOWLEDGES THAT BECAUSE OF THE COMPLEX NATURE OF COMPUTER SOFTWARE, LICENSOR CANNOT AND DOES NOT WARRANT THAT THE OPERATION OF THE SOFTWARE WILL BE WITHOUT INTERRUPTION OR ERROR-FREE.**

7. INDEMNIFICATION.

(a) Licensor shall, at its own expense, defend or at its option settle any claim, suit or proceeding brought against Licensee as a result of infringement of any United States patent, trademark, trade secret, or copyright of any third party, by virtue of Licensee's use of any of the Software pursuant to the terms of this Agreement. Licensor shall indemnify Licensee against any costs, expenses or damages finally awarded in such action, provided that Licensee promptly notifies Licensor in writing of the action and provided, further, that Licensee permits Licensor full authority to defend or settle the action and cooperates and provides all available information, assistance and authority to enable Licensor to do so.

(b) If the Software is, or in Licensor's opinion is likely to become, the subject of a claim, suit or proceeding for the infringement of any propriety rights, Licensor may (i) procure for Licensee, at no cost to Licensee, the right to continue usage of the Software, (ii) replace or modify the Software to make it non-infringing, at no cost to Licensee, or (iii) if the right to continue usage cannot be procured for Licensee for a cost not exceeding the amounts paid or to be paid hereunder by Licensee or the Software cannot reasonably be modified to make it non-infringing, terminate the license of such Software, and remove the Software.

(c) Licensor shall not have any liability for any claim, suit or proceeding for the infringement of any propriety rights based on the (i) usage of other than the then latest release of the Software from Licensor, if such infringement could have been avoided by the usage of the latest release of Software and such latest version has been made commercially available, or (ii) usage or combination of the Software with software or other materials not manufactured by Licensor if such infringement could have been avoided without such use or combination.

(d) Licensee shall, at its own expense, indemnify, defend and hold harmless Licensor from and against any claim, loss, liability or demand (including reasonable attorneys' fees) arising out of or in connection with any claim that the Licensee Materials infringe or misappropriate any intellectual property or proprietary rights of any party.

8. LIMITATION OF LIABILITY. IN NO EVENT WILL LICENSOR OR ITS SUPPLIERS BE LIABLE FOR ANY LOSS OF REVENUES, PROFITS, OTHER ECONOMIC LOSS OR GOODWILL OR OTHER INCIDENTAL, CONSEQUENTIAL OR INDIRECT DAMAGES OF ANY KIND, RESULTING FROM ITS PERFORMANCE OR FAILURE TO PERFORM PURSUANT TO THE TERMS OF THIS AGREEMENT OR ANY OF THE ATTACHMENTS HERETO, OR RESULTING FROM THE FURNISHING, PERFORMANCE, DELAY IN DELIVERY, OR USE OR LOSS OF USE OF ANY SOFTWARE OR OTHER MATERIALS DELIVERED TO LICENSEE HEREUNDER, WHETHER RESULTING FROM BREACH OF CONTRACT, BREACH OF WARRANTY, OR TORT, INCLUDING NEGLIGENCE, EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. LICENSOR AND ITS SUPPLIERS' AGGREGATE LIABILITY TO LICENSEE UNDER THIS AGREEMENT RESULTING FROM BREACH OF CONTRACT, BREACH OF WARRANTY, AND TORT, INCLUDING NEGLIGENCE, SHALL BE LIMITED TO THE FEES ACTUALLY

PAID BY LICENSEE TO LICENSOR IN THE 12 MONTH PERIOD IMMEDIATELY PRECEDING THE CLAIM.

9. MAINTENANCE/SUPPORT.

(a) MAINTENANCE. Licensor has the sole right and responsibility to maintain and update the Software. In connection with such maintenance and update, Licensee shall provide to Licensor any testing assistance that Licensor may reasonably request.

(b) STANDARD ENHANCEMENTS. Licensor reserves the right, as reasonably necessary or convenient for Licensor's own purposes or to improve the quality of the Software, to change access procedures, types of equipment utilized in the Licensor computing environment, system interfaces, operating and other system and network software, utilities, and database software, and to implement Standard Enhancements to the Software. Whenever practicable, Licensor shall give Licensee advance notice of the scheduled implementation of any Standard Enhancement.

(c) ACCESS INTERRUPTIONS. Licensee acknowledges and agrees that in order for Licensor to perform the maintenance services set forth herein, Licensor may be required from time to time to interrupt Licensee's ability to access the Software.

(d) TELEPHONE AND EMAIL SUPPORT. Licensor will provide telephone and email Technical Support Services for the Licensed Software during the normal hours of the school the license was granted to, unless otherwise specified by the Parties.

10. PAYMENTS AND TAXES. Licensee shall pay to Licensor the fee(s) in accordance with the payment terms specified in the Exhibits. Licensee shall be responsible for the payment of any and all taxes, fees and duties, including any related Value Added Tax, arising under this Agreement, other than income taxes levied upon Licensor In addition to any other sums payable thereunder, Licensee shall pay to or reimburse Licensor for all taxes, however designated (except Licensor income taxes), arising from this Agreement. Licensor reserves the right, upon seven (7) days' advance written notice to Licensee, to suspend operation of Software should Licensee fail to make full payment upon the date said payment is due. Licensor, at its sole discretion, may charge interest, not exceeding one and one half percent (1-1/2%) per month or fraction thereof or eighteen percent (18%) per year, for Licensee's failure to make any payment in a timely manner. Should Licensor be required to begin an action against Licensee to collect any past due payments, Licensee shall pay all costs of collection, including accrued interest, court costs and reasonable fees of attorneys and fees of other professionals.

11. END USER AGREEMENTS. All end users of the Software shall be bound by Licensor's Standard Terms of Use Agreement, as amended from time to time and posted at www.lessonbuddy.com/enduserlicense

12. CONFIDENTIAL INFORMATION.

(a) Licensor and Licensee each expressly undertakes to retain in confidence all information transmitted to it by the other party pursuant to this Agreement that the disclosing party identifies as being proprietary and/or confidential or that, by the nature of the circumstances surrounding the disclosure, ought in good faith to be treated as proprietary and/or confidential ("Confidential Information"), and will make no use of such Confidential Information except under

the terms and during the existence of this Agreement. Licensor and Licensee shall treat the terms and conditions of this Agreement as confidential; however, either party may disclose such information in confidence to its immediate legal and financial consultants as required in the ordinary course of that party's business. The receiving party's obligation hereunder shall extend for five (5) years following the disclosure of the Confidential Information.

(b) Confidential Information shall not include any information that: (i) is at the time of disclosure or subsequently becomes publicly available without the receiving party's breach of any obligations owed the disclosing party; (ii) became known to the receiving party prior to the disclosing party's disclosure of such information to the receiving party; (iii) became known to the receiving party from a source other than the disclosing party other than by the breach of an obligation of confidentiality owed to the disclosing party; (iv) is independently developed by the receiving party; (v) has been incorporated into or comprises any part of the Software; or (vi) is aggregated or derived from Licensee's use of the deliverables or the Software.

(c) For the avoidance of doubt, in the event of a conflict between the terms of this Confidentiality provision and the terms of the Franchise Agreements, the Franchise Agreements shall control.

13. DISPUTE RESOLUTION.

All controversies, disputes, or claims between us (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to:

(1) this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the School or any provision of any such agreements;

(2) our relationship with you; or

(3) the validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the School, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Section.

must be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings, including the hearing, will be conducted at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law.

The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that: (i) the arbitrator has no

authority to declare any Mark generic or otherwise invalid; and (ii) we and you waive to the fullest extent the Law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court of competent jurisdiction over either party.

We and you will be bound by any limitation under this Agreement or applicable law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator may not consider any settlement discussions or offers either you or we made. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for the arbitration proceeding to take place and by doing so do not waive or relinquish our right to seek recovery of those costs.

We and you agree that arbitration will be conducted on an individual basis and not in a class, consolidated, or representative action, that only we (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving us and/or any other person. Despite the foregoing or anything to the contrary in this Section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 13, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with this Section 13.

This Section's provisions are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding expiration or termination of this Agreement.

Despite your and our agreement to arbitrate, each has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, each must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

14. MISCELLANEOUS.

(a) The validity and performance of this Agreement shall be governed by the laws of the State of Georgia, without regard to its provisions for conflicts of laws.

(b) Neither this Agreement nor any rights or obligations under this Agreement in whole or in part, shall be assignable or otherwise transferable by Licensee except as allowed under the terms of Franchise Agreements listed in Exhibit B.

(c) This Agreement together with any Exhibit(s), the associated Franchise Agreements and mutually designated Appendices that may be attached hereto constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes all other communications written or verbal.

(d) Any modification to this Agreement must be specified and agreed to in writing by both parties.

(e) All notices and demands hereunder must be in writing and sent by personal delivery, first-class mail, return receipt requested, confirmed facsimile transmission or nationally or internationally recognized express courier service to the address of the receiving party set forth in this Agreement (or at such different address as may be designated by such party by written notice to the other party). Notices or demands sent by personal delivery shall be effective upon delivery. Notices sent by mail, facsimile transmission or courier shall be effective upon the date of receipt as evidenced by the return receipt.

(f) In the event any action is brought by a party in connection with this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including reasonable attorneys' fees, expert and lay witness fees, court costs, deposition costs, travel, and other related expenses.

IN WITNESS WHEREOF, the parties have caused this License Agreement to be executed by their undersigned duly authorized representatives as of the Effective Date.

LICENSOR	**LICENSEE**
Big Blue Swim School Franchising, LLC, an Illinois limited liability company	
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

SOFTWARE AS A SERVICE AGREEMENT

EXHIBIT A

DESCRIPTION OF SOFTWARE

This Exhibit is a part of and must be read in conjunction with that certain SOFTWARE AS A SERVICE AGREEMENT dated as of the Effective Date between Licensor and Licensee.

Software: **LessonBuddy®**

The Software may include, without limitation, portions of software code proprietary to third party who are the owners and/or copyright holders of such software. All such software is sublicensed to Licensee under this Agreement.

LessonBuddy® Platform Overview

Product	Description of Product & Services	Annual Investment
Base Platform	• Family and Student Information Management • Payment Profile Management • One-Time and Recurring Billing • Lesson Scheduling and Management • Lesson Check-in and Task List • Customer Relationship Management (CRM) • Lead Tracking • Employee Scheduling and Management • Employee Time Tracking and Substitution • Employee Timesheet Confirmation • Payroll Export Tool • Billing, Employee, Enrollment, Marketing and Operational Reporting • Users/Roles Management • Location and Pool Management • Pool Controller Monitoring and Alerting	See Franchise Agreement
Integrations	• eSite Analytics • Google Maps Geocoding • Listen360 • LMAP • Paycor • Sage Accounting • Salesforce Marketing Cloud • Yext	See Franchise Agreement
Mobile Application	• Android and iOS • Customer Self Service	See Franchise Agreement
Website Portal	• Customer Self Service	See Franchise Agreement

SOFTWARE AS A SERVICE AGREEMENT

EXHIBIT B

FRANCHISE AGREEMENTS

Franchise Agreement documents associated with License Agreement:

1. Franchise Agreement dated
2. Franchise Addendum dated

EXHIBIT J

LISTS OF CURRENT AND FORMER UNAFFILIATED FRANCHISEES

AS OF DECEMBER 31, 2025

CURRENT UNAFFILIATED FRANCHISEES
AS OF DECEMBER 31, 2025

All of the entities listed below except for SRD Aquatics LLC, Margaret Josephine Enterprises, LLC, and VECK, LLC are multi-unit developers.

Franchise ID	Owner | Area Developer	Pool Address	Pool Phone
CO-019	SE Swim School, LLC	20153 E. Smoky Hill Road, Suite 200 Centennial, Colorado 80015	(720) 330-4558
FL-082	SE Swim School, LLC	11575 Pines Blvd. Pembroke Pines, Florida 33026	(754) 900-1173
GA-036	SE Swim School, LLC	2960 Shallowford Rd Suite 136, Marietta, GA 30066	(754) 900-1173
IL-012	SDG Swim LLC	145 W Army Trail Rd Glendale Heights, Illinois 60139	(331) 209-0827
IL-013	SDG Swim LLC	1265 S. Naper Boulevard Naperville, Illinois 60540	(630) 793-1425
IN-211	Remoco Holdings, LLC	13928 Hoard Dr. Noblesville, Indiana 46060	(317) 643-5601
MA-276	BZ Royal County Down LLC	90 Pleasant Valley Street Methuen, Massachusetts 01844	(978) 431-2830
MA-530	BZ Royal County Down LLC	235 Old Connecticut Path, Framingham, MA 01701	(978) 431-2830
MD-051	KK-Seven Hills LLC	8910 Old Annapolis Rd Ste A, Columbia, MD 21045	(732) 325-8826
MI-087	Blue Aquatics, LLC	13805 Lakeside Circle Sterling Heights, Michigan 48313	(586) 300-2055
MI-099	MASSS, LLC	914 W Eisenhower Parkway Ann Arbor, Michigan 48103	(734) 545-8451
MO-280	Swimming Whale Development 1, LLC	2259 State Highway K O'Fallon, Missouri 63368	(636) 535-2280
NC-122	SE Swim School, LLC	7643 Pineville-Matthews Road, Charlotte, North Carolina 28226	(980) 710-6637
NC-123	SE Swim School, LLC	8623 Concord Mills Boulevard, Concord, North Carolina 28027	(980) 737-0551
NC-390	SE Swim School, LLC	1041 Beaver Creek Commons Drive, Apex, North Carolina 27502	(919) 890-9830

Franchise ID	Owner | Area Developer	Pool Address	Pool Phone
NJ-200	BCC Swim LLC	305 Route 17 South Paramus, New Jersey 07652	(201) 808-3115
NJ-388	BCC Swim LLC	1710 US-46, Woodland Park, NJ 07424	(201) 808-3115
NJ-208	J-Squared, LLC	781 Shoppes Blvd, North Brunswick Township, NJ 08902	(412) 266-5597
NJ-236	K Lab Holdings, LLC	2100 NJ-38 #6A, Cherry Hill Township, NJ 08002	(484) 617-3825
NJ-206	NNJ Aquatics, LLC	1515 Route 22 W, #16 Watchung, New Jersey 07069	(908) 274-2200
PA-247	BFK Holdings, LLC	804 West Street Road, Warminster, Pennsylvania 18974	(267) 317-7298
PA-299	Pittsburgh Aquatics, LLC	20412 US Route 19 Cranberry Township, Pennsylvania 16066	(724) 583-5919
PA-480	K Lab Holdings, LLC	82 East Lancaster Avenue Paoli, Pennsylvania 19301	(484) 617-3825
PA-243	K Lab Holdings, LLC	524 Lincoln Hwy, Fairless Hills, PA 19030	(484) 617-3825
TX-074	Rise ATX, LLC	6406 N Interstate 35 Frontage Road Suite 2800, Austin, Texas 78752	(512) 910-2199
TX-075	Swim Holdings, LLC	18321 W Airport Boulevard, Richmond, Texas 77407	(346) 484-5480
TX-071	Swim Holdings 2, LLC	29907 Jordan Crossing Blvd, Katy, TX 77494	(346) 484-5480
UT-060	Fuzion Swim, LLC	1340 East Park Centre Drive Cottonwood Heights, Utah 84121	(385) 200-3220
UT-062	Fuzion Swim, LLC	23 W. Center St. Orem, Utah 84057	(385) 200-3220
UT-551	Fuzion Swim, LLC	1380 N Redwood Road, Saratoga Springs, Utah 84045	(385) 509-1683

SIGNED BUT NOT YET OPENED

The following is a list of franchisees who have signed a franchise agreement, but whose units have not yet opened as of December 31, 2025.

Store ID	Owner | Area Developer	Trade Area	Franchisee Address	Franchisee Phone
CA-230	E & R Wellness, LLC	El Cerrito	3328 Herrier Street, Oakland, California, 94602	(206) 355-1210
CA-301	Blue Marlin Aquatics SD1, LLC	San Diego - Carmel Mountain Ranch	539 Samuel Court, Encinitas, California, 92024	(213) 268-9139
CO-020	SE Swim School, LLC	Northglenn	88 West Paces Ferry Road, NW, #2020, Atlanta, Georgia, 30305	(770) 843-0399
CO-022	Margaret Josephine Enterprises, LLC	Littleton	14383 Double Dutch Circle Parker, CO 80134	(517) 896-3449
FL-081	SE Swim School, LLC	Tamarac	8191 N Pine Island Rd, Tamarac, FL 33321	(770) 843-0399
GA-037	SE Swim School, LLC	Roswell	88 West Paces Ferry Road, NW, #2020, Atlanta, Georgia, 30305	(770) 843-0399
GA-349	SE Swim School, LLC	Cumming	501 Lakeland Plaza, Cumming, GA 30040	(770) 843-0399
GA-350	SE Swim School, LLC	Snellville	1350 Scenic Hwy S, Snellville, GA 30078	(770) 843-0399
MA-527	BZ Royal County Down LLC	Shreswbury	100 Boston Tpke, Shrewsbury, MA 01545	(978) 431-2830
MA-660	BZ Royal County Down LLC	North Dartmouth	331 State Rd, North Dartmouth, MA 02747	(978) 431-2830
MI-086	VECK, LLC	Royal Oak	425 W. Houstonia, Royal Oak, Michigan 48073	(313) 663-6858

Store ID	Owner | Area Developer	Trade Area	Franchisee Address	Franchisee Phone
NJ-201	BCC Swim II LLC	Short Hills	750 Morris Tpke, Short Hills, NJ 07078	(201) 808-3115
NJ-205	BCC Swim II LLC	West Orange	495 Prospect Ave, West Orange, NJ 07052	(201) 808-3115
NJ-244	SRD Aquatics LLC	Brick Township	722 Forest Road, Northford, Connecticut, 06472	(203) 889-7400
NJ-502	Manan and Vijay Shah	Bayonne	210 Bennington Terrace Paramus, New Jersey, 07652	(201) 469-6121
NY-265	Eastwood Aquatics, Inc.	Yonkers	37 Bittersweet Lane, Mt. Kisko, NY 10549	(914) 715-4711
NY-290	Metro Swim Group LLC	South Brooklyn	50 Wayne Street, Unit #3 Jersey City, New Jersey, 07302	(570) 677-0330
PA-239	K Lab Holdings, LLC	Springfield	32 S Morton Ave, Morton, PA 19070	(814) 571-6868
TX-172	Pavan and Tina Narra	Hollywood Park	2303 Quarry Road Austin, Texas, 78703	(504) 610-6010

LIST OF FRANCHISEES WHO LEFT THE SYSTEM

AS OF DECEMBER 31, 2025

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

Owner | Area Developer	City & State	Franchisee Phone
Fuzion Swim, LLC *Reacquisition*	1328 N Cooper Road, Gilbert, Arizona 85233	(602) 562-0889
Swim Science *Transfer*	Cottonwood Heights, Utah	(801) 905-8092

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

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:

	Effective Date
California	Pending
Illinois	Pending (Exempt)
Indiana	June 16, 2026
Maryland	Pending (Exempt)
Michigan	June 15, 2026
Minnesota	Pending
New York	Pending
Washington	Pending
Wisconsin	June 16, 2026

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.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Big Blue Swim School Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan law requires that Big Blue Swim School Franchising, LLC give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

If Big Blue Swim School Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The franchisor is Big Blue Swim School Franchising, LLC, located at 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307, (773) 701-8081.

Issuance date: June 15, 2026

The franchise sellers for this offering are Chris DeJong, Brandon Bean, Tyson Fraser, and Tracy Stockard at Big Blue Swim School Franchising, LLC 112 Krog Street NE, Suite D-135, Atlanta, Georgia 30307, (773) 701-8081.

We authorize the respective state agents identified on Exhibit E to receive service of process for us in the particular states. I received a disclosure document from Big Blue Swim School Franchising, LLC issued as of June 15, 2026, 2026, that included the following Exhibits:

A. Financial Statements
B-1. Franchise Agreement
B-2. Franchise Agreement Amendment for Legacy Franchisee
C. Development Rights Agreement
D. Operations Manual Table of Contents
E. List of State Agencies/Agents for Service of Process
F. Franchisee Representations Document
G. Form of General Release
H. State-Specific Additional Disclosures and Agreement Riders
I. Software as a Service Agreement
J. List of Franchisees / Departed Franchisees

Date	Prospective Franchisee [Print Name]
(Date, sign, and return to us at our address above or by email to franchising@bigblueswimschool.com.)	Signature of Prospective Franchisee

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Big Blue Swim School Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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Date	Prospective Franchisee [Print Name]
(Date, Sign, and Keep for Your Own Records)	Signature of Prospective Franchisee