FRANCHISE DISCLOSURE DOCUMENT

Boomerang Franchise LLC
a Maryland limited liability company
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The franchise described in this Disclosure Document is to operate a Hyper Kidz business, which is an interactive, indoor playground for kids ages 6 months to 13 years that encourages healthy and active social play.

The total investment necessary to begin operation of a Hyper Kidz franchise is $748,633 to $1,799,833. This includes $50,000 to $52,500 that must be paid to the franchisor and/or its affiliate.

The total investment necessary to begin operation of a Hyper Kidz Multi-Unit Development Agreement business ranges from $793,133 to $1,844,833. This includes $92,500 to $95,000 that must be paid to the franchisor and/or its 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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Chinnababu Gudapati at 6120 Syracuse Court, Clarksville, Maryland, 21029, and gudapatichinna@gmail.com.

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

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

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

Issuance Date: May 29, 2025

How to Use this Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 F.
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 D 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 Hyper Kidz business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator 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 Hyper Kidz franchisee?	Item 20, Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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 Addendum. See the Table of Contents for the location of the State Specific Addendum.

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

2) **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

4) **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.

5) **Minimum Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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

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

The Franchisor

The Franchisor is Boomerang Franchise LLC. For ease of reference Boomerang Franchise LLC will be referred to as "we" or "us" in this Disclosure Document. We will refer to the person or entity who signs the Franchise Agreement as "you" throughout this Disclosure Document. If you are a corporation or other legal entity, certain provisions of the Franchise Agreement apply to your "Principals" (defined below) and will be noted.

We are a Maryland limited liability company formed on May 14, 2018. We do business under our corporate name and under the name "Hyper Kidz". Our principal business address is 6120 Syracuse Court, Clarksville, Maryland, 21029. We are engaged in the business of granting and supporting franchises to franchisees under the "Hyper Kidz" trade name and trademark. We have no other business activities. We have never offered franchises in this or any other line of business. We began offering franchises in October 2018.

Our agents for service of process are listed in Exhibit A.

Our Parent, Predecessors and Affiliates

We have no parent or predecessor.

The Franchise Offered

The "Franchise" offered by this Disclosure Document is for the right to own and operate a Hyper Kidz business according to the terms of our "Franchise Agreement" which is attached to this Disclosure Document as Exhibit B. A Hyper Kidz business is a themed, interactive, indoor playground for kids ages 6 months to 13 years that encourages healthy and active social play ("Hyper Kidz Business" or "Franchised Business"). Hyper Kidz Businesses offer unlimited play with three different attractions: Big Kid Zone, Kid Zone, and Mini Zone, which are geared toward specific age groups.

Big Kid Zone is a large play structure primarily for children from 3 to 13 and at least 4 feet tall. Big Kid Zone includes a large 3-4 level play structure featuring multiple tube and spiral slides, , various obstacles, soft play equipment, and other interactive play activities. The Kid Zone is primarily for children from 2 to 7 and features a 2-story play structure, motorized revolving rides, slides, a ball pit, spinning palms, a building block room, a light up wall, and other fun play equipment. Mini Zone is primarily a self-contained play zone for babies and toddlers up to two years old and features themed soft play equipment, mounted to the ground, with extensive padding and no sharp edges. Hyper Kidz Businesses also host birthday parties. A typical Hyper Kidz Business will need 11,000 to 16,000 square feet of space.

Hyper Kidz Businesses are established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior themed design, unique dress, décor and color scheme; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures; training and assistance; and advertising and promotional programs; all of which we may change, improve, and further develop, at our discretion. Certain aspects of the System are more fully described in this Disclosure Document and in the Confidential Operations Manual, which you should expect to evolve over time, which is loaned to you as our franchisee.

Hyper Kidz Businesses use certain trademarks, service marks, and commercial symbols, including the mark "Hyper Kidz", all of which we may modify periodically, a certain store design, décor and image developed for Hyper Kidz Businesses and certain associated logos (collectively the "Marks" or "Proprietary Marks"). The Marks are owned by Boomerang Franchise LLC.

Since a Hyper Kidz Business requires franchisees and their employees to work directly with children, you must pass our rigorous screening process, and you must make sure that all of your employees also pass a rigorous screening process. You may not employ anyone who has been convicted of a sex crime or a crime against a child, or who does not otherwise meet our requirements.

Multi-Unit Development Agreement

In certain circumstances, we will offer to you the right to sign a multi-unit development agreement (the "Multi-Unit Development Agreement") in the form attached as Exhibit C to this Disclosure Document to open multiple Hyper Kidz Businesses to be located within a specifically described geographic area (the "Development Area"). We will determine the Development Area before you sign the Multi-Unit Development Agreement and a description of the Development Area will be included in the Multi-Unit Development Agreement. Under the Multi-Unit Development Agreement, you must establish at least three Hyper Kidz Businesses within the Development Area according to a minimum performance schedule, and sign a separate Franchise Agreement for each Hyper Kidz Business established under the Multi-Unit Development Agreement. The Franchise Agreement for the first Hyper Kidz Business opened under the Multi-Unit Development Agreement will be in the form attached as Exhibit B to this Disclosure Document and will be signed at the same time you sign the Multi-Unit Development Agreement. For each additional Hyper Kidz Business developed under the Multi-Unit Development Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees which may differ from the current Franchise Agreement. The size of the Development Area will vary depending upon local market conditions and the number of Hyper Kidz Businesses to be developed.

Market and Competition

Hyper Kidz Businesses offer their products and services to the general public, but your primary target will be the parents of children ages 6 months to 13 years. You will compete with other businesses that offer similar products and services, some of which may be individual businesses, a chain of businesses or a franchise system. Sales are year-round with this business.

Industry Specific Laws and Regulations

There are no regulations specific to operating a Hyper Kidz Business, but you must comply with all local, state and federal health and sanitation laws that apply to retail operations as well as laws that apply generally to these businesses and to places of public assembly or gathering. You should make further inquiries to find out about these laws and general regulations in your area.

Item 2: BUSINESS EXPERIENCE

Bynia Reed – Principal Officer

Ms. Reed has been our Principal Officer since our inception and has been Chief Operating Officer for our Affiliate, Maryland Indoor Play, LLC located in Columbia, Maryland since May 25, 2018. She is a licensed Child Psychotherapist and a consultant for various organizations serving individuals, children, and families.

Chinnababu Gudapati – Principal Officer

Mr. Gudapati has been our Principal Officer since our inception and has been Chief Executive Officer for our Affiliate Maryland Indoor Play, LLC, located in Columbia, Maryland, since May 25, 2018. Since April 2001, he has been actively involved as an information technology consultant with Cloud Technologies in Clarksville, MD. Additionally, he leads several Montessori and childcare centers.

Sangeetha Iyer Ramdurai – Principal Officer

Ms. Ramdurai has been our Principal Officer since our inception and has been Chief Administrative Officer for our Affiliate Maryland Indoor Play, LLC located in Columbia, Maryland since May 25, 2018. From January 2013 to the present, she has been Administrative Officer for Srinergy 2 Educare, an education services company based in Clarksville, Maryland.

Item 3: LITIGATION

No litigation is required to be disclosed in this Disclosure Document.

Item 4: BANKRUPTCY

Except as provided below, no bankruptcy information is required to be disclosed in this Disclosure Document.

Item 5: INITIAL FEES

Franchise Agreement

Initial Franchise Fee: You must pay us an initial franchise fee of $42,500, which is due in a lump sum when you sign the Franchise Agreement. The initial franchise fee is imposed uniformly on all franchisees and is not refundable under any circumstances.

Training Fee: You must pay us a training fee from $7,500 to $10,000 when you schedule your trainees to attend our initial training program. We will train up to three people for the training fee. If you wish to send additional trainees to our initial training program, you must pay an additional training fee of $1,500 per person. You must also pay all expenses your trainees incur while attending training, including travel, lodging, meals and applicable wages. The training fee is not refundable.

Multi-Unit Development Agreement

Development Fee: If you sign a Multi-Unit Development Agreement, you must pay us a development fee. The development fee is payable to us in a lump sum when you sign the Multi-Unit Development Agreement and is not refundable under any circumstances.

The development fee is calculated as 100% of the initial franchise fee for the first Hyper Kidz Business to be developed ($42,500), plus 50% of the initial franchise fee ($21,250) for each additional Hyper Kidz Business to be developed in the Development Area. For example, if you commit to develop three Hyper Kidz Businesses in the Development Area, the development fee is calculated as $42,500 + (2 x $21,250 = $42,500) = $85,000.

We expect that you will sign the Franchise Agreement for your first Hyper Kidz Business at the same time you sign the Multi-Unit Development Agreement, and a portion of the development fee will be used to pay the initial franchise fee for this Hyper Kidz Business in full. For each Hyper Kidz Business developed after the first one, a pro rata portion of the development fee is applied toward the initial franchise fee due for that Hyper Kidz Business, and the balance of the initial franchise fee ($19,750) is payable in a lump sum when you sign the Franchise Agreement for that Hyper Kidz Business.

Training Fee: You must pay us a training fee from $7,500 to $10,000 when you schedule your trainees to attend our initial training program. We will train up to three people for the training fee. If you wish to send additional trainees to our initial training program, you must pay an additional training fee of $1,500 per person. You must also pay all expenses your trainees incur while attending training, including travel, lodging, meals and applicable wages. The training fee is not refundable.

Illinois residents only: The Illinois Attorney General's Office imposed a Surety Bond requirement equal to the initial fee times the number of franchises to be sold due to Franchisor's financial condition.

There are no other payments to or purchases from us or our affiliates that you must make before your Franchised Business opens.

Item 6: OTHER FEES

Fees [1]	Amount	Due Date	Remarks
Royalty Fee [2]	6% of Gross Sales	Payable on Tuesday of each week (or the next business day if any Tuesday is not a business day)	Royalty Fees are calculated based on Gross Sales for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account.
Brand Development Fee	2% of Gross Sales	Payable at the same time and in the same manner as the Royalty Fee	You must contribute when we establish the Brand Development Fund. The Brand Development Fund is described in Item 11.
Local Marketing	2% of Gross Sales	Must be spent monthly	You will spend this money directly with your local marketing vendors or us. All marketing must be approved by us before you use it.
Cooperative Marketing [3]	As determined by cooperative members	Not currently Assessed	Not Applicable
Technology Fee [4]	$290 per month plus $500 set up fee	As arranged	When Billed
Initial Training (For New or Replacement Employees)	$1,500	15 days after billing	Training for up to three people is included in the training fee. If you request that we provide our initial

Fees [1]	Amount	Due Date	Remarks
			training program to any additional employees, or to new or replacement employees during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages.
Additional On-Site Training	$250	When billed	If you request that we provide additional training at your Hyper Kidz Business or if we determine you need additional training, you must pay our daily fee for each trainer we send to your Hyper Kidz Business, and you must reimburse each trainer's expenses, including travel, lodging and meals.
Designated Accounting Fee	$250 per month	As incurred	Payable to designated supplier. Our designated accountant is the sole approved accounting services provider for the first two years of operation of your Franchised Business.
Interest	1.5% per month or the highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts. Interest accrues from the original due date until the amount is paid in full.
Late Fee	$125 per occurrence	On demand, if incurred	For any payment owed to us that is not paid on time, you must pay us, in addition to interest on the overdue amount, a late fee.
Audit Fee	Cost of audit (estimated to be between $1,000 and $5,000)	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest.

Fees [1]	Amount	Due Date	Remarks
Insufficient Funds Fee	$125 per occurrence	On demand, if incurred	Payable if there are insufficient funds in your account to pay fees due to us. If you incur three insufficient funds fees in any 12-month period, we have the right to terminate your Franchise Agreement.
Transfer Fee (a) All transfers except as provided in (b) below. (b) Transferee is an entity controlled and owned by current Franchisee.	50% of the then current franchise fee. No charge.	Payable if we approve your transfer request but prior to execution of final transfer agreements and authorization.	Payable if we approve your transfer request, but prior to execution of final transfer agreements and authorization. No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders. Subject to state law.
Successor Agreement Fee	25% of our then-current initial franchise fee		
Conference Convention Fee	Up to $1,500	Paid to us when a conference occurs. Payment is required regardless of the attendance.	Will be debited automatically from your bank account by ACH or other means designated by us.

Fees [1]	Amount	Due Date	Remarks
Liquidated Damages	The amount equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 36 months or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.	15 days after termination	Payable to us
Costs and Attorneys' Fees	Actual costs	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement if we substantially prevail against you.
Indemnification	Actual costs	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business or for costs associated with defending claims that you used the Proprietary Marks in an unauthorized manner.
Repair, Maintenance, and Remodeling/ Redecorating	Actual costs	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Hyper Kidz Business and its equipment according to our requirements. We may require you to remodel or redecorate your Hyper Kidz Business to meet our then-current image for all Hyper Kidz Businesses. We will not require you to remodel or redecorate your Hyper Kidz

Fees [1]	Amount	Due Date	Remarks
			Business more frequently than every five years. If you do not maintain your Hyper Kidz Business according to our standards, we may arrange for the necessary maintenance and you must reimburse our costs on demand.
Management Fee	10% of Gross Sales, plus expenses	If incurred	We have the right to step in and manage your Franchised Business in certain situations, such as your death, disability or prolonged absence.
Product or Supplier Evaluation	Reimbursement of our costs, up to $500	On demand, if incurred	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use for your Franchised Business.
Insurance Premiums	Reimbursement of our costs, plus 10% administrative fee	On demand	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf and you will reimburse us.
Customer Loyalty Program	Actual costs	As incurred	If we develop a customer loyalty program, you must participate in it.
Gift Card Program	Actual costs	As incurred	If we develop a gift card program, you must participate in it.
Operational Standards Violation Fee	$250-$1,500	As incurred	Payable to us.

Notes:

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us. The amounts given may be due to changes in market conditions, our cost of providing services and future policy changes.

2. For the purposes of determining the fees to be paid under the Franchise Agreement, "Gross Sales" means the total selling price of all services and products and all income of every other kind and

nature related to the Franchised Business, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments. We may authorize certain other items to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time by us.

The Royalty Fee and Brand Development Fee will be withdrawn from your designated bank account by electronic funds transfer ("EFT") on Tuesday of each week based on Gross Sales for the preceding week ending Sunday. On Monday of each week, you must report to us your Gross Sales for the previous week ending Sunday. If you do not report Gross Sales, we may debit your account for 120% of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee we debit are less than the Royalty Fee and Brand Development Fee you actually owe us, once we have been able to determine the true and correct Gross Sales for your Franchised Business, we will debit your account for the balance on a day we specify. If the Royalty Fee and Brand Development Fee we debit are greater than the Royalty Fee and Brand Development Fee you actually owe us, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

3. Cooperatives will include all Hyper Kidz Businesses located in a specific geographic area, whether owned by us, our affiliates or our franchisees. Each Hyper Kidz Business has one vote in the cooperative, except that no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote, regardless of the number of Hyper Kidz Businesses owned. No cooperatives have been established as of the date of this Disclosure Document. In the event of a tie vote, the franchisor is the tie breaking vote.

4. We have the right to periodically increase the technology fee, which will not occur more frequently than annually. We will provide you with 60 days' prior written notice of any change to the technology fee. Adjustments to the technology fee are tied to the annual percentage increase in the Consumer Price Index (CPI), with a maximum annual increase of 5%-8% per year.

Item 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$42,500	Lump Sum	On signing Franchise Agreement	Us
Training Fee (1)	$7,500 to $10,000	As arranged	Before training	Us

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Rent – 3 Months [2]	$58,000 to $124,000	As arranged	As arranged	Landlord
Security Deposits [3]	$19,333 to $41,333	As arranged	As arranged	Landlord, Utility Companies
Designated Designer/ Designated Architect Fees [4]	$25,000 to $50,000	As arranged	As arranged	Designated Designer, Designated Architect
Leasehold Improvements [5]	$250,000 to $900,000	As arranged	As arranged	Contractor
Signage [6]	$12,000 to $36,000	As arranged	As arranged	Approved Suppliers
Furniture, Fixtures & Equipment [7]	$250,000 to $400,000	As arranged	As arranged	Approved Suppliers
Initial Inventory [8]	$15,000 to $25,000	As arranged	As arranged	Approved Suppliers
Computer System [9]	$7,500 to $20,000	As arranged	As arranged	Approved Suppliers
Permits and Licenses [10]	$2,000 to $6,000	As arranged	As arranged	Government Agencies
Building Permits/ Impact Fees	$5,000 to $20,000	As arranged	As arranged	Government Agencies
Professional Fees [11]	$5,000 to $20,000	As arranged	As arranged	Attorney, Designated Accountant
Insurance [12]	$3,800 to $16,000	As arranged	As arranged	Insurance Companies
Training Expenses [13]	$1,000 to $5,000	As arranged	As incurred	Airlines, Hotels, Restaurants
Grand Opening Advertising [14]	$5,000 to $14,000	As arranged	As arranged	Suppliers
Additional Funds – 3 Months [15]	$40,000 to $70,000	As arranged	As incurred	Various
Total [16]	**$748,633 to $1,799,833**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment. All of our estimates assume that you will purchase the required items. Your costs may be lower if you choose to lease some items.

Notes:

1. ***Initial Franchise Fee; Training Fee***. You must pay us an initial franchise fee of $42,500, which is due in a lump sum when you sign the Franchise Agreement. The initial franchise fee is imposed uniformly on all franchisees and is not refundable under any circumstances. Training Fee: You must pay us a training fee between $7,500 to $10,000 when you schedule your trainees to attend our initial training program. We will train up to three people for the training fee. If you wish to send additional trainees to our initial training program, you must pay an additional training fee of $1,500 per person. You must also pay all expenses your trainees incur while attending training, including travel, lodging, meals and applicable wages. The training fee is not refundable.

2. ***Rent***. If you do not own adequate property, you must lease the property for your business. The typical size for a Hyper Kidz Business is 11,000 to 16,000 square feet and is located in a commercial, retail or light industrial setting.

Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges") your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the property, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Hyper Kidz Business, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

3. ***Security Deposits***. We expect that you will need to pay deposits for your local utilities, such as telephone, electricity and gas, and your landlord may require you to pay a security deposit. The amount of your deposits will depend, in part, on your credit rating and the policies of the individual utility companies.

4. **Designated *Designer/ Designated Architect Fees***. You must hire a designated architect to prepare construction plans for the build-out of your Franchised Business based on the specifications and requirements we provide. You and the designated architect must make sure that the construction plans comply with all applicable laws, ordinances, and building codes, including the Americans with Disabilities Act.

5. ***Leasehold Improvements***. The cost of leasehold improvements will vary depending on numerous factors, including: (a) the size and configuration of the premises; (b) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); and (c) cost of materials and labor, which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out of Hyper Kidz Businesses and the cost of leasehold improvements. Our estimate does not include any tenant improvement allowance you may negotiate.

6. ***Signage***. These amounts represent your cost for your interior and exterior signage. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.

7. ***Furniture, Fixtures & Equipment***. Our estimate includes the various playground equipment you will need for each of Big Kid Zone, Kid Zone, and Mini Zone, as well as a video surveillance system. Our estimate also includes furnishings, including office equipment (desk, chairs, filing cabinet, shelving), reception desk, lobby area furniture, shelving units, dispensers for toilet paper, paper towels and hand sanitizer, audio visual equipment installation (including video monitors, speakers, rack, sound system, mic, wiring), waiver kiosks/tablets, surveillance and security system, refrigerators and coolers.

8. ***Initial Inventory***. Our estimate includes paper supplies, cleaning supplies beverages, uniforms for staff, office supplies and party supplies.

9. ***Computer System***. You must purchase the computer system that we specify, including hardware components and certain software.

10. ***Permits and Licenses***. Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of your Hyper Kidz Business. You should consult the appropriate governmental authority concerning the availability of required licenses and the associated expenses for your Hyper Kidz Business before you sign a Franchise Agreement.

11. ***Professional Fees***. We strongly encourage you to retain an attorney and an accountant to assist you with evaluating this franchise offering. Your advisor may also assist you with negotiating your lease or purchase agreement for the approved location, and with forming a corporate entity to own the franchise, if you choose to do so. You must use our designated accountant for the first two years of operation of your Franchised Business, and the estimated monthly accounting fee paid to this sole approved supplier is included in this estimate.

12. ***Insurance***. You must have the insurance that we specify for your Hyper Kidz Business at all times during the term of your Franchise Agreement. Our insurance requirements are included in Item 8. Our estimate includes up to 12 months of premiums.

13. ***Training Expenses***. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for the first three trainees. These amounts do not include any fees or expenses for training any other personnel. The lower end of our estimate assumes that the trainees live within driving distance of our training facility. The high end of our estimate assumes that additional travel is required.

14. ***Grand Opening Advertising***. You must conduct a grand opening advertising campaign to promote the opening of your Hyper Kidz Business. Your grand opening campaign must include the elements we require, such as direct mail campaigns and giveaways. We must approve of your grand opening advertising campaign, and your campaign must be conducted in the period that includes 12 weeks before and 12 weeks after opening of your Hyper Kidz Business. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

15. ***Additional Funds***. This estimates your initial start-up expenses for an initial three-month period, not including payroll costs, Royalty Fees, Brand Development Fees or other continuing fees payable to us, and does not include any revenue that your Hyper Kidz Business may earn in the

first three months of operation. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be three months.

16. ***Totals***. We relied on our Affiliate's experience in operating a Hyper Kidz Business since 2018 to prepare these estimates.

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YOUR ESTIMATED INITIAL INVESTMENT
MULTI-UNIT DEVELOPER – DEVELOPMENT OF THREE HYPER KIDZ BUSINESSES

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Development Fee (1)	$85,000	Lump Sum	On signing Multi-Unit Development Agreement	Us
Vehicle – 3 Months (2)	$2,000 to $2,500	As arranged	As arranged	Suppliers
Training Fee (3)	$7,500 to $10,000	As arranged	Before training	Us
Other Expenditures for First Franchised Business (4)	$698,633 to $1,747,333	See First Table	See First Table	See First Table
Total	**$793,133 to $1,844,333**			

None of the expenses listed in the above chart are refundable. We do not finance any portion of your initial investment.

Notes:

1. ***Development Fee***. The development fee is discussed in Item 5. The development fee estimate assumes you will develop three Hyper Kidz Businesses. If you choose to develop additional Hyper Kidz Businesses, the development fee will increase by $19,750 for each additional Hyper Kidz Business you commit to develop.

2. ***Vehicle***. We anticipate that you will need a vehicle to view potential sites and to oversee the build-out of the Hyper Kidz Businesses. Our estimate includes three months of expenses for gas, maintenance and vehicle payments.

3. ***Training Fee.*** You must pay us a training fee between $7,500 to $10,000 when you schedule your trainees to attend our initial training program. We will train up to three people for the training fee.

4. ***Other Expenditures for First Franchised Business***. These are the estimates to build-out your first Hyper Kidz Business.

Item 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that the highest degree of quality and service is maintained, you must operate your Hyper Kidz Business in strict conformity with our methods, standards and specifications, as set forth in the Confidential Operations Manual ("Manual") or otherwise in writing. You must refrain from deviating from these methods, standards and specifications without our prior written consent. We may revise the contents of the Manual, and you must comply with each new or changed standard and specification. You must at all times make sure that your copy of the Manual is kept current and up to date. We may provide the Manual in hard copy or electronically by a password-protected website.

You must maintain in sufficient supply (as we may prescribe in the Manual or otherwise in writing), and use at all times, only the products and supplies purchased from suppliers designated or approved by us, and any other materials, paper goods, fixtures, furnishings, equipment, signs and other items as conform with our standards and specifications. You must not deviate from those standards and specifications by the use of non-conforming items, without our prior written consent.

You must sell and offer for sale only those programs, products and services that we have expressly approved for sale in writing and in the manner and style we require. You must discontinue offering for sale any programs, products and services we may disapprove in writing at any time. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or other methods (such as by email) of any changes in the standards and specifications.

You must purchase and install, at your expense, all fixtures, furnishings, equipment (including computer hardware and software), décor and signs as we may reasonably direct; and you must not, without our prior written consent, install or permit to be installed any fixtures, furnishings, equipment (including computer hardware and software), décor, signs or other items not previously approved as meeting our standards and specifications. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

Currently neither we nor our Affiliate are an approved supplier for any product or service you must purchase or lease. None of our officers has an ownership interest in any approved supplier.

Our designated accountant is the sole approved supplier of accounting services for the first two years of operation of your Franchised Business. We also may designate the suppliers you must use for your music subscription service, background checks on your employees, and the required video surveillance. You must also make sure that we have access to your video surveillance feed and/or records. A list of our approved suppliers will be included in the Manual and is subject to change over time. We will provide you notice in the Manual or otherwise in writing (such as via email) of any changes to the list of approved suppliers.

You must select a site that you propose to use for your Franchised Business and you must submit to us all information we require to evaluate the site you propose. You may not obtain the site (by lease, sublease or purchase agreement) until the site has been approved by us. We have the right to review any lease, sublease or purchase agreement for the approved site before you sign it. At our request, you and your landlord must sign our form of Collateral Assignment of Lease, attached to the Franchise Agreement as Attachment 5.

You must arrange for blueprints and/or construction plans to be prepared for the build-out of your Franchised Business. We have the right to designate the architect or design firm that you must use. We

will provide you with our requirements for the layout of your Franchised Business. Any blueprints or construction plans must be submitted to us for our approval before you may begin construction. Our review is only meant to verify compliance with our standards and presentation of the Proprietary Marks. You must make sure that the plans are in compliance with all applicable laws, ordinances and building codes, including the Americans with Disabilities Act. We may inspect your Franchised Business during its construction and you may not open your Franchised Business until we have approved it for opening.

Any advertising materials that you have had prepared for you, or that we have not approved within the most recent 12-month period, and that you wish to use to promote your Hyper Kidz Business must be submitted to us for our approval before the materials may be used. You may not use any advertising materials that we have not approved.

If you wish to purchase, lease or use any products or other items, or purchase from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered either to us or to an independent laboratory for testing. We have the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. You or the supplier must reimburse our costs for our evaluation of the proposed product or supplier (up to $500). Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you within 60 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier the criteria for product or supplier approval that we deem confidential.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 80% to 85% of your total purchases in establishing your Hyper Kidz Business, and approximately 50% to 60% of your total purchases in the continuing operation of your Hyper Kidz Business.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above in which you must participate.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Hyper Kidz Businesses in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). We may also choose to contribute these Allowances to the Brand Development Fund, but if we do so it does not reduce or eliminate your

obligation to pay the Brand Development Fee. During the fiscal year ended December 31, 2024, we did not earn any Allowances.

You must obtain, before beginning any operations under the Franchise Agreement, and must maintain in full force and effect at all times during the term of the Franchise Agreement, at your own expense, an insurance policy or policies protecting you, us, our affiliates, and our respective officers, directors, partners, and employees. The policies must provide protection against any demand or claim relating to personal and bodily injury, death, or property damage, or any liability arising from your operation of the Franchised Business. All policies must be written by a responsible carrier or carriers that we determine to be acceptable and that are rated at least "A" with A.M. Best, must name us and our affiliates as additional insureds, must contain a waiver of all subrogation rights against us, our Affiliates, and our respective successors and assigns, and must provide at least the types and minimum amounts of coverage specified in the Franchise Agreement or otherwise in the Manual. Each policy must provide us with 30 days' advance notice of any change to or cancellation of the policy. Additionally, we may designate one or more insurance companies as the insurance carrier(s) for Hyper Kidz Businesses. If we do so, we may require that you obtain your insurance through the designated carrier(s).

As of the date of this Disclosure Document, you must have the following insurance coverages: (1) Special form property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Location and all tenants' improvements and betterments on a 100% replacement cost basis without coinsurance. Franchisee's property insurance policy shall include coverage, at a minimum, for fire, vandalism, malicious mischief and crime; (2) Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Location is located and employer liability coverage with a minimum limit of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) or, if higher, the statutory minimum limit as required by state law; (3) Comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Location, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence and TWO MILLION DOLLARS ($2,000,000.00) in the aggregate or, if higher, the statutory minimum limit required by state law, and that includes sexual molestation and child abuse coverage. Such coverage shall also include contractual liability insurance for the indemnification obligations of this Agreement and Franchisor shall be named as an additional named insured on a primary and noncontributory basis; (4) Business interruption insurance in amounts and with terms acceptable to Franchisor including loss of income and extra expense to cover lost income for at least 12 months; (5) Automobile liability insurance for owned or hired and non-owned auto, with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law; (6) Excess or umbrella coverage with a minimum limit amount of $1,000,000; (7) such insurance as necessary to provide coverage under the indemnity provisions set forth in the Franchise Agreement.

You must consider if additional insurance coverages are necessary through consultation with your own advisors. Such optional coverages include, but are not limited to: (1) employment practices liability insurances, (2) participant accident coverage, (3) Threat of Malicious Acts/Active Shooter coverage, and (4) Cyber security and/or data breach coverage.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We have the right, in our sole discretion, to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances, and you must comply with those changes.

Your insurance policies must be issued by an insurance company licensed to do business in the state where your Franchised Business is located, and having at least an "A" Rating Classification and a Financial Size Rating of "IX" as indicated in the latest issue of A.M Best's Key Rating Guide. No later than 15 days before your Franchised Business opens, you must provide us with a certificate of insurance showing that you have obtained all required insurance coverages, and you must provide us with updated certificates of insurance when policies are renewed. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to us and shall reflect proof of payment of premiums. If you do not obtain the insurance coverages that we require we may, but are not obligated to, obtain insurance on your behalf. If we do this, you must reimburse our expenses plus a 10% administrative fee.

When determining whether to grant new or additional franchises we consider many factors, including compliance with the requirements described above.

Should you fail to procure maintain insurance coverage as required by us, we may but are not required to, immediately procure such insurance coverage and to charge you the premiums, which charges, together with a reasonable fee for expenses incurred by us in connection with such procurement, shall be payable by you immediately upon notice.

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.

In the following table, the abbreviation "FA" refers to the Franchise Agreement, and the abbreviation "MUDA" refers to the Multi-Unit Development Agreement.

Obligation	Article or Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/ lease	FA: Article 4 MUDA: Section 3	Items 7, 8 and 11
(b) Pre-opening purchases/leases	FA: Article 4	Items 5, 7 and 11
(c) Site development and other pre-opening requirements	FA: Article 4	Items 8 and 11
(d) Initial and ongoing training	FA: Article 5	Items 5, 6, 7 and 11
(e) Opening	FA: Article 4	Item 11
(f) Fees	FA: Articles 10, 12, 16, 17 and 19 MUDA: Section 2	Items 5, 6, 7 and 11
(g) Compliance with standards and policies/operating manual	FA: Articles 5 and 11	Item 11

Obligation	Article or Section in Agreement	Disclosure Document Item
(h) Trademarks and proprietary information	FA: Articles 6, 7, 8 and 9 MUDA: Section 7	Items 13 and 14
(i) Restrictions on products/services offered	FA: Article 11	Items 8 and 16
(j) Warranty and customer service requirements	Not applicable	Not applicable
(k) Territorial development and sales quotas	MUDA: Section3	Item 12
(l) On-going product/service purchases	FA: Article 11	Item 8
(m) Maintenance, appearance and remodeling requirements	FA: Articles 4 and 11	Item 6
(n) Insurance	FA: Article 11	Items 6 and 8
(o) Advertising	FA: Articles 4 and 12	Items 6, 8 and 11
(p) Indemnification	FA: Articles 6 and 15 MUDA: Section 14	Item 6
(q) Owner's participation/ management/ staffing	FA: Article 11 MUDA: Section 7	Items 11 and 15
(r) Records and reports	FA: Article 13	Item 11
(s) Inspections and audits	FA: Article 14 MUDA: Section 12	Items 6 and 8
(t) Transfer	FA: Article 16 MUDA: Section 11	Items 6 and 17
(u) Successor Agreement	FA: Article 17 MUDA: Section 5	Items 6 and 17
(v) Post-termination obligations	FA: Article 19 MUDA: Section 10	Item 17
(w) Non-competition covenants	FA: Articles 9, 16 and 19 MUDA: Section 12	Item 17
(x) Dispute resolution	FA: Article 20 MUDA: Section 19	Item 17
(y) Liquidated damages	FA: Article 19	Item 6
(z) Guaranty	FA: Attachment 7	Item 15

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, Boomerang Franchise LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Multi-Unit Development Agreement: Before you begin operating under the Multi-Unit Development Agreement, we will grant to you exclusive rights to a Development Area within which you will assume the responsibility to establish and operate an agreed-upon number of Hyper Kidz Businesses under separate Franchise Agreements (Multi-Unit Development Agreement – Section 1.1).

Franchise Agreement: Before you open your Hyper Kidz Business, we will:

1. Approve of the site you propose, if it meets our requirements. Once the location for your Franchised Business has been approved by us, we will designate the boundaries of your Designated Territory. (Franchise Agreement – Section 4.1.)

2. Approve a lease or purchase agreement for the approved site, if the lease or purchase agreement meets our criteria. We may also assist you in negotiating the lease or purchase agreement. If we do not notify you of our approval or disapproval a proposed lease or purchase agreement within 15 days, it shall be deemed approved. At our request, you must have your landlord sign a Collateral Assignment of Lease. (Franchise Agreement – Section 4.2. and Attachment 5)

3. Furnish our design specifications, which include our requirements for design, decoration, layout, equipment, furniture, fixtures, color scheme, signs and other operating materials needed for the Hyper Kidz Business to open. (Franchise Agreement – Section 4.3.)

4. Review your construction plans. Our review of your construction plans is not meant to assess compliance with any applicable laws, ordinances, or building codes. Our review of your proposed plans is only to verify that your Hyper Kidz Business will be built out according to our specifications for design and appearance. (Franchise Agreement – Section 4.3.)

5. Loan you for your sole use one copy of the Manual for the term of the Franchise Agreement. We may provide the Manual electronically. (Franchise Agreement – Section 5.5.)

6. Train up to three people in the operation of your Hyper Kidz Business. We describe this training later in this Item. We will also provide one of our representatives to assist with opening your Hyper Kidz Business for up to 14 days. If you request additional days of opening assistance, you must pay our then-current per diem fee for each additional day of assistance and you must reimburse our representative's additional expenses, including travel, lodging and meals. If you are opening your second or later Hyper Kidz Business, we have the right to reduce the amount of opening assistance provided or to not provide opening assistance. (Franchise Agreement – Section 5.1.)

7. Consult with you to develop the grand opening advertising campaign you must conduct for the Hyper Kidz Business. (Franchise Agreement – Section 4.8.)

8. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits. (Franchise Agreement – Section 11.14.)

Continuing Obligations

Multi-Unit Development Agreement: During the term of the Multi-Unit Development Agreement:

1. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Hyper Kidz Business. We will approve sites for future/additional units under a Multi-Unit Agreement using our then current site criteria. (Multi-Unit Development Agreement – Section 8.1).

2. We will provide you with standard specifications and layouts for building and furnishing the Hyper Kidz Business (Multi-Unit Development Agreement – Section 8.2).

3. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Development Agreement – Section 8.3).

4. We will provide other resources and assistance as may be developed and offered to our multi-unit developers (Multi-Unit Development Agreement – Section 8.4).

Franchise Agreement: During the operation of your Hyper Kidz Business, we will do the following:

1. Furnish guidance to you with respect to: (a) specifications, standards and operating procedures utilized by Hyper Kidz Businesses and any modifications of them; (b) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; (c) development and implementation of local marketing and promotional programs; (d) administrative, bookkeeping, accounting, inventory control, and general operating and management procedures of Hyper Kidz Businesses; and (e) establishing and conducting employee training programs at your Franchised Business. This guidance will be furnished in the form of the Manual, bulletins, written reports and recommendations, other written materials (including email), periodic telephonic consultations, or consultations at our offices or at your Franchised Business. (Franchise Agreement – Section 5.4.)

2. Additional training and assistance on-site at your Hyper Kidz at your request or if we determine that additional training or assistance is necessary. You must pay our then-current per diem fee for each trainer we send to you, and you must reimburse our trainers' expenses, including travel, lodging and meals. (Franchise Agreement – Section 5.2.)

3. License to you the right to use the Marks and certain copyrighted works and will indemnify you from certain claims relating to your use of the Marks as more fully described in Items 13 and 14. (Franchise Agreement – Articles 6 and 7.)

4. Maintain a Brand Development Fund. (Franchise Agreement – Section 12.1.)

5. At our option, hold a meeting of our franchisees. This meeting will be held when we believe it will be beneficial to the franchisees in the System and will not be held more frequently than annually. (Franchise Agreement – Section 5.3.)

6. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Section 6.5.)

Site Selection

You must select the site for your Hyper Kidz Business, and you must obtain our written acceptance of any proposed site in accordance with our procedures. Within 180 days after you sign the Franchise Agreement, you must submit to us the information and materials we may reasonably require for your proposed site, including demographic, commercial and other information, and photographs. We will consider the site based on demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area (including other Hyper Kidz Businesses), the number of households, income levels, population, the purchase price or lease terms for the proposed site and other commercial characteristics, the size of the premises, appearance, and other physical characteristics of the proposed site. (Franchise Agreement – 4.1)

We will have 30 days after we receive this information and materials from you to approve or disapprove the proposed site as the location for your Hyper Kidz Business. If we do not provide our specific approval of a proposed site, the site is deemed not approved. Our approval only means that the site meets our requirements for a Hyper Kidz Business. We also reserve the right to approve your lease. We will not lease a site and then sublease it to you. (Franchise Agreement 4.1.2)

If you do not locate a suitable site within 180 days after you sign the Franchise Agreement, we will provide you with an additional 30 days to locate a suitable site. If you do not locate a suitable site within this additional 30-day period, we may provide you with an additional extension, in our discretion, or we may terminate the Franchise Agreement. (Franchise Agreement 4.1.2)

Opening

We estimate that the time from when the Franchise Agreement is signed to the opening of the Hyper Kidz Business will be approximately 9 to 12 months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Hyper Kidz Business, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Hyper Kidz Business, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Hyper Kidz Business, including purchasing inventory and supplies, and completing our initial training program. You must open your Hyper Kidz Business and begin business not later than 12 months after you sign the Franchise Agreement. If you are unable to open your Hyper Kidz Business within the required timeframe, we may provide you with an extension of this timeframe or we may terminate your Franchise Agreement. You may not open your Hyper Kidz Business for business until we have approved you to do so. (Franchise Agreement 4.7)

If you are a Multi-Unit Developer, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Development Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your first Franchised Business is the same as for an individual franchisee. Each additional Franchised Business you develop must be opened according to the terms of your minimum performance schedule. (Multi-Unit Development Agreement 3.2)

Grand Opening Advertising Campaign (Franchise Agreement 4.8)

You must spend at least $5,000 to conduct a grand opening advertising campaign to promote the opening of your Hyper Kidz Business. Your grand opening campaign must include the elements we require, such as direct mail campaigns and giveaways. We must approve of your grand opening advertising campaign, and your campaign must be conducted in the period that includes 12 weeks before and 12 weeks after opening of your Hyper Kidz Business.

We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

Brand Development Fund (Franchise Agreement 12.1)

We have a brand development fund (referred to as the "Fund") for brand development, advertising, marketing and public relations programs that we believe are necessary or appropriate to promote Hyper Kidz Businesses. You must pay a non-refundable Brand Development Fee to the Fund in an amount equal to 2% of your Gross Sales. As stated in Item 8, we may contribute Allowances we receive from approved suppliers to the Fund. If we choose to do this, it does not reduce or eliminate your obligation to pay the Brand Development Fee. Hyper Kidz Businesses owned and operated by us or our affiliates will contribute to the Fund on the same basis as our franchisees.

We will direct all advertising and public relations programs financed by the Fund with sole discretion over the creative concepts, materials, and endorsements it uses, and the geographic, market, and media placement and allocation of it. The Fund may be used to pay the costs of developing marketing ideas and concepts; developing market research and merchandising programs; preparing marketing campaigns; developing promotional ideas and strategies; preparing collateral creative materials; preparing advertisements; preparing public relations campaigns; providing technical and professional advice in connection with any of the above; and placement of advertising. We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs such as salaries for our employees who devote time and effort to Fund related activities) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee). The Fund and its earnings will not otherwise benefit us.

You must participate in all advertising and public relations programs conducted by the Fund. The Fund may furnish you with samples of certain marketing, advertising and promotional formats and other such materials without charge. We will not spend any contributions to the Fund on advertising that is a solicitation of new franchisees.

The Fund is held in an account separate from our general funds. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Hyper Kidz Businesses to the Fund in that year and the Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. Any money remaining in the Fund at the end of any year will carry over to the next year. We will prepare within 120

after each fiscal year end, and furnish to you upon written request, an annual, unaudited statement of money collected and costs incurred by the Fund.

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

We may have the Fund incorporated or operated through an entity separate from us at any time we deem appropriate, and the successor entity will have all our rights and duties as described in this section and in the Franchise Agreement.

The Fund is intended to maximize recognition of the Marks and patronage of Hyper Kidz Businesses generally. Although we will try to use the Fund to develop advertising and marketing materials and programs, and to place advertising, to benefit all Hyper Kidz Businesses, we have no obligation to make sure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by the Hyper Kidz Businesses operating in that geographic area, or that any Hyper Kidz Business will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. Your failure to derive this benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Fund. We have no fiduciary obligation to you or any other Hyper Kidz Business in connection with the establishment of the Fund or the collection, control or administration of monies paid into the Fund. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Fund.

We have the right to terminate the Fund at any time. We will not terminate the Fund until all money in the Fund has been spent for advertising and promotional purposes. If we choose to terminate the Fund, we also have the right to reinstate it at any time, and any reinstated Fund will be maintained as described above.

In our most recently concluded fiscal year, which ended on December 31, 2024. The Brand Development Fund spending went towards 10% Local SEO, 20% Social Media Marketing, 10% Email Marketing, 10% Content Marketing, 10% Online Advertising, 10% Public Relations, 10% Sponsorships & Partnerships, 10% Local Events, 5% Customer Loyalty Programs, 5% Training and Support.

Local Marketing (Franchise Agreement 12.2)

You must conduct local marketing and promotional programs in your Designated Territory to promote your Hyper Kidz Business. You must provide us with a report within 15 days after the end of each calendar quarter detailing your local marketing activities, including verification copies of your advertising and copies of bills for expenses related to a promotion. During the term of the Franchise Agreement, you must spend 2% of Gross Sales each month for local marketing and promotion.

We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

Any advertising or marketing materials you propose to use that have been prepared by or for you, or that we have not approved in the immediately preceding 12-month period, must be submitted to us and receive our approval before you may use the materials. The proposed materials must be submitted to us no later than 14 days before you intend to use them. Unless we provide our specific approval of the proposed materials within this 14-day period, the materials are deemed not approved. Any advertising or promotional

materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

At our request, you must include certain language in your local marketing, including "Franchises Available" and our website address and telephone number.

Marketing Cooperatives (Franchise Agreement 12.4)

We may designate any geographic area in which two or more Hyper Kidz Businesses are located as an area for purposes of establishing a marketing cooperative ("Cooperative"), or we may approve of the formation of a Cooperative by our franchisees. The members of the Cooperative for any area will consist of all franchised Hyper Kidz Businesses; Hyper Kidz Businesses operated by us or our affiliates may, but are not required to, participate in a Cooperative. We have the right to form, dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering marketing programs for Cooperative members and developing, subject to our approval as described above, promotional materials for use by the members in local marketing. If a Cooperative has been established for a geographic area where your Hyper Kidz Business is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. You will not have to participate in more than one Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents, and a copy of the Cooperative documents applicable to the geographic area in which your Hyper Kidz Business will be located will be provided to you if you request them.

The members of a Cooperative will determine, by vote, the amount that each member of the Cooperative shall contribute to the Cooperative. Any contributions you make to a Cooperative will count toward your local marketing requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on local marketing, you must still spend the difference locally. All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. The Cooperative is not required prepare an annual financial statement. Each Hyper Kidz Business has one vote in the Cooperative, except that no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote, regardless of the number of Hyper Kidz Businesses owned.

Advisory Council (Franchise Agreement 12.7)

We may, in our discretion, form an advisory council to work with us to improve the System, the products and services offered by Hyper Kidz Businesses, advertising conducted by the Fund, and any other matters that we deem appropriate. If an advisory council is formed it will act solely in an advisory capacity and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council. The advisory council will include our representatives and franchisee representatives. Franchisee representatives may be chosen by us or may be elected by a vote of other franchisees. If you participate in an advisory council, you will pay any expenses you incur related to your participation, which may include travel, lodging and meals expenses if you must travel to attend council meetings.

Website / Intranet / Social Media (Franchise Agreement 19.2 and Attachment 9)

We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the

benefit of your Hyper Kidz Business a "click through" subpage at our website for the promotion of your Hyper Kidz Business. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Hyper Kidz Business, you must routinely provide us with updated copy, photographs and news stories about your Hyper Kidz Business suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electronic commerce that we establish or maintain may – in addition to advertising and promoting the products and services available at Hyper Kidz Businesses – also be devoted in part to offering Hyper Kidz Business franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an Intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Hyper Kidz Business; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates the "Hyper Kidz" name or any name confusingly similar to the Marks.

You are not permitted to promote your Hyper Kidz Business or use any of the Marks in any manner on any social or networking websites, such as Facebook, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System Standards regarding the use of social media in your Hyper Kidz Business's operation, including prohibitions on your and your employees posting or blogging comments about the Hyper Kidz Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Instagram and YouTube, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We have the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage. We reserve the right, at any time, to revoke your ability to use social media and/or to maintain a social media website.

Computer System (Franchise Agreement Article 11)

You must purchase and use certain computer hardware and software, including point of sale systems that we designate, that are capable of electronically interfacing with our computer system. The computer system is used to collect and monitor point of sale information, create business reports, scheduling, payroll management, inventory management, credit card processing, and booking parties.

The computer system must allow us to have immediate access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a highspeed internet connection in accordance with our specifications to permit us to access the point of sale (or other computer hardware and software) at your Franchised Business premises as described above. This will permit us to electronically inspect and monitor information concerning your Hyper Kidz Business's Gross Sales and any other information that may be contained or

stored in the computer system, including the ability to review your video surveillance. You must make sure that we have access at the times and in the manner we specify, at your cost.

You must purchase the computer system we specify and you must have Party Center software. Our specific requirements for the computer system will be included in our Manual. You must purchase the computer system from any authorized seller, unless we designate a specific supplier. We expect that the computer system will cost between $6,500 and $10,000, including initial software licenses.

We recommend, but do not require, that you purchase a maintenance contract for your computer system. We cannot estimate the cost of a maintenance contract for your computer system, as it will depend on the level of service you select. You must obtain all software updates that we require, and we estimate that the cost of software updates and/or subscriptions will cost approximately $3,600 annually.

All software used with the computer system must be kept up to date. In addition, we may require you to update and/or upgrade all or a portion of your computer system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your computer system or the cost of any update and/or upgrade. Neither we nor any affiliate of ours will provide you with any updates, upgrades or maintenance for your computer system. We reserve the right to change the designated computer system in the future and you must comply with any change we require.

You must obtain and maintain a highspeed internet connection at all times for your computer system. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

Training (Franchise Agreement Article 5)

No later than 60 days before the date your Hyper Kidz Business begins operation, you (or one of your Principals), your General Manager and one additional trainee (for a maximum of three people) must attend and complete, to our satisfaction, our mandatory initial training program. Training will be conducted at our Affiliate's Hyper Kidz Business in Columbia, Maryland, at our headquarters, or at another location we designate. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers and other personnel needing training, the number of new Hyper Kidz Businesses being opened and the timing of the scheduled openings of Hyper Kidz Businesses. There is currently no set schedule for providing our training program. We may train more than one franchisee and their General Managers at the same training session.

We will provide instructors and training materials for the initial training of you, your General Manager and one additional trainee for the training fee, and you must pay the expenses incurred by you and your trainees while attending training, including travel, lodging, meals and applicable wages. You may also have additional personnel trained by us for your Hyper Kidz, at your expense. You (or one of your Principals) and your General Manager must complete the initial training program to our satisfaction. If you (or one of your Principals) do not satisfactorily complete the initial training program, we will give you an opportunity to retake our training program at your expense. If you do not satisfactorily complete the initial training program a second time, we may terminate your Franchise Agreement. Franchise owners and their family members may not be General Managers without prior approval from us.

If the General Manager does not satisfactorily complete the initial training program or if we determine that the General Manager cannot satisfactorily complete the training program, you must

designate a replacement to satisfactorily complete the training, at your expense, before you will be permitted to open your Hyper Kidz Business. Any General Manager subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that manager to the headquarters training program, at your expense. We have the right to charge a reasonable fee (currently $1,500) for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training.

The instructional materials used in the initial training include our Manual, marketing and promotion materials, programs related to the operation of the computer system, and any other materials that we believe will be beneficial to our franchisees in the training process.

As of the date of this Disclosure Document, we provide the following training program:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Floor Management	2	3	Columbia, MD
Front Desk Management	2	3	Columbia, MD
Party Hosting	2	3	Columbia, MD
Equipment Maintenance	2	3	Columbia, MD
Running the operation	2	3	Columbia, MD
Managing Social Media	2	3	Columbia, MD
Customer Relation	2	3	Columbia, MD
Setting up Software	2	3	Columbia, MD

The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the experience or individual needs of those persons being trained.

Our training program is conducted by Chinnababu Gudapati and Bynia Reed. We have the right to draw upon the experience of our Affiliate's employees to assist in certain training modules. Each instructor has between one and 12 years of experience in the subject he/she is teaching, and less than one year of experience with us or our Affiliate.

For the opening of your Hyper Kidz Business, we will provide you with one of our trained representatives. The trained representative will provide on-site pre-opening and opening training, supervision, and assistance to you for up to 14 days around your Hyper Kidz Business's opening. If you request additional days of on-site opening assistance, you must pay our then-current per diem fee (currently $250) for each additional day of opening assistance provided, and you must reimburse our representative's expenses for the additional days, including travel, lodging and meals. If you are opening your second (or later) Franchised Business, we have the right to reduce the duration of our representative's visit or to not provide opening assistance.

If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Hyper Kidz Business, or if we determine that you need additional training or assistance (such

as if you incur unsatisfactory or below average ratings after an inspection), you must pay our then-current per diem fee (currently $250) for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals.

We do not anticipate holding any refresher training programs.

We have the right to hold a meeting or convention of our franchisees, which may be held on a regional or national basis. We may specify that attendance at any franchisee meeting is mandatory for you and/or your General Manager unless the absence is excused by us. We may use a franchisee meeting to discuss new products or services, to discuss concerns with our franchisees, and/or to provide additional training. We will determine the location of the franchisee meeting, but we will not designate an unreasonably expensive location. We do not anticipate charging a fee for the franchisee meeting, but you must pay all expenses that you and your attendees incur, including travel, lodging, meals and applicable wages.

Operations Manual

The table of contents to the Operations Manual is attached hereto as Exhibit E. The Operations Manual includes approximately 96 pages.

Item 12: TERRITORY

Franchise Agreement

Your Franchise Agreement will specify the site that will be the Approved Location for your Hyper Kidz Business. Your Franchise Agreement will also specify a Designated Territory, which will be a minimum of 65,000 kids ages 13 & under within a 15-mile radius (Driving Distance), whichever comes first around the Approved Location. Your Designated Territory may be described in terms of street, municipal or other boundaries, and may be depicted on a map that is attached to your Franchise Agreement. If you do not yet have a location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area list as Attachment 2.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Hyper Kidz Business in your Designated Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

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

If, during the term of the Franchise Agreement, you wish to relocate your Hyper Kidz Business, or if your Hyper Kidz Business is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for your Hyper Kidz Business. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Hyper Kidz Business and is located within your Designated Territory, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement. We do not charge a relocation fee.

Except as expressly limited by the Franchise Agreement, we and our affiliates retain all rights with respect to Hyper Kidz Businesses, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Hyper Kidz Businesses and any other goods through similar or dissimilar channels of distribution, both within and outside the Designated Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Hyper Kidz Businesses located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Hyper Kidz Business; and (c) the right to acquire and operate a business with one or more indoor recreation facilities located or operating in your Designated Territory, but if we do acquire this business any facilities located or operating within your Designated Territory will not use the Marks.

You may sell our products and services to customers who live anywhere but who choose to use your Franchised Business. You may not engage in any promotional activities or sell our products or services, whether directly or indirectly, through or on the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system, except for party bookings made through our website; through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory. You may not make any sales or deliver any products to customers located outside of your Designated Territory unless the customer is located in an area where there is no Hyper Kidz Business in operation. You may not directly solicit customers outside of your Designated Territory. You may not sell any products to any business or other customer at wholesale.

During the term of your Franchise Agreement, if we have a prospective franchisee who is interested in establishing a Hyper Kidz Business in an area that is contiguous to your Designated Territory, we may offer you a right of first refusal to purchase the Franchised Business and establish it in the proposed area. We may offer you this right of first refusal if you are in full compliance with the Franchise Agreement, if all fees owed to us have been paid in full and have not been late during the immediately preceding 12-month period, and if we believe you are financially capable of constructing and operating another Hyper Kidz Business. You will have 30 days after receiving the right of first refusal to notify us whether you will purchase the additional Franchised Business. If you decline the right of first refusal, or if you fail to notify us within the 30-day period, we will be free to sell the Franchised Business to the prospective franchisee and you will have no further interest in the proposed area.

We and our affiliates may sell products and services under the Proprietary Marks within and outside your Designated Territory through any method of distribution other than a dedicated Hyper Kidz Business, including sales through channels of distribution such as the internet, catalog sales, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Designated Territory and you will not receive any compensation for our sales through alternative distribution channels. Any sales made through our Website will be fulfilled by us or our affiliate and you will not be entitled to any portion of the revenue from these sales, even if the order originates from or is delivered to an address within your Designated Territory.

We intend to forward all inquiries generated through our website to the appropriate Hyper Kidz Business in the System. If an inquiry is forwarded to you and you choose not to respond to the inquiry or fulfill any request, we, our affiliate or another franchisee may fulfill the request and you will not be entitled to any revenue generated from the request. All leads generated through our website will be our property.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned businesses which sell our products or services under a different trade name or trademark that may compete with your franchised business, but we have the right to do so in the future without first obtaining your consent. We describe earlier in this Item 12 what we may do anywhere and at any time.

We reserve the right to merge with, acquire, or be acquired by, an existing competitive or non-competitive franchise network, chain, or other business; however, we will not convert any acquired business in your Territory to a franchise using our primary trademarks during the Term of your Franchise Agreement.

Multi-Unit Development Agreement

Under the Multi-Unit Development Agreement, we grant you the right to develop and operate the number of Hyper Kidz Businesses in the Development Area that is specified in the minimum performance schedule, which is Attachment 2 to the Multi-Unit Development Agreement. The Development Area is typically described in terms of municipal or county boundaries but may be defined by zip codes or as a specified trade area in a municipality. The actual size of the Development Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. Our designation of a particular Development Area is not an assurance or warranty that there are a sufficient number of suitable sites for Hyper Kidz Businesses in the Development Area for you to meet your minimum performance schedule. We will approve sites for future/additional units under a Multi-Unit Agreement using our then current site criteria. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria so you can meet the minimum performance schedule.

Except as described below, during the term of the Multi-Unit Development Agreement, we and our affiliates will not operate or grant a franchise for the operation of Hyper Kidz Businesses to be located within the Development Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Development Agreement and all of the Franchise Agreements signed under it.

Except as expressly limited by the Multi-Unit Development Agreement, we and our affiliates retain all rights with respect to Hyper Kidz Businesses, the Marks, and any products and services anywhere in the world including the right: (a) to offer and sell and to grant others the right to offer and sell the products and services offered at Hyper Kidz Businesses, both within and outside the Development Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Hyper Kidz Businesses located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Hyper Kidz Businesses; and (c) to acquire and operate a business operating one or more similar businesses located or operating in your Development Area, but if one of these businesses is located within your Development Area, it will not operate using the Proprietary Marks.

After the last Hyper Kidz Business under the minimum performance schedule has opened, your Multi-Unit Development Agreement will expire. At this time if we believe that it is desirable to establish additional Hyper Kidz Businesses within the Development Area, and if you complied with the terms of

your Multi-Unit Development Agreement and are in compliance with your Franchise Agreements, we will offer you the right to develop these additional Hyper Kidz Businesses. You must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we shall have the right to sell these development rights to another multi-unit developer or to develop the Hyper Kidz Businesses ourselves.

To maintain your rights under the Multi-Unit Development Agreement you must have open and in operation the cumulative number of Hyper Kidz Businesses stated on the minimum performance schedule by the dates agreed upon in the minimum performance schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Multi-Unit Development Agreement.

In addition, upon the expiration of the term of the Multi-Unit Development Agreement, which is when the last Hyper Kidz Business to be developed within the Development Area opens for business, your exclusive rights under the Multi-Unit Development Agreement with respect to the Development Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Hyper Kidz Businesses within the Development Area. This right will be subject only to the territorial rights under the Franchise Agreements signed by you for Hyper Kidz Businesses in the Development Area and your right of first refusal to develop additional Hyper Kidz Businesses, as described above. The Development Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Development Area, except that you must meet your minimum performance schedule.

Item 13: TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business. The Multi-Unit Development Agreement does not grant to you any right to use the Marks.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

Boomerang Franchise LLC owns the following principal Marks which have been registered or applied for registration with the U.S. Patent and Trademark Office ("USPTO") on the Principal Register:

Mark	Filing Date	Serial Number	Registration Date	Registration Number
	October 11, 2018	88150621	June 2, 2020	6070287

Licensor has filed all required affidavits. No registrations have been required to be renewed as of the date of this disclosure document; however, Licensor has filed with the United States Patent and Trademark Office all required maintenance for the above Marks.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect which significantly limit our right to use or license the use of the Marks in any manner material to you.

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your operation of a Hyper Kidz Business in compliance with the Franchise Agreement and all applicable standards, specifications and operating procedures we prescribe during the term of the Franchise Agreement. Any unauthorized use of the Marks by you constitutes a breach of the agreement and an infringement of our rights in and to the Marks. Your use of the Marks and any goodwill established by your use will be for our exclusive benefit. All provisions of the Franchise Agreement applicable to the Marks will apply to any other trademarks, service marks, commercial symbols and trade dress we authorize in writing for use by and licensed to you after you sign the Franchise Agreement.

You must use the Marks as the sole trade identification of the Hyper Kidz Business and must identify yourself in the form we prescribe as the independent owner of the Hyper Kidz Business. You may not use any Mark or variation thereof as part of any corporate name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. You may not use any Mark or any variation of it in connection with the performance or sale of any unauthorized services or products, as part of your corporate name, as part of the domain name or address of a website, or in any other manner we have not expressly authorized in writing. You must display the Marks prominently in the manner we prescribe. You must give notices of trademark and service mark registrations that we specify and obtain business name registrations as required under applicable law. You must place notices at your Franchised Business that state your Franchised Business is independently owned and operated, and we reserve the right to specify where the notices must be placed.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim. We will have sole discretion to take any action we deem appropriate in connection with any infringement, challenge or claim, and we have the sole right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You must sign any and all instruments and documents, give assistance, and do any acts and things as may in the opinion of our counsel be necessary or advisable to protect and maintain our interests in any litigation or proceeding or otherwise to protect and maintain our interests in the Marks. We will reimburse you for the reasonable out-of-pocket expenses you incur and pay in complying with these requirements; except if any action we take with respect to any claim or proceeding results in any monetary recovery for you which exceeds your costs, then you must pay your own costs and share pro-rata in our costs up to the amount of the monetary recovery.

The Franchise Agreement does not require us to take affirmative action when notified of any infringements of or challenges to the Marks, but we intend to vigorously defend the Marks. We have the right to control any litigation or administrative proceedings involving the Marks. We will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark pursuant to and in compliance with the Franchise Agreement, and for all costs you reasonably incur in the defense of any claim in which you are named as a party, if you have promptly notified us of the claim, have given us sole control of the defense and settlement of the claim and have otherwise complied with your Franchise Agreement. If any action taken by us relating to a claim or proceeding results in any monetary recovery for you which exceeds your costs, then you must pay your own costs and share pro-rata in our costs up to the amount of the monetary recovery.

If it becomes advisable at any time in our sole judgment for you to modify or discontinue the use of any Mark and/or for the Franchised Business to use one or more additional or substitute trade or service marks, you must immediately comply with our directions to modify or otherwise discontinue the use of the Marks and/or to use one or more additional or substitute trademarks, service marks, logos or commercial symbols or substitute trade dress after our notice to you. We are not obligated to reimburse you for any expenses you incur in connection with any discontinuance or modification of a Mark.

As of the date of this Disclosure Document, 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.

Item 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not have an ownership interest in any patents or registered copyrights that are material to the franchise.

We claim common law copyrights in the Manual, advertising materials, computer works, and similar items used in operating the Hyper Kidz Business. We have not registered these copyrights with the United States Registrar of Copyrights, and we are not required to do so to protect them.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted works. No agreement limits our right to use or license the copyrighted works. Finally, we do not know of any infringing uses which could materially affect your use of the copyrighted works in any state. We are not required by any agreement to protect or defend the copyrighted works except as described below.

In the Franchise Agreement, you acknowledge and agree (1) that we may authorize you to use certain copyrighted or copyrightable works in our discretion, (2) that the copyrighted works are the valuable property of us or our affiliates and of which we or our affiliates are the owner, and (3) that the rights granted to you are solely on the condition that you comply with the terms of the Franchise Agreement. You must acknowledge and agree that we own or are the licensee of the owner of the copyrighted works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Hyper Kidz Businesses. Copyrighted works include the Manual and may include all or part of the Marks, trade dress and other portions of the System. We intend that all works of authorship related to the System and created in the future will be owned by us or our affiliates and copyrighted.

Your right to use the copyrighted works is derived solely from the Franchise Agreement and is limited to the use of the copyrighted works in compliance with the Franchise Agreement and all applicable standards, specifications, and operating procedures we prescribe. You must make sure that all copyrighted works used bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws we prescribe specifying that we or an affiliate are the owner of the copyright. The Franchise Agreement does not grant you any interest in the copyrighted works, other than the right to operate the Hyper Kidz Business in compliance with the Franchise Agreement.

You must immediately notify us in writing of any actual or apparent infringement of or challenge to any of the copyrighted works or claim by any person of any rights in the copyrighted works, and you may not communicate with any person other than us and our counsel in connection with any infringement, challenge or claim. We will have the sole discretion to take any action we deem appropriate and the right

to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any alleged infringement, challenge or claim or otherwise relating to the copyrighted works.

If it becomes advisable at any time for you to modify or discontinue use of any of the copyrighted works and/or for you to use one or more additional or substitute copyrighted or copyrightable items, you agree to immediately comply with our directions to modify or otherwise discontinue the use of the copyrighted materials and/or to use one or more substitute materials, at your expense.

Confidential Information

We possess and will further develop and acquire certain confidential and proprietary information and trade secrets (the "Confidential Information") including: (1) methods, techniques, specifications, standards, policies, procedures, information, concepts and systems relating to and knowledge of and experience in the development, operation, and franchising of Hyper Kidz Businesses; (2) marketing and promotional programs for Hyper Kidz Businesses; (3) knowledge of specifications for and knowledge of suppliers of certain materials, equipment and fixtures for Hyper Kidz Businesses; (4) operating results and financial performance of Hyper Kidz Businesses; (5) the Operations Manual; (6) the terms of the Franchise Agreement; and (7) all data relating to the sales and operations of your Hyper Kidz Business.

Under the Franchise Agreement we will disclose to you, during training and in guidance and assistance furnished to you, parts of the Confidential Information that you need for the development and operation of a Hyper Kidz Business. You may learn or otherwise obtain from us additional Confidential Information during the term of your Franchise Agreement. You must agree to disclose the Confidential Information to your Principals and employees only to the extent reasonably necessary to operate your Franchised Business.

You and your Principals must acknowledge and agree that the Confidential Information is confidential to and a valuable asset of us and our affiliates, is proprietary, includes trade secrets of us and our affiliates and is disclosed to you on the condition that you, your Principals and your employees who have access to the Confidential Information agree that during and after the term of the agreement you: (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form; (4) will adopt and implement all reasonable procedures we prescribe to prevent unauthorized use or disclosure of the Confidential Information; and (5) will require all Principals and all employees who have access to the Confidential Information to sign confidentiality and non-competition agreements in the form we prescribe and provide us, at our request, with signed copies of each agreement. We will be a third-party beneficiary of these agreements with the independent right to enforce their terms.

Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information in connection with the operation of other Hyper Kidz Businesses under valid Franchise Agreements with us.

If you have obtained our prior written consent, the restrictions on the disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known in the indoor recreation business within the Designated Territory, other than through deliberate or inadvertent disclosure by you; and (b) the disclosure of the Confidential Information in judicial or administrative proceedings if you are legally compelled to disclose this information, provided you have notified us in writing before disclosure and used your best

efforts to obtain, and afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be disclosed.

You must agree to disclose to us all ideas, concepts, promotional materials, methods, techniques and products relating to the development and operation of Hyper Kidz Businesses conceived or developed by you or your employees during the term of the Franchise Agreement. You must grant to us and agree to obtain from your affiliates, Principals or employees a perpetual, non-exclusive and worldwide right to use these new ideas, concepts, promotional materials, methods, techniques and products in all Hyper Kidz Businesses or other businesses operated by us, our affiliates and franchisees. We have no obligation to make any payment with respect to any idea, concept, method, technique or product. You agree that you will not use, nor will you allow any other person or entity to use, any concept, method, technique or product without obtaining our prior written approval.

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

We recommend, but do not require, that you or one of your Principals actively participate in the operation of your Franchised Business. If you or one of your Principals will not be involved in the day-to-day operation of your Franchised Business, your General Manager must devote its full time and best efforts to the operation of your Franchised Business and we may communicate with and rely on the decisions made by your General Manager. Your General Manager must be approved by us and must have satisfactorily completed our initial training program. We do not require that your General Manager or any other personnel have an ownership interest in you or your Franchised Business, which will be at your discretion. In addition, if you are a business entity, we do not require that your General Manager or on premises supervisor have any ownership interest in your business. If your General Manager is replaced for any reason, the new General Manager must be approved by us and must satisfactorily complete our initial training program, at your expense, within 30 days after he or she begins working as your General Manager.

Even if you do not participate in the daily operation of the Franchised Business, you or one of your Principals must satisfactorily complete our initial training program, and you must make sure that the Franchised Business is operated in compliance with the Franchise Agreement, the Manual, and the System.

Your General Manager must be qualified, must complete our training program to our satisfaction, and must pass a rigorous screening test. As described in Item 14, we may require you to obtain confidentiality and/or non-competition agreements from your Principals as well as from some of your key employees, including your General Manager. Your Hyper Kidz Business must be open and operating on the days and during the times we specify in the Manual, unless applicable law or the terms of your lease require different hours.

As stated in Item 1, all of your employees must pass a rigorous screening process. You may not employ anyone who has been convicted of a sex crime or a crime against a child, or who does not otherwise meet our requirements.

If you are a corporation, limited liability company or partnership, each Principal who directly or indirectly owns an equity or voting interest in you must personally sign the Franchise Agreement and/or Multi-Unit Development Agreement and also agree to be personally bound by, and personally liable for the breach of, every provision of the Franchise Agreement and/or Multi-Unit Development Agreement. If you are a married individual, your spouse must sign our Spouse Guaranty, which is attached to our Franchise Agreement as Attachment 7.

Item 16: RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must sell or offer for sale all products and services we require and/or that we have expressly approved in writing, in the manner and style we require. You must not deviate from our standards and specifications without first obtaining our written consent. You must stop selling and offering for sale any products or services that we may disapprove in writing at any time. We have the right to change the types of products and services offered by you at your Hyper Kidz Business at any time, and there are no limits on our right to make those changes. You are prohibited from offering from your Franchised Business any products or services that we have not approved.

You must keep your Hyper Kidz Business very clean and maintain it in good repair and condition. You must make any additions, alterations, repairs and replacements, including repainting or replacement of obsolete signs, furnishings, equipment, and décor, as we may reasonably direct. You must not make any changes to the premises without obtaining our written consent before you make the changes. You must obtain and pay for any new or additional equipment, including computer hardware and software, fixtures, supplies and other products and materials that you must have to offer and sell new products and services from your Hyper Kidz Business.

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12.

Item 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section or Article in Franchise Agreement	Summary
(a) Length of the franchise term	Section 3.1	10 years
(b) Renewal or extension of the term	Article 17	If you are in good standing as defined below, you can sign a successor agreement for an additional term of 10 years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Franchise is located.
(c) Requirements for franchisee to renew or extend	Article 17	You may sign the Successor Agreement if you: have substantially complied with the provisions of the Franchise Agreement; have the right to maintain possession of the premises or an approved substitute location for the term of the renewal; have remodeled and/or redecorated as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us, have paid the Successor Agreement Fee; are not

Provision	Section or Article in Franchise Agreement	Summary
		currently in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely written notice of your intent to renew; sign a Successor Agreement; comply with current qualifications and training requirements; and sign a general release. Within 6 months before the expiration of the initial term, but not later than 3 months before the expiration of the initial term, you must provide written notice to us that you wish to sign a Successor Agreement. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees.
(d) Termination by franchisee	None	You may seek termination upon any grounds available by state law.
(e) Termination by franchisor without cause	16.5	The Franchise Agreement will terminate upon your death or permanent disability and the Franchise must be transferred within six months to a replacement franchisee that we approve.
(f) Termination by franchisor with cause	Article 18	We can terminate if you or any of your Principals fail to comply with the Franchise Agreement or any mandatory specification, standard or operating procedure we prescribe
(g) "Cause" defined – curable defaults	Section 18.1	10 days for monetary and reporting defaulting and 15 days for all other curable defaults, but if it cannot be cured within 30 days, begin efforts to cure within 10 days and continue cure efforts until completion
(h) "Cause" defined – non-curable defaults	Section 18.2	(1) Fail to obtain possession of the approved site or develop the Hyper Kidz Business and begin operations within time provided; (2) abandon, surrender or transfer control without our prior written approval; (3) make material misrepresentation or omission on application; (4) conviction of you or any of your Principals of a felony or other crime, offense or misconduct which adversely affects your or our reputation or the

Provision	Section or Article in Franchise Agreement	Summary
		goodwill of the Marks or any crime against a child; (5) unauthorized transfer; (6) you or your affiliates or Principals make any unauthorized use, duplication or disclosure of Confidential Information, the Marks, the Copyrighted Works, the Manual or challenge or seek to challenge our rights in any of these items; (7) lose the right to possess the premises and fail to relocate in accordance with the Franchise Agreement; (8) insolvency, receivership or a judgment against you is unsatisfied for more than 30 days; (9) violation by you, or members of your immediate families of the in-term non-compete provision or other non-compete agreement; (10) knowingly maintain false records or submit false reports to us; (11) permit a lease default to go uncured; (12) repeated defaults, whether or not cured, including three notices of curable defaults in a 12 month period; (13) fail to purchase or maintain required insurance; (14) pose a threat to public health or safety; (15) refuse us permission to inspect the Hyper Kidz Business or your books and records; (16) you or any of your affiliates or Principals interfere with our ability to license the Marks or the System to others; (17) you or any of your affiliates or Principals interfere with our contractual relations with others; (18) a Franchise Agreement with you or your affiliates is terminated by us, or is terminated by you in a way that is not in compliance with the Franchise Agreement; (19) you or your Principals fail to comply with anti-terrorism laws
(i) Franchisee's obligations on termination/non-renewal	Article 19	Pay all amounts owed; stop all use of Marks; remove all signs; return to us or destroy all materials containing any Marks; cancel assumed or fictitious name registrations; transfer all domain names, internet listings, social media and software accounts, telephone numbers and telephone listings to us; stop using all copyrighted works; if we do not purchase the Hyper Kidz Business, then you must make any modifications necessary to avoid confusion (de-identify the premises); furnish us evidence of compliance with the above; stop use of Confidential Information; return the complete Manual; comply with post-term covenant not to compete; pay liquidated damages (if applicable)

Provision	Section or Article in Franchise Agreement	Summary
(j) Assignment of contract by franchisor	Section 16.1	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement
(k) "Transfer" by franchisee – defined	Section 16.2	Includes transfer of any interest in the Agreement, the Franchise, you, the Hyper Kidz Business and some or all of its assets
(l) Franchisor approval of transfer by franchisee	Sections 16.2 through 16.7	We have the right to approve all transfers. Franchisor will not unreasonably withhold its approval.
(m) Conditions for franchisor approval of transfer	Section 16.3	You and your Principals must be in full compliance with the Franchise Agreement; transferee meets our criteria; transferor signs required documents, including a general release. If the transfer is of the Agreement, a Principal's interest in you or a controlling interest in you, transferee may not engage in a Competitive Business; all amounts due from you and the transferee are paid in full; personnel of transferee sign non-compete and confidentiality agreement; completion of training; transferee and its Principals agree to be bound by all obligations under the Franchise Agreement or sign our then-current form of franchise agreement, at our option; pay Successor Agreement Fee; lessor consents to assignment of lease; we approve the terms and conditions of the transfer; all obligations of the transferee to you are subordinate to us; transferor and you sign non-competition covenant; transferee agrees to upgrade the Hyper Kidz Business to our then-current standards; transferee signs guarantee of obligations under Franchise Agreement; transfer is made in compliance with all laws
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 16.7	We have the right to match offers from third parties to buy an interest in the Franchise Agreement, the Franchise, the Hyper Kidz Business, assets of the Hyper Kidz Business or ownership interests in you
(o) Franchisor's option to purchase franchisee's business	Section 19.7	We have the right to purchase all or a portion of the assets of the Hyper Kidz Business for fair market value on termination in compliance with the Franchise Agreement or on non-renewal

Provision	Section or Article in Franchise Agreement	Summary
(p) Death or disability of franchisee	Section 16.5	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchise must be transferred within six months to a replacement franchisee that we approve.
(q) Non-competition covenants during the term of the franchise	Article 9 and Section 11.7.3	No involvement by you and members of your immediate families in a Competitive Business anywhere. If you are a corporate entity, you may not engage in any business other than the development and operation of Hyper Kidz Businesses. A Competitive Business is a business that offers the same or substantially similar products and services as those offered by a Hyper Kidz Business
(r) Non-competition covenants after the franchise is terminated or expires	Article 9 and Section 19.5	No involvement by you or members of your immediate families in a Competitive Business for two years within 15 miles of the Franchised Business or any other Hyper Kidz Business in the System
(s) Modification of the agreement	Section 22.8	The Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended
(t) Integration/merger clause	Section 22.6	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable federal and/or state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable
(u) Dispute resolution by arbitration or mediation	Section 20	Arbitration in Howard County, Maryland (subject to state law)
(v) Choice of forum	Section 22.4	Howard County, Maryland (subject to state law)
(w) Choice of law	Section 22.4	Maryland (subject to state law)

THE MULTI-UNIT DEVELOPER RELATIONSHIP

Provision	Section in Multi-Unit Development Agreement	Summary
(a) Length of the franchise term	Section 6	Length of the minimum performance schedule

Provision	Section in Multi-Unit Development Agreement	Summary
(b) Renewal or extension of the term	Section 5	After all Hyper Kidz Businesses have been developed, we will negotiate in good faith another Multi-Unit Development Agreement
(c) Requirements for multi-unit developer to renew or extend	None	Not applicable
(d) Termination by multi-unit developer	None	You may seek to terminate on any grounds available to you at law
(e) Termination by franchisor without cause	None	Not applicable
(f) Termination by franchisor with cause	Section 9	We can terminate if you commit any one of several listed violations
(g) "Cause" defined – curable defaults	Section 9	If you use the Marks or System without our consent; participating in a Competitive Business; failure to pay money to us when due; you begin developing a Hyper Kidz Business before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Hyper Kidz Business before a Franchise Agreement for that Hyper Kidz Business has been signed
(h) "Cause" defined – non-curable defaults	Section 9	Failure to meet your minimum performance schedule; failure to comply with applicable laws; if all of your Hyper Kidz Businesses stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your Principals of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
(i) Multi-unit developer's obligations on termination/non-renewal	Section 10	You must stop selecting sites for Hyper Kidz Businesses, and you may not open any more Hyper Kidz Businesses
(j) Assignment of contract by franchisor	Section 11	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Multi-Unit Development Agreement

Provision	Section in Multi-Unit Development Agreement	Summary
(k) "Transfer" by multi-unit developer – defined	Section 11	Includes transfer of any interest in the Multi-Unit Development Agreement
(l) Franchisor approval of transfer by multi-unit developer	Section 11	We have the right to approve all transfers, our consent not to be unreasonably withheld
(m) Conditions for franchisor approval of transfer	Section 11	Conditions for transfer include not being in default, at least 25% of all Hyper Kidz Businesses required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new multi-unit developers, you sign a general release, payment of transfer fee, buyer personally guarantees all obligations
(n) Franchisor's right of first refusal to acquire multi-unit developer's business	Section 11	We have the right to match the offer to purchase your business
(o) Franchisor's option to purchase multi-unit developer's business	Not applicable	Not applicable
(p) Death or disability of multi-unit developer	Section 11	Interest must be transferred to an approved party within 12 months
(q) Non-competition covenants during the term of the franchise	Section 12	Can't divert business or operate a Competitive Business anywhere
(r) Non-competition covenants after the franchise is terminated or expires	Section 12	No participation in a Competitive Business for two years and within 15 miles of any Hyper Kidz Business in the System
(s) Modification of the agreement	Section 18	The Multi-Unit Development Agreement may not be modified unless mutually agreed to in writing. You must comply with Manual as amended
(t) Integration/merger clause	Section 18	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to applicable federal and/or state law). Any representations or promises outside of the Disclosure Document and Multi-Unit Development Agreement may not be enforceable

Provision	Section in Multi-Unit Development Agreement	Summary
(u) Dispute resolution by arbitration or mediation	Section 19	Arbitration in Howard County, Maryland (subject to state law)
(v) Choice of forum	Section 19	Howard County, Maryland (subject to state law)
(w) Choice of law	Section 19	Maryland (subject to 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.

As our fiscal year ending December 31, 2024, we had 2 affiliate-owned Hyper Kidz outlets open and operating and 5 franchised outlets. This financial performance representation is a historic representation based on the past performance of our affiliate outlets, which operates in Ashburn, VA and Columbia, MD. Our affiliate operates in substantially the same manner, and offers the same goods and services, that our franchised outlets offer. We have included Gross Sales for 2 of our franchised outlets that have been open 12+ months.

TABLE 1a
CHARACTERISTICS OF COMPANY OWNED LOCATIONS

Location	Sq Ft	Year Open	Hours of Operation
Ashburn, VA	15457	Aug-21	Monday through Saturday 9AM-8PM Sunday 9AM -7PM
Columbia, MD	15400	Nov-19	Monday through Saturday 9AM-8PM Sunday 9AM -7PM

TABLE 1b
CHARACTERISTICS OF FRANCHISE OWNED LOCATIONS

Location	Sq Ft	Year open	Hours of Operation

Baltimore, MD	15714	Dec-20	Monday thru Saturday 9AM-8PM Sunday 9AM -7PM
Crofton, MD	14991	Dec-23	Monday thru Saturday 9AM-8PM Sunday 9AM -7PM

TABLE 2a
GROSS SALES FOR COMPANY OWNED LOCATIONS MEASUREMENT PERIOD 2024

Location	Gross Sales	% of Sales
Ashburn, VA	$ 1,725,498	53.84%
Columbia, MD	$ 1,479,440	46.16%
Systemwide Totals	**$ 3,204,938**	**100.00%**

TABLE 2b
GROSS SALES FOR FRANCHISEE OWNED LOCATIONS MEASUREMENT PERIOD 2024

Location	Gross Sales	% of Sales
Baltimore, MD	$ 1,122,958	31.98%
Crofton, MD	$ 2,388,022	68.02%
Systemwide Totals	**$ 3,510,980**	**100.00%**

TABLE 2c
GROSS SALES BY CATEGORY MEASUREMENT PERIOD 2024

	Ashburn, VA		Columbia, MD	
Category	**Gross Sales**	**% of Sales**	**Gross Sales**	**% of Sales**
Admissions	$ 750,735	43.51%	$ 636,167	43.00%
Events	$ 708,802	41.08%	$ 659,958	44.61%
Food And Beverages	$ 217,062	12.58%	$ 172,143	11.64%
Memberships	$ 46,676	2.71%	$ 11,487	0.78%
Other Sales	$ 20,011	1.16%	$ 16,421	1.11%
Discounts and Allowances	$ (17,789)	-1.03%	$ (16,735)	-1.13%
Total Sales	**$ 1,725,498**	**100.00%**	**$ 1,479,440**	**100.00%**

TABLE 3a
GROSS SALES BY TRANSACTIONS MEASUREMENT PERIOD 2024

Category	Gross Sales	Transactions	Gross Sales by transactions
Admissions	$ 750,735	49372	$ 15.21
Events*	$ 708,802	1715	$ 413.30
Food And Beverages	$ 217,062	43563	$ 4.98
Memberships	$ 46,676	295	$ 158.23

Other Sales	$	20,011	6241	$ 3.21
Discounts and Allowances	$	(17,789)	1162	$ (15.31)
Total	**$**	**1,725,498**	**102348**	**$ 16.86**

TABLE 3b
GROSS SALES BY TRANSACTIONS MEASUREMENT PERIOD 2024

Category	Gross Sales	Transactions	Gross Sales by transactions
Admissions	$ 636,167	45279	$ 14.05
Events*	$ 659,958	1410	$ 468.06
Food And Beverages	$ 172,143	35069	$ 4.91
Memberships	$ 11,487	94	$ 122.20
Other Sales	$ 16,421	4222	$ 3.89
Discounts and Allowances	$ (16,735)	465	$ (35.99)
Total	**$ 1,479,440**	**86539**	**$ 17.10**

TABLE 4
GROSS SALES BY MONTH

Location	Ashburn, VA		Columbia, MD	
Month	Gross Sales	% of Sales	Gross Sales	% of Sales
January	$ 180,813	10.48%	$ 172,844	11.68%
February	$ 171,949	9.97%	$ 166,482	11.25%
March	$ 178,872	10.37%	$ 172,763	11.68%
April	$ 133,837	7.76%	$ 113,598	7.68%
May	$ 130,832	7.58%	$ 117,745	7.96%
June	$ 119,200	6.91%	$ 103,637	7.01%
July	$ 143,830	8.34%	$ 115,714	7.82%
August	$ 146,404	8.48%	$ 112,608	7.61%
September	$ 125,039	7.25%	$ 92,406	6.25%
October	$ 112,232	6.50%	$ 88,985	6.01%
November	$ 135,068	7.83%	$ 114,490	7.74%
December	$ 147,422	8.54%	$ 108,167	7.31%
Total Sales	**$ 1,725,498**	**100.00%**	**$ 1,479,440**	**100.00%**
Average	$ 143,792		$ 123,287	
High	$ 180,813		$ 172,844	
Low	$ 112,232		$ 88,985	
Median	$ 139,449		$ 114,044	

# Above Average	**6**	**3**

Note to the tables:

* As used in this Item 19, "Events" consists of birthday parties, field trips and any special events.

General Notes:

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial performance representation, Boomerang Franchise LLC does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chinnababu Gudapati at 6120 Syracuse Court, Clarksville, Maryland, 21029, and gudapatichinna@gmail.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022 - 2024

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	2022	1	1	0
	2023	1	2	+1
	2024	2	5	+3
Company-Owned	2022	1	2	+1
	2023	2	2	0
	2024	2	2	0
Total Outlets	**2022**	**2**	**3**	**+1**
	2023	**3**	**4**	**+1**
	2024	**4**	**7**	**+3**

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 - 2024

Column 1 State	Column 2 Year	Column 3 Number of Transfers
MD	2022	0
	2023	0
	2024	1
Total	**2022**	**0**
	2023	**0**
	2024	**1**

Table No. 3
Status of Franchised Outlets
For years 2022 – 2024

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
IL	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
MD	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
VA	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Total	**2022**	**1**	**0**	**0**	**0**	**0**	**0**	**1**
	2023	**1**	**1**	**0**	**0**	**0**	**0**	**2**
	2024	**2**	**3**	**0**	**0**	**0**	**0**	**5**

Table No. 4
Status of Company-Owned Outlets
For years 2022 – 2024

Col 1 State	Col 2 Year	Col 3 Outlets at Start of 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
Maryland	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Total	**2022**	**1**	**1**	**0**	**0**	**0**	**2**
	2023	**2**	**0**	**0**	**0**	**0**	**2**
	2024	**2**	**0**	**0**	**0**	**0**	**2**

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

Column 1 State	Column 2 Franchise Agreements Signed but Outlet 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
Arizona	0	1	0
Colorado	0	1	0
Florida	0	1	0
Georgia	2	2	0
Illinois	1	1	0
Maryland	1	1	0
Michigan	0	1	0
Minnesota	0	1	0
Missouri	0	1	0
New Jersey	1	2	0
Texas	1	1	0
Virginia	2	2	0
Washington	0	1	0
Total	**8**	**16**	**0**

A list of the names of all franchisees and multi-unit developers and the addresses and telephone numbers of their businesses will be provided in Exhibit F to this Disclosure Document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee or multi-unit developer who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit F to this Disclosure Document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Hyper Kidz System.

There are no trademark-specific organizations formed by our franchisees that are associated with the Hyper Kidz System.

Item 21: FINANCIAL STATEMENTS

Boomerang Franchise LLC was formed on May 14, 2018. Our audited financials from December 31, 2022, December 31, 2023, and December 31, 2024.

Our fiscal year end is December 31.

Item 22: CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Franchise Agreement – Exhibit B
Multi-Unit Development Agreement – Exhibit C

Item 23: RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A

LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

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

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

State	State Agency	Agent for Service of Process
	St. Paul, MN 55101-2198 (651) 539-1500	
NEW YORK	Office of the New York State Attorney General Department of Law 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, State Capitol, 14th Floor, Dept. 414, Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT B

FRANCHISE AGREEMENT

BOOMERANG FRANCHISE LLC

FRANCHISE AGREEMENT

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BOOMERANG FRANCHISE LLC
FRANCHISE AGREEMENT

THIS AGREEMENT is made and entered into this day _____ by and between the franchisor, Boomerang Franchise LLC a Maryland limited liability company whose principal office is at 6120 Syracuse Court, Clarksville, Maryland, 21029 ("we", "us" or "our"), and _____ a(n) _____, with its principal place of business located at _____ and _____'s principals ___ _____, and individual residing at _____, and _____ _____, an individual residing at _____("Principal(s)"). _____ _____ And Principal(s) shall be collectively referred to in this agreement as the "Franchisee".

ARTICLE 1: INTRODUCTION

1.1 We and our Affiliates have developed and continue to develop methods of operating an interactive, indoor playground for kids aged 6 months to 13 years that encourages healthy and active social play ("Approved Products and Services"). Such a business is defined below as a "Hyper Kidz Business". Hyper Kidz Businesses operate at locations that feature the "System", which consists of distinctive signage, interior and exterior design, décor and color scheme; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures; training and assistance; and advertising and promotional programs, all of which we may modify from time to time.

1.2 We grant to certain qualified persons or entities, and who meet our qualifications and who are willing to undertake the investment and effort, the right to own and operate a Hyper Kidz Business at the Site using the System and the Marks. Pursuant to this Agreement, we will grant rights to you to own and operate a Hyper Kidz Business at the Site and to operate the Hyper Kidz Business according to the terms of this Agreement.

1.3 Certain terms that are capitalized in this Agreement are defined in Article 2 or at the places in this Agreement where they first appear.

ARTICLE 2: DEFINITIONS

2.1 For purposes of this Agreement, the terms listed below have the meanings that follow them. Other terms used in this Agreement are defined and construed in the context in which they occur.

2.1.1 "**Affiliate**" – Any person, entity or company that directly or indirectly owns or controls a party, that is directly or indirectly owned or controlled by a party, or that is under common control with a party. For purposes of this definition, "control" means the power to direct or cause the direction of the management and policies of an entity.

2.1.2 "**Competitive Business**" – A business other than a Hyper Kidz Business that: (a) features the Approved Products and Services or substantially similar products and services; or (b) grants or has granted franchises or licenses or establishes or has established joint ventures for the development and/or operation of a business described in the foregoing clause (a).

2.1.3 "**Domain Name**" – The internet domain name selected or used in connection with a Hyper Kidz Business and any other domain names that may be utilized by us or which we may authorize you to use.

2.1.4 "**Hyper Kidz Business**" – A business that: (a) offers the Approved Products and Services for sale as well as certain complementary products and services; (b) meets our standards and specifications; (c) operates using the Marks and the System; and (d) is either operated by us or our Affiliates or pursuant to a valid license from us.

2.1.5 "**Marks**" – The trademarks, service marks, logos, other commercial symbols and any Domain Name which we authorize you to use to identify the services and/or products offered by your Hyper Kidz Business including the mark "Hyper Kidz" and the "Trade Dress"; provided that such trademarks, service marks, logos, other commercial symbols, and the Trade Dress are subject to modification and discontinuance and may include additional or substitute trademarks, service marks, logos, commercial symbols and trade dress as provided in this Agreement.

2.1.6 "**Principals**" – All persons or entities holding direct or indirect legal or beneficial ownership interests in you and all persons who have other direct or indirect property rights in you, this Agreement, the Franchise or the Hyper Kidz Business. Each Principal having an equity ownership interest designated as Owner on Attachment 6 to this Agreement.

2.1.7 "**Ownership Interests**" – In relation to a: (a) corporation, the legal or beneficial ownership of shares in the corporation; (b) partnership, the legal or beneficial ownership of a general or limited partnership interest; (c) limited liability company, the legal or beneficial ownership of units of membership interests in the limited liability company; or (d) trust, the ownership of a beneficial interest of such trust.

2.1.8 "**Products"** – The products which we authorize from time to time for sale or use at your Hyper Kidz Business.

2.1.9 **"Services"** – The services which we authorize from time to time for sale at or from your Hyper Kidz Business.

2.1.10 "**Site**" – The location identified on Attachment 2 to this Agreement. As used herein the term "Site" also refers to the interior and exterior of the structure housing the Hyper Kidz Business.

2.1.11 "**Trade Dress**" – The design, décor and image elements which we authorize you to use in connection with the operation of Hyper Kidz Businesses as they may be revised and further developed by us from time to time and as further described in the Operations Manual.

2.1.12 "**Website**" – An interactive electronic document contained in a network of computers linked by communications software.

ARTICLE 3: GRANT OF FRANCHISE

3.1 Grant of Franchise; Term

Subject to the provisions of this Agreement, we hereby grant to you a "Franchise" to operate the Hyper Kidz Business at the Site and to use the Marks and the System in the operation thereof for a term of ten (10) years commencing on the date of this Agreement. Termination or expiration of this Agreement shall constitute a termination or expiration of the Franchise and any and all licenses granted herein. You

agree that you will at all times faithfully, honestly and diligently perform your obligations hereunder and that you will continuously exert your best efforts to promote and enhance the business of the Hyper Kidz Business and the goodwill of the Marks. You shall not conduct the business of the Hyper Kidz Business from any location other than the Site.

3.2 Territorial Rights

This Agreement grants Franchisee the right to operate the Franchised Business at a single location and from within the Territory. Subject to Section 3.3 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other franchisees to operate, a Hyper Kidz outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Hyper Kidz franchises around, bordering and adjacent to the Territory. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein. You expressly acknowledge that this Franchise is non-exclusive, but that this Agreement does grant you a protected area or territory for your Hyper Kidz Business referred to herein as your "Designated Territory". Your Designated Territory is described in Attachment 2 hereof.

3.3 Rights Retained by Us

We retain all rights with respect to Hyper Kidz Businesses, the Marks and the sale of Approved Products and Services and any other products and services anywhere in the world including, without limitation:

(a) to produce, offer and sell and to grant others the right to produce, offer and sell the Products offered at Hyper Kidz Outlets and any other goods through similar or dissimilar channels of distribution, both within and outside the Designated Territory, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

(b) to operate and to grant others the right to operate Hyper Kidz Outlets located outside the Designated Territory under any terms and conditions we deem appropriate and regardless of proximity to your Hyper Kidz Outlet;

(c) the right to acquire and operate a business operating one or more child development Outlets located or operating in your Designated Territory; provided, however, that if we do acquire this business any facilities located or operating within your Designated Territory will not operate using the Marks.

You expressly acknowledge and agree that we shall have the unbridled right to exercise all of the rights reserved to us in this Section 3.3 at any location, regardless of the proximity of such location to your Hyper Kidz Outlet.

3.4 Limitations on Sale of Approved Products and Services

This license does not include any right to provide any product or service at or from any location except from the Site. Your use, directly or indirectly, of the System, the Marks licensed hereunder, or the sale of any Approved Product or Service at any location other than from the Site, except as we may specifically approve, shall be a material breach of this Agreement and shall give us, in addition to all other rights and remedies hereunder, the right to terminate this Agreement. You shall not engage in any promotional activities or sell the Approved Products and Services, or similar products and services, whether

directly or indirectly, through the internet, the world wide web, or any other similar proprietary or common carrier electronic delivery system, except for party bookings made through our Website; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from clients or prospective clients located outside of the Designated Territory. You may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within the Designated Territory, and you will not be deemed to be in violation of this Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of the Designated Territory. You shall not directly solicit customers outside of your Designated Territory. You shall not sell any products at wholesale.

3.5 Right of First Refusal

During the term of this Agreement, if we have a prospective franchisee who is interested in establishing a Hyper Kidz Business in an area that is contiguous to your Designated Territory, we may offer you a right of first refusal to purchase the Franchised Business and establish it in the proposed area. We may offer you this right of first refusal if you are in full compliance with this Agreement, including that all fees owed to us have been paid in full and have not been late during the immediately preceding twelve (12) month period, and if we believe you are financially capable of constructing and operating another Hyper Kidz Business. You will have thirty (30) days after receiving the right of first refusal to notify us whether you will purchase the additional Hyper Kidz Business. If you decline the right of first refusal, or if you fail to notify us within the thirty (30) day period, we will be free to sell the Hyper Kidz Business to the prospective franchisee and you will have no further interest in the proposed area.

ARTICLE 4: DEVELOPMENT AND OPENING OF THE HYPER KIDZ BUSINESS

4.1 Approval of Site

4.1.1 Within one hundred eighty (180) days from the date hereof, you will submit to us such demographic, commercial and other information, and photographs as we may require in order to evaluate the site you propose to use for your Hyper Kidz Business. You acknowledge that in reviewing a proposed site we may consider such matters as we deem material including, without limitation, demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, competition from other businesses providing similar services within the area (including other Hyper Kidz Businesses), the number of households, income levels, population, the purchase price or lease terms for the proposed site and other commercial characteristics, the size of the premises, appearance, and other physical characteristics of the proposed site.

4.1.2 We will approve or disapprove the site you propose for the operation of the Hyper Kidz Business by giving written notice to you. We agree to use reasonable efforts to deliver such notice to you within thirty (30) days after we receive the complete site documentation and any other materials we request regarding you and the proposed site. We will not unreasonably withhold our approval of a proposed site that meets our standards and specifications for Hyper Kidz Businesses. Upon our approval of a proposed site for the Hyper Kidz Business, the address of the Hyper Kidz Business will be inserted on Attachment 2 to this Agreement. If you are unable to find a suitable location for your Hyper Kidz Business within one hundred eighty (180) days after you sign this Agreement, we will provide you with an additional thirty (30) days to locate a suitable site. If you do not locate a suitable site within this additional thirty (30) day period, we may provide you with an additional extension, in our discretion, or we may terminate this Agreement.

4.1.3 You hereby acknowledge and agree that our approval of the Site does not constitute an express or implied assurance, representation or warranty of any kind as to the suitability of the Site for a Hyper Kidz Business or for any other purpose. Our approval of the Site indicates only that we believe the Site complies with acceptable minimum criteria established by us solely for our purposes as of the time of

evaluation. You and we acknowledge that application of criteria that have been effective with respect to other sites may not be predictive of potential for the Hyper Kidz Business and that, subsequent to our approval of the Site, demographic and/or economic factors included in or excluded from our criteria could change, thereby altering the potential of the Site. Such factors are unpredictable and are beyond our control. We shall not be responsible for the failure of the Site to meet your expectations as to revenue, operational performance or other measures. You further acknowledge and agree that your acceptance of a Franchise for the operation of the Hyper Kidz Business at the Site is based on your own independent investigation of the suitability of the Site.

4.2 Approval of Lease

4.2.1 Upon our approval of a proposed site, you will attempt to obtain lawful possession of the approved Site through your direct purchase, lease or sublease. The lease or sublease for the Site shall be in a form satisfactory to us and: (a) provide for concurrent, written notice to us of your default under said lease or sublease; (b) provide for our right, in our sole discretion, to cure your default under said lease or sublease; (c) provide for your right to assign your interest under said lease or sublease to us without the lessor's or sublessor's consent; (d) authorize and require the lessor or sublessor to disclose to us upon our request sales and other information furnished to the lessor or sublessor by you; (e) provide that we shall have the right, in our sole discretion, upon termination of this Agreement or expiration of this Agreement, without the grant of a successor franchise, to assume said lease or sublease; (f) provide for the lessor's or sublessor's consent to your display of the Marks in accordance with our specifications, subject only to applicable law; (g) provide that it may not be materially modified without our prior written consent and that we will receive copies of such modifications when proposed and when executed; and (h) include an executed copy of the Collateral Assignment of Lease, which is attached hereto as Attachment 5, or a substantially similar form.

4.2.2 You will deliver to us for review a copy of the lease, sublease or purchase agreement for the Site. You agree that you will not execute a lease, sublease or purchase agreement without our prior written approval of its terms. If we do not disapprove a proposed lease, sublease or purchase agreement within fifteen (15) days after we receive it, it shall be deemed approved by us. You shall deliver a copy of the signed lease, sublease or purchase agreement to us within fifteen (15) days of its execution. You further agree that you will not execute or agree to any modification of the lease, sublease or purchase agreement which would affect our rights without our prior written approval.

4.3 Design Specifications

We will furnish to you "Design Specifications" which contain our requirements for design, decoration, layout, equipment, furniture, fixtures, color scheme, and signs for Hyper Kidz Businesses. You acknowledge and agree that the Design Specifications are an integral part of the System and form a part of the Trade Dress and that, therefore, the Hyper Kidz Business will be developed, constructed and designed in accordance with the Design Specifications.

You shall arrange for construction plans and specifications to be prepared using our Design Specifications modified to fit the size and shape of the Site. We reserve the right to designate the architect or design firm that you must use. You shall submit all plans and specifications to us for our approval, which will not be unreasonably withheld. You shall not begin development of the Hyper Kidz Business until we approve your plans and specifications. Our review of your plans and specifications is only to verify that they meet our Design Specifications, and are not meant to verify any compliance with any applicable law, ordinance or building code. You are solely responsible for ensuring that your construction plans and specifications comply with all applicable laws, ordinances and building codes, including the Americans with Disabilities Act.

4.4 Development of the Hyper Kidz Business

As soon as practicable after you obtain possession of the Site by signing a lease, sublease or purchase agreement, you agree, at your expense, to do or cause to be done the following: (a) prepare and submit to us for approval detailed construction plans and specifications and space plans for the Hyper Kidz Business that comply with the Design Specifications and all applicable ordinances, building codes, permit requirements, and lease requirements and restrictions; (b) obtain all required zoning changes, planning consents, building, utility, sign, health, sanitation and business permits, licenses and approvals and any other consents, permits and licenses necessary to lawfully open and operate the Hyper Kidz Business; (c) construct all required improvements in compliance with construction plans and specifications approved by us; (d) decorate the Hyper Kidz Business in compliance with Design Specifications and plans and specifications approved by us; (e) purchase and install all required equipment, including furniture, fixtures and signs; and (f) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services.

4.5 Equipment, Fixtures and Signs

You agree to use in the development and operation of the Hyper Kidz Business only those brands, types and/or models of equipment, fixtures and signs displaying the Marks which meet our specifications. You may purchase approved brands, types and/or models of equipment, fixtures and signs which meet our specifications from any supplier, unless we designate a specific approved supplier for any item. We will, from time to time, supply you with a list of suppliers who sell items which meet our specifications. All computer equipment used in the operation of the Hyper Kidz Business must be of a brand, type and/or model authorized by us.

4.6 Initial Inventory

Upon completion of the development of the Hyper Kidz Business, you agree to stock the initial inventory of the Hyper Kidz Business to our specifications and standards. The initial inventory of the Hyper Kidz Business will include your purchase of equipment and products from our designated suppliers, which may include us and/or our Affiliates.

4.7 Hyper Kidz Business Opening

You agree not to open the Hyper Kidz Business for business until: (a) we determine that all of your obligations pursuant to Sections 4.1 through 4.6 have been fulfilled; (b) pre-opening training of Hyper Kidz Business personnel has been completed to our satisfaction; (c) all amounts then due to us or our Affiliates have been paid; and (d) we have been furnished with copies of all insurance policies required pursuant to this Agreement or such other evidence of insurance coverage and payment of premiums as we request. You agree to comply with these conditions and to be prepared to open the Hyper Kidz Business for business not later than twelve (12) months after the date of this Agreement. You may not open the Hyper Kidz Business for business until we have approved you to do so. If you are unable to open your Hyper Kidz Business within the required timeframe, we may provide you with an extension of this timeframe or we may terminate this Agreement.

4.8 Grand Opening Advertising Campaign

You agree to spend not less than Five Thousand Dollars ($5,000) to conduct a grand opening advertising campaign to promote the opening of your Hyper Kidz Business. Your grand opening campaign must include the elements we require, such as direct mail campaigns and giveaways. We must approve of your grand opening advertising campaign, and your campaign must be conducted in the period that includes twelve (12) weeks before and twelve (12) weeks after opening of your Hyper Kidz Business.

We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

4.9 Relocation of Hyper Kidz Business

If, during the term of this Agreement, you wish to relocate your Hyper Kidz Business, or if the Hyper Kidz Business Site is damaged or destroyed and cannot be repaired within sixty (60) days, you must submit to us in writing the materials we require to consider your relocation request, including information concerning the proposed new location for the Hyper Kidz Business. Any such relocation shall be at your sole expense. Our review of your request to relocate will consider factors such as your compliance with this Agreement, the location meets our then-current requirements for a Hyper Kidz Business and is located within your Designated Territory, and you must sign our then-current form of Franchise Agreement with a term equal to the remaining term hereunder. We will not charge you an additional initial franchise fee for relocation.

4.10 Hyper Kidz Business Refurbishment

At our request, which shall not be more frequently than every five (5) years, you shall refurbish the Hyper Kidz Business at your sole cost and expense so that it conforms to the building design, Trade Dress, color schemes, Design Specifications and presentation of the Marks in a manner consistent with the image then in effect for new Hyper Kidz Businesses under the System, including, without limitation, remodeling, redecoration and modifications to existing improvements. Refurbishment does not include regular maintenance of your Hyper Kidz Business and its equipment and furnishings, and it does not include any technological upgrades we may require during the term of this Agreement.

ARTICLE 5: TRAINING AND GUIDANCE

5.1 Initial Training

5.1.1 Not later than sixty (60) days before the Hyper Kidz Business begins operating, we shall provide initial training at our headquarters, at our Affiliate's Hyper Kidz Business, or such other location as we designate, in the operation of a Hyper Kidz Business to you (or one of your principals), your general manager, and one (1) additional trainee (for a maximum of three (3) trainees). The cost of training the first three (3) people is included in the training fee, as described in Section 10.1. If you request that we provide our training program to additional people, either before your Hyper Kidz Business opens or while it is operating, you must pay our then-current training fee for each additional trainee. Initial training shall be held at such time and location and for such duration as we designate.

5.1.2 You (or one of your Principals) and your general manager must complete the initial training program to our reasonable satisfaction. If you (or one of your Principals) do not satisfactorily complete the initial training program, we will give you an opportunity to retake our training program at your expense. If you do not satisfactorily complete the initial training program a second time, we may terminate this Agreement. If the general manager does not satisfactorily complete the initial training program or if we determine that the general manager cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training, at your expense, before you will be permitted to open your Hyper Kidz Business.

5.1.3 You will be responsible for the cost of all travel and living expenses that you and your personnel incur in connection with initial training and any subsequent training, including, but not limited to, travel, lodging, meals and applicable wages. We will not compensate training attendees for any incidental services performed in connection with training.

5.1.4 In addition to our initial training program, we will supply one (1) of our representatives to provide pre-opening and opening assistance at your Hyper Kidz Business for up to fourteen (14) days around the Hyper Kidz Business's opening. If you request additional days of on-site opening assistance, you must pay our then-current per diem fee for each additional day of opening assistance provided, and you must reimburse our representative's expenses for the additional days, including travel, lodging and meals. If this Agreement is for your second (or later) Hyper Kidz Business, we reserve the right to reduce the duration of our representative's visit or to not provide opening assistance.

5.1.5 You shall implement a training program for Hyper Kidz Business employees in accordance with training standards and procedures that we may prescribe. You shall maintain, at all times, a staff of trained employees sufficient to operate the Hyper Kidz Business in accordance with this Agreement.

5.2 Additional Training

At your request, and subject to the availability of our personnel, we may provide additional assistance and/or training on-site at your Hyper Kidz Business. You agree to pay our then-current per diem fee for each trainer we send to your Hyper Kidz Business and to reimburse each trainer's expenses while providing the on-site assistance, including, but not limited to, travel, lodging and meals.

In addition to additional assistance or training you may request, as described above, we may determine that you require additional assistance or training. Such additional assistance or training will be at your sole expense, as described above. We may make such determination based on, among other things, the results of inspections we may conduct, guidance you request from us.

5.3 Franchisee Meeting

We reserve the right to hold a meeting or convention of our franchisees, which may be held on a regional or national basis. We may specify that attendance at any franchisee meeting is mandatory for you and/or your general manager unless the absence is excused by us. We may use a franchisee meeting to discuss new products or services, to discuss concerns with our franchisees, and/or to provide additional training. We will determine the location of the franchisee meeting, but we will not designate an unreasonably expensive location. You agree to pay to us a Conference Convention Fee that may cost a maximum of One Thousand Five Hundred Dollars ($1,500) payable whenever a conference occurs, regardless of your attendance. Additionally, you must pay all expenses that you and your attendees incur, including travel, lodging, meals and applicable wages.

5.4 Guidance and Assistance

We shall furnish guidance to you with respect to: (a) specifications, standards and operating procedures utilized by Hyper Kidz Businesses and any modifications thereof; (b) purchasing approved equipment, fixtures, signs, inventory, and operating materials and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures of Hyper Kidz Businesses; and (e) establishing and conducting employee training programs at the Hyper Kidz Business. Such guidance shall, in our discretion, be furnished in the form of our Operations Manual, bulletins, written reports and recommendations, other written materials (including by email), periodic telephonic consultations, or in-person consultations at our offices or at your Hyper Kidz Business.

5.5 Operations Manual

We will loan to you for your sole use during the term of this Agreement one (1) copy of an "Operations Manual", which may consist of one (1) or more handbooks or manuals as may be modified,

replaced or supplemented by us from time to time, in our sole discretion. We reserve the right to provide the Operations Manual electronically, such as via CD-ROM or a password-protected Website. The Operations Manual shall contain mandatory specifications, standards, policies and procedures prescribed from time to time by us for Hyper Kidz Businesses. The Operations Manual may be modified by us from time to time (a) to reflect changes in the System, including, without limitation, changes in specifications, standards, policies and procedures of Hyper Kidz Businesses; (b) to specify brands, types and/or models of equipment which must be used by you in the operation of the Hyper Kidz Business; and (c) to specify changes in the décor, format, image, Products, Services and operations of a Hyper Kidz Business prescribed by us. Any such modifications shall be binding upon you upon being mailed or otherwise delivered to you, as if originally set forth herein. You shall keep your copy of the Operations Manual current by immediately inserting all modified pages furnished by us. In the event of a dispute about the contents of the Operations Manual, the master copy maintained by us at our principal office shall be controlling. You acknowledge that the Operations Manual is proprietary and confidential to us, and you agree that you will not at any time copy or distribute any part of the Operations Manual. Upon termination of this Agreement or expiration of this Agreement without grant of a successor franchise, you shall return to us all copies of the Operations Manual.

ARTICLE 6: MARKS

6.1 Goodwill and Ownership of Marks

You expressly understand and acknowledge that Franchisor and Franchisor's affiliate(s) are the owner or the licensee of the owner of the Marks as shown in Attachment 1. You further expressly understand and acknowledge that Franchisor and/or Franchisor's affiliate(s) claim copyrights on certain material used in the System, including but not limited to instructional material, the Website, documents, photographs, social media content, advertisements, promotional materials and the Manual, whether or not Franchisor and/or Franchisor's affiliate(s) have filed for copyrights thereto with the U.S. Copyright Office.

All references in this Agreement to our right, title and interest in and to the Marks shall be deemed to include the owner's right, title and interest in and to the Marks. You acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to the operation of the Hyper Kidz Business by you pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by us from time to time during the term of the Franchise. Any unauthorized use of the Marks by you shall constitute a material breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all usage of the Marks by you and any goodwill established thereby shall inure to our exclusive benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you other than the right to operate the Hyper Kidz Business in compliance with this Agreement. All provisions of this Agreement applicable to the Marks shall apply to any other trademarks, service marks and commercial symbols hereafter authorized in writing for use by and licensed to you by us.

You understand and agree that the limited license to use the Marks granted hereby applies only to such proprietary marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter being designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of our Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

During the term of this Agreement and any renewal or extension hereof, you shall identify yourself as the independent owner of the Hyper Kidz Business in conjunction with any use of the Marks, including, but not limited to, on invoices, order forms, receipts, business stationery, contracts with all third parties or

entities, as well as the display of such notices in such content and form and at such conspicuous locations as we may designate in writing.

6.2 Limitations on Your Use of Marks

You agree to use the Marks as the sole trade identification of the Hyper Kidz Business, provided that you shall identify yourself as the independent owner of the Hyper Kidz Business in the manner prescribed by us. You shall not use any Mark or any variation thereof (a) as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form; (b) in connection with the performance or sale of any unauthorized services or products; (c) as part of the Domain Name or electronic address of any Website; or (d) in any other manner not expressly authorized in writing by us. You agree to display the Marks prominently in the manner prescribed by us at the Hyper Kidz Business and in connection with advertising and marketing materials. You agree to give such notices of trademark and service mark registrations as we specify and to obtain such business trade name registrations as may be required under applicable law.

6.3 Notification of Infringements and Claims

You shall immediately notify us of any apparent infringement of or challenge to your use of any Mark or claim by any person of any rights in any Mark, and you shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We shall have sole discretion to take such action as we deem appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as, in the opinion of our counsel, are necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks. We will reimburse you for the reasonable out-of-pocket expenses incurred and paid by you in complying with the requirements imposed by this Section, provided however, if any action taken by us results in any monetary recovery for you which exceeds your costs, then you must pay your own costs and share pro-rata in our costs thereof, up to the amount of the monetary recovery.

6.4 Discontinuance of Use of Marks

If it becomes advisable at any time, in our sole judgment, for the Hyper Kidz Business to modify or discontinue the use of any Mark or of any aspect of the Trade Dress and/or for the Hyper Kidz Business to use one or more additional or substitute trademarks or service marks or substitute trade dress, you agree to immediately comply with our directions to modify or otherwise discontinue the use of such Mark and/or to use one or more additional or substitute trademarks, service marks, logos or commercial symbols or substitute trade dress after notice thereof by us. We shall have no obligation to reimburse you for any expenditure made by you to modify or discontinue the use of a Mark or to adopt substitutes for a discontinued Mark including, without limitation, any expenditures relating to advertising or promotional materials or to compensate you for any goodwill related to the discontinued Mark. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

6.5 Indemnification of You

We agree to indemnify you against, and to reimburse you for, all damages for which you are held liable in any proceeding arising out of your use of any Mark pursuant to and in compliance with this Agreement and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding, have given us sole control of the defense and settlement of any such claim,

and have otherwise complied with this Agreement. If any action taken by us with respect to any such claim or proceeding results in any monetary recovery for you which exceeds your costs, then you must pay your own costs and share pro-rata in our costs thereof up to the amount of the monetary recovery.

6.6 No Registration

You acknowledge that we do not make any representation or warranty to you that any of the Marks are registered or registerable, that we have the right or exclusive right to use any of the Marks, or that the Marks do not infringe any intellectual property, proprietary or other right of any person.

ARTICLE 7: COPYRIGHTS

7.1 Ownership of Copyrights

You and we acknowledge and agree (a) that we may authorize you to use, in connection with the operation of the Hyper Kidz Business, certain copyrighted or copyrightable works which shall be referred to herein as the "Copyrighted Works"; (b) that the Copyrighted Works are our valuable property; or the property of the copyright owner, who may not be us, and (c) that the rights herein are granted to you solely on the condition that you comply with the terms of this Article. You acknowledge and agree that we own or are the licensee of the owner of the Copyrighted Works and will further create, acquire or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of Hyper Kidz Businesses. Such Copyrighted Works include the Operations Manual and may include all or part of the Marks, Trade Dress, Design Specifications and other portions of the System. We intend that all works of authorship related to the System and created in the future will be owned by us.

7.2 Limitation on Your Use of Copyrights

You acknowledge that your right to use the Copyrighted Works is derived solely from this Agreement and is limited to the use of such Copyrighted Works pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by us from time to time during the term of this Agreement. You shall ensure that all Copyrighted Works used hereunder shall bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws prescribed by us specifying that we are the owner of the copyright. You acknowledge that this Agreement does not confer any interest in the Copyrighted Works upon you other than the right to operate the Hyper Kidz Business in compliance with this Agreement. If we authorize you to prepare any adaptation, translation or derivative work of the Copyrighted Works, you hereby agree that such adaptation, translation or derivative work shall be our property and you hereby assign all your right, title and interest therein to us. You agree to execute any documents in recordable form which we determine are necessary to reflect such ownership. You shall submit all such adaptations, translations or derivative works to us for approval prior to use.

7.3 Notification of Infringements and Claims

You shall immediately notify us of any actual or apparent infringement of or challenge to any of the Copyrighted Works, or claim by any person of any rights in the Copyrighted Works. You shall not communicate with any person other than us and our counsel in connection with any such infringement, challenge or claim. We shall have the sole discretion to take such action as we deem appropriate in connection with the foregoing and the right to control exclusively any settlement, litigation, arbitration or administrative proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to the Copyrighted Works.

7.4 Discontinuance of Use

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

ARTICLE 8: CONFIDENTIAL INFORMATION

8.1 Definition of "Confidential Information"

We possess and will further develop and acquire "Confidential Information" including, but not limited to, the following categories of information, methods, techniques, procedures, and knowledge developed or to be developed by us, our Affiliates and/or franchisees:

(a) methods, techniques, specifications, standards, policies, procedures, information, concepts and systems relating to and knowledge of and experience in the development, operation, and franchising of Hyper Kidz Businesses;

(b) marketing and promotional programs for Hyper Kidz Businesses;

(c) knowledge of specifications for and knowledge of suppliers of certain materials, equipment and fixtures for Hyper Kidz Businesses;

(d) the terms of this Agreement;

(e) the Operations Manual; and

(f) all data relating to the sales and operations of your Hyper Kidz Business.

8.2 Disclosure of Confidential Information

We will disclose such parts of the Confidential Information as are required for the operation of a Hyper Kidz Business to you during training and in guidance and assistance furnished to you during the term of this Agreement, and you may learn or otherwise obtain from us additional Confidential Information during the term of this Agreement. You acknowledge and agree that neither you nor any other person or entity will acquire any interest in or right to use the Confidential Information, other than your right to utilize it in the operation of the Hyper Kidz Business, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition with us and other Hyper Kidz Business franchisees. You agree to disclose the Confidential Information to your Principals and to employees of the Hyper Kidz Business only to the extent reasonably necessary for the operation of the Hyper Kidz Business.

8.3 Non-Disclosure of Confidential Information

You acknowledge and agree that the Confidential Information is confidential to us and a valuable asset of ours, is proprietary, includes our trade secrets, and is disclosed to you solely on the condition that you, your Principals and your employees who have access to it agree, and you do hereby agree, that during and after the term of this Agreement, you, your Principals and such employees:

(a) will not use the Confidential Information in any other business or capacity;

(b) will maintain the absolute secrecy and confidentiality of the Confidential Information;

(c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written or other tangible form;

(d) will adopt and implement all reasonable procedures prescribed from time to time by us to prevent unauthorized use or disclosure of or access to the Confidential Information; and

(e) will require all Principals and all employees and Principals who will have access to Confidential Information, including, without limitation, managers and other personnel who attend our training programs, to execute Confidentiality and Non-Competition Agreements in the form attached hereto as Attachment 8. We shall be a third-party beneficiary of such agreements with the independent right to enforce their terms. You shall provide, at our request, executed originals of each such Confidentiality and Non-Competition Agreement. Failure to procure execution of a Confidentiality and Non-Competition Agreement shall be a material breach of this Agreement.

8.4 Use of Confidential Information

Nothing contained herein shall be construed to prohibit you from using the Confidential Information in connection with the operation of a Hyper Kidz Business, provided such operation is pursuant to a valid franchise agreement between you and us.

8.5 Restrictions on Use

Notwithstanding anything to the contrary contained in this Agreement, and provided you shall have obtained our prior written consent, the restrictions on your disclosure and use of the Confidential Information shall not apply to the following: (a) information, methods, procedures, techniques and knowledge which are or become generally known in the business of the offer and sale of Approved Products and Services and Products in the United States, other than through deliberate or inadvertent disclosure by you; and (b) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that you are legally compelled to disclose such information, provided you have notified us prior to disclosure and shall have used your best efforts to obtain, and shall have afforded us the opportunity to obtain, an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

8.6 New Ideas and Concepts

You agree to disclose to us all ideas, concepts, methods, techniques and products relating to the development and operation of a Hyper Kidz Business conceived or developed by you, your Affiliates, Principals, managers or your employees during the term of this Agreement. You hereby grant to us and agree to procure from your Affiliates, Principals, managers or employees a perpetual, non-exclusive and worldwide right to use same. We shall have no obligation to make any payment with respect to any such idea, concept, method, technique or product. You agree that you will not use, nor will you allow any other person or entity to use, any such concept, method, technique or product without obtaining our prior written approval.

ARTICLE 9: EXCLUSIVE RELATIONSHIP; NON-COMPETITION

9.1 You acknowledge and agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Hyper Kidz Businesses if franchisees, their Principals, or members of any of

their immediate families were permitted to engage in, hold interests in, or perform services for a Competitive Business. You further acknowledge and agree that the restrictions contained in this Article will not hinder your activities or the activities of your Principals under this Agreement or in general. We have entered into this Agreement with you on the express condition that, with respect to the operation of Competitive Businesses, you and your Principals and members of their respective immediate families will deal exclusively with us. You therefore agree that during the term of this Agreement neither you nor any of your Principals nor any member of your or their immediate family shall, directly or indirectly:

(a) have any interest as a disclosed or beneficial Principal in any Competitive Business; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for any Competitive Business;

9.2 These restrictions of clause (a) of Section 9.1 shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market (a publicly owned company) that represents less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

9.3 The restrictions of Section 9.1 shall not be construed to prohibit you, any of your Principals, or any member of your or their immediate family from having a direct or indirect ownership interest in any Hyper Kidz Business Franchise Agreement for the operation of any Hyper Kidz Business, or any entity owning, controlling or operating a Hyper Kidz Business, or from providing services to any such Hyper Kidz Business pursuant to other agreements with us.

ARTICLE 10: FEES

10.1 Initial Franchise Fee; Training Fee

10.1.1 You agree to pay to us upon execution of this Agreement an "Initial Franchise Fee" in the amount of Forty-Two Thousand Five Hundred Dollars ($42,500), less any amount credited toward such Initial Franchise Fee pursuant to the terms of a multi-unit development agreement between you (as multi-unit developer) and us. The Initial Franchise Fee shall be fully earned by us upon execution of this Agreement and is non-refundable in whole or in part.

10.1.2 You agree to pay to us a training fee from Seven Thousand Five Hundred Dollars ($7,500) to Ten Thousand Dollars ($10,000) for up to three (3) of your trainees to attend our initial training program, as described in Section 5.1. The training fee is payable when you schedule attendance at the initial training program and is not refundable.

10.2 Royalty Fee

10.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing royalty fee equal to six percent (6%) of Gross Sales ("Royalty Fee"). Such Royalty Fee shall be due and payable each week based on the Gross Sales for the previous week ending Sunday so that it is received by us by electronic funds transfer on or before Tuesday of each week, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

10.2.2 By Monday of each week, you shall provide us with a royalty report itemizing the Gross Sales for the preceding week ending Sunday ("Royalty Report") by modem or, if not reasonably available, by facsimile transmission or such other method of delivery as we may reasonably direct. It shall

remain your responsibility to provide us with such Royalty Report, and any other reports required hereunder, notwithstanding that we shall have the right and ability to access sales and other information directly from your computer system. At Franchisor's option, Franchisee shall submit, or grant Franchisor access to, the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

10.2.3 If the state in which your Hyper Kidz Business is located imposes upon us a sales or other tax on Royalty Fees paid to us, then we shall have the right to collect this tax from you.

10.3 Definition of "Gross Sales"

For the purposes of determining the royalty fees to be paid hereunder, "Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Hyper Kidz Business, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point-of-sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments. We may authorize certain other items to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time by us.

10.4 Technology Fee

In addition to the other continuing fees payable herein, you agree to pay to us a technology fee ("Technology Fee") in the amount of Two Hundred Ninety Dollars ($290) per month. The Technology Fee is payable on the first Tuesday of each month together with the Royalty Fee.

We reserve the right to increase the Technology Fee, which will not be increased more frequently than annually. We will provide you with sixty (60) days' prior written notice of any changes to the Technology Fee.

In addition to the requirements of Section 10.4, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software and digital menu displays, Internet access, license fees, help desk fees, and licensing or user-based fees.

10.5 Late Fee; Interest on Late Payments

10.5.2 If any payment owed to us hereunder is not paid when due, you shall also pay to us, in addition to interest on any overdue amount as described below, a late fee in the amount of One Hundred Twenty-Five Dollars ($125).

10.5.1 All Royalty Fees, Brand Development Fees (as described in Section 12.1), amounts due for purchases by you from us or our Affiliates, and other amounts which you owe to us or our Affiliates, if such payments are not paid when due, shall bear interest after the due date at a rate equal to one and one-half percent (1.5%) per month or the maximum interest rate permitted by law, whichever is less. Interest shall accrue from the original due date until payment in full is received by us. You acknowledge that this Section shall not constitute our agreement to accept such payments after same are due or a commitment by us to extend credit to or otherwise finance your operation of the Hyper Kidz Business. You acknowledge that failure to pay all such amounts when due shall constitute grounds for termination of this Agreement as provided herein, notwithstanding the provisions of this Section.

10.6 Application of Payments

Notwithstanding any designation by you, we shall have sole discretion to apply any payments received from you or any indebtedness of yours to us or our Affiliates to any past due indebtedness of yours for Royalty Fees, Brand Development Fees, Technology Fees, purchases from us or our Affiliates, interest, or any other indebtedness of yours to us.

10.7 Electronic Funds Transfer

10.7.1 At our request, you must sign and deliver to us any documents we require, which may include the Electronic Funds Transfer Authorization attached hereto as Attachment 4, to authorize us to debit your operating account automatically for the Royalty Fee, Brand Development Fee, Technology Fee, and other amounts due under this Agreement. You agree to make the funds available for withdrawal by electronic transfer before each due date.

10.7.2 If you fail to provide the Royalty Report as required by Section 10.2, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Brand Development Fee that we debited. If the Royalty Fee and Brand Development Fee debited from your account are less than the Royalty Fee and Brand Development Fee you actually owe to us (once we have determined the Hyper Kidz Business's true and correct Gross Sales), we will debit your account for the balance of the Royalty Fee and Brand Development Fee due on the day we specify. If the Royalty Fee and Brand Development Fee debited from your account are greater than the Royalty Fee and Brand Development Fee actually owed, we will credit the excess against the amount we otherwise would debit from your account for the next payment due.

10.8 Payment to Vendors

We shall have the right under this Agreement to debit your bank account for and pay any vendor account of yours that is at least sixty (60) days old.

10.9 Insufficient Funds Fee

If there are not sufficient funds in your account to permit us to debit the account for the payments you owe us, you will pay to us an insufficient funds fee equal to One Hundred Twenty-Five Dollars ($125). This fee is in addition to late fees and interest on any overdue amount, as described in Section 10.5 above, and any fees charged by your bank. If you incur three (3) insufficient funds fees within any twelve (12) month period, we may terminate this Agreement without providing you the opportunity to cure the default.

10.10 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement.

ARTICLE 11: HYPER KIDZ BUSINESS IMAGE AND OPERATION

11.1 Condition and Appearance of the Hyper Kidz Business

11.1.1 You agree that: (a) neither the Hyper Kidz Business nor the Site will be used for any purpose other than the operation of a Hyper Kidz Business in compliance with this Agreement; (b) you will maintain the condition and appearance of the Hyper Kidz Business, its equipment, fixtures, signs, and the Site in accordance with our specifications and standards and consistent with the image of a Hyper Kidz Business; and (c) you will perform such maintenance with respect to the décor, equipment, fixtures, and signs of the Hyper Kidz Business and the Site as may be required from time to time to maintain good

condition, appearance, and efficient operation including, without limitation: (i) thorough cleaning, exterminating, repainting and redecorating of the interior and exterior of the Site on a daily basis or at reasonable intervals, as applicable; (ii) interior and exterior repair of the Site; (iii) repair or replacement of damaged, worn out or obsolete equipment, fixtures, and signs, provided we will not require you to replace any obsolete equipment unless we have initiated a program to replace such equipment as it becomes necessary for all Hyper Kidz Businesses in the System; (iv) you will not make any material alterations to the Site or to the appearance of the Hyper Kidz Business as originally developed without our prior approval in writing; (v) subject to our approval of plans, layouts and designs, you will remodel, expand, redecorate, reequip and refurnish the Site and the Hyper Kidz Business when required by us, but no more often than once every five (5) years, to reflect changes in the operation of Hyper Kidz Businesses prescribed by us and required of new Hyper Kidz Business franchisees. You shall have a reasonable time period remaining under this Agreement to amortize the costs of such improvements. Notwithstanding the provisions above, we can require you to change and/or upgrade equipment at any time to comply with new specifications and standards; and (vi) you will place or display at the interior and exterior of Site only such signs, emblems, lettering, logos, and display and advertising materials that are from time to time approved by us.

11.1.2 In addition to our rights to terminate this Agreement as set forth herein, if you do not maintain the condition and appearance of the Hyper Kidz Business as herein required, we may, upon not less than ten (10) days' notice to you, or immediately in cases of health or sanitation hazards or other public endangerment, and without liability for trespass or tort: (a) arrange for the necessary cleaning, sanitation, repair, remodeling, upgrading, painting or decorating; or (b) replace the necessary fixtures, furnishings, equipment, or signs. You shall pay the entire cost thereof following the receipt of a bill for such work from us.

11.2 Products and Services Offered at the Hyper Kidz Business

You agree that the Hyper Kidz Business will offer for sale all Approved Products and Services and Products and related products and other services that we from time to time prescribe and that the Hyper Kidz Business will make available all Services that we prescribe from time to time for Hyper Kidz Businesses. You agree that the Hyper Kidz Business will not offer for sale or sell at the Site or any other location in conjunction with the Marks or any other marks any other products or services which have not been approved by us and in particular will not install at the Hyper Kidz Business any vending machines or comparable devices.

11.3 Approved Products, Distributors and Suppliers

11.3.1 The reputation and goodwill of Hyper Kidz Businesses is based upon and can be maintained only by the sale of distinctive, high-quality Products and the presentation and packaging of such Products in an efficient and appealing manner. We have developed standards and specifications for the Products, materials and supplies incorporated in or used in the delivery of our Approved Products and Services authorized for sale at Hyper Kidz Businesses. We have and will periodically approve suppliers and distributors of the foregoing Products that meet our standards and requirements including, without limitation, standards and requirements relating to quality, prices, consistency, reliability, financial capability, labor relations and customer relations. You agree that the Hyper Kidz Business will: (a) purchase the Products only from designated suppliers and sell such Products; and (b) purchase from distributors and other suppliers approved by us all other goods, materials and supplies used in the preparation or sale of Products, and equipment, forms, paper and plastic products, packaging or other materials that meet our standards and specifications for the same. We may from time to time modify the list of approved brands and/or suppliers and you shall not, after receipt in writing of such modification, reorder any brand from any supplier which is no longer approved.

11.3.2 We may approve a single distributor or other supplier for any Product and may approve a distributor or other supplier only as to certain Products. We may concentrate purchases with one (1) or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of Hyper Kidz Businesses, whether franchised or operated by us. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, prompt attention to complaints, or other criteria and concentration of purchases as set forth above and may be temporary pending a further evaluation of such distributor or other supplier by us.

11.3.3 If you wish to purchase, lease or use any unapproved products or other items, or you wish to purchase from an unapproved supplier, you must submit a written request for approval of the proposed product or supplier, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our approval procedure does not obligate us to approve any particular product or supplier. However, we will notify you within a reasonable time after we complete the inspection and evaluation process of our approval or disapproval of any proposed product or supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval. You or the supplier must reimburse our expenses related to our evaluation of the proposed product or supplier, up to a maximum of Five Hundred Dollars ($500).

11.3.4 You understand and acknowledge that we may periodically receive payments from approved suppliers, such as in the form of rebates, based on such approved suppliers' sales of products and services to our franchisees. We reserve the right to direct that any supplier rebates, refunds, advertising allowances or other consideration payable or paid as a result of your purchases of non-proprietary goods, services or equipment be paid to us or any affiliate that we may designate. If we do so, then you hereby acknowledge that you will not assert any interest in such monies.

11.3.5 You must use our designated accountant for the first two (2) years of operation of your Franchised Business. Our designated accountant is the sole approved supplier for accounting services and you agree to pay the then-current monthly fee to our designated accountant for these accounting services.

11.4 Specifications, Standards and Procedures

11.4.1 You acknowledge that the operation of the Hyper Kidz Business in compliance with our high standards is important to us and other Hyper Kidz Businesses and you agree to maintain such high standards in the operation of the Hyper Kidz Business. You agree to comply with all mandatory specifications, standards and operating procedures relating to the appearance, function, cleanliness, days and hours of operation (subject to applicable law or the terms of your lease), number of telephone lines and operation of a Hyper Kidz Business, and with our requirements for the décor, equipment, format and image of a Hyper Kidz Business as they may be developed or changed by us from time to time. You acknowledge and agree that all mandatory specifications, standards, and operating procedures prescribed from time to time by us in the Operations Manual or otherwise shall constitute binding obligations on your part, and any failure by you to adhere to such mandatory specifications, standards and operating procedures shall constitute grounds for termination of this Agreement by us as provided for herein. All references herein to this Agreement shall include all such mandatory specifications, standards, and operating procedures.

11.4.2 You acknowledge that due to peculiarities of particular market areas and circumstances, complete and detailed uniformity may not be practical or in the best interests of all Hyper

Kidz Businesses. We reserve the right to vary, in our sole discretion, standards and procedures as they relate to a particular franchisee or group of franchisees. Nothing in this Agreement shall be construed to require us to grant you a like variance, or to permit you to modify the standards and procedures required for the operation of your Hyper Kidz Business. Any such variances or modifications shall be in our sole and absolute discretion.

11.4.3 Franchisor has established certain operational standards, as set forth in the Manual. Franchisee acknowledges that any deviation from an operational standard constitutes a violation of this Agreement and will require Franchisor to incur incalculable administrative and management costs to address such violation. Accordingly, Franchisee agrees that,to compensate Franchisor for its incalculable administrative and management costs due to Franchisee's operational standard violation, Franchisee shall pay Franchisor an Operational Standards Violation Fee, as set forth in the Manual, for each violation of an operational standard. Franchisee hereby authorizes Franchisor to take payment of the Operational Standards Violation Fee, at Franchisor's option, through electronic funds transfer or ACH payment. Franchisor need not give Franchisee a cure opportunity before charging the Operational Standards Violation Fee, and Franchisor's imposition of an Operational Standards Violation Fee does not preclude Franchisor from seeking injunctive relief to restrain any subsequent or continuing violation, formally defaulting and terminating this Agreement or exercising any of Franchisor's rights under this Agreement.

11.5 Modification of the System

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other market place variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Hyper Kidz Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, decor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying or substituting the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. Finally, you expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

11.6 Compliance with Laws and Good Business Practices

You shall secure and maintain in force in your name all required licenses, permits, and certificates relating to the conduct of your business pursuant to this Agreement. You shall comply with all federal, state, and local laws, rules and regulations and shall timely obtain any and all permits, certificates, or

licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business; health and sanitation inspections, if and when required; fictitious name registrations; sales and other tax permits; reporting and payment of all taxes; fire and police department clearances; Americans With Disability Act compliance; compliance with all federal, state or local data privacy laws, rules, and regulations; certificates of occupancy; any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation, and compliance otherwise with all environmental laws, rules, and regulations; and any other requirement, rule, law or regulation applicable to Franchisee or in the jurisdiction of the Territory. You shall further comply with all industry best practices.

All advertising by you shall be completely factual, in good taste in our judgment, and shall conform to high standards of ethical advertising. You shall in all dealings with your customers, suppliers, us, and public officials adhere to high standards of honesty, integrity, fair dealing and ethical conduct. You agree to refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Marks and other Hyper Kidz Businesses. You shall notify us in writing within five (5) days of your learning of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which may adversely affect the operation or financial condition of you or the Hyper Kidz Business.

You and your Principals 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 Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

11.7 Management and Personnel of the Hyper Kidz Business

11.7.1 We recommend, but do not require, that you or one of your Principals (if you are a corporate entity) actively participate in the operation of your Hyper Kidz Business. If you or one of your Principals will not be involved in the day-to-day operation of your Hyper Kidz Business, your general manager must devote its full time and best efforts to the operation of your Hyper Kidz Business and we may communicate with and rely on the decisions made by your general manager. We must approve of your general manager and your general manager must successfully complete our initial training program. We do not require that your general manager have an ownership interest in the Hyper Kidz Business. If you do not participate in the daily operation of the Hyper Kidz Business, you or one of your Principals must satisfactorily complete our initial training program, and you must make sure that the Hyper Kidz Business is operated in compliance with this Agreement, the Manual, and the System. The Hyper Kidz Business must be open on the days and during the hours we specify in the Operations Manual, subject to applicable law and the terms of your lease.

11.7.2 Upon the death, disability or termination of employment of your general manager, you shall immediately notify us and designate a successor or acting general manager who meets our then-current criteria. In no event shall the appointment of a successor or acting manager be more than ten (10) days after the death, disability or termination of the predecessor manager. Each successor general manager must satisfactorily complete our initial training program within thirty (30) days of appointment by you.

11.7.3 You shall hire all employees of the Hyper Kidz Business and shall be exclusively responsible for the terms of their employment, compensation and for the proper training of such employees in the operation of the Hyper Kidz Business. You understand that your employees are not and will not be considered to be our employees in any manner. We may require you to obtain confidentiality and non-competition agreements from certain of your employees. You shall establish at the Hyper Kidz Business for all employees a training program meeting the standards prescribed by us.

11.7.4 During the term of this Agreement, we shall not directly or indirectly employ or seek to employ any person who is employed by you or by any entity controlled by you nor induce any such person to leave said employment without your prior written consent.

11.7.5 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle and/or credit histories) that are required by state and local laws, regulations, and ordinances and/or that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance on or into private property if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless, or careless behavior, or a conviction for any crime reasonably related to the prospective employee's employment including, but not limited to, you shall not employ anyone who has been convicted of a sex crime or a crime against a child. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers and their clients are within Franchisee's discretion and control. Franchisor shall not be liable to franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

11.8 Insurance

11.8.1 During the term of this Agreement, and prior to commencing any operations under this Agreement, you shall maintain in force under policies of insurance issued by licensed insurers approved by us the categories and amounts of insurance coverage specified by us in this Agreement and in the Operations Manual. All policies must be written by a responsible carrier or carriers that we determine to be acceptable, that are rated at least "A" with A.M. Best, and that are licensed to do business in the state in which your Hyper Kidz Business is located. You acknowledge and understand that we have the right to change our insurance requirements, and you shall comply with such changes. At its sole expense, you shall procure and maintain in full force and effect during the term of this Agreement, the types of insurance policies listed below and as may be required by the terms of any lease, sublease or mortgage. All policies (except any workers' compensation insurance) shall expressly name Franchisor (and its subsidiaries, affiliates, successors and assigns) as an additional named insured and all shall contain a waiver of subrogation rights against Franchisor and its successors and assigns. Franchisor may require more coverage or additional coverages from time to time in Franchisor's sole and absolute discretion. In addition to any other insurance policy that may be required by applicable law, or by lender or lessor, Franchisee shall procure, at a minimum:

As of the date of this Agreement, our current insurance requirements include:

a. Special form property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Location and all tenants' improvements and betterments on a 100% replacement cost basis without coinsurance.

Franchisee's property insurance policy shall include coverage, at a minimum, for fire, vandalism, malicious mischief and crime;

b. Workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Location is located and employer liability coverage with a minimum limit of FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) or, if higher, the statutory minimum limit as required by state law;

c. Comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Location, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS ($1,000,000.00) per occurrence and TWO MILLION DOLLARS ($2,000,000.00) in the aggregate or, if higher, the statutory minimum limit required by state law, and that includes sexual molestation and child abuse coverage. Such coverage shall also include contractual liability insurance for the indemnification obligations of this Agreement and Franchisor shall be named as an additional named insured on a primary and noncontributory basis;

d. Business interruption insurance in amounts and with terms acceptable to Franchisor including loss of income and extra expense to cover lost income for at least 12 months;

e. Automobile liability insurance for owned or hired and non-owned auto, with a combined single limit of at least ONE MILLION DOLLARS ($1,000,000.00) or, if higher, the statutory minimum limit required by state law;

f. Excess or umbrella coverage with a minimum limit amount of $1,000,000**;**

g. such insurance as necessary to provide coverage under the indemnity provisions set forth in this Agreement;

11.8.2 Optional Coverages

Franchisee should determine through consultation with its own advisors if additional insurance coverages are necessary. Such optional coverages include, but are not limited to:

a. Employment practices liability insurance;

b. Participant accident coverage;

c. Threat of Malicious Acts/Active Shooter coverage; and

d. Cyber security and/or data breach coverage.

11.8.3 Future Increases and/or Changes

Franchisor has the right, in its sole discretion, to reasonably increase the minimum liability protection requirements annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

11.8.4 Carrier Standards

Such policies shall be written by an insurance company allowed to do business in the state in which Franchisee operates and having at least an "A" Rating Classification and a Financial Size Rating of "IX" or better as indicated in the latest issue of A.M. Best's Key Rating Guide.

11.8.5 Evidence of Coverage

You shall provide us with evidence of the insurance required hereunder not later than fifteen (15) days before the Hyper Kidz Business opens. You shall provide us with a complete copy of each insurance policy no more than thirty (30) days after our request for same. Thereafter, upon renewal of each insurance policy, you shall furnish us with evidence of each renewal or replacement insurance policy to be maintained by you for the immediately following term and evidence of your payment of the premiums. If you fail or refuse to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums, we may, at our option, and in addition to our other rights and remedies hereunder, obtain such insurance coverage on your behalf and you shall fully cooperate with us in our effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Hyper Kidz Business which are required to obtain or maintain such insurance, and pay to us on demand any costs and premiums incurred by us plus a ten percent (10%) administrative fee. If you fail to purchase or maintain any insurance required by this Agreement or fail to reimburse us for our purchase of insurance on your behalf within fifteen (15) days of delivery to you of our written demand for reimbursement, then we may terminate this Agreement upon notice of termination without opportunity to cure. Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in this Agreement. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums**.**

11.8.6 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

11.9 Credit Cards and Other Methods of Payment

If we require, you shall, at all times, have arrangements in existence with a full range of credit and debit card issuers or sponsors, check verification services and electronic fund transfer systems as we designate from time to time in order that the Hyper Kidz Business may accept customers' credit and debit cards, checks and other methods of payment.

You shall sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Operations Manual or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Hyper Kidz Business. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Operations Manual or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Hyper Kidz Businesses and for making timely payment to us, other operators of Hyper Kidz Businesses, or a third-party service provider for Gift Cards issued from the Hyper Kidz Business that are

honored by us or other Hyper Kidz Business operators. We reserve the right to alter the terms and conditions of any gift card or loyalty programs, including reserving the right to apply changes retroactively to benefits already accrued under such programs.

11.10 Best Efforts, Sole Purpose

11.11.1 You and your Principals agree to use their best efforts to develop and expand the market for the Approved Products and Services offered by the Hyper Kidz Business and to cooperate with us to accomplish the purposes of this Agreement.

11.11.2 If you are a corporation, partnership, limited liability company or other legal entity, you will not, directly or indirectly, engage in any business or other activity other than the development and operation of Hyper Kidz Businesses pursuant to agreements with us.

11.11 Website

We alone may establish, maintain, modify or discontinue all internet, world wide web and electronic commerce activities pertaining to the System. We may establish one or more Websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Hyper Kidz Business a "click through" subpage at our Website for the promotion of your Hyper Kidz Business. If we establish one or more Websites or other modes of electronic commerce and if we provide a "click through" subpage at the Website(s) for the promotion of your Hyper Kidz Business, you must routinely provide us with updated copy, photographs and news stories about your Hyper Kidz Business suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any Websites or other modes of electronic commerce that we establish or maintain, including but not limited to any mobile applications ("apps") that we may introduce, may – in addition to advertising and promoting the products and services available at Hyper Kidz Businesses – also be devoted in part to offering Hyper Kidz Business franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an Intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and system-wide communications (among other activities) can be done. You may not maintain your own Website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Hyper Kidz Business; establish a link to any Website we establish at or from any other Website or page; or at any time establish any other Website, electronic commerce presence or URL which in whole or in part incorporates the "Hyper Kidz" name or any name confusingly similar to the Marks.

You are not permitted to promote your Hyper Kidz Business or use any of the Marks in any manner on any social or networking Websites, such as Facebook, Instagram, LinkedIn or Twitter, without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Hyper Kidz Business's operation, including prohibitions on you and your employees posting or blogging comments about the Hyper Kidz Business or the System, other than on a Website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Instagram and YouTube, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio and video-sharing sites, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any Website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage. We reserve the right, at any time, to revoke your ability to use social media and/or to maintain a social media Website.

You may capture customer data only in strict accordance with our specifications and only using those technologies and processes that are approved by us. Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

11.12 Video Surveillance

You shall at all times during the term of this Agreement maintain the video surveillance equipment and monitoring that we designate. You shall ensure that we shall have access to your live video surveillance feed and any recorded video surveillance at the times and in the manner we require. You shall retain all video surveillance recordings in the manner and for the periods of time that we require.

11.13 Prices

Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

ARTICLE 12: MARKETING

12.1 Brand Development Fund

12.1.1 Franchisor has established a national fund on behalf of the System for national advertising, marketing, and brand development. You shall contribute to the Fund an amount equal to two percent (2%) of Gross Sales, payable at the same time and in the same manner as the Royalty Fees payable hereunder ("Brand Development Fee"). We may periodically receive allowances, rebates or other payments from approved suppliers based on purchases from such suppliers by our franchisees, and we may elect to contribute such allowances, rebates or other payments to the Fund. You understand and acknowledge, however, that any such contribution of these amounts by us to the Fund does not in any manner diminish or eliminate your obligation to pay the Brand Development Fee.

12.1.2 We or our designee shall administer the Fund as follows:

(a) We or our designee shall direct all advertising and public relations programs financed by the Fund with sole discretion over the creative concepts, materials and media used in such programs.

(b) The Fund may be used to pay the costs of developing marketing ideas and concepts; developing market research and merchandising programs; preparing marketing campaigns;

developing promotional ideas and strategies; preparing collateral creative materials; preparing advertisements; preparing public relations campaigns; providing technical and professional advice in connection with any of the above; and placement of advertising. We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs such as salaries for our employees who devote time and effort to Fund related activities) of developing, producing and distributing any advertising materials and collecting the Brand Development Fee (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Brand Development Fee). The Fund and its earnings will not otherwise benefit us except that any resulting technology and intellectual property shall be deemed the property of Franchisor.

(c) You must participate in all advertising and public relations programs conducted by the Fund. The Fund may furnish you with samples of certain marketing, advertising and promotional formats and other such materials without charge. We will not spend any contributions to the Fund on advertising that is a solicitation of new franchisees.

(d) All sums paid by franchisees to the Fund, plus income earned from the Fund, shall be maintained in an account separate from our other funds and shall not be used by us for any purposes other than those provided for herein. Upon your request, we shall, within one hundred twenty (120) days following the close of each fiscal year, prepare and distribute to all franchisees an unaudited statement detailing Fund income and expenses for such fiscal year.

(e) We may spend, in any fiscal year, an amount greater or less than the aggregate contribution of all Hyper Kidz Businesses to the Fund in that year. The Fund may borrow from us or other lenders at standard commercial interest rates to cover deficits of the Fund or cause the Fund to invest any surplus for future use by the Fund. Any monies remaining in the Fund at the end of any fiscal year shall carry over to the next fiscal year.

(f) You authorize us to collect for remission to the Fund any advertising or promotional monies or credits offered by any supplier based upon purchases by you.

(g) We will have the right to cause the Fund to be incorporated or operated through an entity separate from us at such time as we deem appropriate, and such successor entity shall have all our rights and duties pursuant to this Section.

(h) You understand and acknowledge that the Fund is intended to maximize recognition of the Marks and patronage of Hyper Kidz Businesses generally. Although we will endeavor to utilize the Fund to develop advertising and marketing materials and programs and to place advertising in order to benefit all Hyper Kidz Businesses, we undertake no obligation to ensure that expenditures by the Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Fund by Hyper Kidz Businesses operating in that geographic area or that any Hyper Kidz Business will benefit directly or in proportion to its contribution to the Fund from the development of advertising and marketing materials or the placement of advertising. You acknowledge that your failure to derive any such benefit will not serve as a basis for a reduction or elimination of your obligation to contribute to the Fund. Except as expressly provided in this Paragraph (h), we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Fund. You acknowledge and agree that we have no fiduciary obligation to you or any other Hyper Kidz Business in connection with the establishment of the Fund or the collection, control or administration of monies paid into the Fund. We expressly disavow the existence of any such fiduciary relationship.

(i) We retain the right, in our sole discretion, to terminate the Fund. The Fund shall not be terminated until all monies in the Fund have been expended for advertising and promotional

purposes. If we terminate the Fund, we shall have the right to reinstate such Fund. Any reinstated Fund shall be maintained and operated as described in this Section 12.1.

12.2 Local Marketing

12.2.1 You must conduct local marketing and promotional programs in the Designated Territory to promote your Hyper Kidz Business. During the term of this Agreement, you must spend two percent (2%) of Gross Sales each month for local marketing and promotion. You must provide us with a report within fifteen (15) days after the end of each calendar quarter detailing your local marketing activities. The information we may request includes verification copies of your advertising and copies of bills for expenses related to a promotion.

We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

12.2.2 Any marketing or promotional materials you propose to use that have been prepared by or for you, or that we have not approved in the immediately preceding twelve (12) month period, must be submitted to us and receive our approval before you may use the materials. The proposed materials must be submitted to us not later than fourteen (14) days before you intend to use them. Unless we provide our specific approval of the proposed materials within this fourteen (14) day period, the materials are deemed not approved. Any marketing or promotional materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. At our request, you must include certain language in your local advertising, including "Franchises Available" and our Website address and telephone number.

12.3 Marketing Cooperatives

We may, in our discretion, create a local or regional marketing cooperative ("Cooperative") in any area, and establish the rules and regulations therefor, or we may approve of a Cooperative formed by our franchisees. Immediately upon our request, you must become a member of the Cooperative for the area in which your Franchised Business is located. In no event may your Hyper Kidz Business be required to be a member of more than one (1) Cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make periodic contributions thereto. Hyper Kidz Businesses owned by us or our Affiliates may, but are not required to, participate in a Cooperative. Any funds contributed to a Cooperative will be credited against your obligation to pay for local marketing as set forth in Section 12.2 above; provided, however, that if any amount you contribute to a Cooperative is less than the amount you are required to expend for local marketing, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

12.3.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date that we approve in advance in writing;

12.3.2 the Cooperative must be organized for the exclusive purpose of administering marketing programs and developing, subject to our approval, standardized promotional materials for the members' use in local marketing within the Cooperative's area;

12.3.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

12.3.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by members possessing more than fifty percent

(50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Hyper Kidz Business having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Hyper Kidz Businesses owned. In the event of a tie vote, the franchisor is the tie breaking vote;

12.3.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any marketing or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 12.2;

12.3.6 the Cooperative may require its members to periodically contribute to it in such amounts as it determines, subject to the maximum member contribution described above;

12.3.7 each member/franchisee must submit its contribution under Section 12.3.6 to the Cooperative, together with such statements or reports as we or the Cooperative may require, with our prior written approval;

12.3.8 If an impasse occurs because of a Cooperative members' inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and its resolution of such issue is final and binding on all Cooperative members; and

12.3.9 the Cooperative is not required to prepare a financial statement.

12.4 Test Marketing

We may from time-to-time conduct market research to determine consumer trends and test new products and services. You agree to participate in such market research in the manner we request, which may include purchasing reasonable amounts of test products or services from us and offering and selling such test products or services from the Hyper Kidz Business.

12.5 Testimonials and Endorsements

You agree to permit us or our agents or representatives to communicate with customers of the Hyper Kidz Business on or off the premises of the Hyper Kidz Business for the purpose of procuring testimonials and/or endorsements of Hyper Kidz Businesses, its Products and its Services. You further agree that we may make any or no use of such testimonials without compensation to you.

12.6 Advisory Council

We may, in our discretion, form an advisory council to work with us to improve the System, the products and services offered by Hyper Kidz Businesses, advertising conducted by the Fund, and any other matters that we deem appropriate. If an advisory council is formed it will act solely in an advisory capacity and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council. The advisory council will include our representatives and franchisee representatives. Franchisee representatives may be chosen by us or may be elected by a vote of other franchisees. If you participate in an advisory council, you will pay any expenses you incur related to your participation, which may include travel, lodging and meals expenses if you must travel to attend council meetings.

ARTICLE 13: ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS

13.1 Record Keeping

You shall establish and maintain, at your own expense, a bookkeeping, accounting, record keeping and records retention system conforming to the requirements prescribed by us from time to time, which includes you obtaining and maintaining a point of sale or computer system ("computer system") that we specify or approve. Each transaction of the Hyper Kidz Business shall be processed on the computer system in the manner we prescribe. We shall have at all times the right to access the computer system and all data processed on the computer system with respect to the Hyper Kidz Business, including, without limitation, your membership and customer database. You shall take such action as may be necessary to provide such access to us, at your expense. You understand and agree that your membership and customer database will, at all times, remain our property and that you shall be an authorized user of such database during the term of this Agreement. In no event shall you retain a copy of such database after the termination or expiration of this Agreement.

13.2 Reports

With respect to the operation and financial condition of the Hyper Kidz Business, you shall furnish to us, in the form we prescribe, from time to time: (a) the Royalty Report, as described in Section 10.2; (b) within fifteen (15) days after the end of each calendar month, an income statement for such month in the form and containing such information as we require; (c) within thirty (30) days of the end of each calendar quarter, a statement of profit and loss for that quarter and a balance sheet as of the end of such quarter; (d) upon our request, such other data, information, and supporting records for such periods as we, from time to time, require; and (d) not later than April 15th each year, a fiscal year-end balance sheet, a statement of profit and loss for the previous calendar year reflecting all year-end adjustments and a statement of changes in cash flow. We reserve the right to require you to follow our fiscal year end. All reports and statements must be prepared in accordance with generally accepted accounting principles consistently applied. Each report and financial statement submitted by you to us shall be signed by you and verified as correct in the manner we prescribe. You hereby authorize us to use and/or publish information derived from your financial statements including, without limitation, our Disclosure Document and related documents, without compensation to you.

13.3 Tax Returns

You agree to maintain and to furnish to us, upon request, complete copies of all income, sales, value added, use and service tax returns filed by you reflecting activities of the Hyper Kidz Business.

13.4 Maintenance of Financial Records

You shall preserve for three (3) years all business, accounting, tax, inventory, financial, legal, personnel, operations and other records relating to the Hyper Kidz Business and to you. We shall have the right with or without prior notice to inspect, audit and copy such records during business hours. You shall make such records available for examination at the Hyper Kidz Business.

ARTICLE 14: INSPECTIONS AND AUDITS

14.1 Our Right to Inspect the Hyper Kidz Business

To determine whether you and the Hyper Kidz Business are complying with this Agreement and with specifications, standards and operating procedures we prescribe for the operation of Hyper Kidz Businesses, we or our agents or representatives shall have the right at any reasonable time before or after the Hyper Kidz Business opens, and with or without notice to you, to: (a) inspect the Site and the equipment,

fixtures, signs, food, inventory and supplies of the Hyper Kidz Business; (b) observe, photograph and video tape the operations of the Hyper Kidz Business for such consecutive or intermittent periods as we deem necessary; (c) remove samples of any Products without payment therefor for testing and analysis; (d) interview personnel of the Hyper Kidz Business; (e) interview customers of the Hyper Kidz Business; and (f) inspect and copy any books, records and documents relating to the operation of the Hyper Kidz Business. You agree to cooperate fully with us and/or our agents in connection with any such inspections, observations, photographing and videotaping, Product removal and interviews. You shall present to your customers such evaluation forms as we periodically prescribe and shall participate and/or request your customers to participate in any surveys performed by us or on our behalf.

You shall install and maintain the communications equipment, software and highspeed internet access necessary to permit us to electronically access your computer system, thereby permitting us to inspect and monitor information concerning your inventory, sales of the Hyper Kidz Business, Gross Sales, and such other information as may be contained or stored in the computer system. We shall have electronic access as provided herein at such times and in such manner as we shall from time to time specify. It will be a material default under this Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement.

14.2 Our Right to Audit

We shall have the right, at any time during business hours, and with or without notice to you, to inspect and audit or cause to be inspected and audited the business records, bookkeeping and accounting records, value added, sales, use and service and income tax records and returns and other records of the Hyper Kidz Business, and the books and records of any corporation, partnership, limited liability company or other entity which holds the Franchise. Any such audit may be performed by independent accountants hired by us. You shall fully cooperate with our representatives and independent accountants hired by us to conduct any such inspection or audit. Our right to audit shall also include our right to access the computer system electronically, as provided in this Agreement.

In the event any such inspection or audit shall disclose an understatement of the Gross Sales of the Hyper Kidz Business, you shall pay to us, within fifteen (15) days after receipt of the inspection or audit report, the Royalty Fees and Brand Development Fees due on the amount of such understatement plus interest at the rate and on the terms provided for herein from the date originally due until the date of payment. In the event an understatement of Gross Sales for any period included in any audit is determined by any such audit or inspection to be two percent (2%) or more, then (a) you must pay any understated amount together with interest thereon, and (b) you shall reimburse us for the cost of such inspection or audit including, without limitation, reasonable legal fees and accountants' fees, and the travel expenses, room and board and applicable per diem charges for our representatives or agents. The foregoing remedies shall be in addition to all our other remedies and rights hereunder or under applicable law.

ARTICLE 15: <u>INDEPENDENT LICENSEES; INDEMNIFICATION</u>

15.1 No Fiduciary Relationship

The parties acknowledge and agree that you shall be an independent licensee and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in

mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for your Hyper Kidz Business does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your Hyper Kidz Business, and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Hyper Kidz Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Hyper Kidz Business.

15.2 Independent Licensee

During the term of this Agreement, you shall hold yourself out to the public as an independent licensee conducting your Hyper Kidz Business operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Hyper Kidz Business premises established for the purposes hereunder or on all letterhead, business cards, forms, and as further described in the Operations Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Hyper Kidz Business and in no fashion reflects any employment relationship between us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

15.3 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under your exclusive dominion and control and never under our direct or indirect control in any fashion whatsoever. You alone hire each of your employees; set their schedules; establish their compensation rates; and pay all salaries, benefits and employment-related liabilities (such as workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, and you acknowledge that we have no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that the Hyper Kidz Business is at all times staffed at those levels necessary to operate the Hyper Kidz Business in conformity with the System and the products, services, standards of quality and efficiency, and other Hyper Kidz brand attributes known to and desired by the consuming public and associated with the Marks. You affirm, warrant and understand that you may staff the Hyper Kidz Business with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist you to

efficiently operate your Hyper Kidz Business, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Hyper Kidz Business and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting yourself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

15.4 No Liability for Acts of Other Party

You shall not employ any of the Marks in signing any contract, application for any license or permit, or in a manner that may result in our liability for any indebtedness or obligation of yours, nor will you use the Marks in any way not expressly authorized herein. Except as expressly authorized in writing, neither we nor you shall make any express or implied agreements, warranties, guarantees or representations, or incur any debt in the name of or on behalf of the other, or represent that our relationship is other than franchisor and franchisee. Neither we nor you shall be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. We shall not be obligated for any damages to any person or property directly or indirectly arising out of your operation of the Hyper Kidz Business or your business authorized by or conducted pursuant to the Franchise.

15.5 Taxes

We shall have no liability for any sales, value added, use, service, occupation, excise, gross receipts, income, property, payroll or other taxes whether levied upon this Agreement, you, the Hyper Kidz Business, your property, or upon us in connection with the sales made or business conducted by you, except any taxes that we are required by law to collect from you with respect to purchases from us. Payment of all such taxes shall be your responsibility. The term "taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Hyper Kidz Business, the payment of monies, taxes imposed on the Royalty Fees paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

15.6 Indemnification

TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS BOOMERANG FRANCHISE LLC AND ANY OF THESE COMPANIES' PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "HYPER KIDZ INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S HYPER KIDZ® FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO

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

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15.7 You Are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name or the Marks, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.

ARTICLE 16: TRANSFER

16.1 Transfer by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "Boomerang Franchise LLC" as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

16.2 You May Not Transfer Without Our Approval

16.2.1 You understand and acknowledge that the rights and duties created by this Agreement are personal to you and your Principals and that we have granted the rights hereunder to you in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of you and your Principals. Accordingly, neither (a) this Agreement nor (b) any interest in the ownership of you, the Franchise, the Hyper Kidz Business or some or all of the assets of the Hyper Kidz Business, other than inventory items in the ordinary course of business, may be transferred without our prior written approval. Any such transfer without such approval shall constitute a breach hereof and convey no rights to or interests in this Agreement, the Franchise, you, the Hyper Kidz Business or in the assets thereof.

16.2.2 As used in this Agreement, the term "transfer" shall mean and include the voluntary, involuntary, conditional, direct or indirect assignment, sale, gift or other transfer by you or any of your Principals of any interest in or grant of any security interest in (a) this Agreement; (b) the Franchise; (c) you; (d) the Hyper Kidz Business; or (e) some or all of the assets of the Hyper Kidz Business, other than inventory items in the ordinary course of business.

16.2.3 As used above, an assignment, sale or other transfer shall include the following events:

(a) the transfer of ownership of shares, partnership interest, or other Ownership Interests;

(b) merger or consolidation or issuance of additional securities representing Ownership Interests;

(c) any sale of Ownership Interests carrying voting rights of you or any security convertible to voting Ownership Interests of you or any agreement granting the right to exercise or control the exercise of the voting rights of any holder of an Ownership Interest; or

(d) transfer in a divorce, insolvency, corporate or partnership dissolution proceeding, or in the event of the death of you or one of your Principals, by will, declaration of or transfer in trust, or under the laws of intestate succession or otherwise by operation of law.

16.3 Conditions for Approval of Transfer

16.3.1 We will not unreasonably withhold our approval of a transfer of an interest in this Agreement, you, the Franchise, the Hyper Kidz Business, or any of the Hyper Kidz Business's assets that meets all the applicable requirements of this Section. All of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) you and your Principals shall be in full compliance with this Agreement;

(b) the proposed transferee and its Principals must be individuals of good moral character and otherwise meet our then-applicable standards for Hyper Kidz Business franchisees, and if the proposed transferee, its owners or Affiliates have any other franchise agreements or development agreements with us, they are in full compliance with any such agreements and comply with clause (f) of Section 16.3.2;

(c) a transfer of ownership in the Hyper Kidz Business or the assets of the Hyper Kidz Business, other than inventory in the ordinary course of business, may only be made in

conjunction with a transfer of this Agreement. If the transfer is of an Owner's interest in you then the transferee's name and relevant information shall be added as Attachment 6 hereto and the transferee shall then be bound by all provisions applicable to Principals;

(d) you and your Principals or the transferring Principal(s) and the transferee (if it is then a franchisee of ours) must execute a general release in form satisfactory to us of any and all claims against us, our Affiliates and our respective shareholders, officers, directors, employees and agents; and

(e) you have complied with the provisions of Section 16.7 below relating to our right of first refusal.

16.3.2 In addition to the above, if the transfer is of this Agreement, a Principal's interest in you, or is one of a series of transfers which, in the aggregate, constitute the transfer of this Agreement, all of the following conditions must be met prior to or concurrently with the effective date of the transfer:

(a) the transferee must have sufficient business experience, aptitude and financial resources to operate the Hyper Kidz Business and perform the obligations of the transferor under this Agreement, and neither the transferee nor its Principals may be engaged in or intend to engage in a Competitive Business;

(b) you and the transferee (if it is then a franchisee of ours) must pay such Royalty Fees, Brand Development Fees, amounts owed for purchases by you (or such transferee) from us and our Affiliates, and all other amounts owed to us or our Affiliates which are then due and unpaid;

(c) the transferee and its personnel who will have access to the Confidential Information must have signed the Confidentiality and Non-Competition Agreement and have completed our training program to our satisfaction;

(d) the transferee and its Principals, at our option, must agree in a manner satisfactory to us to be bound by all terms and conditions of this Agreement for the remainder of its term or execute our then-current form of franchise agreement and such ancillary documents, including guarantees, as are then customarily used by us in the grant of franchises for Hyper Kidz Businesses, modified as necessary to provide for the same Royalty Fees required hereunder and a term equal to the remaining term of this Agreement;

(e) you or the transferee must have paid us a transfer fee of Fifty percent (50%) of the then current franchise fee to cover our reasonable costs in effecting the transfer and in providing initial assistance to transferee, payable if we approve your transfer request but prior to execution of final transfer agreement and authorization;

(f) we must approve the material terms and conditions of such transfer including, without limitation, that the price and terms of payment are not so burdensome as to adversely affect our rights and interests under this Agreement, and you must furnish to us a copy of the executed contract of assignment;

(g) if you and/or your transferring Principal(s) finances any part of the sale price of the transferred interest, you and/or your transferring Principal(s) must agree in a manner satisfactory to us that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you and/or your transferring Principal (s) in the assets of the Hyper Kidz Business shall be subordinate to the obligations of the transferee to pay Royalty Fees, Brand Development

Fees, Technology Fees, and other amounts due to us and our Affiliates, and otherwise to comply with this Agreement or the franchise agreement executed by the transferee;

(h) if this Agreement is being transferred, you and your Principals must execute a non-competition agreement in favor of us and the transferee. If a Principal is transferring his/her interest, such Principal must execute a non-competition agreement in favor of us and the transferee. In either case, the non-competition agreement shall provide that neither you, your Principal(s) nor your transferring Principal(s) (whichever is applicable) nor any member of their immediate families shall directly or indirectly for a period of two (2) years commencing on the effective date of such transfer:

(1) have any interest as a disclosed or beneficial owner in any Competitive Business located or operating within fifteen (15) miles of your Hyper Kidz Business or any other Hyper Kidz Business in the System; or

(2) perform services as a director, officer, manager, employee, consultant, representative, agent, or otherwise for any Competitive Business located or operating within fifteen (15) miles of your Hyper Kidz Business or any other Hyper Kidz Business in the System.

(i) the proposed transferee must furnish the information and references we require of potential franchisees and must present himself/herself at his/her own expense for a personal interview at our office;

(j) the lessor or sublessor of the Hyper Kidz Business must consent in writing to the assignment of your lease to the proposed transferee;

(k) if the proposed transferee is acquiring a portion of the interest in the legal entity that is you, then the proposed transferee must execute our form of guaranty;

(l) the transferee, at its expense, must upgrade the Hyper Kidz Business to conform to the then-current standards and specifications for new franchises; and

(m) the transfer must be made in compliance with all applicable laws.

16.3.3 Clauses (h) and (i) of Section 16.3.2 shall not apply to transfers by gift, bequest, or inheritance. The restrictions of Section 16.3.2(h)(1) shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

16.3.4 The rights of you and your Principals to transfer interests in this Agreement, the Franchise, you, the Hyper Kidz Business or the assets of the Hyper Kidz Business may be exercised only by you or your Principals and shall not be exercisable by a receiver, executor, trustee, liquidator or other person acting in a comparable capacity with respect to the assets or ownership of you.

16.4 Transfer to a Wholly Owned Corporate Entity

If you are in full compliance with this Agreement, then we shall not unreasonably withhold our approval of a one (1) time transfer, in the case of a proposed assignment or transfer of this Agreement, of the Franchise and the Hyper Kidz Business from one or more individuals to a corporation or comparable legal entity which conducts no business other than the Hyper Kidz Business, which is actually managed by you, in which such individual(s) maintain management control, and such individual(s) shall own and control the same percentage of the equity and voting power of all issued and outstanding Ownership Interests of

such entity. Such one (1) time transfer shall not require payment of the transfer fee described in Section 16.3.2(e). All certificates or other documents representing Ownership Interests of such legal entity must be endorsed with a legend in form we approve reciting that the transfer of shares in you are subject to the restrictions of this Agreement. Such an assignment shall not relieve you of your obligations hereunder. You shall remain jointly and severally liable to us for all obligations hereunder.

16.5 Your Death or Incapacity

16.5.1 The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. Such disposition of this Agreement or such interest in you, including, without limitation, transfer by bequest or inheritance, shall be completed within a reasonable time, not to exceed six (6) months from the date of death or disability, and shall be subject to all the terms and conditions applicable to transfers contained in this Section. Failure to so transfer the interest in this Agreement or such interest in you within said period of time shall constitute a breach of this Agreement.

16.5.2 If, upon the death or disability of you or a Principal, the Hyper Kidz Business is not being managed by a trained manager, you or that Principal's executor, administrator, conservator, guardian or other personal representative must, within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a manager to operate the Hyper Kidz Business. The manager must complete training at your expense. Pending the appointment of a manager as provided above, or if in our judgment the Hyper Kidz Business is not being managed properly any time after your or the Principal's death or disability, we may, but need not, assume management of the Hyper Kidz Business. All funds from the Hyper Kidz Business's operation during the period we are managing it will be kept in a separate account and all of the Hyper Kidz Business's expenses will be charged to this account. We may charge a reasonable management fee plus our out-of-pocket costs. Our operation of the Hyper Kidz Business during any such period will be solely on your behalf but we only have a duty to utilize reasonable efforts and will not be liable to you or the Principals for any debts, losses or obligations the Hyper Kidz Business incurs or to any creditors for any products, materials, supplies or services the Hyper Kidz Business purchases during any period when we manage the Hyper Kidz Business hereunder.

16.6 Effect of Consent to Transfer

Our consent to a transfer of this Agreement or any interest in you, the Hyper Kidz Business, or the assets of the Hyper Kidz Business shall not constitute a waiver of any claims we may have against you or your Principals, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the transferee.

16.7 Our Right of First Refusal

If you or any of your Principals shall at any time determine to sell an interest in this Agreement, the Franchise, the Hyper Kidz Business, some or all of the assets of the Hyper Kidz Business, other than inventory items in the ordinary course of business, or an Ownership Interest in you, you or your Principal(s) shall obtain a bona fide, arms-length, executed written offer and earnest money deposit in the amount of five percent (5%) or more of the offering price from a qualified, responsible, bona fide and fully disclosed purchaser. A true and complete copy of the offer and any proposed ancillary agreements shall immediately be submitted to us by you, such Principal(s) or both. The offer must apply only to an interest in this Agreement, the Franchise, the Hyper Kidz Business, the assets of the Hyper Kidz Business or you. It must

not include the purchase of any other property or rights of you or such Principal(s). If the offeror proposes to buy any other property or rights from you or such Principal(s) under a separate, contemporaneous offer, the price and terms of purchase offered to you or such Principal(s) for the interest in this Agreement, the Franchise, the Hyper Kidz Business, the assets of the Hyper Kidz Business or you shall reflect the bona fide price offered therefor and shall not reflect any value for any other property or rights. We shall have the right, which we may exercise by written notice delivered to you or such Principal(s) within forty-five (45) days from the date of delivery of an exact copy of such offer to us, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that (a) we may substitute cash, a cash equivalent, or marketable securities of equal value for any form of payment proposed in such offer, (b) our credit shall be deemed equal to the credit of any proposed purchaser, and (c) we shall have not less than sixty (60) days to prepare for closing. We shall be entitled to all customary representations and warranties given by the seller of a business including, without limitation, representations and warranties as to (i) ownership, condition and title to Ownership Interests and/or assets; (ii) liens and encumbrances relating to the Ownership Interests and/or assets being purchased; and (iii) validity of contracts and contingent or other liabilities of the corporation whose stock is purchased. If we exercise our right of first refusal hereunder, you shall take all action necessary to cause the lease or sublease for the Hyper Kidz Business to be assigned to us. If we do not exercise our right of first refusal, you or such Principal (s) may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to our approval of the transfer as provided for herein, provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to us or if there is a change in the terms of the sale, we shall have an additional right of first refusal on the same terms and conditions as are applicable to the initial right of first refusal.

16.8 Ownership Structure and Initial Capitalization

You represent and warrant that your ownership structure and initial capitalization are as set forth on Attachment 6 hereto and covenant that you will not vary from that ownership structure without our prior written approval.

16.9 Security Interests to Lender

If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee seeks and/or obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Collateral Franchisee uses to secure the SBA Financing, and Franchisor and Franchisee further agree that (i) the provisions of Attachment 10are fully incorporated herein and applicable to Franchisor and Franchisee, (ii) Franchisor shall subordinate its security interest or other lien on Franchisee's Collateral to that of the lender of the SBA Financing and (iii) Franchisor waives the requirement of the written acknowledgement referenced in this Section.

ARTICLE 17: GRANT OF SUCCESSOR FRANCHISES

17.1 Successor Agreement

If you satisfy each of the requirements set forth below, you may renew for one (1) additional term of ten (10) years.

17.1.1 You shall have been, throughout the initial term of this Agreement, in substantial compliance, and at the expiration of such initial term are in full compliance, with this Agreement, your lease or sublease and all other agreements between you and us or companies or persons associated or affiliated with us.

17.1.2 You shall, within six (6) months before the expiration of the initial term, but not later than three (3) months before the expiration of the initial term, provide written notice to us that you wish to sign a Successor Agreement, and we, in turn, shall provide you with any documents that you are required to execute for the successor term, which documents may include, but are not limited to, a general release, our Successor Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of Hyper Kidz Franchises and will require payment of the Successor Agreement Fee. (the "Successor Franchise Documents").

17.1.3 You shall execute the Successor Franchise Documents and all other documents and instruments that we require in order to renew. You shall return the executed Successor Franchise Documents to us, together with payment of a Successor Agreement Fee equal to twenty five percent (25%) of our then-current initial franchise fee, by no later than the expiration date of this Agreement. If we do not receive the executed documents and Successor Agreement Fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Article 19 and any other provisions that survive termination or expiration of this Agreement.

17.1.4 After we have received from you all executed Successor Franchise Documents and the Successor Agreement Fee, we shall inspect your Hyper Kidz Business to determine the extent of any required updating, remodeling, redecorating or other refurbishment for the Hyper Kidz Business in order to bring the Hyper Kidz Business up to our then-current image and standards for new Hyper Kidz Businesses. We will provide notice to you of the modifications you shall be required to make and you shall have six (6) months from the date of such notice to effectuate such modifications. If you fail or refuse to make the required modifications, we shall have the right to terminate the Successor Franchise Documents.

17.2 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Site is not extended before your successor term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the successor term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

17.3 Successor Agreement Under Law

Even though we decline the renewal of your Franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the applicable law, rule, regulation, statute, ordinance or order, your successor term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the successor period begins. If we are not then offering new franchises, your successor period will be subject to the terms in the then-current Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

17.4 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the Franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us any of the Successor Franchise Documents required by us for a successor franchise, together with payment of our Successor Agreement Fee, or if you provide written notice to us within the final sixty (60) days of the initial term indicating that you do not wish to renew.

17.5 Additional Reservation of Rights

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

ARTICLE 18: TERMINATION OF THE FRANCHISE

18.1 Our Right to Terminate – Opportunity to Cure

If you or any of your Principals fail to comply with any provision of this Agreement or any mandatory specification, standard, or operating procedure prescribed by us, and subject to any other cure provisions set forth in this Agreement, we may terminate this Agreement effective immediately upon delivery of written notice of termination to you and if we give written notice of such breach to you and you do not (a) correct such breach within fifteen (15) days after delivery to you of such notice of breach; or (b) if such breach cannot reasonably be corrected within thirty (30) days after delivery of notice of breach, undertake within ten (10) days after delivery of such notice of breach and continue until completion efforts to cure such breach and furnish proof acceptable to us upon our request of such efforts and the date full compliance will be achieved.

18.2 Termination Upon Notice – No Opportunity to Cure

Notwithstanding Section 18.1, we may terminate this Agreement upon delivery of notice of termination to you without opportunity to cure if you commit any of the following breaches:

18.2.1 You fail to (i) locate a suitable Site; (ii) obtain lawful possession of the Site; (iii) develop the Hyper Kidz Business; (iv) satisfactorily complete our initial training program; or (v) commence operation of business, within the times provided in this Agreement;

18.2.2 You or any of your Principals abandon, surrender or transfer control of the operation of the Hyper Kidz Business without our prior written approval. For purposes hereof, "abandon" shall be the closure of your Hyper Kidz Business for five (5) consecutive days without our prior written consent;

18.2.3 You or any of your Principals has made any material misrepresentation or omission in the application for the Franchise;

18.2.4 You or any of your Principals (i) are convicted by a trial court of or plead guilty or no contest to a felony or to another crime or offense, including a crime against a child, that may adversely affect the reputation of you, the Hyper Kidz Business or the goodwill associated with the Marks; or (ii) engage in any conduct which is injurious or prejudicial to the goodwill associated with the Marks or the System or which adversely affects the reputation of us or any Hyper Kidz Business;

18.2.5 You or your Principals make any unauthorized use or disclosure of or duplicate any copy of any Confidential Information, make any unauthorized use of the Marks or Copyrighted Works, or use, duplicate or disclose any portion of the Operations Manual, or challenge or seek to challenge the validity of the Marks or Copyrighted Works;

18.2.6 You lose the right to possession of the Site and do not relocate the Hyper Kidz Business to another site in accordance with this Agreement;

18.2.7 You or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Hyper Kidz Business shall be sold after levy thereupon by any sheriff, marshal, or constable;

18.2.8 You, your Principals, or members of their immediate families violate the restrictions of Article 9 of this Agreement (Exclusive Relationship) or of any Confidentiality and Non-Competition Agreement;

18.2.9 You fail to report accurately the Gross Sales of the Hyper Kidz Business or fail to make payments of any amounts due us or our Affiliates for Royalty Fees, Brand Development Fees, purchases from us or our Affiliates or any other amounts due to us or our Affiliates, and do not correct such failure within ten (10) days after written notice thereof;

18.2.10 You knowingly maintain false books or records, or knowingly submit any substantially false report to us;

18.2.11 You cause or permit to exist a default under the lease or sublease for the Site and fail to cure such default within the applicable cure period set forth in the lease or sublease;

18.2.12 You or any of your Principals fail on three (3) or more separate occasions within any period of twelve (12) consecutive months to comply with this Agreement or any mandatory specification, standard or procedure we prescribe, whether or not such failures to comply are corrected and whether or not notice of such default is given (including insufficient funds fees); or fail on two (2) or more separate occasions within any period of twelve (12) consecutive months to comply with the same requirement under this Agreement, whether or not such failures to comply are corrected or whether or not notice of such default is given;

18.2.13 You fail to purchase or maintain any insurance required by this Agreement or fail to reimburse us for our purchase of insurance on your behalf within fifteen (15) days of delivery to you of our written demand for reimbursement;

18.2.14 A threat or danger to public health or safety results from the construction, maintenance or continued operation of the Hyper Kidz Business;

18.2.15 You refuse us permission to inspect the Hyper Kidz Business, or your business, books, records or other documents pursuant to this Agreement;

18.2.16 You or any of your Principals interfere or attempt to interfere with our ability to franchise or license others to use and employ the Marks or System;

18.2.17 You or any of your Principals interfere or attempt to interfere with our contractual relations with other franchisees, customers, suppliers, employees, advertising agencies or other third parties;

18.2.18 A Franchise Agreement between us or any of our Affiliates and you, or an Affiliate of any of the above, is terminated by us pursuant to such agreement or is terminated by you in a manner or for a reason that is not expressly authorized pursuant to such agreement;

18.2.19 You fail to comply with all applicable laws and ordinances relating to the Hyper Kidz Business, including Anti-Terrorism Laws, or if your or any of your Principals' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your Principals otherwise violate any such law, ordinance, or regulation;

18.2.20 We perform corrective work on your Hyper Kidz Business for health and/or safety purposes and you do not reimburse us when so required;

18.2.21 Any permit or license required for the operation of the Hyper Kidz Business is revoked; or

18.2.22 If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Hyper Kidz Business to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 16 of this Agreement.

18.3 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any Affiliate of ours) and you (or any Affiliate of yours). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any Affiliate of ours) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any Affiliate of ours) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any Affiliate of ours and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any Affiliate of ours) and you (or any Affiliate of yours).

In each of the foregoing cases, we (and any Affiliate of ours) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our Affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

18.4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 18, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your "click through" subpage on our Website, until such time as you correct the breach.

18.5 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this Franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 19: RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION

19.1 Payment of Amounts Owed to Us and Our Affiliates

You shall immediately pay to us and our Affiliates upon termination or expiration of this Agreement such Royalty Fees, Brand Development Fees, amounts owed for purchases by you from us or our Affiliates, interest due on any of the foregoing and all other amounts owed to us or our Affiliates which are then unpaid.

19.2 Marks, Copyrights and Trade Dress

19.2.1 Upon the termination or expiration of this Agreement, you shall:

(a) not thereafter, directly or indirectly, at any time or in any manner identify yourself or any business as a current or former Hyper Kidz Business or as a current or former franchisee of ours or otherwise associated with us, or use any Mark, any colorable imitation thereof or any mark substantially identical to or deceptively similar to any Mark in any manner or for any purpose, or utilize for any purpose any trade name, trademark or service mark, domain name, or other commercial symbol or trade dress that suggests or indicates a connection or association with us;

(b) remove all signs containing any Mark and return to us or destroy forms and materials containing any Mark or otherwise identifying or relating to a Hyper Kidz Business;

(c) take such action as may be required to cancel or, at our option, to transfer to us or our designee all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

(d) Assignment of Numbers and Listings. At Franchisor's request, Franchisee shall execute such forms and documents, including the Internet Advertising, Social Media, Software, and Telephone Listing Agreement contained in Attachment 9 hereof, as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with

passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business;

(e) immediately cease all use of Copyrighted Works which were furnished to you by us pursuant hereto and return to us or destroy all forms, advertising and promotional materials or other materials containing such Copyrighted Works;

(f) at our option, assign to us or terminate any Website that identifies you as currently or formerly associated with us or that displays any Mark as well as terminate any domain name of such Website, notwithstanding that you are prohibited from establishing your own Website; and

(g) if we do not purchase all or a portion of the assets of the Hyper Kidz Business as provided in Section 19.6, at your expense make such modifications and alterations, including removal of all distinctive physical and structural features associated with the Trade Dress of Hyper Kidz Businesses, as may be necessary to distinguish the Site of the Hyper Kidz Business so clearly from its former appearance and from other Hyper Kidz Businesses as to prevent any possibility that the public will associate the Site with Hyper Kidz Businesses and any confusion created by such association.

19.2.2 You shall furnish to us (a) within thirty (30) days after the effective date of termination or expiration, evidence satisfactory to us of your compliance with Subparagraphs (a) and (c) of the foregoing obligations, and (b) within thirty (30) days after the later of expiration of our option to purchase the Hyper Kidz Business as provided in Section 19.6 or receipt of notice that we elect not to purchase the Hyper Kidz Business pursuant to Section 19.6, evidence satisfactory to us of your compliance with the foregoing obligations.

19.3 Confidential Information

You agree that, upon termination of the Franchise or expiration of the Franchise without grant of a Renewal Franchise: (a) you will immediately cease to use any of our Confidential Information disclosed to or otherwise learned or acquired by you in any business or otherwise; and (b) you will return to us all copies of the Operations Manual and any other confidential materials which have been loaned or made available to you by us and you shall retain no copies thereof.

19.4 Covenant Not to Compete

19.4.1 Upon termination of this Agreement by us in accordance with its terms and conditions, or upon expiration of this Agreement without the grant of a Renewal Franchise, neither you nor any of your Principals shall directly or indirectly, through a member of the immediate family of you or a Principal or otherwise for a period of two (2) years commencing on the effective date of such termination or expiration or the date on which you cease to operate the Hyper Kidz Business, whichever is later:

(a) have any interest as a disclosed or beneficial owner in any Competitive Business located or operating within a fifteen (15) mile radius of the Hyper Kidz Business or any other Hyper Kidz Business; or

(b) perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for any Competitive Business located or operating within a fifteen (15)

mile radius of the Hyper Kidz Business or any other Hyper Kidz Business in operation or under construction on the effective date of such termination or expiration; or

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19.4.2 The restrictions of clause (a) of Section 19.4.1 will not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent less than five percent (5%) of the number of shares of that class of securities issued and outstanding.

19.4.3 The restrictions of Section 19.4.1 shall not be construed to prohibit you, any Principal of yours or any member of your respective immediate families from having a direct or indirect ownership interest in any Hyper Kidz Business Franchise Agreement for the operation of any Hyper Kidz Business, or any entity owning, controlling or operating a Hyper Kidz Business or from providing services to a Hyper Kidz Business.

19.5 Continuing Obligations

All obligations of ours and yours which expressly or by their nature survive or are intended to survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

19.6 Our Right to Purchase Assets of the Hyper Kidz Business

Upon termination of this Agreement by us in accordance with its terms and conditions or upon expiration of this Agreement without the grant of a Renewal Franchise, we shall have the option to purchase from you all or a portion of the assets used in the Hyper Kidz Business. We may exercise this option by giving written notice thereof within sixty (60) days from the date of such expiration or termination. Assets shall include, without limitation, leasehold improvements, equipment, furniture, fixtures, signs, inventory and the lease or sublease for the Site. We shall have the unrestricted right to assign this option to purchase. We or our assignee shall be entitled to all customary warranties and representations given by the seller of a business including, without limitation, representations and warranties as to (a) ownership, condition and title to assets; (b) liens and encumbrances relating to the assets; (c) validity of contracts inuring to us or affecting the assets; and (d) contingent or other liabilities.

The purchase price for the assets of the Hyper Kidz Business shall be the fair market value determined as of the date of termination of expiration of this Agreement in a manner consistent with reasonable depreciation of leasehold improvements owned by you and the equipment, furniture, fixtures, signs and inventory of the Hyper Kidz Business. The purchase price shall not contain any factor or increment for any trademark, service mark or other commercial symbol used in connection with the operation of the Hyper Kidz Business, goodwill or “going concern” value for the Hyper Kidz Business. We may exclude from the assets purchased hereunder any equipment, furniture, fixtures, signs and inventory that are not approved as meeting quality standards for Hyper Kidz Businesses. The length of the remaining term of the lease or sublease for the Site of the Hyper Kidz Business shall also be considered in determining the fair market value hereunder. If we and you are unable to agree on the fair market value of the assets, the fair market value shall be determined by an independent appraiser selected by us and you. If we and you are unable to agree on an appraiser, we shall each select one (1) appraiser who shall select a third appraiser and the fair market value shall be deemed to be the average of the three (3) independent appraisals. Nothing contained herein shall restrict the manner in which the appraisers so selected value the leasehold improvements, equipment, furniture, fixtures, signs and inventory.

The purchase price shall be paid in cash, a cash equivalent, or marketable securities of equal value at the closing of the purchase, which shall take place no later than ninety (90) days after receipt by you of our notice of exercise of this option to purchase. At that time, you shall deliver instruments transferring to us or our assignee: (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 or our assignee, with all sales and other transfer taxes paid by you; (b) all licenses and permits of the Hyper Kidz Business which may be assigned or transferred; and (c) the lease or sublease for the Site. In the event that you cannot deliver clear title to all of the purchased assets as aforesaid or in the event there shall be other unresolved issues, the closing of the sale shall be accomplished through an escrow. Prior to closing, you and we shall comply with all applicable legal requirements including the bulk sales provisions of the Uniform Commercial Code of the state in which the Hyper Kidz Business is located.

We shall have the right to set off against, and reduce the purchase price by, any and all amounts owed by you to us and the amount of any encumbrances or liens against the assets or any obligations assumed by us. If we or our assignee exercise this option to purchase, we shall have the right to appoint a manager to maintain the operation of the Hyper Kidz Business pending the closing of such purchase. Alternatively, we may require you to close the Hyper Kidz Business during such time period without removing any assets from the Site. You shall maintain in force all insurance policies required pursuant to this Agreement until the date of closing. If the Site is leased, we agree to use reasonable efforts to effect a termination of the existing lease for the Site and enter into a new lease on reasonable terms with the landlord. In the event we are unable to enter into a new lease, we will indemnify and hold you harmless from any ongoing liability under the lease from the date we assume possession of the Site.

19.7 Liquidated Damages

Upon termination of this Agreement by us for cause as described in Article 18, you agree to pay to us within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid during the twelve (12) months of operation preceding the effective date of termination multiplied by (a) thirty-six (36), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your Principals agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 20: <u>DISPUTE RESOLUTION</u>

20.1 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or

in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Howard County, Maryland, under the authority of the Maryland statutes (the "Statutes"). The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

20.2 Forum and Venue

With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your Principals hereby irrevocably submit themselves to the jurisdiction of the state courts for Howard County, Maryland, and the Federal District Court closest to our headquarters. You and your Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Maryland or federal law. You and your Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Howard County, Maryland; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under the laws of the State of Maryland.

20.3 Consent to Jurisdiction

You, your Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.4 Waiver of Punitive Damages

You, your Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of

punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

20.5 Waiver of Jury Trial

Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

20.6 Injunctive Relief

20.6.1 Notwithstanding anything to the contrary contained in Section 20.1 above, we and you each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that we agree to contemporaneously submit our dispute for arbitration on the merits as provided herein.

20.6.2 You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If we secure any such injunction or order of specific performance, you agree to pay to us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision.

20.7 Limitation of Claims

Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in arbitration, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

20.8 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or other proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

21. GENERAL

21.1 Independent Licensee.

Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all

liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.

21.2 Successors.

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

21.3 Invalidity of Part of Agreement.

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

21.4 Entire Agreement.

This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, provided that 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. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5 Construction.

All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principals shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

21.6 Captions.

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

21.7 Notices.

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in

the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

21.8 Effect of Waivers.

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

21.9 Remedies Cumulative.

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

21.10. Consent to Do Business Electronically.

The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Florida, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

21.11 Counterparts.

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

21.12 Survival.

Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

ARTICLE 22: MISCELLANEOUS

22.1 Waiver of Obligations

22.1.1 We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement. Such waiver shall be effective upon delivery of written notice thereof to the other or such other effective date stated in the notice of waiver. Whenever this Agreement requires our prior approval or consent, you shall make a timely written request therefor and such approval shall be obtained in writing.

22.1.2 We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you by granting any waiver, approval, or consent to you or by reason of any neglect, delay, or denial of any request therefor. Any waiver granted by us shall be without prejudice to any other rights we may have, will be subject to continuing review by us and may be revoked in our sole discretion at any time and for any reason effective upon delivery to you of ten (10) days' prior written notice.

22.1.3 We and you shall not be deemed to have waived or impaired any right, power, or option reserved by this Agreement including, without limitation, the right to demand exact compliance with every term, condition, and covenant herein, or to declare any breach thereof to be a default and to terminate this Agreement prior to the expiration of its term by virtue of any (a) custom or practice of the parties at variance with the terms hereof; (b) any failure, refusal, or neglect of us or you to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder including, without limitation, any mandatory specification, standard or operating procedure; (c) any waiver, forbearance, delay, failure, or omission by us to exercise any right, power, or option, whether of the same, similar or different nature, with respect to any other Hyper Kidz Business or any franchise agreement or multi-unit development agreement therefor; or (d) our acceptance of any payments from you after any breach by you of this Agreement.

22.2 Force Majeure

Neither we nor you shall be liable for loss or damage or deemed to be in breach of this Agreement if our failure to perform our obligations results from any of the following and is not caused or exacerbated by the non-performing party: (a) transportation shortages, inadequate supply of equipment, merchandise, supplies, labor, material, or energy, or the voluntary forgoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations, or instructions of any federal, state, or municipal government or any department or agency thereof; (b) compliance with any law, ruling, order, regulation, requirement, or instruction of any federal, state, or municipal government or any department or agency thereof; (c) acts of God; (d) acts of war or insurrection; (e) strikes, lockouts, boycotts, fire and other casualties; or (f) any other similar event or cause. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part as may be reasonable, except that said causes shall not excuse payments of amounts owed at the time of such occurrence or payment of Royalty Fees, Brand Development Fees or other fees thereafter and as soon as performance is possible the non-performing party shall immediately resume performance, nor shall such period of excused non-performance exceed six (6) months.

22.3 Rights of Parties are Cumulative

Our and your rights hereunder are cumulative and no exercise or enforcement by us or you of any right or remedy hereunder shall preclude the exercise or enforcement by us or you of any other right or remedy hereunder or which we or you are entitled by law to enforce.

22.4 Governing Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or other federal law, this Agreement and the relationship between the parties hereto shall be governed by the internal laws of the State of Maryland, without regard to such state's conflicts of law principles.

22.5 Binding Effect

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest and shall not be modified except by written agreement signed by both you and us.

22.6 Construction

22.6.1 The preambles and attachments to this Agreement are a part of this Agreement, which constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except as expressly stated herein, nothing in this Agreement is intended nor shall be deemed to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit, or construe the contents of such sections or paragraphs. This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

22.6.2 The term "You" as used herein is applicable to one (1) or more persons or entities, as the case may be, and the singular usage includes the plural, and the masculine and neuter usages include each other and the feminine. References to "ownership interests" shall include: (a) in relation to a corporation or limited liability company, the ownership of shares or membership interests; (b) in relation to a partnership, the ownership of a general or limited partnership interest; or (c) in relation to a trust, the ownership of a beneficial interest of such trust. References to "immediate family" as used herein shall mean your parents, spouses, natural and adopted children, siblings and their spouses, their parents, children and siblings and spouses of these siblings. If you are two (2) or more persons at any time hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us shall be joint and several.

22.7 Reasonableness

We and you agree to act reasonably in all dealings with each other pursuant to this Agreement. Whenever the consent or approval of either party is required or contemplated hereunder, the party whose consent is required agrees not to unreasonably withhold the same unless otherwise permitted to do so in this Agreement.

22.8 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Hyper Kidz Business operations which would cause harm to the Hyper Kidz Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Hyper Kidz Business, operate the Hyper Kidz Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Hyper Kidz Business during such period of operation by us shall be kept in a separate account, and the expenses of the Hyper Kidz Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Hyper Kidz Business franchised herein for you, you agree

to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

22.9 Step-In Rights

If we determine in our sole judgment that the operation of your Hyper Kidz Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Hyper Kidz Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Hyper Kidz Business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Hyper Kidz Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Hyper Kidz Business; or we determine that operational problems require that we operate your Hyper Kidz Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Hyper Kidz Business as a going concern.

We shall keep in a separate account all monies generated by the operation of your Hyper Kidz Business, less the expenses of the Hyper Kidz Business, including reasonable compensation and expenses for our representatives. If we temporarily operate your Hyper Kidz Business on your behalf, you agree to pay to us the then-current fee for the management and maintenance of the Business in your absence. In the event of our exercise of the Step-In Rights**,** you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

ARTICLE 23: SECURITY INTEREST

23.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Hyper Kidz Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Hyper Kidz Business. All items in which a security interest is granted are referred to as the "Collateral".

23.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

23.2.1 All amounts due under this Agreement or otherwise by you;

23.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

22.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

23.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Hyper Kidz Business, including, but not limited to, a real property mortgage and equipment leases.

23.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

23.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

23.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Maryland (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

23.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 24: NOTICES AND PAYMENTS

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Operations Manual shall be deemed so delivered at the time delivered by hand, one (1) business day after transmission by facsimile with machine-generated evidence of receipt, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, one (1) business day after transmission by electronic mail provided that a hard copy is sent by another method provided in this Section, or five (5) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed set forth in the introductory paragraph of this Agreement.

ARTICLE 25: YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

25.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

25.1.1 If you are a corporation, limited liability company, general partnership, partnership, limited partnership, or other legal entity, you and each Principal represent, warrant and covenant that:

a. The Franchisee entity is duly organized and validly existing under the state law of its formation;

b Attachment 6 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the Franchisee entity;

c. The Franchisee entity is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business premises and the Territory;

d. The Franchisee entity's organizational documents shall at all times provide that your activities are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by us, which consent may be withheld in our sole discretion;

e. The execution of this Agreement and the consummation of the transactions contemplated hereby are within your power and have been duly authorized by you; and

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

25.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

25.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

25.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or Principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any

basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

25.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

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

25.1.7 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

FRANCHISOR:

Boomerang Franchise, LLC

By:_____

_____, _____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____

(Print Name)

ATTACHMENT 1

TRADEMARK

Service Mark-

HYPER KIDZ! THE ULTIMATE INDOOR PLAYGROUND

ATTACHMENT 2

TERRITORY

- Territory (insert map and/or define by zip codes): **TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A HYPER KIDZ PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 3 OF THE FRANCHISE AGREEMENT, IN THE SITE SEARCH AREA OF _____.

_____

_____

_____

_____

Franchised Business Address:

_____

_____

ATTACHMENT 3

GENERAL RELEASE

_____ ("Franchisee") and its principal(s):

_____

_____

_____

_____

(a) Franchisee and Franchisee's Principal(s) do, for themselves and their successors and assigns, hereby release and forever discharge generally Franchisor and any affiliate, wholly owned or controlled limited liability company, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, agent, executor, administrator, estate, trustee or heir of any of them (the "Released Franchisor Party"), from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Franchisee or Franchisee's Principal(s) may now have, or may hereafter claim to have or to have acquired of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations, in any way arising out of or connected with the Franchise Agreement or this General Release, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against any Released Franchisor Party, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this General Release. In the event Franchisee or Franchisee's Principal(s) breaches any of the promises, covenants, or undertakings made herein by any act or omission, Franchisee and Franchisee's Principal(s) shall pay, by way of indemnification, all costs and expenses of any Released Franchisor Party caused by the act or omission, including reasonable attorneys' fees and costs.

(b) Franchisee and Franchisee's Principal(s) represent and warrant that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Franchisee or Franchisee's Principal(s) to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any Released Franchisor Party because of any such purported assignment, transfer or subrogation, Franchisee and Franchisee's Principal(s) agree to indemnify and hold such Released Franchisor Party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys' fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

(c) THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.

(d) Franchisee and Franchisee's Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release, and that this General Release is executed without reliance on any statements or any representations not contained herein. Franchisee and Franchisee's Principal(s) knowingly waive (1) any claim that this General Release was induced by any misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE

PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Franchisee and Franchisee's Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify, and hold harmless each of Franchisor Releasees against same.

[Washington Residents: The General Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW19.100, and the rules adopted thereunder.]

Executed as of _____, 20___.

FRANCHISOR:

Boomerang Franchise, LLC

By:_____

_____, _____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

ATTACHMENT 4
ACH AUTHORIZATION

Franchisor Name: **Boomerang Franchise LLC**

I (We) hereby authorize Boomerang Franchise, LLC hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

Financial Institution Name:_____ Branch: _____

City:_____ State:_____ Zip:_____ Phone: _____

ACH/Routing Number:_____ Account Number: _____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 6 and 18 of the Franchise Agreement.

_____ _____
Print Franchisee / Account Holder Name Print Franchisee/Co-Account Holder Name

_____ _____
Franchisee/ Account Holder Signature-Date Franchisee/Co-Account Holder Signature-Date

_____ _____
Daytime Phone Number Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to: Boomerang Franchise, LLC
6120 Syracuse Court
Clarksville, Maryland 21029
Phone: 443-540-8888

ATTACHMENT 5

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets over to Boomerang Franchise LLC a Maryland limited liability company ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease", a copy of which is attached as Attachment 5, respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Hyper Kidz Business between Assignee and Assignor, or in the event Assignor defaults under any document or instrument securing the Franchise Agreement, Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

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

ASSIGNOR:

Dated:_____ _____

By: _____
Print Name:_____
Title: _____

ASSIGNEE:

Dated:_____ **BOOMERANG FRANCHISE LLC**

By: _____
Print Name:_____
Title: _____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignee's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right but not the obligation to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Hyper Kidz Business.

DATED:_____

_____

_____, Lessor

ATTACHMENT 6

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

Name	Percentage of Ownership

ATTACHMENT 7

SPOUSAL GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on to Boomerang Franchise LLC a Maryland limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchisee Agreement") with , a(n) _____, _____ and _____(collectively "Franchisee").

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

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

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.3, 19.4,19.5, 19.6, and 19.7 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

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

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

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

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

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

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

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

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

_____

Print Name: _____

ATTACHMENT 8

CONFIDENTIALITY AND NON-COMPETE AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a _____of _____ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from Boomerang Franchise LLC (the "Company") to establish and operate a Hyper Kidz Business (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: _____ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses, which are interactive, indoor playgrounds for kids aged 6 months to 13 years that encourage healthy and active social play. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manual (the "Manual"), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any retail business or e-commerce business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products or services offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Designated Territory, as defined in the Franchise Agreement ("Franchisee's Designated Territory");

7.2 Fifteen (15) miles of Franchisee's Designated Territory; or

7.3 Fifteen (15) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Maryland. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By:_____

Name:_____

Title:_____

Attachment 9

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT (the "Agreement") is made and entered into this day of _____ (the "Effective Date") by and between Boomerang, LLC, a Maryland limited liability company (the "Franchisor"), and _____, a _____ (the "Franchisee").

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

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

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

1. **Definitions**

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

2. **Internet Advertising and Telephone Accounts**

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

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

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

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the "Internet Companies") with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee's interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary

to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

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

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

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

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

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

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

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

3. **Miscellaneous**

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

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

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

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

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

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

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

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

-Remainder of Page Intentionally Blank-

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

FRANCHISOR:

Boomerang Franchise, LLC

By:_____

_____, _____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

ATTACHMENT 10

PROVISIONS APPLICABLE TO SBA FINANCING

For the purpose of Franchisee's application for funding from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (the "SBA"), and at all times that the SBA has an interest in any SBA-assisted financing provided to Franchisee, Franchisor and Franchisee agree as follows:

1. With respect to a partial interest in the Franchised Business, Franchisor may exercise its option to purchase or its right of first refusal only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

2. If Franchisor's consent is required for any transfer (full or partial) of the Franchised Business, Franchisor will not unreasonably withhold such consent.

3. If Franchisee owns the real estate where the Franchised Business operates, Franchisee will not be required to sell the real estate upon default or termination of the Franchise Agreement, but Franchisee may be required to lease the real estate for the remainder of the Term (excluding additional renewals) for fair market value.

4. If Franchisee owns the real estate where the Franchised Business operates, Franchisor has not and will not during the Term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental indemnification, control or use restrictions. If any such restrictions are currently recorded against Franchisee's real estate, they must be removed in order for Franchisee to obtain SBA financial assistance.

5. If Franchisee owns the real estate where the Franchised Business operates, the right of Franchisor to assume Franchisee's lease has not and will not during the Term of the Franchise Agreement be recorded against the real estate and may not include any attornment language unless it is subordinated to any SBA financial assistance.

6. For other than regularly scheduled payments and payments otherwise authorized in the Franchise Agreement, Franchisor does not have the authority to unilaterally share, commingle, or withdraw funds from Franchisee's bank account.

7. The Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business. Meaningful oversight includes the authority to:

i. Approve the annual budget of the Franchised Business;
ii. Have control over the bank accounts of the Franchised Business; AND
iii. Have oversight over the employees operating the Franchised Business (who must be employees of Franchisee).

Franchisee agrees that the Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business by requiring Franchisee to comply with quality, marketing, and operations standards that govern Franchisee's use of Franchisor's System.

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

BOOMERANG FRANCHISE LLC
MULTI-UNIT DEVELOPMENT AGREEMENT

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BOOMERANG FRANCHISE LLC

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT ("Agreement") is made and entered into this day of _____, between Boomerang Franchise LLC, a Maryland limited liability company having its principal place of business at 6120 Syracuse Court, Clarksville, Maryland, 21029 ("we," "us" or "our"), and _____, an individual, residing at_____ (hereinafter "you" or "your").

W I T N E S S E T H:

WHEREAS, we and our affiliates have designed and developed a method of developing and operating an interactive, indoor playground for kids aged 6 months to 13 years that encourages healthy and active social play under the name and mark "Hyper Kidz". A Hyper Kidz business ("Hyper Kidz Business") operates using proprietary methods, techniques, trade dress, trademarks and logos. Hyper Kidz Businesses have distinctive business formats, methods, procedures, designs, layouts, standards and specifications, all of which we may improve, further develop and otherwise modify from time to time ("System"), and;

WHEREAS, we and our affiliates have developed and use, promote and license certain trademarks, service marks and other commercial symbols in operating Hyper Kidz Businesses, including the mark "Hyper Kidz", which have gained public recognition and goodwill, and we may create, use and license other trademarks, service marks and commercial symbols for use in operating Hyper Kidz Businesses (collectively, the "Marks" or "Proprietary Marks");

WHEREAS, we and our affiliates continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service; and

WHEREAS, you wish to obtain certain development rights to open and operate Hyper Kidz Businesses operating under the Marks under the System within the Development Area described in this Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION 1: GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Agreement, certain development rights ("Development Rights") to establish and operate _____ (_____) Hyper Kidz Businesses, and to use the System solely in connection therewith at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment 2 of this Agreement (hereinafter "Minimum Performance Schedule"). Each Hyper Kidz Business developed hereunder shall be located in the area described in Attachment 1 of this Agreement (hereinafter "Development Area"). The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the last Hyper Kidz Business to be developed hereunder.

1.2 Each Hyper Kidz Business for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Hyper Kidz Business in the Development Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2: DEVELOPMENT FEE; INITIAL FRANCHISE FEE

In consideration of the Development Rights granted herein, you shall pay to us a development fee of _____ Thousand Dollars ($_____), which is calculated as one hundred percent (100%) of the initial franchise fee for the first Hyper Kidz Business to be developed hereunder, plus a deposit equal to fifty percent (50%) of the initial franchise fee multiplied by the number of additional Hyper Kidz Businesses to be developed pursuant to this Agreement (the "Development Fee"). The Development Fee is payable in a lump sum upon execution of this Agreement and is not refundable under any circumstances.

The initial franchise fee for each Hyper Kidz Business to be developed hereunder shall be Forty-Two Thousand Five Hundred Dollars ($42,500).

We expect that you will execute the Franchise Agreement for the first Hyper Kidz Business to be developed hereunder contemporaneously with the execution of this Agreement and we will apply a portion of the Development Fee to satisfy in full the initial franchise fee for this first Hyper Kidz Business. For each additional Hyper Kidz Business you develop hereunder, when you execute the Franchise Agreement for that Hyper Kidz Business we will apply a pro rata portion of the Development Fee toward the initial franchise fee due for such Hyper Kidz Business and the balance of the initial franchise fee, or Nineteen Thousand Seven Hundred Fifty Dollars ($21,250), is payable in a lump sum upon execution of such Franchise Agreement.

SECTION 3: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance Schedule in a timely manner. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1. Under no circumstances, however, may you open a Hyper Kidz Business for business unless and until there is a fully executed Franchise Agreement in place for such Hyper Kidz Business and you have complied with all requirements under the Franchise Agreement for opening such Hyper Kidz Business.

3.2 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Hyper Kidz Business in accordance with the Minimum Performance Schedule. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right

exercised hereunder shall be the then-current Hyper Kidz Business Franchise Agreement. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies and payment of the balance of the initial franchise fee by the deadline set forth on the Minimum Performance Schedule, you shall be in default under this Agreement.

3.3 You may enter into the initial Franchise Agreement or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as limited liability company, corporation or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Hyper Kidz Business pursuant thereto, provided that you shall also personally sign such Franchise Agreement as a principal. In no event shall you relinquish control over each entity operating each Hyper Kidz Business.

SECTION 4: DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Hyper Kidz Businesses within the Development Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Hyper Kidz Businesses within the Development Area subject only to the territorial rights granted to you with respect to Businesses operated by you pursuant to the Franchise Agreements and the right of first refusal described in Section 6 below.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Hyper Kidz Businesses, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to offer and sell and to grant others the right to offer and sell the products and services offered at Hyper Kidz Businesses, both within and outside the Development Area, under trade and service marks other than the Marks and under any terms and conditions we deem appropriate;

4.4.2 to operate and to grant others the right to operate Hyper Kidz Businesses located outside the Development Area under any terms and conditions we deem appropriate and regardless of proximity to your Hyper Kidz Businesses; and

4.4.3 to acquire and operate a business operating one or more similar businesses located or operating in your Development Area, but if one of these businesses is located within your Development Area, it will not operate using the Proprietary Marks.

SECTION 5: RENEWAL

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Development Area and continue to develop Hyper Kidz Businesses, we will, in good faith, negotiate a new Multi-Unit Development Agreement with you.

SECTION 6: TERM AND RIGHT OF FIRST REFUSAL

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Hyper Kidz Business is opened pursuant to the Minimum Performance Schedule.

6.2 Upon completion of the Minimum Performance Schedule, which is when the final Hyper Kidz Business to be developed hereunder has opened for business, if we determine that it is desirable to operate one or more additional Hyper Kidz Businesses in the Development Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Hyper Kidz Businesses upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Development Fee and the payment of the then-current initial franchise fee upon execution of the then-current Franchise Agreement. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Hyper Kidz Businesses. You must notify us in writing within sixty (60) days of the receipt of such notice whether you wish to acquire the Development Rights to all of such additional Hyper Kidz Businesses. If you do not exercise this right of first refusal, in whole, we may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Hyper Kidz Businesses to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Hyper Kidz Businesses.

SECTION 7: <u>YOUR OBLIGATIONS</u>

You acknowledge and agree that:

7.1 Except as otherwise provided herein, this Agreement includes only the right to execute Franchise Agreements for the development of Hyper Kidz Businesses within the Development Area. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Hyper Kidz Businesses within the Development Area. You shall obtain the license to use such additional rights at each Business upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.3 Except as provided herein, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Hyper Kidz Businesses and to use the System and the Marks at any location outside the Development Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for

use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

7.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.5 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Hyper Kidz Business.

7.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.9 In no event shall any Hyper Kidz Business be opened for business unless and until a Franchise Agreement for such Hyper Kidz Business has been fully executed, the initial franchise fee for such Hyper Kidz Business has been paid, and you have complied with all of the requirements under the Franchise Agreement for opening such Hyper Kidz Business.

SECTION 8: <u>OUR SERVICES</u>

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the Hyper Kidz Businesses as we make available to all multi-unit developers and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit developers in our sole discretion.

SECTION 9: DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Hyper Kidz Businesses to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the business, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If any of you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.8 If any of your principals shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you or any of your affiliates cease to operate all of the Hyper Kidz Businesses opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this

Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you, shall have any interest, direct or indirect, in the ownership or operation of any arts and crafts business engaged in the sale of services similar to those permitted to be sold by you within the Development Area or in any business which looks like, copies or imitates the Hyper Kidz Business or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement.

9.2.3 If you shall fail to remit to us any payments pursuant to Section 2 when same are due.

9.2.4 If you shall begin work upon any Hyper Kidz Business at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Hyper Kidz Business for business before a Franchise Agreement for such Hyper Kidz Business has been fully executed.

9.2.8 If you fail to obtain execution of a covenant required by Section 12.8 below.

SECTION 10: OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Hyper Kidz Businesses.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit developer of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION 11: TRANSFER

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be

pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section shall constitute a material breach of this Agreement.

11.2 You have represented to us that you are entering into this Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement prior to the time that at least twenty-five percent (25%) of the Hyper Kidz Businesses to be constructed hereunder are opened or under construction shall be deemed to be an event of default.

11.3 Except as provided in Section 11.2, if you receive from an unaffiliated third party and desires to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.3, to purchase such business, Development Rights and interests, including your right to develop sites within the Development Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline, or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material changes in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.3 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.4 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit developers and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.5 Except as provided in Section 11.2 hereof, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.5.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.5.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.5.3 You are not in default hereunder.

11.5.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit developers, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.5.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Development Agreement, Franchise Agreements for all Hyper Kidz Businesses open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit developers on the date of transfer.

11.5.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee.

11.5.7 You pay to us a transfer fee of Fifty percent (50%) of the then current franchise fee, with no charge for the transferee, when it is an entity controlled and owned by current Franchisee, to cover our reasonable costs in effecting the transfer and in providing initial assistance to transferee, payable if we approve your transfer request but prior to execution of final transfer agreement and authorization.

11.6 The grant of rights under this Agreement is personal to Developer, and on the death or permanent disability of Developer, the executor, administrator, conservator, or other personal representative of Developer shall be required to transfer Developer's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and all that is granted by this Agreement will terminate. A transfer under this Section 11.6, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 11 and unless transferred by gift, devise, or inheritance, subject to the terms of Section 11 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Developer's Hyper Kidz outlet(s) and remaining development schedule during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the rights granted under this Agreement is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Developer's Hyper Kidz outlet(s) and remaining development schedule shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at a fee equal to ten percent (10%) of the Gross Revenue generated by the Developer's Hyper Kidz outlet(s) during Franchisor's operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Developer's Hyper Kidz outlet(s) and remaining development schedule to the deceased or disabled individual's lawful heirs or successors.

11.7 Our consent to a transfer by you or of any of the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.8 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "Boomerang Franchise LLC" as Franchisor. Nothing contained in this Agreement shall require us or any of our affiliates to remain in the same business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

SECTION 12: <u>COVENANTS</u>

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us your principals, you shall not:

12.1.1 Divert or attempt to divert any business or client of the business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any business other than the Hyper Kidz Businesses (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to a Hyper Kidz Business, including a business which offers the same or substantially similar products and services (a "Competitive Business").

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within fifteen (15) miles of any Hyper Kidz Business in the System.

12.3 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.4 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.5 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.6 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

12.7 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Hyper Kidz Business in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13: NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, overnight delivery service or facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party:

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION 14: INDEPENDENT LICENSEE AND INDEMNIFICATION

14.1 The parties acknowledge and agree that you shall be an independent licensee and this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose. You understand and agree that you are and will be an independent contractor under this Agreement. Nothing in this Agreement may be interpreted as creating a partnership, joint venture, agency, employment or fiduciary relationship of any kind. Your employees are not our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or by implication, shall be considered our employee for any purpose, regardless of inclusion in mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or terminate the employment of your employees. You expressly agree, and will never claim otherwise, that our authority under this Agreement to determine that certain of your employees are qualified to perform certain tasks for you does not directly or indirectly vest in us the power to influence the employment terms of any such employee.

You agree that you alone are to exercise day-to-day control over all operations, activities and elements of your business, and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never claim otherwise, that the various restrictions, prohibitions,

specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your business.

14.2 During the term of this Agreement, you shall hold yourself out to the public as an independent contractor conducting your operations pursuant to the rights granted by us. You agree to take such action as shall be reasonably necessary to that end, including, without limitation, exhibiting a notice of that fact in a conspicuous place on any business premises established for the purposes hereunder and on all letterhead, business cards, forms, and as further described in the Manual. We reserve the right to specify in writing the content and form of such notice.

You acknowledge and agree that any training we provide for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Hyper Kidz Business and in no fashion reflects any employment relationship between us and such employees. If it is ever asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, appearing at any venue requested by us to testify on our behalf; participating in depositions or other appearances; or preparing affidavits rejecting any assertion that we are the employer, joint employer or co-employer of any of your employees.

14.3 TO THE FULLEST EXTENT PERMITTED BY LAW, DEVELOPER AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS BOOMERANG FRANCHISE LLC, AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "HYPER KIDZ INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE DEVELOPMENT, OPERATION, CONDITION, OR ANY PART OF ANY OF DEVELOPER'S HYPER KIDZ OUTLETS TO BE DEVELOPED HEREUNDER, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO ANY OF SUCH HYPER KIDZ OUTLETS, WHETHER CAUSED BY DEVELOPER'S AGENTS OR EMPLOYEES, OR ARISING FROM DEVELOPER'S ADVERTISING OR BUSINESS PRACTICES. DEVELOPER AGREES TO PAY FOR ALL THE HYPER KIDZ INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY DEVELOPER HEREUNDER. THE HYPER KIDZ INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE HYPER KIDZ INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. DEVELOPER AGREES THAT TO HOLD THE HYPER KIDZ INDEMNITEES HARMLESS, DEVELOPER WILL REIMBURSE THE HYPER KIDZ INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE HYPER KIDZ INDEMNITEES.

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SECTION 15: APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16: NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17: SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in multiple copies, and each copy of the executed Agreement shall be deemed an original.

SECTION 18: ENTIRE AGREEMENT

This Agreement, the documents referred to herein and the attachments hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change, or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

SECTION 19: DISPUTE RESOLUTION; APPLICABLE LAW

19.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in Howard County, Maryland, under the authority of the Maryland statutes (the "Statutes"). The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you hereby irrevocably submit themselves to the jurisdiction of the state courts for Howard County, Maryland, and the Federal District Court closest to our headquarters. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Maryland or federal law. You further agree that venue for any proceeding relating to or arising out of this Agreement shall be Howard County, Maryland; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under the law of the State of Maryland.

19.3 You and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Sections 19.1 and 19.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.4 You and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Howard County, Maryland, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in Howard County, Maryland.

19.5 You and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.6 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Franchised Business, brought by either party hereto against the other, whether in arbitration, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

19.7 Notwithstanding anything to the contrary contained in Section 19.1 above, we and you each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that we agree to contemporaneously submit our dispute for arbitration on the merits as provided herein.

You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If we secure any such injunction or order of specific performance, you agree to pay to us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision.

19.8 If we are required to enforce this Agreement in a judicial or other proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

SECTION 20: TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Hyper Kidz Businesses in the Development Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open

Hyper Kidz Businesses within the Development Area in accordance with the Minimum Performance Schedule, to operate such Hyper Kidz Businesses pursuant to the terms of the Franchise Agreements and to maintain all such Hyper Kidz Businesses in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

SECTION 21: ACKNOWLEDGMENTS

21.1 YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESSPERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

21.2 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS ATTACHED HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HEREWITH; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

21.3 YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED OR ANY PAYMENT WAS MADE TO US OR OUR AFFILIATES.

21.4 YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE NOT RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF HYPER KIDZ BUSINESSES OR DEVELOPMENT OF THE DEVELOPMENT AREA.

THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY DEVELOPER.

SECTION 22: EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us.

The parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written.

FRANCHISOR:
BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

MULTI-UNIT DEVELOPER:

By:_____
Name:_____

ATTACHMENT 1

Development Area

The following describes the Development Area within which Multi-Unit Developer may locate Hyper Kidz Businesses under this Agreement:

_____

_____

_____

APPROVED:

MULTI-UNIT DEVELOPER	BOOMERANG FRANCHISE LLC
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

ATTACHMENT 2

Minimum Performance Schedule

The Agreement authorizes and obliges Multi-Unit Developer to establish and operate _____ (___) Hyper Kidz Businesses pursuant to a Franchise Agreement for each Hyper Kidz Business. The following is Multi-Unit Developer's Minimum Performance Schedule:

Minimum Cumulative Number of Franchise Agreements for Hyper Kidz Businesses to be located and Operating Within the Development Area	By this Date
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total:_____

The Minimum Performance Schedule shall be deemed completed, and this Agreement shall expire, upon the opening of the final Hyper Kidz Business to be developed pursuant to this Agreement.

APPROVED:

MULTI-UNIT DEVELOPER	BOOMERANG FRANCHISE LLC
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

ATTACHMENT 3

Certification By Multi-Unit Developer

The undersigned, personally and as Multi-Unit Developer does hereby certify that he/she has conducted an independent investigation of the business contemplated by this Multi-Unit Development Agreement and the Franchise Agreement, and that the decision to execute the Multi-Unit Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he/she has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Multi-Unit Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor-operated Hyper Kidz Businesses, except as may be included in Item 19 of the Franchise Disclosure Document heretofore provided to Multi-Unit Developer. The undersigned further certifies that he/she understands the risks involved in this investment and Boomerang Franchise LLC makes no representation or guaranty, explicit or implied, that the Multi-Unit Developer will be successful or will recoup his/her investment.

The undersigned has signed, sealed and delivered this Certificate this
.

By:
Name:_____

By:
Name:_____

EXHIBIT D

FINANCIAL STATEMENTS

BOOMERANG FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024

BOOMERANG FRANCHISE, LLC

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Independent Auditor's Report

To the Members
Boomerang Franchise, LLC
Clarksville, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Boomerang Franchise, LLC as of December 31, 2024, and 2023 and the related statement of operations, members' (deficit) and cash flows for the years ended December 31, 2024, 2023 and 2022, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boomerang Franchise, LLC as of December 31, 2024, and 2023 and the results of their operations and their cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boomerang Franchise, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Boomerang Franchise, LLC'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 Boomerang Franchise, LLC'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.

Reese CPA LLC

Ft. Collins, Colorado
April 30, 2025

BOOMERANG FRANCHISE, LLC
BALANCE SHEETS

	AS OF DECEMBER 31, 2024	2023
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	$ 68,272	$ 18,203
Accounts receivable	19,217	20,155
TOTAL CURRENT ASSETS	87,489	38,358
NON-CURRENT ASSETS		
Property and equipment	6,993	-
TOTAL ASSETS	$ 94,482	$ 38,358
LIABILITIES AND MEMBERS' (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 2,874	$ 6,745
Non-refundable deferred franchise sales, current portion	64,100	20,700
Notes payable, current portion	7,080	-
TOTAL CURRENT LIABILITIES	74,054	27,445
LONG-TERM LIABILITIES		
Non-refundable deferred franchise sales	504,789	157,095
Notes payable	71,920	79,000
TOTAL LIABILITIES	650,763	263,540
MEMBERS' (DEFICIT)		
Members' equity (deficit)	(531,325)	(62,130)
Due from affiliates, net	(24,956)	(163,052)
TOTAL MEMBERS' (DEFICIT)	(556,281)	(225,182)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	$ 94,482	$ 38,358

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,		
	2024	**2023**	**2022**
REVENUES			
Franchise sales	$ 57,906	$ 14,063	$ 4,279
Royalty fees	458,509	75,919	84,618
Equipment sales	71,701	49,823	11,473
TOTAL REVENUE	588,116	139,805	100,370
OPERATING EXPENSES			
General and administrative	245,057	55,428	5,771
Payroll and related costs	120,000	26,000	12,000
Professional fees	92,709	27,056	23,106
Advertising and Promotion	12,649	7,283	4,208
Depreciation expense	874	-	-
TOTAL OPERATING EXPENSES	471,289	115,767	45,085
OPERATING INCOME	116,827	24,038	55,285
OTHER INCOME (EXPENSE)			
Interest expense	(2,970)	(2,932)	(2,993)
TOTAL OTHER INCOME (EXPENSE)	(2,970)	(2,932)	(2,993)
NET INCOME	$ 113,857	$ 21,106	$ 52,292

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	Members' Equity (Deficit)	Due From Affiliates, Net	Total Members' Equity (Deficit)
BALANCE, DECEMBER 31, 2021	**$ 33,338**	**$ (178,387)**	**$ (145,049)**
Member distributions	(30,000)		(30,000)
Advances to affiliates, net		1,468	1,468
Net income	52,292		52,292
BALANCE, DECEMBER 31, 2022	**55,630**	**(176,919)**	**(121,289)**
Member distributions	(138,866)	-	(138,866)
Advances to affiliates, net	-	13,867	13,867
Net income	21,106	-	21,106
BALANCE, DECEMBER 31, 2023	**(62,130)**	**(163,052)**	**(225,182)**
Member distributions	(420,000)	-	(420,000)
Advances to affiliates, net	(163,052)	138,096	(24,956)
Net income	113,857	-	113,857
BALANCE, DECEMBER 31, 2024	**$ (531,325)**	**$ (24,956)**	**$ (556,281)**

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2024	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income)	$ 113,857	$ 21,106	$ 52,292
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation expense	874	-	-
Recognition of non-refundable deferred franchise sales	(42,906)	(14,063)	(4,279)
Changes in assets and liabilities:			
Accounts receivable	938	(2,149)	(18,006)
Accounts payable and accrued expense	(3,871)	2,932	2,993
Royalties collected in advance	-	-	(36,612)
Non-refundable deferred franchise fees	434,000	128,000	39,500
Net cash provided by operating activities	502,892	135,826	35,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(7,867)	-	-
Net cash (used) in investing activities	(7,867)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	-	-	-
Advances to affiliates, net	138,096	13,867	1,468
Member contributions	-	-	-
Member distributions	(583,052)	(138,866)	(30,000)
Net cash (used) by financing activities	(444,956)	(124,999)	(28,532)
NET INCREASE IN CASH	50,069	10,827	7,356
CASH, BEGINNING	18,203	7,376	20
CASH, ENDING	$ 68,272	$ 18,203	$ 7,376
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ 6,849	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -

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

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boomerang Franchise, LLC ("the Company") was formed on May 14, 2018, (Inception) in the State of Maryland as a limited liability company. The Company grants franchises to qualified persons to operate a Hyper Kidz business, which is an interactive, indoor playground for kids ages 6 months to 13 years that encourages healthy and active social play. All activities are conducted in a designated area.

Affiliates

The Company's affiliate is Maryland Indoor Play, LLC, a Maryland limited liability company formed on June 1, 2016 ("Affiliate"). Affiliate owns and operates a business of the type being franchised.

A summary of significant accounting policies follows:

Basis of Presentation and Use of Estimates

The Company's financial statements are prepared in accordance with United States generally accepted accounting principles. Those generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2024, and 2023.

Franchisee Receivable

The timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2024, and 2023 and did not charge-off any accounts receivable during the years ended December 31, 2024, 2023 and 2022.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years).

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2024, and 2023.

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a qualified party purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing royalties that are 6.0% of gross revenues. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed weekly and are recognized as revenue when earned.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied, and control of the goods or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as an expense when the related performance obligation has been satisfied.

Brand Fund Contribution

Contributions to the brand fund are 1% of gross revenue. Contributions are billed weekly and recognized as revenue when earned. The Company did not have any contributions to the brand fund during the years ended December 31, 2024, 2023, and 2022.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Company has elected to be taxed as a "Partnership" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the years ended December 31, 2024, 2023, and 2022 for U.S. Federal Income Tax and the State of Maryland Income Tax.

Advertising Costs

The Company charges advertising costs to expense as incurred. Advertising expense for the years ended December 31, 2024, 2023, and 2022 were $12,649, $7,283, and $4,208.

Fair Value of Financial Instruments

For the Company's financial instruments, which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

	December 31, 2024	December 31, 2023
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	$ 177,795	$ 63,858
Deferral of non-refundable franchise fees	434,000	128,000
Recognition of non-refundable franchise fees	(42,906)	(14,063)
Balance at End of Year	$ 568,889	$ 177,795

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 2024, is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2025	$ 64,100
2026	64,100
2027	64,100
2028	64,100
2029	61,137
Thereafter	251,352
	$ 568,889

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees as of December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	$ 545,210	$ 125,742	$ 96,091
Performance obligations satisfied by the passage of time	42,906	14,063	4,279
Total revenues	$ 588,116	$ 139,805	$ 100,370

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following:

	2024	2023
Equipment	$ 7,867	$ -
Less accumulated depreciation	(874)	-
	$ 6,993	$ -

Depreciation expense was $874, $0, and $0 for the years ended December 31, 2024, 2023, and 2022.

NOTE 4 – NOTE PAYABLE

Notes payable consist of the following at December 31,

	2024	2023
Note payable with the Small Business Administration Face amount of $79,000, payable in 360 monthly installments of $407 including interest at the rate of 3.75% Final payment due on September 21, 2050. Collateralized by the assets of the Company. The Company has accelerated the monthly payment to $1,000 at this time.	$ 79,000	$ 79,000
	79,000	79,000
Less current maturities	(7,080)	(431)
	$ 71,920	$ 78,569

The maturities of the long-term debt are as follows:

Year ending December 31:	
2025	$ 7,080
2026	9,369
2027	9,716
2028	10,081
2029	10,472
Thereafter	32,282
	$ 79,000

NOTE 5 – RELATED PARTY TRANSACTIONS

Advances are not collateralized, noninterest bearing and due on demand. Advances, net due from the related parties as of December 31, 2024, and 2023 were $24,956, and $163,052, respectively. The advances are reported as a component of members' (deficit) in the accompany balance sheets as the advances do not have stated repayment terms and the ownership of these related parties is essentially the same ownership of the Company. In 2024 the Company distributed $163,032 of the related party balances to its members.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through April 30, 2025, the date on which the financial statements were available to be issued.

BOOMERANG FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2023

BOOMERANG FRANCHISE, LLC

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Independent Auditor's Report

To the Members
Boomerang Franchise, LLC
Clarksville, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Boomerang Franchise, LLC as of December 31, 2023, and 2022 and the related statement of operations, members' (deficit) and cash flows for the years ended December 31, 2023, 2022 and 2021, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boomerang Franchise, LLC as of December 31, 2023, and 2022 and the results of their operations and their cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boomerang Franchise, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Boomerang Franchise, LLC'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 Boomerang Franchise, LLC'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.

Reese CPA LLC

Ft. Collins, Colorado
March 23, 2024

BOOMERANG FRANCHISE, LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2023	**2022**
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	$ 18,203	$ 7,376
Accounts receivable	20,155	18,006
TOTAL CURRENT ASSETS	38,358	25,382
TOTAL ASSETS	$ 38,358	$ 25,382
LIABILITIES AND MEMBERS' (DEFICIT):		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,745	$ 3,813
Non-refundable deferred franchise sales, current portion	20,700	7,900
Notes payable, current portion	-	341
TOTAL CURRENT LIABILITIES	27,445	12,054
LONG-TERM LIABILITIES		
Non-refundable deferred franchise sales	157,095	55,958
Notes payable	79,000	78,659
TOTAL LIABILITIES	263,540	146,671
MEMBERS' (DEFICIT)		
Members' equity (deficit)	(62,130)	55,630
Due from affiliates, net	(163,052)	(176,919)
TOTAL MEMBERS' (DEFICIT)	(225,182)	(121,289)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	$ 38,358	$ 25,382

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,		
	2023	**2022**	**2021**
REVENUES			
Franchise sales	$ 14,063	$ 4,279	$ 3,950
Royalty fees	75,919	84,618	68,260
Other revenue	-	-	2,827
Royalty discount	-	-	(5,000)
Equipment sales	49,823	11,473	-
TOTAL REVENUE	139,805	100,370	70,037
OPERATING EXPENSES			
Professional fees	27,056	23,106	8,577
Payroll and related costs	26,000	12,000	-
General and administrative	55,428	5,771	20,122
Advertising and Promotion	7,283	4,208	385
TOTAL OPERATING EXPENSES	115,767	45,085	29,084
OPERATING INCOME	24,038	55,285	40,953
OTHER INCOME (EXPENSE)			
Other income	-	-	6,040
Interest expense	(2,932)	(2,993)	(820)
TOTAL OTHER INCOME (EXPENSE)	(2,932)	(2,993)	5,220
NET INCOME	$ 21,106	$ 52,292	$ 46,173

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Members' Equity (Deficit)	Due From Affiliates, Net	Total Members' Equity (Deficit)
BALANCE, DECEMBER 31, 2020	**$ (14,635)**	**$ (15,010)**	**$ (29,645)**
Member contributions	1,800		1,800
Advances to affiliates, net		(163,377)	(163,377)
Net income	46,173		46,173
BALANCE, DECEMBER 31, 2021	**33,338**	**(178,387)**	**(145,049)**
Member distributions	(30,000)		(30,000)
Advances to affiliates, net		1,468	1,468
Net income	52,292		-
BALANCE, DECEMBER 31, 2022	**55,630**	**(176,919)**	**(173,581)**
Member distributions	(138,866)	-	(138,866)
Advances to affiliates, net	-	13,867	13,867
Net income	21,106	-	-
BALANCE, DECEMBER 31, 2023	**$ (62,130)**	**$ (163,052)**	**$ (298,580)**

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2023	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income)	$ 21,106	$ 52,292	$ 46,173
Adjustments to reconcile net income to net cash provided by operating activities:			
Recognition of non-refundable deferred franchise sales	(14,063)	(4,279)	(3,950)
Changes in assets and liabilities:			
Accounts receivable	(2,149)	(18,006)	
Accounts payable and accrued expense	2,932	2,993	820
Royalties collected in advance	-	(36,612)	36,612
Non-refundable deferred franchise fees	128,000	39,500	
Net cash provided by operating activities	135,826	35,888	79,655
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	-	-	79,000
Advances to affiliates, net	13,867	1,468	(163,377)
Member contributions	-	-	1,800
Member distributions	(138,866)	(30,000)	-
Net cash (used) by financing activities	(124,999)	(28,532)	(82,577)
NET INCREASE (DECREASE) IN CASH	10,827	7,356	(2,922)
CASH, BEGINNING	7,376	20	2,942
CASH, ENDING	$ 18,203	$ 7,376	$ 20
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ -	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -

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

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boomerang Franchise, LLC ("the Company") was formed on May 14, 2018, (Inception) in the State of Maryland as a limited liability company. The Company grants franchises to qualified persons to operate a Hyper Kidz business, which is an interactive, indoor playground for kids ages 6 months to 13 years that encourages healthy and active social play. All activities are conducted in a designated area.

Affiliates

The Company's affiliate is Maryland Indoor Play, LLC, a Maryland limited liability company formed on June 1, 2016 ("Affiliate"). Affiliate owns and operates a business of the type being franchised.

Changes in the number of system outlets for year ended December 31, 2023, 2022 and 2021 consist of the following:

	2023	**2022**	**2021**
Outlets in operation, beginning	3	3	2
Outlets opened	-	-	1
Outlets terminated or closed	-	-	-
Outlets in operation, ending		3	3
Franchised outlets		2	2
Affiliate owned outlets		1	1

A summary of significant accounting policies follows:

Basis of Presentation and Use of Estimates

The Company's financial statements are prepared in accordance with United States generally accepted accounting principles. Those generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023, and 2022.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Franchisee Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2023, and 2022 and did not charge-off any accounts receivable during the years ended December 31, 2023, 2022 and 2021.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2023, and 2022.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2023, and 2022.

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a qualified party purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress, trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated territory and IP are continuing royalties that are 6.0% of gross revenues. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed weekly and are recognized as revenue when earned.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets (continued)

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as expense when the related performance obligation has been satisfied.

Brand Fund Contribution

Contributions to the brand fund are 1% of gross revenue. Contributions are billed weekly and recognized as revenue when earned. The Company had no contributions to the brand fund during the years ended December 31, 2023, 2022, and 2021.

Income Taxes

The Company has elected to be taxed as a “Partnership” under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company’s members. The Company's evaluation was performed for the years ended December 31, 2023, 2022, and 2021 for U.S. Federal Income Tax and the State of Maryland Income Tax.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2023, 2022, and 2021 were $7,283, $4,208, and 385.

Fair Value of Financial Instruments

For the Company's financial instruments, which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

	December 31, 2023	December 31, 2022
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	$ 63,858	$ 28,637
Deferral of non-refundable franchise fees	128,000	39,500
Recognition of non-refundable franchise fees	(14,063)	(4,279)
Balance at End of Year	$ 177,795	$ 63,858

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 202 is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2024	$ 20,700
2025	20,700
2026	20,700
2027	20,700
2028	20,700
Thereafter	74,295
	$ 177,795

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees as of December 31, 2023, 2022, and 2021 is as follows:

	2023	2022	2021
Performance obligations satisfied at a point in time	$ 125,742	$ 96,091	$ 66,087
Performance obligations satisfied through the passage of time	14,063	4,279	3,950
Total revenues	$ 139,805	$ 100,370	$ 70,037

NOTE 3 – NOTE PAYABLE

Notes payable consist of the following at December 31,

	2023	2022
Note payable with the Small Business Administration Face amount of $79,000, payable in 360 monthly installments of $407 including interest at the rate of 3.75% Final payment due on September 21, 2050. Collateralized by assets of the Company.	$ 79,000	$ 79,000
	79,000	79,000
Less current maturities	-	(431)
	$ 79,000	$ 78,569

The maturities of the long-term debt are as follows:

Year ending December 31:	
2024	$ -
2025	-
2026	-
2027	176
2028	1,953
Thereafter	76,871
	$ 79,000

NOTE 4 – RELATED PARTY TRANSACTIONS

Advances are not collateralized, noninterest bearing and due on demand. Advances, net due from the related parties as of December 31, 2023, and 2022 were $163,052, and $176,919, respectively. The advances are reported as a component of members' (deficit) in the accompany balance sheets as the advances do not have stated repayment terms and the ownership of these related parties is essentially the same ownership of the Company.

NOTE 5 – COVID-19 RELIEF

During 2021 the Company borrowed $6,040 from the Small Business Administration ("SBA") under the Paycheck Protection Program for COVID-19 relief. As of December 31, 2021, that borrowing has been forgiven in full by the SBA and is shown as other income in the accompanying statement of operations.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 23, 2024, the date on which the financial statements were available to be issued.

BOOMERANG FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2022

BOOMERANG FRANCHISE, LLC

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Independent Auditor's Report

To the Members
Boomerang Franchise, LLC
Clarksville, Maryland

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Boomerang Franchise, LLC as of December 31, 2022, and 2021 and the related statement of operations, members' (deficit) and cash flows for the years ended December 31, 2022, 2021 and 2020, and the notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Boomerang Franchise, LLC as of December 31, 2022, and 2021 and the results of their operations and their cash flows for the years ended December 31, 2022, 2021 and 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boomerang Franchise, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Boomerang Franchise, LLC'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 Boomerang Franchise, LLC'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.

Reese CPA LLC

Ft. Collins, Colorado
March 11, 2023

BOOMERANG FRANCHISE, LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	$ 7,376	$ 20
Accounts receivable	18,006	-
TOTAL CURRENT ASSETS	25,382	20
TOTAL ASSETS	$ 25,382	$ 20
LIABILITIES AND MEMBERS' (DEFICIT):		
CURRENT LIABILITIES		
Royalties collected in advance	$ -	$ 36,612
Non-refundable deferred franchise sales, current portion	7,900	3,950
Accrued expenses	3,813	820
Notes payable, current portion	341	-
TOTAL CURRENT LIABILITIES	12,054	41,382
LONG-TERM LIABILITIES		
Non-refundable deferred franchise sales	55,958	24,687
Notes payable	78,659	79,000
TOTAL LIABILITIES	146,671	145,069
MEMBERS' (DEFICIT)		
Members' equity (deficit)	55,630	33,338
Due from affiliates, net	(176,919)	(178,387)
TOTAL MEMBERS' (DEFICIT)	(121,289)	(145,049)
TOTAL LIABILITIES AND MEMBERS' (DEFICIT)	$ 25,382	$ 20

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
REVENUES			
Franchise sales	$ 4,279	$ 3,950	$ 6,913
Royalty fees	84,618	68,260	-
Other revenue	-	2,827	-
Royalty discount	-	(5,000)	
Equipment sales	11,473	-	246,351
TOTAL REVENUE	100,370	70,037	253,264
COST OF SALES	-	-	127,536
GROSS PROFIT	100,370	70,037	125,728
OPERATING EXPENSES			
Professional fees	23,106	8,577	20,025
Payroll and related costs	12,000	-	-
General and administrative	5,771	20,122	1,462
Advertising and Promotion	4,208	385	-
TOTAL OPERATING EXPENSES	45,085	29,084	21,487
OPERATING INCOME	55,285	40,953	104,241
OTHER INCOME (EXPENSE)			
Other income	-	6,040	6,000
Interest expense	(2,993)	(820)	-
TOTAL OTHER INCOME (EXPENSE)	(2,993)	5,220	6,000
NET INCOME	$ 52,292	$ 46,173	$ 110,241

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Members' Equity (Deficit)	Due From Affiliates, Net	Total Members' Equity (Deficit)
BALANCE, DECEMBER 31, 2019	**$ (24,490)**	**$ (15,010)**	**$ (39,500)**
Member distributions	(100,386)		(100,386)
Net income	110,241		110,241
BALANCE, DECEMBER 31, 2020	(14,635)	(15,010)	(29,645)
Member contributions	1,800		1,800
Advances to affiliates, net		(163,377)	(163,377)
Net income	46,173		46,173
BALANCE, DECEMBER 31, 2021	33,338	(178,387)	(145,049)
Member distributions	(30,000)		(30,000)
Advances to affiliates, net		1,468	1,468
Net income	52,292		-
BALANCE, DECEMBER 31, 2022	$ 55,630	$ (176,919)	$ (173,581)

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

BOOMERANG FRANCHISE, LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income)	$ 52,292	$ 46,173	$ 110,241
Adjustments to reconcile net income to net cash provided by operating activities:			
Recognition of non-refundable deferred franchise sales	(4,279)	(3,950)	(6,913)
Changes in assets and liabilities:			
Accounts receivable	(18,006)		
Accrued expense	2,993	820	-
Royalties collected in advance	(36,612)	36,612	-
Non-refundable deferred franchise fees	39,500		
Net cash provided by operating activities	35,888	79,655	103,328
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from notes payable	-	79,000	-
Advances to affiliates, net	1,468	(163,377)	-
Member contributions	-	1,800	-
Member distributions	(30,000)	-	(100,386)
Net cash (used) by financing activities	(28,532)	(82,577)	(100,386)
NET INCREASE (DECREASE) IN CASH	7,356	(2,922)	2,942
CASH, BEGINNING	20	2,942	-
CASH, ENDING	$ 7,376	$ 20	$ 2,942
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	$ -	$ -	$ -
Cash paid for taxes	$ -	$ -	$ -

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

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Boomerang Franchise, LLC ("the Company") was formed on May 14, 2018, (Inception) in the State of Maryland as a limited liability company. The Company grants franchises to qualified persons to operate a Hyper Kidz business, which is an interactive, indoor playground for kids ages 6 months to 13 years that encourages healthy and active social play. All activities are conducted in a designated area.

Affiliates

The Company's affiliate is Maryland Indoor Play, LLC, a Maryland limited liability company formed on June 1, 2016 ("Affiliate"). Affiliate owns and operates a business of the type being franchised.

Changes in the number of system outlets for year ended December 31, 2022, 2021 and 2020 consist of the following:

	2022	**2021**	**2020**
Outlets in operation, beginning	3	2	1
Outlets opened	-	1	1
Outlets terminated or closed	-	-	-
Outlets in operation, ending	3	3	2
Franchised outlets	1	1	1
Affiliate owned outlets	2	2	1

COVID-19

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. On March 11, 2020, the World Health Organization declared the outbreak a pandemic. In response, many states implemented measures to combat the outbreak including, but not limited to, temporarily closing businesses. The franchised location and the affiliate owned locations temporarily closed at this time. The locations have since opened at 50% capacity. The Company does not anticipate the capacity restrictions to become permanent and no impairments have been recorded as of the balance sheet date; however, the Company will continue to monitor the situation. The Company's results of operations, cash flows, and financial condition could continue to be negatively impacted, however the extent of the impact cannot be reasonably estimated at this time.

A summary of significant accounting policies follows:

Basis of Presentation and Use of Estimates

The Company's financial statements are prepared in accordance with United States generally accepted accounting principles. Those generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2022, and 2021.

Franchisee Receivable

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customers' receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any allowance for doubtful accounts as of December 31, 2022, and 2021 and did not charge-off any accounts receivable during the years ended December 31, 2022, 2021 and 2020.

Property, Plant & Equipment

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at December 31, 2022, and 2021.

Intangible Assets

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with finite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable. The Company had no intangible assets at December 31, 2022, and 2021.

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets

The Company recognizes revenues under the guidance of ASC 606, "Contracts with Customers". The Company's revenue is principally generated through franchise agreements executed with the Company's franchisees.

Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee.

When a qualified party purchases a franchise, the Company grants the franchisee the right to operate the franchised business in a designated territory and to use the proprietary methods, techniques, trade dress,

trademarks, and logos ("symbolic intellectual property" or "IP"). Revenues related to the designated
NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition, Non-refundable Deferred Franchise Fees, and Franchise Acquisition Assets (continued)

territory and IP are continuing royalties that are 6.0% of gross revenues. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed weekly and are recognized as revenue when earned.

Revenue from initial franchise fees is allocated to the performance obligations in the franchise agreement that are distinct from the territory rights and symbolic intellectual property. The amount allocated to each identified performance obligation is determined using the expected cost plus a margin or fair market value approach. Revenue from initial fees is recognized when the performance obligation is satisfied and control of the good or service has been transferred to the franchisee. Unearned initial fee revenues will be recorded as non-refundable deferred revenue. Commissions and other direct costs related to unsatisfied performance obligations will be recorded as a franchise acquisition asset and are recognized as expense when the related performance obligation has been satisfied.

Brand Fund Contribution

Contributions to the brand fund are 1% of gross revenue. Contributions are billed weekly and recognized as revenue when earned. The Company had no contributions to the brand fund during the years ended December 31, 2022, 2021, and 2020.

Income Taxes

The Company has elected to be taxed as a "Partnership" under the provisions of the Internal Revenue Code. Under those provisions, taxable income and losses of the Company are reported on the income tax returns of its members and no provisions for federal or state taxes have been recorded on the accompanying balance sheet.

The Company adopted ASC 740-10-25-6 "Accounting for Uncertainty in Income Taxes", that requires the Company disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold upon examination by taxing authorities.

Based on its evaluation, the Company has concluded that there are no significant uncertain tax positions requiring recognition in its financial statements or that would affect the Company's members. The Company's evaluation was performed for the years ended December 31, 2022, 2021, and 2020 for U.S. Federal Income Tax and the State of Maryland Income Tax.

Advertising Costs

The Company expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2022, 2021, and 2020 were $4,208, 385 and $0.

Fair Value of Financial Instruments

For the Company's financial instruments, which consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting pronouncements

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2 – CONTRACT BALANCES

The Company recorded a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity are as follows:

	December 31, 2022	December 31, 2021
Deferred Non-refundable Franchise Fees:		
Balance Beginning of year	$ 28,637	$ 32,587
Deferral of non-refundable franchise fees	39,500	-
Recognition of non-refundable franchise fees	(4,279)	(3,950)
Balance at End of Year	$ 63,858	$ 28,637

Estimated Recognition of Non-refundable Deferred Franchise Fees and Franchise Acquisition Costs

Estimated revenues and franchise acquisition costs to be recognized in future periods related to non-refundable deferred franchise fees as reported at December 31, 202 is as follows:

	Non-refundable Franchise Fees
Year ending December 31:	
2023	$ 7,900
2024	7,900
2025	7,900
2026	7,900
2027	7,900
Thereafter	24,358
	$ 63,858

NOTE 2 – CONTRACT BALANCES (CONTINUED)

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees as of December 31, 2021, and 2020 is as follows:

	2022	2021	2020
Performance obligations satisfied at a point in time	$ 11,473	$ 2,827	$ 246,351
Performance obligations satisfied through the passage of time	88,897	67,210	6,913
Total revenues	$ 100,370	$ 70,037	$ 253,264

NOTE 3 – NOTE PAYABLE

Notes payable consist of the following at December 31,

	2022	2021
Note payable with the Small Business Administration Face amount of $79,000, payable in 360 monthly installments of $407 including interest at the rate of 3.75% Final payment due on September 21, 2050. Collateralized by assets of the Company.	$ 79,000	$ 79,000
	79,000	79,000
Less current maturities	(431)	-
	$ 78,569	$ 79,000

The maturities of the long-term debt are as follows:

Year ending December 31:	
2023	$ 431
2024	1,747
2025	1,822
2026	1,892
2027	1,964
Thereafter	71,144
	$ 79,000

NOTE 4 – RELATED PARTY TRANSACTIONS

Advances are not collateralized, noninterest bearing and due on demand. Advances, net due from the related parties as of December 31, 2022, and 2021 were $176,919 and $178,387, respectively. The advances are reported as a component of members' (deficit) in the accompany balance sheets as the advances do not have stated repayment terms and the ownership of these related parties is essentially the same ownership of the Company.

NOTE 5 – COVID-19 RELIEF

During 2021 the Company borrowed $6,040 from the Small Business Administration ("SBA") under the Paycheck Protection Program for COVID-19 relief. As of December 31, 2021, that borrowing has been forgiven in full by the SBA and is shown as other income in the accompanying statement of operations.

During 2020 the Company borrowed $6,000 from the Small Business Administration ("SBA") under the Paycheck Protection Program for COVID-19 relief. As of December 31, 2020, that borrowing has been forgiven in full by the SBA and is shown as other income in the accompanying statement of operations.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Litigation

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 7 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 11, 202, the date on which the financial statements were available to be issued.

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EXHIBIT F

FRANCHISED OUTLETS
(As of December 31, 2024)

Illinois	
Bolingbrook 137 S Weber Rd Suite #137-141 Bolingbrook, IL 60490 Mahesh Erukulla (480) 282-2436	
Maryland	
Baltimore (Owings Mills) 11460 Cronridge Dr. Owings Mills, MD 21117 Anu Oruganti and Srinivas Trimalasetti (410) 693-2072	Crofton 987 Waugh Chapel Way, Suites H-M Gambrills, MD 21054 Anjana Bordoloi, Krishna Hazarika, and Dawnielle Robb (443) 370-2972
Rockville 7301 Calhoun Pl, #400 Rockvile, MD 20855 Darshini Patel, Dharmang Mehta, Dhaval Vyas, and Jaimin Patel (484) 767-3593	
Virginia	
Alexandria 7005-B Manchester Blvd Franconia, VA 22310 Nageshwar Puli and Raviteja Atluri (732) 501-8744	

FRANCHISEES WHO HAVE LEFT THE SYSTEM
(As of December 31, 2024)

None

FRANCHISEES WHO HAVE SIGNED, BUT ARE NOT OPENED

(As of December 31, 2024)

Georgia	
Atlanta West Yateendra Tummal Prudvi Veeramachaneni Mahesh Erukulla 732-824-9796	Atlanta East Praveen Peser Amarendar Athikam Raghavendra Krishna Pradyumna 678-646-9972
Illinois	
Niles Mahesh Erukulla 480-282-2436	Wheaton Mahesh Erukulla 480-282-2436
North Carolina	
Durham Manasa Kodali, Avinash Cheerla, Nageshwar Puli, and Ravitegia Atluri 614-602-9986	
Texas	
Dallas Ajay Gorilla, Jeevan Reddy, Santosh Reddy 571-210-0438	
Virginia	
Richmond Courtney Curtis and Dennis Kemp (804) 898-7177	

EXHIBIT G

STATE ADDENDA

Illinois

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT

Illinois law shall apply to and govern the Franchise Agreement and Multi-Unit Development 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.

Franchisee's right 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 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.

Item 5 of the FDD and the appropriate sections of the Franchise Agreement are amended to state that the Illinois Attorney General's Office imposed a Surety Bond requirement equal to the initial fee times the number of franchises to be sold due to Franchisor's financial condition.

FRANCHISOR:

BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

Indiana

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, AND FRANCHISE AGREEMENT PURSUANT TO THE INDIANA FRANCHISE DISCLOSURE ACT

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the "Acts"). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee's written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

FRANCHISOR:
BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for Boomerang Franchise LLC's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements. The amendments to the Franchise and Multi-Unit Development Agreements included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise Agreement and Multi-Unit Development Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 17 of the Franchise Disclosure Document shall be amended to state that the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly.

3. The Franchisee Disclosure Acknowledgement Statements are amended to state all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Franchise Disclosure Document is amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. The appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are hereby amended accordingly.

5. Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement and Multi-Unit Development Agreement are amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Section 25.2 and Exhibit H FRANCHISEE ACKNOWLEDGEMENT STATEMENT to the Franchise Agreement and section 21 of the Multi-Unit Development Agreement are removed.

7. Item 5 of the Disclosure Document, Article 10 of the Franchise Agreement, and Section 2 of the Multi-Unit Development Agreement are amended to state, "In the State of Maryland, we have secured a Surety Bond in the amount of $141,000 from The Ohio Casualty Insurance Company. This Surety Bond requirement has been imposed by the Office of the Attorney General of the State of Maryland based on our financial condition. This Surety Bond is on file with the Maryland Securities Division."

-Remainder of page left intentionally blank-

FRANCHISOR:

BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

This will serve as the State Addendum for the State of Minnesota for Boomerang Franchise LLC's Franchise Disclosure Document and for its Franchise and Multi-Unit Development Agreements.

1. Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statues, Section 80C.12, Subd. 1(g).

4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

8. No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed with the franchise.

9. The State of Minnesota Commerce Department requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

11.

FRANCHISOR:
BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:
_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANCHISE DISCLOSURE AND FRANCHISE AGREEMENT REQUIRED BY THE NEW YORK STATE

The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR 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 is to be added at the end of Item 3:

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 is 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 ten 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 the "Summary" sections of Item 17(c), titled "Requirements for a franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer":

> However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum," and Item 17(w), titled "Choice of law":

> The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. 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, 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.

The parties hereto have duly executed, sealed and delivered this Addendum dated this day of .

FRANCHISOR:
BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ADDENDUM TO THE FRANHISE DISCLOSURE DOCUMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Boomerang Franchise LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement and development agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20___.

FRANCHISOR:
BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

AMENDMENT TO THE BOOMERANG FRANCHISE LLC
FRANCHISE AGREEMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the requirements of the Virginia State Corporation Commission's Division of Securities and Retail Franchising, the parties to the attached Boomerang Franchise LLC Franchise Agreement (the "Franchise Agreement") agree as follows:

1. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.

2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed this Virginia Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOOMERANG FRANCHISE LLC

By:_____
Name:_____
Title:_____

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

PRINCIPAL:

_____
(Print Name)

AMENDMENT TO THE BOOMERANG FRANCHISE LLC MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the requirements of the Virginia State Corporation Commission's Division of Securities and Retail Franchising, the parties to the attached Boomerang Franchise LLC Multi-Unit Development Agreement (the "MUDA") agree as follows:

1. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Amendment.

2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the development agreement.

3. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereto have duly executed this Virginia Amendment to the Multi-Unit Development Agreement on the same date as that on which the Multi-Unit Development Agreement was executed.

FRANCHISOR:

BOOMERANG FRANCHISE, LLC

By:_____

_____
(Print Name, Title)

DEVELOPER:

_____

_____
(Print Name)

DEVELOPER:

_____

_____
(Print Name)

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

AMENDMENT TO THE BOOMERANG FRANCHISE LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Franchisor will defer collection of the initial franchise fee until the franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchisee is open for business.

Section 15.6 of the Franchise Agreement is amended to add that the Franchisee does not need to indemnify Franchisor for Franchisor's own negligence, willful misconduct, fraud, or strict liability.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The parties hereto have duly executed this Washington Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOOMERANG FRANCHISE, LLC

By:_____

_____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

ADDENDUM TO THE BOOMERANG FRANCHISE LLC MULTI-UNIT DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF WASHINGTON

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release of waiver or rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations, period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and enforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions constrained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Franchisor will defer and prorate the collection of the Development Fee. A portion of the development fee shall be deferred until Franchisor has fulfilled its initial pre-opening obligations to the Franchisee and each unit is open for business.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties hereby have duly executed this Washington Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

BOOMERANG FRANCHISE, LLC

By:_____

_____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

EXHIBIT H

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

*** Do not sign this Acknowledgement Statement if you are a resident of Washington***

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the Boomerang Franchise LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE BOOMERANG FRANCHISE LLC, MARYLAND INDOOR PLAY, LLC, ANY OTHER AFFILIATES AND ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

_____
Initial

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date states below:

State	Effective Date
California	*Pending*
Hawaii	*Pending*
Illinois	June 5, 2025
Indiana	*Pending*
Maryland	June 23, 2025
Michigan	*Pending*
Minnesota	June 25, 2025
New York	*Pending*
North Dakota	*Pending*
Rhode Island	*Pending*
South Dakota	*Pending*
Virginia	*Pending*
Washington	*Pending*
Wisconsin	*Pending*

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Boomerang Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Boomerang Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Sangeetha Ramdurai 6120 Syracuse Ct. Clarksville, MD 21029 (443) 416-8290	Chinnababu Gudapati 6120 Syracuse Ct. Clarksville, MD 21029 (443) 540-8888	Bynia Reed 6120 Syracuse Ct. Clarksville, MD 21029 (301) 466-2234

Issuance Date: May 29, 2025
I received a Disclosure Document dated May 29, 2025 that included the following Exhibits:

EXHIBIT A: List of State Franchise Administrators/Agents for Service of Process
EXHIBIT B: Franchise Agreement
EXHIBIT C: Multi-Unit Development Agreement
EXHIBIT D: Financial Statements
EXHIBIT E: Operations Manual Table of Contents
EXHIBIT F: Franchised Outlets
EXHIBIT G: State Addenda
EXHIBIT H: Franchisee Acknowledgement Statement
State Effective Dates
EXHIBIT I: Receipt

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

_____
(Signature of recipient)

Please return signed receipt to Boomerang Franchise LLC,
6120 Syracuse Court
Clarksville, Maryland, 21029

EXHIBIT I
RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Boomerang Franchise, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Boomerang Franchise, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Sangeetha Ramdurai 6120 Syracuse Ct. Clarksville, MD 21029 (443) 416-8290	Chinnababu Gudapati 6120 Syracuse Ct. Clarksville, MD 21029 (443) 540-8888	Bynia Reed 6120 Syracuse Ct. Clarksville, MD 21029 (301) 466-2234

Issuance Date: May 29, 2025
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EXHIBIT F: Franchised Outlets
EXHIBIT G: State Addenda
EXHIBIT H: Franchisee Acknowledgement Statement
Effective State Dates
EXHIBIT I: Receipt

Date Received: _____ DATE:_____
(If other than date signed)

Print Name:_____

Print Address: _____

City, State: _____

_____
(Signature of recipient)

KEEP FOR YOUR RECORDS