

FRANCHISE DISCLOSURE DOCUMENT

	Twinkle Star Dance Franchise, LLC 4046 East Avenue Livermore, CA 94550 Franchise@TwinkleStarDance.com http://www.TwinkleStarDance.com Telephone: (925) 583-2830
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We offer franchises for dance academies that operate under the mark “Twinkle Star Dance” featuring tap, ballet, jazz, hip-hop and lyrical dance lessons for ages two to teens. The total investment necessary to begin operation of a Twinkle Star Dance Academy is \$124,050 to \$196,350 for a newly constructed unit. This includes \$40,000 that must be paid to the franchisor or its affiliate. Under the Development Agreement, the total investment necessary to open one newly constructed Twinkle Star Dance Academy and acquire the right to develop two additional Twinkle Star Dance Academies is \$132,050 to \$204,350. This includes \$48,000 that must be paid to the franchisor 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 this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Tiffany Henderson at 4046 East Avenue, Livermore, California 94550 or call (925) 583-2830.

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

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

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

The issuance date of this disclosure document is March 20, 2026.

How to Use This Franchise Disclosure Document

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

Question	Where to find information
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Twinkle Star Dance academy business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Twinkle Star Dance franchisee?	Item 20 or Exhibit B 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 table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the Franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the Franchisor in California than your own state.
2. **General Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **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.

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

MICHIGAN NOTICE

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

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

1. A prohibition on the right of a franchisee to join an association of franchisees.
2. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
3. A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (a) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (b) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (d) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in Section 3.

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa St.
P.O. Box 30212
Lansing, MI 48909
(517) 373-7117

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

Franchisor

To simplify the language in this Disclosure Document, “we”, “us” or “our” means or refers to Twinkle Star Dance Franchise, LLC, the franchisor. “You” or “your” means the person, persons, corporation, limited liability, partnership, or similar business entity, who is awarded a franchise. If the franchisee will operate through a corporation, limited liability company, partnership or other business entity, “you” also includes the franchisee's owners or partners.

We are a California limited liability corporation, formed on February 7, 2020. Our principal place of business is located at 4046 East Avenue, Livermore, California 94550 and our telephone number is (925) 583-2830.

We have been offering franchises since January 19, 2021.

We engage in no activities other than offering, selling and supporting franchises, and we do not operate a business of the type being franchised. We have not offered, and do not offer, franchises in any other line of business.

Our agent for service of process is Tiffany Henderson, located at 4046 East Avenue, Livermore, California 94550 and (925) 583-2830. Refer to the Schedule of State Agencies attached as Exhibit C for information on the agent for service of process in other states where we may be registered.

Our Parents, Predecessors and Affiliates

We have no parent or predecessors.

We have three affiliates located at 4046 East Avenue, Livermore, California 94550:

- Our affiliates, Tiffany’s Dance Academy, Inc. and Tiffany’s Dance Academy USA, LLC, currently own and operate three dance academies under the mark “Tiffany’s Dance Academy” in Livermore, California, San Ramon, California, and Fremont, California. The format for these businesses is similar to Academies, however, they operate under the mark “Tiffany’s Dance Academy” and the Livermore, California location is substantially larger.
- Our affiliate, Twinkle Star Dance, LLC, licenses dance lesson plans and choreography to privately owned dance businesses for the operation of independent dance businesses via Internet subscription. As of December 31, 2025, there were approximately 312 independent dance businesses subscribing to the dance curriculum and choreography offered by Twinkle Star Dance, LLC.

Our affiliates have not offered, and do not offer, franchises in any other line of business. We have no affiliates that offer and sell required products or services to our franchisees.

Description of Franchise

We and our affiliates have developed a proprietary System (the “System”) offering franchises under the name Twinkle Star Dance to operate a dance academy engaging in teaching dance to children ages of two to teens (each, an “Academy”). Academies provide dance lessons in various dance styles, such as tap, ballet, jazz, hip-

hop and lyrical. The founder, Tiffany Henderson, created the concept desiring to expose youth to the benefits of dance, such as, improving flexibility, strength, endurance, confidence, self-esteem and general fitness.

You will market and operate your business under the name “Twinkle Star Dance” as well as additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin (as identified in Item 13). These principal marks and all other marks which may be designated by us in the future in writing for use with the System are referred to in this Disclosure Document as the “Marks”. Twinkle Star Dance, LLC owns the rights to the mark “Twinkle Star Dance” and has granted us the exclusive rights to use this trademark in connection with our franchise System.

The System includes distinctive signage, interior and exterior design, décor and color scheme; proprietary lesson plans and choreography, including proprietary costumes; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; management and financial control procedures (including proprietary customer resource management system); training and assistance; and advertising, all of which we may change, improve, and further develop, in our discretion.

Your business will offer a variety of dance styles in which the student may experience. Each student may be enrolled in one or more classes each week. Each Academy includes comfortable lobby seating for the parents and the ability for the parents to watch the progress of their child. The Academy is open year-round to maintain the continuity of the instruction and the students’ retention.

Academies are constructed and operated at a specified location using the System, trade dress, and Marks. You may, subject to our approval and using our approved plans, construct a new Academy or remodel and convert an existing Academy building or facility. If approved a franchisee, your Academy will range from 1,000 to 2,100 square feet and must be located within your Protected Territory.

For those who wish to operate a single Academy, we offer a unit franchise program under which you sign a Franchise Agreement and commit yourself to develop and open one Academy (see the current form of Franchise Agreement in Exhibit E).

Under the subscription conversion franchise, we offer current subscribers to Twinkle Star Dance, LLC a unit franchise program under which you sign a Franchise Agreement and commit yourself to convert your present business to a Twinkle Star Dance Academy.

Under the Development Agreement, we grant to qualified franchisees (each a “Developer”) the right, subject to certain terms and conditions, to develop multiple Academies within a defined geographical area (“Development Area”). If you are a Developer, you must commit to open at least two Academies within a Development Area in accordance with a specified development schedule (the “Development Schedule”) and subject to the terms and conditions of the Development Agreement (the form of which is attached as Exhibit F to this Disclosure Document). For each Academy you open in your Development Area, you must sign our then-current form of Franchise Agreement and will be subject to the rights and obligations contained in it, except that the Royalty Fee and Advertising Fees will be the amount set forth in the Franchise Agreement for your first Academy.

Competition and Market

The market for children's dance instruction and related youth enrichment services is well-developed and highly competitive. Franchisees will compete with a variety of businesses and organizations that offer dance instruction and other youth activities, including independent and locally owned dance academies, regional and national dance academy chains, gymnastics, cheer, and performing arts studios, community centers, parks and recreation programs, and after-school programs. Certain competitors may have longer operating histories, greater brand recognition in local markets, or more established relationships with schools and community organizations.

However, we believe that we differentiate our Academies by providing proprietary lesson plans, choreography and a program of planning and executing recitals so the parents of the students can see the progress of the students. We have incorporated into our lesson plans child development principles and fitness techniques. Our classes are fun and exciting. Each class incorporates skill building, center movement, and fun. Our instructors are well trained, and several are former students that pursued dance as a major in college. The lesson programs not only have videos of the lesson but also incorporate the specified music pieces to accompany the lessons. We teach more than one dance style as many of the competitors focus on just one style, such as, ballet or dance fitness. We feature lessons in tap, ballet, hip-hop, jazz and lyrical. Unlike certain competitors that focus on narrower age ranges, our Academies offer classes for children beginning at approximately two years of age and continuing through the teenage years.

Academies operate in the market for children's dance instruction and youth enrichment services. This market is part of the broader children's extracurricular activity and performing arts industry in the United States. Customers typically include parents or guardians seeking recreational, developmental, and performance-based dance classes for children and teenagers.

Sales are generally not seasonal. However, participation in children's dance and performing arts programs may fluctuate due to economic conditions, seasonal enrollment cycles, school schedules, public health conditions, and consumer preferences for alternative activities.

Industry Regulations

Franchisees operating an Academy must comply with numerous federal, state, and local laws, regulations, and ordinances that apply to small businesses, educational programs, and facilities serving minors. These requirements vary by jurisdiction and may change overtime.

Franchisees must obtain and maintain all required business licenses, permits, and registrations applicable to operating a dance academy or youth enrichment facility in their jurisdiction. These may include general business licenses, occupancy permits, and zoning approvals. Franchisees must comply with all applicable health, fire, building, and safety codes.

In addition, businesses serving children may be subject to additional safety requirements, including supervision ratios, check-in/check-out procedures, facility safety standards and laws relating to child safety. Some states or municipalities may require additional permits or oversight for programs serving children, even if the programs are recreational rather than academic.

Academy franchisees are solely responsible for complying with all applicable laws and regulations. We may provide general guidance regarding regulatory compliance, but franchisees must independently verify and are ultimately responsible for all legal requirements applicable to their location and operations.

ITEM 2 BUSINESS EXPERIENCE

President: Tiffany Henderson. Tiffany has been our President and co-owner since our inception in February 2020. She also has been a co-owner of our affiliates, Tiffany's Dance Academy, Inc. since October 2000, Tiffany's Dance Academy USA, LLC since September 2005, and Twinkle Star Dance, LLC since March 2012. These positions are held in Livermore, California.

Chief Operating Officer, Chief Strategy Officer: Paul Henderson. Paul has been our Chief Operating Officer, Chief Strategy Officer and co-owner since our inception in February 2020. He has also been a co-owner of Tiffany's Dance Academy, Inc. and Tiffany's Dance Academy, LLC since October 2000, Tiffany's Dance Academy USA, LLC since September 2005, and Twinkle Star Dance, LLC since March 2012. These positions are held in Livermore, California.

Director of Onboarding Services: Amanda Scott. Amanda was Tiffany's first student and has served as Director of Onboarding Services since February 2020. Since March 2012 to present she has served as Director of Operations in Twinkle Star Dance, LLC and since February 2026 to present she has been the owner and operator of a Twinkle Star Dance Academy in Naperville, Illinois. These positions are held in Naperville, Illinois.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information is required to be disclosed in this item.

ITEM 5 INITIAL FEES

Initial Franchise Fee.

The initial franchise fee is \$25,000, is payable upon signing the Franchise Agreement and is not refundable.

We currently offer the following incentives and discounts:

- We will provide an incentive of \$5,000 off the initial franchise fee for the first four franchisees to sign Franchise Agreements after the issuance date of this Disclosure Document.
- Honorably discharged veterans qualify for a 25% discount off the initial franchise fee for the first franchisee.

- Subscribers to Twinkle Star Dance, LLC will receive a discount on the initial franchise fee equal to amounts paid as subscribers but not more than \$10,000.
- Employees of ours, our affiliates, our franchisees and subscribers to Twinkle Star Dance, LLC may apply for the purchase of a franchise after completing two years of continuous employment and at least 2000 hours of service. If granted a franchise, the employee will receive a discount of three dollars (\$3) per hour worked but not more than \$15,000. The employee discount is not an accrued benefit and has no value unless the employee is granted a franchise. Employees must meet the same criteria as non-employee franchise candidates.
- A parent or guardian of a student enrolled at a Twinkle Star Dance Academy or Tiffany's Dance Academy may apply for the purchase of a franchise. If granted a franchise, the parent or guardian will receive a discount equal to 50% of the amount of the tuition paid but not more than \$15,000.
- We may grant qualified franchisees the right to open additional Twinkle Star Dance franchises. We will charge a reduced initial franchise fee for second and additional units that is 80% of the then-current initial franchise fee.

No franchisee is eligible for more than one incentive or discount.

In our 2026 fiscal year, we did not charge an initial franchise fee as we did not sell any franchises during this period.

Initial Training Fee.

You must pay us an initial training fee of \$15,000. The initial training fee is payable upon signing the Franchise Agreement and is not refundable.

We may waive or discount the initial training fee and/or waive the requirement to successfully complete initial training for individuals who have previously completed initial training or otherwise have considerable experience in Twinkle Star Dance methods.

In our 2026 fiscal year, we did not charge an initial training fee as we did not sell any franchises during this period.

Development Fee.

Under the Development Agreement, we grant qualified Developers the right to develop two or more Academies within the Development Area. For each Academy you open in your Development Area, you must sign our then-current form of Franchise Agreement. At signing, you will pay the initial franchise fee due under the Franchise Agreement for the first Academy plus non-refundable development fees of \$4,000 for each additional Academy to be developed under the Development Agreement. When you sign each additional Franchise Agreement pursuant to the Development Schedule, you will pay a discounted initial franchise fee that is equal to 80% of our then-current initial franchise fee, less the \$4,000 development fee.

Except as noted above, you do not pay us or our affiliates any other fees or payments for services or goods before your Academy opens.

**ITEM 6
OTHER FEES**

Type of Fee	Amount (Note 1)	Due Date	Remarks
Royalty Fee	6% of Gross Revenues	Payable monthly by the 10th of the following month in which the Gross Revenues were received	See Note 2.
Advertising Fees	2% of total monthly Gross Revenues of your business annually	Payable monthly by the 10th of the following month in which the Gross Revenues were received	We will utilize the Advertising Fee to promote the System's services. We will debit your bank account for Advertising Fees due. See Notes 2 and 3.
Advertising Cooperative Fee	Up to 2% of your Gross Revenues. <i>Currently not charged</i>	As required under the cooperative's by-laws.	If we establish an advertising cooperative for the region in which your Academy is located, you must join such advertising cooperative. See Notes 2 and 4.
Initial Certification Program (Additional Attendees)	\$1,500 per person	2 weeks before the beginning of initial training	Payable only if you would like us to provide the initial certification program for more than 4 people. You are responsible for all travel costs, room and board and employees' salaries incurred during initial training.
Additional Training	Up to \$500 per person per day	Before the beginning of training	We may, from time to time, provide ongoing training and/or seminars that you, your Academy Manager and/or employees are required to attend. You are responsible for all travel costs, room and board and employees' salaries incurred during such training or seminars.
Technology Fee	A set-up fee of \$1,000 and up to \$300 per month. <i>Currently, we do not charge this fee</i>	Payable monthly by the 10th of the month	Due to evolving technology needs as the System grows, we reserve the right to charge a Technology Fee for the use

Type of Fee	Amount (Note 1)	Due Date	Remarks
			of our Intranet, software and other technology products and services we provide. See Note 5.
Transfer Fee – Franchise Agreement or Franchised Unit	25% of the initial franchise fee being charged new franchisees at the time of the transfer will be due to us.	Prior to consummation of the transfer	Payable to us when you sell your Academy. No charge if the franchise is transferred to a corporation or LLC which you own.
Renewal Fee	10% of the initial franchise fee being charged new franchisees at the time of the renewal will be due us when you renew your Franchise License at the end of its 10-year term.	30 days before renewal (at the end of your 10-year license)	Payable to us.
Audit	Will vary under the circumstance	Within 3 days after demand	See Note 6.
Insurance Reimbursement	Cost of premiums and our costs and expenses	When billed	Payable only if you fail to maintain required insurance coverage and we elect, in our discretion, to obtain coverage for you.
Late Fees and Interest	\$100 and interest payments of the lesser of 18% per annum or the maximum amount permitted by applicable law	When billed	Payable only if any payment owed to us is paid more than 7 days after the due date
Convention Fee	Up to \$1,000 per attendee.	When billed	
Relocation Fee	\$1,500 or reimburse of our out-of-pocket costs, whichever is greater.	When billed	Payable only if you request that your Academy be relocated
Management Fee	\$500 per day, plus our (or the third-party management	When billed	If we step in and manage your Academy under certain circumstances, you must pay

Type of Fee	Amount (Note 1)	Due Date	Remarks
	company's) out-of-pocket costs		us a management fee and reimburse our expenses. See Note 7.
Proprietary Products	Up to \$20 per year per student enrolled at your Academy	When you place orders	We may require that you purchase certain proprietary products from us. See Note 8.
Supplier Evaluation Fee	Up to \$500 for supplier testing and evaluation	When billed	
Administrative Fees	10% of the actual cost of the product or services	When billed	We may arrange for or procure optional products or services for your benefit. If you choose to purchase such optional products or services, we may charge this amount as an administrative fee cover our administrative, procurement, coordination, and handling services.
Indemnification	Our out-of-pocket costs such as attorneys' fees and all other costs of litigation and settlement costs	When billed	You must reimburse us if we are held liable for claims from the operation of your Academy.
Liquidated Damages	The average Royalty Fees owed to us during the 12 months of operation preceding the effective date of the termination multiplied by the lesser of (a) 36; or (b) the number of months remaining in the term of the Franchise Agreement	Upon termination	Payable only if we terminate due to your breach.

Notes

All fees are imposed by and are payable to us. Unless otherwise stated, all fees on the table above are non-refundable and the fee or its formula is uniformly imposed. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. All payments to us under the Franchise Agreement must be made by electronic funds transfer or other similar technology we designate that is designed to accomplish the same purpose. You must pay all costs of electronic funds transfer or other similar technology we designate.

1. We may increase any fee that is not based on a percentage of Gross Revenues yearly, compounded annually, by the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, Washington, D.C. — Consumer Price Index.

2. “Gross Revenues” means all revenue and income directly or indirectly derived in connection with the operation of the Academy, except sales taxes. Royalty Fees are payable by automatic debit and funds must be made available in your account for withdrawal.

3. Our company-owned or affiliate-owned Academies will contribute the same percentage of Gross Revenues as an Advertising Fee. However, our company-owned or affiliate-owned dance academies that operate under marks other than Twinkle Star Dance Academy will not contribute any amount as an Advertising Fee.

4. If we establish Advertising Cooperatives, they will include Academies operated in the area by us and our affiliates. Any company or affiliate-owned Academies in the region or area in which an Advertising Cooperative has been established will contribute to the Advertising Cooperative and will have the same voting rights as those franchises owned by franchisees. Our company-owned or affiliate-owned dance academies that operate under marks other than Twinkle Star Dance Academy will not contribute any amount to Advertising Cooperatives.

5. In addition to the Technology Fee, we may designate technology that you must purchase from third parties and use as part of your technology system. See Item 11 for more information on required third-party technology expenses.

6. If an audit was performed because you failed to report Gross Revenues or provide other reports or tax returns required under the Franchise Agreement or if an audit discloses an understatement in any report of 3% or more, you must pay the costs of the audit plus 15% of the underpayment and interest at the rate of 18% from when the amounts were originally due.

7. We have the right to operate your Academy in the event of your death, disability or prolonged absence or after your default or abandonment. If we elect to exercise our right to “operate your Academy, you will be required to pay a Management Fee, plus the expenses (including, but not limited to travel, lodging and meals) we incur in providing you with management assistance.

8. We currently require that you purchase certain passports and journals for your students, and one set of the “Adventure of Twinkle Bear” books. We are the only supplier of these items.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FOR A NEWLY CONSTRUCTED ACADEMY

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee (See Note 1)	\$25,000	\$25,000	Lump Sum	When you sign your Franchise Agreement	Us
Initial Training Fee (See Note 2)	\$15,000	\$15,000	As Incurred	When you sign your Franchise Agreement	Us
Rent (3 months) (See Note 3)	\$4,950	\$16,000	Initial and monthly	At Lease Signing & Monthly	Landlord & Utilities
Lease, Utility & Security Deposits (See Note 4)	\$3,000	\$6,000	As Agreed	Before Opening	Landlord
Leasehold Improvements (See Note 5)	\$30,000	\$50,000	As Incurred	Before Opening	Local Vendors
Permitting (See Note 6)	\$1,000	\$2,000	As Incurred	Before Opening	Approved Vendor & Local
Computer and Office Furniture	\$2,000	\$3,100	As Incurred	Before Opening	Vendors
Equipment, Furniture, Signage, Decor	\$14,000	\$21,000	As Incurred	Before Opening	Approved Vendor
Uniforms	\$250	\$250	As Incurred	Before Opening	Approved Vendor
Insurance (see Note 7)	\$1,350	\$2,000	As Incurred	Before Opening	Insurance Companies
Technology Costs (See Note 8)	\$3,000	\$4,500	As Incurred	Before Opening and 3 months	Approved Vendor

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
grand opening promotion(See Note 9)	\$1,500	\$2,000	As Incurred	Before Opening	Vendors
Professional Fees (Note 10)	\$2,000	\$5,000	As Incurred	Before Opening	Accountant, Attorneys and other Professional Advisors
Miscellaneous Opening Costs (See Note 11)	\$2,000	\$4,500	As Incurred	Before Opening	Vendors
Additional Funds During Initial 3-Month Period (See Note 12)	\$19,000	\$40,000	As Incurred	During the initial 3-month period	Vendors
TOTAL (Note 13)	\$124,050 to \$196,350				

Notes

1. Certain incentives or discounts may be available as described in Item 5. The development fee for each unit to be developed under a Development Agreement is \$4,000, which will be credited towards the then-current initial franchise fee when the Franchise Agreement is signed. All fees are non-refundable. We do not provide any direct or indirect financing.

2. Initial training must be successfully completed prior to opening the Academy. Because training is conducted on a remote basis, you will not need to pay travel and living expenses during training, but you may have to pay wages and other benefits to your employees.

3. You must operate your franchise from a suitable commercial retail space that has been approved in advance by us. A typical facility would include 1,000 to 2,100 square feet of space. You may incur leasehold improvement costs and you will pay ongoing rental fees for your space.

4. The figure for “Security Deposits” assumes that you will pay the first and last month’s rent and typical utility deposits when you open your Academy and sign a lease. In some markets, you may be able to obtain terms offering 1 to 3 months with reduced rent or no rent.

5. You may incur costs associated with configuring the space to standard design specifications. Depending on market conditions and your negotiation skills, the landlord may pay for some or all of the leasehold improvements. Much of our design is open space which should minimize leasehold costs. If you

elect to renovate an existing Academy, the structure must be renovated according to our standards and specifications for furnishings and décor. The costs of the improvements will vary depending upon size, condition and location of the premises, local wage rates and material costs. We recommend that you convert an existing structure of former Academy premises into an Academy, because your costs will most likely be significantly higher if you choose new construction.

6. You will incur costs for construction permits from the local county or municipality.
7. This range estimates your insurance premium costs during the first 3 months of operation for the insurance policies we require you to maintain. You might need to pay the entire annual premium in advance. Also, costs may vary among underwriters depending on how long you have been in business, your financial condition, your risk history, and the Franchised Academy location. You should contact your insurance agent and obtain an estimate of your actual insurance costs.
8. This fee covers the initial set-up of your technology system. See **Item 11** for more information.
9. We have developed advertising campaigns that will introduce your business to your marketplace. You will arrange with various vendors to execute these programs 30 days prior to opening and 60 days after opening. Your investment in your grand opening will vary based on the cost of media, your competition in your marketplace and your short-term goals. You must spend a minimum of \$1,000 on grand opening promotion during your first 90 days of operation or 30 days prior to opening the Academy to 60 days after commencing operations.
10. You may need to employ an attorney, accountant or other professionals to assist you in establishing your Academy. These fees may vary from location to location depending upon the prevailing rate of service fees.
11. This estimate includes costs of general liability insurance; office supplies; printed forms; the installation of telephone lines and internet access; government license fees and entity formation.
12. The amount of working capital will depend on the time necessary to achieve cash flow to cover operating expenses. This category estimates the cash or credit lines you should have available when you open your business to cover any expenses that exceed revenues during the first one to six months. These expenses include payments for your staff (but not you), utilities, vendors, advertising and promotion. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your Academy; the prevailing pay rates; competition; and the resulting sales level reached during the initial period.
13. We relied on our affiliate's and management team's experience in operating dance academies since 2000 when preparing these estimates. We do not provide financing.

**YOUR ESTIMATED INITIAL INVESTMENT
DEVELOPMENT OF THREE NEWLY CONSTRUCTED ACADEMIES**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low	High			
Initial Franchise Fee and Training Fee for first Academy and Development Fees for 2 Additional Academies) (See Note 1 and Item 5)	\$48,000	\$48,000	Lump Sum	When you sign the Development Agreement	Us
Other Expenditures for 1st Academy (Note 2)	\$84,050	\$156,350	As Disclosed in Preceding Table	As Disclosed in Preceding Table	As Disclosed in Preceding Table
TOTAL (Note 4)	\$132,050 to \$204,350				

Notes:

1. At signing of the Development Agreement, you must pay the initial franchise fee (\$25,000) and training fees (\$15,000) for the first Academy under the first Franchise Agreement plus non-refundable development fees of \$4,000 for each additional Academy to be developed after the first Academy under the Development Agreement.

2. The balance of your initial investment for the first Academy is as stated in the preceding table. Your costs to develop each additional Academy may be affected by inflation, local labor costs, materials cost and other factors not within our control.

3. In compiling this chart, we relied on our and our affiliates' experience in operating dance businesses since 2000. The amounts shown are estimates only and may vary for many reasons including the size of your Academy, the capabilities of your management team, where you locate your Academy and your business experience and acumen. We do not typically offer financing for any of the above expenditures.

**ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

Approved Products and Services

You must purchase or lease and install all equipment, fixtures, furniture, decor items, signs, computer hardware and software, supplies, advertising, sales and marketing materials, inventory, proprietary and/or trademarked products and other products and services we specify in accordance with our specifications and from designated

sources. Designated sources may be us, our affiliate or suppliers approved by us (including manufacturers, distributors, and other sources). You may not install or permit to be installed equipment, fixtures, furniture, decor items, signs, computer hardware and software, supplies, advertising, sales and marketing materials, inventory and other products that do not comply with our standards unless you have prior written permission.

None of our officers has an interest in any supplier.

We will provide you with notice in the Manual or other methods (such as by e-mail) of any products or services that must be purchased in accordance with our standards and specifications and/or from approved vendors.

The following are our current specific obligations for purchases and leases of products and services:

- (1) You must conform to our standards and specifications in the site selection, build-out and operation of the Academy.
- (2) You must purchase letterhead, business cards, signs, marketing materials and supplies from approved third-party vendors in accordance with quality standards set forth in the Operations Manual.
- (3) You may only use advertising that has been approved by us. Some of this advertising must be purchased from a designated third-party source. We do not sell advertising to you.
- (4) You must obtain and maintain the insurance coverages and policies that we prescribe in the Manuals. You may obtain insurance from any carrier so long as it is an insurance carrier having an A VIII or better rating with the Alfred M. Best & Company, Inc. rating agency and otherwise meets our specifications. You must provide the following coverages:
 - (i). Comprehensive blanket general public liability insurance, including product liability insurance, to be maintained against claims for personal injury, death or property damage suffered by others upon, in or about the premises or occurring as a result of the maintenance or operation of any automobiles or other vehicles, owned, hired and non-owned, or as a result of the use of any products sold by you or services provided or any claims arising out of the Academy with a single bodily injury and property damage limit of at least \$1,000,000, per occurrence and \$2,000,000 in the aggregate;
 - (ii). General casualty insurance for fire and extended coverage, vandalism, theft, burglary and malicious mischief liability for the replacement value of the Academy and its contents;
 - (iii). Workers' compensation or employer's liability insurance as well as other insurance as may be required by statute or rule in the state in which your Academy is located with coverage limits for injured employees by accident or bodily injury or by disease including Employers Liability Limit of \$500,000 per Injury by accident or disease, \$500,000 Policy Limit and \$500,000 per employee;
 - (iv). Automobile liability for owned, leased, hired and non-owned vehicles with recommended limits of at least \$1,000,000 combined single limit; \$500,000 Medical/Personal Injury Protection and \$1,000,000 Uninsured/Under-insured Motorist;
 - (v). Personal Injury and Advertising Injury insurance with a single person or organization limit of not less than \$1,000,000;

- (vi). Business interruption insurance covering a minimum 12 months loss of income, including coverage for our Royalty Fees with no co-insurance clause;
 - (vii). Crime-Fidelity Employee Dishonesty insurance with Crime endorsement added with a minimum limit of insurance not less than \$10,000 and a deductible per claim of not more than \$1,000; and
 - (viii). Any and all bonds required by state law.
- (5) We require that you purchase your technology system in accordance with our specifications and, in certain instances, from approved vendors. See **Item 11** for more information. Most of these items may be purchased from any source, as long as the required specifications are met.
 - (6) We currently require that you purchase certain passports and journals for your students, and one set of the “Adventure of Twinkle Bear” books. We are the only supplier of these items.
 - (7) As of the date of this Disclosure Document, we are identifying suppliers of certain branded items, such as warm-up jackets, shirts, dancewear and other apparel. We anticipate that we will either designate a vendor that you must use in order to purchase these items, or require you to purchase these items from us.

Except for passports and journals for your students, the “Adventure of Twinkle Bear” books, we are not currently an approved supplier of any products or services required to be purchased by our franchisees.

Approved Suppliers

We may designate one or more specific manufacturers or suppliers for approved products and services, which may be us or our affiliates. Our approved products and services and approved suppliers are set forth in the Manual.

If we have not designated an approved supplier for particular approved products or services, you may purchase such products and/or services from suppliers you propose and we approve in writing, provided the proposed suppliers meet the standards we establish from time to time and the products and/or services to be purchased are in strict accordance with our specifications. If you want to purchase items or services or use a supplier not previously approved by us, you must put that request in writing, providing us with sufficient information and/or samples with which to make a decision as to the new item, service or supplier. We do not provide to you our criteria for approving new suppliers. We may charge a reasonable fee for inspection and/or testing, not to exceed \$500, to evaluate the new item, service or supplier and expect that we would make a decision on any proposed item, service or supplier within 30 days after receiving all of the necessary information. Decisions as to new equipment or suppliers will generally be made by our Corporate Officers, Tiffany and Paul Henderson, who will base their decision on the quality of the goods, pricing and delivery terms, vendor’s ability to service the Twinkle Star Dance System plus the reliability and reputation of the proposed vendor. Once approved, we may revoke approval of a supplier by written notice to you and the other franchisees.

There are currently no purchasing or distribution cooperatives. At this time, we have not negotiated special purchasing arrangements with suppliers that will benefit our franchisees, but we may do so in the future.

We do not provide you with any material benefits based on your purchase of goods or services from our approved or designated suppliers.

We estimate that purchases from approved suppliers or in accordance with our specifications will represent approximately 2% of your total purchases to establish, and approximately 2% of your total purchases to operate, your franchise.

We, or our affiliate, may derive income or benefits from our direct sale of products to franchisees or the sale of products made by the vendors based on the amount of purchases made by our franchisees for certain items.

In our fiscal year ended December 31, 2025, we derived \$0 in revenue from required purchases by franchisees which is 0% of our total revenues of \$123,522 for fiscal year 2025. In its fiscal year ended December 31, 2025, our affiliate, Twinkle Star Dance, LLC, derived \$3,000 in revenue from required purchases by franchisees of passports and journals for students and the “Adventure of Twinkle Bear” books, which is less than 1% of its total revenues of \$1,774,000 for fiscal year 2025.

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 obligation in these agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 2 and 4D of	Items 7 and 11
b. Pre-opening purchase/leases	Sections 4 and 5 of Franchise	Items 6 & 7
c. Site development and other pre-opening requirements	Sections 2, 4 and 5 of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Sections 4A & 5A of	Item 11
e. Opening	Sections 2, 5B, & 5C of	Item 5 & 11D
f. Fees	Section 3 & 6 of Franchise	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Section 5 of Franchise	Item 11
h. Trademarks and proprietary information	Section 5C of Franchise	Items 13 and 14
i. Restrictions on products/	Section 5C	Items 8 & 16
j. Warranty and customer service requirements	Not Applicable	Not Applicable

Obligation	Section in Agreement	Disclosure Document Item
k. Territorial development and sales quotas	Section 6A of Franchise	Item 12
l. Ongoing product/service purchases	Section 5E of Franchise	Items 8 & 16
m. Maintenance, appearance and remodeling requirements	Section 5C, D, E, F and K of	Item 11
n. Insurance	Section 5I of Franchise	Items 7 and 11
o. Advertising	Section 5G of Franchise	Items 6 and 7
p. Indemnification	Section 7 of Franchise	Item 13
q. Owner's participation/	Section 5B of Franchise	Item 15
r. Records and reports	Sections 5H, 6A & 6B of	Item 6
s. Inspections and audits	Section 5H of Franchise	Item 6
t. Transfer	Section 11 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 8 of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Section 10 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 15 & Addendum B of Franchise Agreement	Item 17
x. Dispute resolution	Sections 18 & 20 of Franchise Agreement	Item 17
y. Other:	Sections 2 & 4G of Franchise Agreement	Item 11 & 12

ITEM 10 FINANCING

We do not offer direct nor indirect financing of any purchases, nor do we guarantee your note, lease or any obligation.

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

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

Before you open the Academy:

1. We will assign your Protected Territory. (Franchise Agreement - Section 2 and Addendum A)
2. Within 30 days of your projected opening, we will provide a one-week class called Twinkle Star Dance Academy to train up to four people, which may be virtual. (Franchise Agreement – Section 7.A)
3. Shortly after signing your Franchise Agreement, we will forward our Site Selection and Build-Out Manual containing information to guide you in finding and remodeling an Academy for your Twinkle Star Dance franchise. We currently provide this training to you virtually and through a pre-recorded video. (Franchise Agreement – Section 7.B)
4. When you choose sites that you feel are suitable and meet the needs of your Academy, as described in the Site Selection Manual, you must submit the sites and proposed leases for our acceptance. We will review your choices and corresponding documents to verify that they meet our standards and discuss our findings with you and issue acceptance subject to our comments and suggested changes regarding the lease. You must reach the final decision on the location that you choose. (Franchise Agreement – Section 4.A)
5. Once we approve a proposed site, you must sign a lease for the site, the form of which must be approved by us. The terms of your lease must not conflict with the terms of your Franchise Agreement, and the length of the lease should not be longer than the term length of your Franchise Agreement but must conform to the length of the Franchise Agreement inclusive of renewals. The Lease for the site must incorporate the terms of our form of Lease Rider. Simultaneously with your execution of the lease for the site, you will be required to sign our form of Collateral Assignment and you expressly agree to arrange for the landlord of the leased premises to sign our form of Collateral Assignment. The executed Collateral Assignment will be held by us in escrow, until such time (if any) that we may elect to effectuate an assignment of your Lease. (Franchise Agreement – Section 5.A)

The training will include information on following topics:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Orientation	1	0	Virtual
Culture, Mission and Purpose	2	0	Virtual
Organization	1	0	Virtual
Systems: Academy Director, Dance	3	0	Virtual
Operations Manual Overview	1	0	Virtual
Teacher Hiring, Training, Management	5	0	Virtual
Customer Relations and Service	3	0	Virtual
Show Stars Curriculum Training	8	0	Virtual
Twinkle Star Dance Curriculum Training	8	0	Virtual
Recital Procedures	8	0	Virtual
Total Hours	39	0	

The cost of this training for up to four people is covered by your initial training fee. Because training is conducted on a remote basis, you will not need to pay travel and living expenses during training, but you may have to pay wages and other benefits to your employees.

Training will be conducted by Tiffany Henderson, Amanda Scott and Halle Henderson. Tiffany is the founder of Twinkle Star Dance and has worked with our affiliate for over 20 years and has over 20 years of relevant experience in the industry. Amanda Scott has been an instructor at an affiliate-owned dance academy or helped train franchisees for over 10 years and has over 10 years of relevant experience in the industry. Halle formerly operated a dance studio and has 7 years of experience as a dance instructor and 7 years of relevant experience in the industry.

The materials used in training include the Site Selection and Build-Out Manual, Operations Manual; to include policies, procedures, dance curriculum, choreography and the Academy management system.

You must successfully complete the training program to our satisfaction and do so within the 180-day period within which you are required to open your Academy. You are not allowed to open the business until the training has been successfully completed. There is no requirement that you successfully complete training any specified period of time before opening or after signing. We do not have any required additional training or refresher programs presently.

During the operation of the Academy, we will:

1. Provide your Academy's contact information on our website to assist prospects in contacting your franchise and forwarding inquiries and leads that we receive from those in your territory (Franchise Agreement – Section 7.A)
2. Maintain a telephone and/or web advisory service to provide a prompt response to your operational, administrative, sales, and management questions regarding the operation of your franchise. (Franchise Agreement - Section 7.A, (ii))
3. Evaluate and identify new products and services and train you in methods for replicating them in your Academy. We will also provide you with information about various models or best practices for pricing your services; managing and training your team; and other developments in the industry that may impact your business. (Franchise Agreement – Section 7.B)
4. Lend you a copy of our Operations Manuals which contain mandatory and suggested specifications, standards and procedures. This manual is confidential and remains our property. As of the date of this Disclosure Document, the Operations Manuals contains 268 pages. We may modify this manual, but the modification will not alter your status and rights under the Franchise Agreement. (Franchise Agreement - Section 7.B). The table of contents of our current Manuals appear in Exhibit G.
5. We may hold annual conventions to discuss improvements in the Twinkle Star Dance System, new products, new services, new equipment, sales and pricing techniques, improved operating Systems, quality control, advertising programs and accounting. We may or may not charge you a convention fee but you must pay all your travel and living expenses. These conferences may be held near our Livermore, California headquarters or at other locations of our choosing. (Franchise Agreement - Section 7.B)
6. We may, from time-to-time, develop advertising and marketing materials for use in your territory. You will receive samples of these items at no charge. If you want additional copies you must pay us or other vendors for them. You may develop advertising materials for your own use, at your own cost. We must approve these materials in writing in advance of their use. Your Franchise Agreement requires that you spend the greater of \$400 or 2% of sales per month in local marketing. You send us a Monthly Report indicating how your local marketing expenditures were spent. We reserve the right to require you to join any advertising cooperative established in your area, and to spend some or all of your required advertising costs with the cooperative. We are not obligated to conduct advertising on your behalf. In addition, we require that you and all franchisees pay 2% of Gross Revenues per year as an Advertising Fee. The Twinkle Star Dance National Advertising Account will be administered by us. Each year that the Twinkle Star National Advertising Account is active, we may have a compilation of its financial activities will be prepared by an independent CPA and shared it with all franchisees. In addition, any advertising fee not spent in the year collected will remain in the account to be expended in future years. We will contribute to National Advertising on the same basis as you of annual sales of our company-owned or affiliate-owned dance businesses. No portion of the advertising account will be used to solicit new franchise sales. (Franchise Agreement – Section 9.C)

During our fiscal year ended December 31, 2025, the Twinkle Star National Advertising Account spent 0% for media placement; 0% for general and administrative expenses; 61% on production; 7% on technology; and 32% on other (including advertising/marketing).

7. We have developed a grand opening promotion program to help you launch your franchise in your home market. During your initial training, you and our staff will determine the customization and the scope of this program to match your program to your community. You must spend a minimum of \$1,000 on grand opening promotion during your first 90 days of operation or 30 days prior to opening the Academy to 60 days after commencing operations. (Franchise Agreement – Section 9.A)

Technology System

We have the right to require that you purchase and maintain a technology system, including: (a) back office and point of sale systems, data, audio, video, and phone, voice storage, retrieval, and transmission systems for use at the Academy, between or among Academy franchisees, our affiliate-owned businesses and us; (b) physical, electronic, and other security systems; (c) printers and other peripheral devices; (d) archival back-up systems; (e) communication systems (including without limitation email and phone systems); and (f) Internet access mode and speed.

You must purchase all equipment, computers and software that we require, and these requirements may be changed or updated from time to time. We may require you to upgrade and/or change any hardware component or software program at any time during the term of the Franchise Agreement. There are no contractual limits on the frequency or cost of your obligations to obtain these upgrades and changes.

Currently, we require that you purchase or license the following technology, equipment and/or software:

- One desktop or laptop computer capable of running modern web browsers and cloud-based applications (e.g., Apple Mac or Windows PC with at least 8 GB RAM and reliable internet connectivity)
- 2 tablets (e.g., Apple iPad or comparable device)
- 2 secure tablet holders or stands suitable for mounting or placement in the lobby and classroom.
- One printer capable of printing, copying, and scanning
- Subscription to QuickBooks® or comparable accounting software
- One high-quality wireless Bluetooth speaker suitable for classroom audio playback (e.g., Sony XV500 X-Series Wireless Party Speaker or comparable device)
- One commercial-grade internet router
- Reliable high-speed internet service sufficient to support cloud-based studio management systems and digital classroom operations
- Studio management software platform currently provided by The Studio Director. This system manages core studio operations, including student enrollment, class scheduling, attendance tracking, tuition billing, reporting, and other administrative functions necessary to operate the Academy. Currently, there is no setup fee for this system. The current monthly subscription fee begins at approximately \$99 per month, depending on the number of students enrolled and the features selected. Fees may increase based on enrollment levels or changes made by the software provider.

- Marketing and CRM automation platform currently provided by StudioHub, operated by GetMoreStudents.net. This system manages marketing and lead conversion activities, including lead capture from advertising platforms (such as Meta and Google), automated communications with prospective students and families, trial class scheduling and follow-up sequences, sales pipeline management from inquiry through enrollment, and marketing performance tracking and reporting. The standard setup fee for this system is currently \$3,000, however, this fee is currently waived for our franchisees. The current monthly license fee is approximately \$360 per month, which includes system access, ongoing marketing support, advertising monitoring, content updates, and weekly consultation services. You will pay advertising expenses separately and directly to advertising platforms such as Meta (Facebook/Instagram), Google, or other approved advertising providers.

We estimate that the initial cost to purchase the required computer hardware, tablets, stands, Bluetooth speaker, router, and related equipment described above will typically range between approximately \$1,500 and \$3,000.

You will also incur ongoing software subscription fees associated with the studio management system and marketing/customer relationship management systems described above. Based on current pricing, the estimated annual cost for required software systems is approximately \$5,400 to \$6,000 per year.

In addition, we have arranged for a third-party provider to offer franchisees an optional Virtual Assistant Program to assist with lead response, customer communications, and certain administrative duties related to studio operations. Participation in the Virtual Assistant Program is optional. Virtual assistants may assist with activities such as responding to new lead inquiries, following up with prospective students and families, scheduling trial classes and appointments, updating CRM records, and performing basic administrative support tasks. Virtual assistants are typically assigned to support multiple franchisees, allowing the cost of a full-time assistant to be shared among participating Academies. Current costs of the Virtual Assistance Program are \$849 per month, plus \$84.90 payable to us as an administrative fee. This cost reflects a franchisee's share of a full-time assistant (approximately 40 hours per week of coverage shared between participating Academies).

We will have independent access to all information stored on your technology system, which includes all customer and sales data. There are no contractual limitations on our right to access your technology system information. The information stored on your technology system includes individual customer information and transaction data.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We currently do not require that you enter into a maintenance contract.

Site Selection and Opening

We anticipate that the typical length of time between signing the Franchise Agreement and the opening of the franchised business will be between 3 to 6 months. The factors that affect the time to open your Academy may include your ability to obtain a lease, financing, construction or building permit delays, zoning and local ordinances, weather conditions, shortages, and delayed delivery of equipment. There is no requirement that you secure an approved site by any given time period, but there is a requirement that you open your franchise within 180 days from signing your Franchise Agreement, unless you receive a written extension of this time. (Franchise Agreement – Section 12.B(vii)). We can terminate your Franchise Agreement if you do not open within the 6-month period, with no refund of any part of your initial franchise fee. We will consider granting an extension of time if we feel you have acted diligently to get the franchised business open.

ITEM 12

TERRITORY

Franchise Agreement

You will be assigned a Protected Territory that will typically be a portion of a city, an area within specific geographic or highway boundaries, or a group of zip codes, depending on the population and the demographics in the territory.

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.

You must operate your business from a commercial retail building that has been accepted by us, and you may not relocate your Academy without our prior written consent. If, during the term of the Franchise Agreement, you wish to relocate your Academy, or if the Academy is damaged or destroyed and cannot be repaired within 90 days, you will have 6 months to relocate your Academy.

We may, if we wish, inspect your proposed new location. You will be responsible for paying all expenses we incur in connection with the relocation of your Academy. In considering a request for relocation, we shall consider the business desirability of the proposed new location, your Protected Territory, its distance from other and future-planned franchised locations, the demographics of the area, and other factors we deem to be reasonably appropriate. While we will not unreasonably withhold our consent to your relocation request, we will only grant our approval if: (i) you are in full compliance with the terms and conditions of your Franchise Agreement; (ii) you have paid the Relocation Fee; (iii) you have paid us and our affiliates all monies owed; (iv) you have paid all obligations with respect to your existing Academy, including, without limitation, all obligation called for in connection with your existing lease; (v) the proposed location meets our then current site selection criteria for Academies and is located within your Protected Territory; and (vi) you comply with the lease requirements in our then-current Franchise Agreement.

Your Protected Territory provides a buffer around your business within which we will not allow another Twinkle Star Dance franchise to be located. Each territory will differ in size depending on local demographics and the density of competing establishments.

We do not have a minimum size territory. Continuation of your territorial rights is not contingent upon your achieving certain sales volumes, market penetration or other contingency. There are no other circumstances that would permit us to alter your territorial rights. We use US Census data, other sources of information and business directories to assist in evaluating a territory. Although the Protected Territory is not usually described as a radius from your location, we typically try to create at least five miles of protection for you, between you and the nearest Twinkle Star Dance Franchise. You are authorized to offer your products and services only from one location that we have accepted that lies within your Protected Territory as defined in your Franchise Agreement. You are restricted from soliciting, marketing, selling or providing services under the Twinkle Star Dance mark at locations that are not within your Protected Territory without our prior approval. With our prior approval, you may offer promotions that are outside your territory as long as those sites are not within another franchisee's Protected Territory. You may not, unless advertising with other Twinkle Star Dance franchisees, target clients with direct marketing nor advertise in internet, telephone, or similar directories that target areas outside your Protected Territory nor may you establish mailing addresses for your Academy that would lead others to believe that you have facilities or offer services outside of your Protected Territory.

We will not establish franchise units nor open company units to provide competing services within your Protected Territory under the Twinkle Star Dance trademark provided you are in full compliance with your obligations under the Franchise Agreement.

Your Franchise Agreement does not grant you any rights or options to operate any additional Academies. Each Academy is operated according to a separate Franchise Agreement that you sign. We do not currently permit a franchisee to expand its Protected Territory.

Under the Franchise Agreement, we and our affiliates retain all rights with respect to Academies, the Marks, and any products and services anywhere in the world including the right:

1. to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with the goods and services offered at Academies displaying the Marks or other trade and service marks through alternative distribution channels (such as, the Internet and other forms of electronic commerce, catalogs or other mail order devices, “800” or other similar toll-free telephone numbers, telemarketing or other direct marketing sales, or other channels of distribution), both within and outside your Protected Territory, and under any terms and conditions we deem appropriate;

2. to offer and sell our proprietary products, such as our dance lesson plans and choreography, for use by privately owned dance businesses located within or outside of your Protected Territory for the operation of their own dance business by subscription or otherwise provided that such dance businesses are not authorized to operate under the Marks;

3. to operate and to grant others the right to operate Academies located outside your Protected Territory under any terms and conditions we deem appropriate and regardless of the proximity to your Academy Location;

4. to offer and sell (directly, or through other franchisees or licensees) Twinkle Star Dance System products and services at any and all nontraditional locations, within or outside of your Protected Territory, including nontraditional locations situated proximate to Franchisee’s Academy Location, through the establishment of Academies, and that, by contrast, you are precluded in engaging in such activity. “Nontraditional locations” include malls; schools and universities; day care facilities of any type; community centers; government facilities; condominium and cooperative complexes; military bases and installations; and any other location or venue to which access to the general public is restricted;

5. to purchase, merge, acquire, be acquired by or affiliate with any company, including an existing competitive franchise or non-franchise, chain or any other business, operating one or more units located within or outside of your Protected Territory, and subsequently operate, franchise or license those units under any names or marks, including our Marks, regardless of their location, which may be immediately proximate to your Academy Location; and

6. sell Twinkle Star Dance System products and services to national, regional and institutional accounts, within or outside of your Protected Territory, even when they are situated proximate to your Academy location. Only we will have the right to enter into contracts with such national, regional and institutional accounts.

We are not required to pay you if we exercise any of the above-mentioned reserved rights inside (or outside) of your Protected Territory. Under the terms of the Franchise Agreement, you waive and release any claims,

demands or damages arising from or related to any of the above activities and promise never to begin or join in any legal action or proceeding, or register a complaint with any governmental entity, directly or indirectly contending otherwise.

Our affiliates, Tiffany's Dance Academy, Inc. and Tiffany's Dance Academy USA, LLC, currently own and operate three dance academies under the mark "Tiffany's Dance Academy" in Livermore, California, San Ramon, California, and Fremont, California which offer dance lessons. Our affiliate, Twinkle Star Dance, LLC, licenses dance lesson plans and choreography to independent dance businesses via Internet subscription. There are no restrictions on our affiliates' offering these services to customers and independent dance businesses located within your Protected Territory. These affiliates currently share our principal business location, and we do not plan to maintain separate offices. Conflicts between the us and franchisees, or among franchisees regarding territory, customers, or franchisor support, will first be addressed through direct discussion. If unresolved, we will facilitate mediation to reach a fair solution, considering historical performance, market needs, and equitable treatment. As of the effective date of this Disclosure Document, except as disclosed in this Item, we have not established or franchised, and have no plans to establish or franchise other businesses or another distribution channel selling or leasing similar products or services under a different trademark, but we reserve the right to do so in the future, without first obtaining your consent.

You do not have to generate a minimum level of gross receipts to maintain your Protected Territory. There are no circumstances that would allow us to modify your Protected Territory. We will approve a relocation of your Academy if your site is destroyed or the building you occupy declines substantially in value, so long as your new site is within your Protected Territory and meets our usual criteria for a site.

You are prohibited from providing goods or services as part of the franchised business outside of your territory, whether you use alternative channels of distribution or otherwise.

Development Agreement

Under the Development Agreement, we grant you the right to develop and operate the specified number of Academies in a specified Development Area, each as you and we mutually agree upon prior to the execution of the Development Agreement. The Development Area is described in an exhibit attached to the Development Agreement. The size of the designated Development Area will vary depending on population concentrations in such areas and other factors.

During the term of your Development Agreement we will not establish or license anyone other than you to establish an Academy in the Development Area. We may continue to allow pre-existing Academies to operate within the Development Area, allow those to be transferred to a new franchisee or to be renewed. We may also allow the operation of Academies owned by others in the Development Area if you are not in full compliance of the Development Agreement. Our designation of a particular Development Area is not an assurance that there are a sufficient number of suitable sites for Academies in your Development Area for you to meet your Development Schedule. You will bear sole responsibility for locating and preparing a sufficient number of suitable sites. We have no obligation to approve sites which do not meet our criteria for you to meet your Development Schedule.

The Development Agreement does not grant you the right to use the Marks, or to operate an Academy. These rights are only granted under the Franchise Agreement, which must be signed for each Academy, and the terms of which may differ from the terms contained in the Franchise Agreement being used on the date you execute your Multi-Unit Agreement, except for the initial franchise fee, Royalty and advertising expenditures.

Under the Development Agreement, we and our affiliates retain the same rights with respect to Academies, the Marks, and any products and services with respect to the Development Area as we do with in the Protected Territory under the first Franchise Agreement that you sign under the Development Agreement.

Continuation of your territorial rights is contingent upon your achievement of the opening of individual franchises within the territory in accordance with the development schedule contained in your Multi-Unit Agreement. In order to maintain your territorial rights during the development period, you must fulfill specific development obligations and other obligations as described in the Development Agreement and Franchise Agreements you enter into with us. You will be required to open and maintain in operation the number of Academies required by us. The Development Schedule is determined by us on the basis of our view of the market and size of the Development Area. The Development Schedule is fully described within the Development Agreement. If you fail to comply with the Development Schedule you will lose your right to have your development fees credited toward your franchise fees and ultimately be deemed in material default of your Development Agreement. There are no other circumstances that would permit us to alter your territorial rights.

If you fail to comply with the Development Schedule, or fail to comply with any material terms or conditions in the Franchise Agreement or Development Agreement between you and us, such action will constitute a default under the Development Agreement. Alternatively, in the event of your failure to comply with the Development Agreement, all of your Franchise Agreements or your Development Schedule, we may elect, in our sole discretion, to reduce the size of your Development Area, reduce the number of Academies you are obligated to develop under the Development Agreement or allow others to develop Academies in your Development Area. Except as described above, your Development Area may not be altered unless we and you mutually agree to do so.

Upon such default, we may terminate the Development Agreement and all rights granted in it, including territorial protections. Depending upon the circumstances, we may not be required to afford you any opportunity to cure the default, and the termination may become effective immediately upon your receipt of written notice to you, or as otherwise provided by state law. However, termination of the Development Agreement will not necessarily affect any territorial protection that any of your Academies may have under Franchise Agreements relating to those Academies.

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the right to operate your Academy under the name "Twinkle Star Dance" and to use certain other current and future "Marks" associated with the System. The Development Agreement does not grant to you any right to use the Marks. Your right to use the Marks is solely derived from the Franchise Agreement and limited to your operation of your Academy during the term of your Franchise Agreement.

You must strictly comply with our standards, specifications, rules, requirements, and instructions regarding the use of the Marks. You may not use any of the Marks as part of your corporate or other legal name. You may not modify the Marks with words, designs or symbols, except those which we license to you. You must follow our instructions for identifying your Academy and for filing and maintaining the requisite trade name or fictitious name registrations. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us. During the term of the Franchise Agreement and

continuing after the expiration or termination of the Franchise Agreement, neither you nor any of your principals will, directly or indirectly, contest, challenge or assist in the contesting or challenging of, our right, title, ownership, or interest in the Marks, or contest our right to use, or license others to use, the Marks and any other mark or name that we may designate in the future. You must sign any documents that we require to protect the Marks or to maintain their continued validity and enforceability.

The Marks currently include the following principal Mark that is registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

Mark	Registration Number	Registration Date
Twinkle Star Dance	5491138	June 12, 2018
Twinkle Star Dance Academy	6521597	October 12, 2021

We currently grant you the rights to our Service Mark, "Twinkle Star Dance" for which our affiliate, Twinkle Star Dance LLC has granted us the rights to license to our franchisees. The license granting us the right to use the mark in franchising, signed by Tiffany Henderson for Twinkle Star Dance LLC, is in writing.

There are presently no effective determinations of the U.S. Patent and Trademark Office, any trademark trial and appeal board, any state trademark administrator or any court, any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving any of the above-referenced Marks which is relevant to your use. There are no agreements which significantly limit our rights to use or license the Marks. There are no infringing uses or senior trademark rights known to us that can materially affect your use of the Marks in any other state in which the franchised business is to be located. There is no pending material federal or state court litigation regarding our use or ownership rights in any Trademark. All required declarations and renewals have been filed with the U.S. Patent and Trademark Office on a timely basis to maintain the subsisting.

Your conduct on the Internet, including without limitation, your use of the Marks on the Internet and in domain names for the Internet, is subject to the provisions of the Franchise Agreement. We reserve the right to establish and modify, from time to time, rules which will govern your conduct and use of the Internet in connection with your Twinkle Star Dance Academy, and you must agree to abide by such rules. At the present time, only Twinkle Star Dance Franchise, LLC is permitted to maintain a website promoting the franchise System. We will assist you in the establishment and maintenance of various social media accounts to promote your business under the Twinkle Star Dance Mark. Your rights to use the Marks and our Business System on the Internet will terminate when the Franchise Agreement terminates or expires.

We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If you learn of any claim against you for alleged infringement, unfair competition, or similar claims about the Marks, you must promptly notify us. We will promptly take the action we consider necessary to defend you. We must indemnify you for any action against you by a third party based solely on alleged infringement, unfair competition, or similar claims about the Marks. You may not settle or compromise any of these claims without our previous written consent. We will have the right to defend and settle any claim at our sole expense, using our own counsel. You must cooperate with us in the defense. Under the Franchise Agreement, you irrevocably grant us authority to defend or settle these claims. You may participate at your own expense, but our decisions with regard to the defense or settlement will be final. We will have no obligation

to defend or indemnify you if the claim against you relates to your use of the Marks in violation of the Franchise Agreement.

You must notify us immediately if you learn about an infringement of, or challenge to your use of any of our trademarks. We will take the action we think appropriate. We will protect your right to use our Marks and will defend you from claims arising out of your proper use of the Marks.

You are not permitted to contest our interest in the Marks and/or in other System trade secrets. You must also follow our instructions for identifying yourself as a franchisee and for filing and maintaining the requisite trade name or fictitious name registrations. You must execute any documents we or our counsel determine are necessary to obtain protection for the Marks or to maintain their continued validity and enforceability. Neither you nor your principals may take any action that would prejudice or interfere with the validity of our rights with respect to the Marks or assist others to do so. In entering into the Franchise Agreement, you are required to acknowledge that our names and Marks are valid and are our sole property. You cannot, either during or after the term of the Franchise Agreement, do anything, or aid or assist any person to do anything, which would infringe upon, harm, or contest our rights in any of our Marks. Further, you may not hinder or prevent us from using or franchising our names and marks in any jurisdiction. All goodwill which may arise from your use of our Marks is and will remain our sole and exclusive property and will inure solely to our benefit.

You must modify or discontinue the use of a service mark or trademark if we modify or discontinue it. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of Twinkle Star Dance trade or service mark(s). No agreements limit our right to use or license the use of this trademark.

There are no currently effective material determinations of the Patent and Trademark office, Trademark Trial and Appeal Board, the Trademark Administrator of any State or any court, pending infringement, opposition or cancellation, or pending material litigation involving the principal trademark.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We hold no patents and we have no pending patent applications that are material to the franchise.

Copyrights

We have not registered any copyrights with the United States Copyright Office.

In addition, we claim copyrights on certain software, forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in the Twinkle Star Dance Confidential Operating Manual.

There are no agreements currently in effect which significantly limit your right to use any of our copyrights. Also, there are no currently effective determinations of the United States Patent and Trademark Office, Copyright Office (Library of Congress) or any court pertaining to or affecting any of our copyrights discussed above. Finally, as of the date of this Disclosure Document, we are unaware of any infringing uses of or superior

previous rights to any of our copyrights which could materially affect your use of them in this state or in the state in which the Academy will be located.

Your and our obligations to protect your rights to use our copyrights are the same as the obligations for Marks described in Item 13 of this Disclosure Document.

Confidential Information

Our Operations Manual and other materials contain Confidential Information (some of which constitutes trade secrets under applicable law). This information includes site selection criteria, construction plans and design specifications, recipes, training and operations materials, methods, formats, specifications, standards, systems, procedures, food preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating Academies, marketing and advertising programs for Academies, any computer software or similar technology that is proprietary to us or the System, knowledge of specifications for and suppliers of products and supplies, knowledge of the operating results and financial performance of Academies other than your Academy, graphic designs and related intellectual property, customer data, and all password-Exclusive portions of our website, intranets and extranets and the information they contain (including the email addresses of System franchisees). You and each of your principals are prohibited, during and after the term of the Franchise Agreement or Development Agreement, from communicating, or using for your or any other person or entity's benefit, any confidential information or trade secrets, knowledge or know-how concerning the methods of operation of the Academy that may be communicated to you or any of your principals or that you may learn about. You and each of your principals may divulge this confidential information only to your employees who must have access to it to operate the Academy. Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

Confidential Information does not include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at time we disclosed it to you, already had lawfully become generally known in the Industry through publication or communication by others (without violating an obligation to us); or which, after we disclose it to you, lawfully becomes generally known in the Industry through publication or communication by others (without violating an obligation to us). If we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that at least one of the exclusions provided in this paragraph is fulfilled.

You, your principals (including equity holders, shareholders, members, partners, officers, directors, managers and all persons possessing equivalent position in any business entity which directly or indirectly owns or controls you, if you are a business entity), your Academy Manager and any of your key personnel who have received or will have access to confidential information must sign our Non-disclosure and Non-competition Agreement (attached hereto as Addendum H to the Franchise Agreement).

Operations Manual

You may use the proprietary information in our Manuals described in Item 11. Although we have not filed an application for a copyright registration for the Manuals, we assert trade secret and copyright protection for our Manuals, and printed and advertising material contained in the Twinkle Star Dance System. You are obligated

to tell us if you learn about unauthorized use of our proprietary information. We are not obligated to take any action but will respond to this information as we think appropriate.

Our Manuals and other materials contain our confidential information, including the instruction, methods, and techniques used in the key management areas of the Academy: marketing and promotion, daily operations, personnel, and financial management. You must operate the Academy in accordance with the standards, methods, policies and procedures specified in the Operations Manual (the “Manual”), a copy of which you will receive from us. We reserve the right to revise the Manual to reflect new developments and approaches in sales, marketing, operational techniques and other procedures pertaining to the Academy.

You must not, during or after the term of the Franchise Agreement, communicate or divulge any confidential information to any third party without our express written permission. You must also not directly or indirectly engage in any other business which is similar to the Academy or sell services or products or offer or sell any services or products which may or in the future be offered by the Academy in any capacity, or divert any business similar to those services and products offered by the Academy to any other business, or solicit any employee or customer of Twinkle Star Dance or its affiliates for purposes other than the Academy.

Your Franchise Manager and key employees, as designated by us, are required to execute a Confidentiality Agreement. All of your owners, shareholders, principals, partners, officers and directors will be required to execute a Non-Compete and Confidentiality Agreement, in the form attached as Addendum H of the Franchise Agreement.

We do not own any patents and there are no applications pending for patent rights material to this franchise.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You will at all times faithfully, honestly and diligently perform your obligations under the Franchise Agreement. We do require that you devote, on a full-time basis, your best efforts to managing and operating the Academy. If you are an individual you must serve as the Academy Manager and if you are an entity franchisee, then one of the principal owners must meet this requirement. The Academy Manager must directly supervise the operations of your Academy and be responsible for the day-to-day management and proper operation of the Academy. The Academy Manager will have complete decision making authority with respect to your Academy and have authority to act on your behalf. At or prior to the time you execute your Franchise Agreement, you must notify us of your Academy Manager, whom we must approve. You also must notify us of any replacement Academy Manager, and you need to obtain our approval before you can appoint such replacement. The Academy Manager will be the sole individual with whom we will communicate when we need to contact you.

The Academy Manager must be present at the Academy at least 32 hours per week, the majority of which hours must be during the normal operating hours of the Academy. You must also retain other personnel as are needed to operate and manage the Academy. Your Academy Manager must satisfy our educational and business criteria as provided to you in our Operations Manual or other written instructions, and must be individually acceptable to us. The Academy Manager must have successfully completed our training program within 30 days of accepting the responsibilities of manager. The Academy Manager may not have an interest or business relationship with any of your (or our) business competitors. The Academy Manager need not have an ownership interest in a corporate, Limited Liability Company or partnership-run franchise. The Academy Manager must

sign form Non-disclosure and Non-competition Agreement (attached as Addendum H to the Franchise Agreement).

You (including your members, shareholders, partners, owners, directors and officers) and your Academy Manager must sign our form of Non-disclosure and Non-competition Agreement, attached as Addendum H to the Franchise Agreement. The non-competition provision (including your members, shareholders, partners, owners, directors and officers) and Academy Manager from having any interest in or connection with, any business that competes with your Academy during the term of your Franchise Agreement and for a period of two years after the expiration of termination of your Franchise Agreement. You must send us a copy of each signed Non-disclosure and Non-competition Agreement. In addition, you and each of your members, shareholders, partners and owners must personally guaranty and be liable for the breach of all obligations under the Franchise Agreement by signing our form of Guaranty, which attached as Addendum C to the Franchise Agreement.

Upon death or permanent disability (as reasonably determined by an independent third party such as a licensed medical doctor) of any Owner of a controlling interest in your Franchise or the trained Academy Manager, a new Academy Manager must be appointed/hired and will have 90 days to complete the initial Franchise Training Program.

Each individual who owns a five percent (5%) or greater interest in the franchise entity must sign a Guarantee, assuming and agreeing to discharge all obligations of the "Franchisee" under the Franchise Agreement. Spouses of guarantors are not required to sign a Guarantee. (See Addendum C to the Franchise Agreement.)

ITEM 16

RESTRICTIONS OF WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only the services and products that we have approved and that you only provide products and services that are within the list of services approved by us. You are required to offer all the types of products and services as defined in the Operations Manual. There is no limitation of our right to modify the list of approved products and services that you must provide. You must maintain in sufficient supply and only offer and sell the products, services, materials, and supplies that we designate as part of the Twinkle Star Dance System, unless: (I) you are prohibited by local law or regulation from selling such, product, service or program; or (ii) you have our written consent to exclude certain products or services or programs. You must conduct all instruction utilizing our lesson plans and choreography.

You must use lesson plans, teaching methods, costumes, recital preparation and execution and choreography that we provide you, and no others.

You may not deviate from our standards and specifications without first obtaining our written consent. If you would like to sell, product, service, or program which is not a part of the Twinkle Star Dance System, then you must first seek our approval.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 8	The term is 10 years.
b. Renewal or extension of the term	Section 8	One additional 10-year term.
c. Requirements for franchisee to renew or extend	Section 8	You must be in substantial compliance with the terms of the Franchise Agreement. Sign new agreement and pay renewal fee. You must provide notice of your election to renew the Franchise Agreement. Franchisee must remodel or refurbish its Academy to the then current standard as described in the Operations Manual. You must sign a contract with materially different terms and conditions than your original contract, but the boundaries of the Protected Territory will remain the same, and Royalty Fee and Marketing Fee on renewal will not be greater than the Royalty Fee and Marketing Fee that we then impose on similarly situated renewing franchisees. You must sign a General Release.
d. Termination by franchisee	Sections 3 & 9A	Not provided for in Agreement, but the Franchisee may terminate the agreement upon any grounds available by law
e. Termination by franchisor without cause	Section 9B	Not applicable
f. Termination by franchisor with cause	Section 9B	We can terminate only if you default.
g. "Cause" defined—curable defaults	Section 9B	Curable defaults: failure to open your franchise within 180 days of signing your Franchise Agreement, non-payment of fees, non-reporting, failure to meet Franchise Agreement standards, non-compliance with local law, poor business practices (as defined), failure to obtain non-compete agreements from managers, operating from non-approved site, failure to remodel or refurbish on schedule, operating a similar business in another name or outside of Protected Territory.
h. "Cause" defined—non-curable defaults	Section 9B	Non-curable defaults: conviction of felony, repeated defaults (even if cured), abandonment, trademark misuse,

Provision	Section in Franchise Agreement	Summary
		unapproved transfers, bankruptcy, insolvency, or false statements on applications or reports.
i. Franchisee's obligations on termination/non-renewal	Section 10	Obligations include complete de-identification and payment of amounts due (see also r, below).
j. Assignment of contract by franchisor	Section 11C	We may assign our rights.
k. "Transfer" by franchisee– defined	Section 11B	Includes transfer of contract, or assets, or ownership change
l. Franchisor approval of transfer by franchisee	Section 11B	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Section 11B	New franchisee qualifies, transfer fee paid, purchase agreement approved, training arranged, release signed by you, all fees owed by you paid, and current agreement signed by new franchisee (also see r, below).
n. Franchisor's right of first refusal to acquire franchisee's business	Section 11E	Right of first refusal is reserved by us. We will have 10 days to notify you of our intention to meet the terms of a buyer and 60 days to complete a purchase.
o. Franchisor's option to purchase franchisee's business	Section 11E	Right to purchase the assets at the same price and on the same terms as any other party.
p. Death or disability of franchisee	Sections 11 and 11	Your estate and/or beneficiaries may inherit your rights as long as a qualified manager runs your franchise.
q. Non-competition covenants during the term of the franchise	Section 15	No involvement in competing business anywhere in the U.S., Canada, or Mexico.
r. Non-competition covenants after the franchise is terminated or expires	Section 15	You may not own nor manage a competing business for 2 years within 50 miles of your Protected Territory nor the Protected Territory of any existing franchisee at the time of termination or expiration (including after assignment).
s. Modification of the agreement	Section 16	No modifications generally unless agreed to in writing by both parties but Operations Manual is subject to change.
t. Integration/merger clause	Section 16	Only the terms of the Franchise Agreement are Binding (subject to state law). Any representations or promises

Provision	Section in Franchise Agreement	Summary
		outside of the Disclosure Document and other agreements may not be enforceable.
u. Dispute resolution by mediation or arbitration	Section 18	Except for certain claims, all disputes must be first mediated, then arbitrated in Livermore California, or the city where we are headquartered at the time of the claim. SEE STATE LAW APPENDIX
v. Choice of forum	Section 20	Arbitration must be in the federal courts in Livermore California, or where we are headquartered at the time of the claim. These provisions are subject to applicable state law. Subject to applicable state law
w. Choice of law	Section 20	California law applies. This provision is subject to applicable state law. Subject to applicable state law

Provision	Section in Development Agreement	Summary
a. Length of the franchise term	Section 2.2	Scheduled opening date of final unit.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Section 6.3	Franchisor materially breaches this Agreement and fails to cure such breach within 21 days after written notice is delivered to Franchisor. In addition, the Franchisee may terminate the agreement upon any grounds available by law
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 1.4 Section 6.1	We can terminate if you default under the Area Development agreement or any Franchise Agreement.
g. "Cause" defined—curable defaults	Section 6.1	We can terminate if you default under the Area Development agreement or any Franchise Agreement.
h. "Cause" defined—non-curable defaults	Not applicable	Not applicable
i. Franchisee's obligations on termination/non-renewal	Section 6.2	Obligations include ceasing any activities in connection with the development of Academies and payment of amounts due (see also r, below).
j. Assignment of contract by franchisor	Section 5.1	We may assign our rights.
k. "Transfer" by franchisee—defined	Section 5.2	Includes transfer of contract, or assets, or ownership change.
l. Franchisor approval of transfer by franchisee	Section 5.2	We have the right to approve all transfers but will not unreasonably withhold approval.
m. Conditions for franchisor approval of transfer	Not applicable	Not applicable

n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Section 8.6	No modifications generally unless agreed to in writing by both parties.
t. Integration/merger clause	Section 8.6	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and other agreements may not be enforceable. No representations in this Disclosure Document are waived or released and nothing in the Area Development or any other Agreement is intended to disclaim the representations made in this Disclosure Document.
u. Dispute resolution by mediation or arbitration	Section 8.1	Except for certain claims, all disputes must be first mediated, then arbitrated in Alameda County, California. (Subject to applicable state law)
v. Choice of forum	Section 8.1	Litigation must be in the Federal Courts having jurisdiction over Alameda County, California, or the State Court of Alameda County, California. (Subject to applicable state law)
w. Choice of law	Section 8.1	California law applies. (Subject to applicable state law)

ITEM 18 PUBLIC FIGURES

We do not use any celebrities or public figures to promote our franchise to the public at large or to those considering purchasing our franchises.

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.

Written substantiation for this financial performance representation is available to you upon reasonable request.

Tiffany’s Dance Academy, Inc. and Tiffany’s Dance Academy USA, LLC Gross Revenues and Student Count for Calendar Year 2025

Location	Gross Revenue	Number of Students	Year Opened
Fremont, California	\$522,000	292	2008
Livermore, California	\$611,000	251	2000
San Ramon, California	\$346,000	207	2006
Danville, California	\$114,407	75	2017

Franchised Academies Gross Revenues and Student Count for Calendar Year 2025

Location	Revenue	Number of Students	Year Opened
Frisco, Texas	\$254,000_	138	2022
Plano, Texas	\$512,000	336	2022
Seminole, Florida	\$425,000	180	2022

Notes

1. This financial performance representation presents Gross Revenues (as defined in Item 6), the average monthly number of students per location, and the year each location opened for our affiliate-owned and franchised dance academies operating during calendar year 2025.

2. Our affiliates, Tiffany’s Dance Academy, Inc. and Tiffany’s Dance Academy USA, LLC, currently own and operate three dance academies under the mark “Tiffany’s Dance Academy”. The affiliate-owned Tiffany’s Dance Academy located in Danville, California closed on December 31, 2025. The Danville location, located in the Bay Area, experienced significant staffing shortages since the pandemic, which was a material factor impacting that unit’s performance. The format for the affiliate-owned and operated businesses is similar to Academies, however, the Livermore, California location is substantially larger and this location has been

operation since 2000, and therefore, has developed significant goodwill. 3. The Gross Revenues figures presented above do not reflect the costs of sales, operating expenses, or other costs and expenses that must be deducted from Gross Revenues to obtain net income or profit. These costs and expenses may include, but are not limited to, rent or lease payments, utilities, payroll and employee benefits, inventory and supplies, debt service, insurance, advertising and marketing expenses, royalties and other fees payable to us, equipment maintenance, taxes, and other general and administrative expenses.

4. This data represents the actual historical financial performance of our franchisees' and affiliates' dance academies. This data has not been audited.

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

Except as shown above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President, Tiffany Henderson, at franchise@twinklestar.com (925) 503-2830, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1 -- Systemwide Outlet Summary
for Years 2023, 2024 and 2025**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	3	3	0
	2024	3	3	0
	2025	3	3	0
Company-Owned	2023	5	4	-1
	2024	4	4	0
	2025	4	3	-1
Total Outlets	2023	8	7	-1
	2024	7	7	0
	2025	7	6	-1

Company-owned outlets are owned by our affiliates, Tiffany's Dance Academy, Inc. and Tiffany's Dance Academy USA, LLC.

**Table No. 2 -- Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
for Years 2023, 2024 and 2025**

State	Year	Number of Transfers
Florida	2023	0
	2024	0
	2025	0
Texas	2023	0
	2024	0
	2025	0
Totals	2023	0
	2024	0
	2025	0

**Table No. 3 – Franchised Outlets
for Years 2023, 2024 and 2025**

State	Year	Outlets at Start of Year	Outlets Opened	Termina- tions	Non- Renewals	Reacquired by Franchisor	Ceased Operations (other reasons)	Outlets at End of the Year
Florida	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Total	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3

**Table No. 4 – Status of Company-Owned Outlets(1)
for Years 2023, 2024 and 2025**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets sold to Franchisees	Outlets at the End of the year
California	2023	5	0	0	1	0	4
	2024	4	1	0	1(2)	0	4
	2025	4	0	0	1	0	3
Total	2023	5	0	0	1	0	4
	2024	4	1	0	1(2)	0	4
	2025	4	0	0	1	0	3

- (1) All company-owned units are operated by our affiliates under the Tiffany’s Dance Academy mark.
(2) This outlet was a “pop-up” Tiffany’s Dance Academy location in Santa Barbara that was intended to be operated on a temporary basis.

Table No. 5 – Projected Openings as of December 31, 2025 for 2026

STATE	FRANCHISE AGREEMENTS SIGNED BUT FRANCHISE NOT OPEN	PROJECTED NEW FRANCHISES IN NEXT FISCAL YEAR	PROJECTED NEW COMPANY - OWNED UNITS IN NEXT FISCAL YEAR
Arizona	0	1	0
California	0	1	0
Florida	0	2	0
Illinois	1	2	0
New York	0	1	0
Pennsylvania	0	1	0
Texas	0	3	0
Washington	0	1	0
Wisconsin	0	1	0
Total	1	13	0

The current addresses and contact information of our franchises are listed on **Exhibit B**.

The addresses and contact information of our franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year or who have not contacted us within 10 weeks after the date of this Disclosure Document are provided in **Exhibit B**.

If you buy a Franchise, your contact information may be disclosed to other buyers when you leave the System.

We have no trademark specific franchisee associations that we sponsor or that have requested to be included in this Disclosure Document.

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

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2025, December 31, 2024 and December 31, 2023 are attached hereto as Exhibit A. Our fiscal year ends on December 31.

ITEM 22 CONTRACTS

Attached hereto are the following documents associated with this franchise offering:

EXHIBIT E – Franchise Agreement

Addendum A – Franchisee’s Protected Territory

Addendum B – Closing Acknowledgments

Addendum C – Guaranty

Addendum D – State Law Addendum

Addendum E – Bank Authorization Form

Addendum F – Collateral Assignment of Lease

Addendum G – Assignment of Telephone Numbers and Listings

Addendum H – Sample Non-Disclosure and Non-Competition Provisions for Academy Directors

EXHIBIT F – Development Agreement

ITEM 23
RECEIPT

The last two pages of this Disclosure Document are duplicate copies of our Receipt acknowledging that you have received this Disclosure Document. You are required to sign each Receipt and return one copy to us at the address on the cover of this Disclosure Document.

EXHIBIT A
FINANCIAL STATEMENTS

(Attached)



TWINKLE STAR DANCE FRANCHISE, LLC

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2025



TWINKLE STAR DANCE FRANCHISE, LLC

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Independent Auditor's Report

To the Members
Twinkle Star Dance Franchise, LLC
Livermore, CA

Opinion

We have audited the accompanying financial statements of Twinkle Star Dance Franchise, LLC, which comprise the balance sheet as of December 31, 2025, and the related statements of operations, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Twinkle Star Dance Franchise, LLC, as of December 31, 2025 and the related statements of operations, shareholders' equity and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Kezar & Dunlap

St. George, Utah
February 26, 2026

TWINKLE STAR DANCE FRANCHISE, LLC

BALANCE SHEET As of December 31, 2025

	<u>2025</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 68,767
Accounts receivable, net	8,326
Interest receivable	227
Prepaid expenses	5,242
Note receivable - current portion	1,850
Total current assets	<u>84,412</u>
Non-current assets	
Intangible assets, net	478
Note receivable related party	23,150
Total non-current assets	<u>23,628</u>
Total assets	<u>\$ 108,040</u>
Liabilities and Members' Equity (Deficit)	
Current liabilities	
Accounts payable, related parties	\$ 14,878
Deferred franchise revenue - current portion	5,000
Total liabilities	<u>19,878</u>
Members' equity	88,162
Total liabilities and members' equity	<u>\$ 108,040</u>

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

TWINKLE STAR DANCE FRANCHISE, LLC

STATEMENT OF OPERATIONS

For the year ended December 31, 2025

	<u>2025</u>
Operating revenue	
Royalties	\$ 60,780
Advertising fund revenues	23,584
Other revenues	<u>39,158</u>
Total operating revenue	<u>123,522</u>
Operating expenses	
Franchise related costs	44,227
General and administrative	18,535
Advertising and promotion	54,446
Professional fees	14,175
Amortization	<u>1,914</u>
Total operating expenses	<u>133,297</u>
Net income (loss)	<u>\$ (9,775)</u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENT OF MEMBERS' EQUITY
For the year ended December 31, 2025

Balance as of December 31, 2024	\$ 85,475
Adoption of ASC 952-606	32,023
Member distributions	(19,561)
Net loss	(9,775)
Balance as of December 31, 2025	<u>\$ 88,162</u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENT OF CASH FLOWS
For the year ended December 31, 2025

	<u>2025</u>
Cash flow from operating activities:	
Net income (loss)	\$ (9,775)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:	
Amortization	1,914
Changes in operating assets and liabilities:	
Accounts receivable	(8,466)
Prepaid expenses	(5,242)
Franchisee deposits	(2,400)
Accounts payable, related party	12,237
Deferred franchise revenue	5,000
Net cash (used in) operating activities	<u>(6,732)</u>
Cash flows from investing activities:	
Issuance of note receivable related party	<u>(25,000)</u>
Net cash used in investing activities	<u>(25,000)</u>
Cash flows from financing activities:	
Member distributions	<u>(19,561)</u>
Net cash provided by financing activities	<u>(19,561)</u>
Net change in cash and cash equivalents	(51,293)
Cash at the beginning of the year	120,060
Cash at the end of the year	<u><u>\$ 68,767</u></u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

(1) Nature of Business and Summary of Significant Accounting Policies

(a) *Nature of Business*

Twinkle Star Dance Franchise, LLC (“Company”) was formed on February 7, 2020, (Inception) in the State of California as a limited liability company. The Company grants franchises to qualified persons to construct and operate a Twinkle Star Dance Studio (each a “Studio”). The Studio provides dance lessons in various dance styles, such as tap, ballet, jazz, hip-hop and lyrical to children ages of two to teens. All activities are conducted in an approved location.

The Company uses the accrual basis of accounting, and their accounting period is the 12-month period ending December 31 of each year. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Affiliates

Tiffany’s Dance Academy, Inc. was formed on October 10, 2000, in the state of California as a corporation for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as tap, ballet, jazz, and hip-hop. The affiliate currently owns and operates three Studios after one Studio closed in March 2020.

Tiffany’s Dance Academy USA, LLC was formed on September 27, 2005, in the state of California as a limited liability company for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as tap, ballet, jazz, and hip-hop. The affiliate currently owns and operates three Studios.

Twinkle Star Dance, LLC was formed on March 13, 2012, in the state of California as a limited liability company for the purpose of soliciting private dance studios to subscribe to its dance curriculum and choreography. There are approximately 300 independent dance studios subscribing to the dance curriculum and choreography.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

(b) *Accounting Standards Codification*

The Financial Accounting Standards Board (“FASB”) has issued the FASB Accounting Standards Codification (“ASC”) that became the single official source of authoritative U.S. generally accepted accounting principles (“GAAP”), other than guidance issued by the Securities and Exchange Commission (SEC), superseding existing FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and related literature. All other literature is not considered authoritative. The ASC does not change GAAP; it introduces a new structure that is organized in an accessible online research system.

(c) *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

Cash equivalents include all highly liquid investments with maturities of three months or less at the date of purchase. As of December 31, 2025, the Company had cash and cash equivalents of \$68,767.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

(e) Accounts Receivable

Accounts receivable are recorded for amounts due based on the terms of executed franchise agreements for franchise sales, royalties and other sales transactions. These accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of outstanding amounts.

When determining the allowance for doubtful receivable, the Company has adopted ASC 326, *Financial Instruments—Credit Losses*. This standard requires that management utilize the Current Expected Credit Losses (“CECL”) model to recognize the appropriate allowance for doubtful receivables. This model requires entities to estimate and recognize expected credit losses over the life of the financial instrument. For trade receivables, management has elected to apply a simplified approach, based on historical loss experience and adjustments for current and forecasted economic conditions. Management regularly evaluates individual customer receivables, considering their financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received.

As of December 31, 2025, the Company had no allowance for doubtful accounts. As of December 31, 2025, the Company had net receivables of \$8,326.

(f) 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 infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

(g) Revenue Recognition

The Company has adopted ASC 606, *Revenue from Contracts with Customers*. On January 1, 2025, the Company adopted the practical expedient for private company franchisors outlined in ASC 952-606 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment recognized upon adoption. As such, comparative information in the Company’s financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. Upon adoption of the practical expedient, the Company removed deferred commissions and deferred revenue of \$2,685 and \$34,708, respectively, on January 1, 2025. The net effect on the Company’s retained earnings was an increase of \$32,023, which is reflected in the statement of members’ equity.

ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the considerations expected to be received for those goods or services. In implementing ASC 606, the Company evaluated all revenue sources using the five-step approach: identify the contract, identify the performance obligations, determine the transaction price, allocate the transaction price, and recognize revenue. For each franchised location, the Company enters into a formal franchise agreement that clearly outlines the various components of the transaction price and the Company’s performance obligations.

The Company’s revenues consist of initial franchise fees, royalties and advertising fees based on a percentage of gross revenues.

Royalties, administrative, and marketing fees

Upon evaluation of the five-step process, the Company has determined that royalties, administrative and marketing fees are to be recognized in the same period as the underlying sales.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

Advertising Fund Contribution

The Company has established an advertising fund to provide regional and national advertising for the benefit of the franchisees. The advertising fund fees are 2% of gross sales, are billed monthly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent, are recorded as deferred revenue on the balance sheet. As of December 31, 2025, there were no advertising funds included in deferred revenue.

Initial franchise fees

The Company is required to allocate the transaction price associated with initial franchise fees between the franchise license and associated performance obligations. In identifying the associated performance obligations, the Company has elected to adopt the practical expedient for private company franchisors outlined in ASC 952-606, *Franchisors—Revenue from Contracts with Customers*. In addition, the practical expedient allows franchisors to account for pre-opening services as a single distinct performance obligation, which the Company has elected to adopt. These pre-opening services include the following services (which the Company may or may not provide all of):

- Assistance in the selection of a site
- Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation
- Training of the franchisee's personnel or the franchisee
- Preparation and distribution of manuals and similar material concerning operations, administration, and record keeping
- Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes about local regulations affecting the franchisee's business
- Inspection, testing, and other quality control programs

Prior to 2025, In determining the allocation of transaction price (the initial franchise fee) to either the license or to the pre-opening services, the Company has determined that the standalone selling price of its pre-opening services exceeds the initial franchise fee received; as such, the Company allocates the entire initial franchise fees to those pre-opening services. The franchise fees are then recognized as revenue when those pre-opening services have been completed (which generally occurs upon commencement of the associated franchised location's operations).

(h) *Income Taxes*

The members of the Company have 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 follows the guidance under Accounting Standards Codification ("ASC") Topic 740, Accounting for Uncertainty in Income Taxes. ASC Topic 740 prescribes a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in the tax return. If taxing authorities were to disallow any tax positions taken by the Company, the additional income taxes, if any, would be imposed on the shareholders rather than the Company. Accordingly, there would be no effect on the Company's financial statements.

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, 2025, 2024, and 2023 for U.S. Federal Income Tax and for the State of California Income Tax.

(i) *Advertising costs*

Advertising costs are charged to expense as incurred. Advertising expense for the year ended December 31, 2025, was \$54,446.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

(j) *Financial Instruments*

For certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable, the carrying amounts approximate fair value due to their short maturities.

(k) *Concentration of Risk*

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risks on cash or cash equivalents.

(2) Intangible Assets

Intangible assets, net consists of the following at December 31:

	2025
Franchise development costs	\$ 9,895
Accumulated amortization	(9,417)
	<u>\$ 478</u>

Amortization expense was \$1,914 for the year ended December 31, 2025. Estimated amortization expense for the next year is \$478.

(3) Contract Balances

The Company recorded an asset for costs not yet expensed and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements.

(4) Related Party Transactions

The Company obtains goods and services from the Companies related parties. The total of these expenses for the year ended December 31, 2025 were \$93,465. Amounts owed to related parties at December 31, 2025 were \$14,878. During the year ended December 31, 2025, the Company issued a \$25,000 note receivable to a related party to provide funding for business development and operating expenses associated with the related party's participation in the Company's franchise. The note bears interest at market rates and is payable over a five-year term pursuant to a formal agreement.

(5) Commitments and Contingencies

The Company may be subject to various claims, legal actions and complaints arising in the ordinary course of business. In accounting for legal matters and other contingencies, the Company follows the guidance in ASC Topic 450 Contingencies, under which loss contingencies are accounted for based upon the likelihood of incurrence of a liability. If a loss contingency is "probable" and the amount of loss can be reasonably estimated, it is accrued. If a loss contingency is "probable" but the amount of loss cannot be reasonably estimated, disclosure is made. If a loss contingency is "reasonably possible," disclosure is made, including the potential range of loss, if determinable. Loss contingencies that are "remote" are neither accounted for nor disclosed.

In the opinion of management, all matters are of such kind, or involving such amounts of unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025

(6) Subsequent Events

Management has reviewed and evaluated subsequent events through February 26, 2026, the date on which the financial statements were issued.

TWINKLE STAR DANCE FRANCHISE, LLC

FINANCIAL REPORT

AS OF DECEMBER 31, 2024



TWINKLE STAR DANCE FRANCHISE, LLC

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Independent Auditor's Report

To the Members
Twinkle Star Dance Franchise, LLC
Livermore, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying balance sheets of Twinkle Star Dance Franchise, LLC as of December 31, 2024, and 2023 and the related statements of operations, members' equity (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 Twinkle Star Dance 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 Twinkle Star Dance 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 Twinkle Star Dance 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.

2580 East Harmony Road, Ste. 301-10 • Ft. Collins, CO 80528
Office: (303) 999-6485



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 Twinkle Star Dance 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 Twinkle Star Dance 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 3, 2025

TWINKLE STAR DANCE FRANCHISE, LLC
BALANCE SHEETS

	AS OF DECEMBER 31,	
	2024	2023
ASSETS:		
CURRENT ASSETS		
Cash and equivalents	\$ 120,060	\$ 79,244
Accounts receivable	87	158
Deferred franchise costs	425	425
TOTAL CURRENT ASSETS	<u>120,572</u>	<u>79,827</u>
NON-CURRENT ASSETS		
Intangible assets, net	2,392	4,306
Deferred franchise costs, less current portion	2,260	2,685
TOTAL ASSETS	<u><u>\$ 125,224</u></u>	<u><u>\$ 86,818</u></u>
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable, related parties	\$ 2,641	\$ 4,389
Franchise deposits	\$ 2,400	
Deferred franchise revenue	5,500	5,500
TOTAL CURRENT LIABILITIES	<u>10,541</u>	<u>9,889</u>
NON-CURRENT LIABILITIES		
Deferred franchise revenue, less current portion	29,208	34,708
TOTAL LIABILITIES	<u>39,749</u>	<u>44,597</u>
MEMBERS' EQUITY	<u>85,475</u>	<u>42,221</u>
TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 125,224</u></u>	<u><u>\$ 86,818</u></u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,		
	2024	2023	2022
REVENUES			
Royalties	\$ 52,209	\$ 62,864	\$ 31,825
Franchise fees	5,500	5,500	5,500
Advertising fund revenues	23,423	23,906	14,098
Other revenues	33,914	37,986	28,513
TOTAL REVENUES	115,046	130,256	79,936
OPERATING EXPENSES			
Franchise-related costs	27,602	23,253	8,373
Advertising and promotion	16,928	24,936	10,293
Professional fees	13,075	16,287	15,125
General and administrative	2,184	6,434	10,287
Amortization	1,914	2,239	1,914
TOTAL OPERATING EXPENSES	61,703	73,149	45,992
OPERATING INCOME	53,343	57,107	33,944
OTHER INCOME (EXPENSE)	-	-	-
NET INCOME	\$ 53,343	\$ 57,107	\$ 33,944

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

	<u>Member Contributions</u>	<u>Accumulated Equity (Deficit)</u>	<u>Total Members' Equity (Deficit)</u>
BALANCE, DECEMBER 31, 2021	\$ 36,074	\$ (59,904)	\$ (23,830)
Member distributions	-	(25,000)	(25,000)
Net Income	-	33,944	33,944
BALANCE, DECEMBER 31, 2022	<u>36,074</u>	<u>(50,960)</u>	<u>(14,886)</u>
Net Income	-	57,107	57,107
BALANCE, DECEMBER 31, 2023	<u>36,074</u>	<u>6,147</u>	<u>42,221</u>
Member distributions	-	(10,089)	(10,089)
Net Income	-	53,343	53,343
BALANCE, DECEMBER 31, 2024	<u><u>\$ 36,074</u></u>	<u><u>\$ 49,401</u></u>	<u><u>\$ 85,475</u></u>

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

TWINKLE STAR DANCE FRANCHISE, LLC
STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	\$ 53,343	\$ 57,107	\$ 33,944
Adjustments to reconcile net income to net cash provided by operating activities:			
Amortization	1,914	2,239	1,914
Recognition of deferred costs	425	425	425
Recognition of deferred revenue	(5,500)	(5,500)	(5,500)
Changes in assets and liabilities			
Accounts receivable	71	93	339
Accounts payable	-	-	(750)
Franchisee deposits	2,400	-	-
Accounts payable, related party	(1,748)	4,389	-
Deferred franchise revenue	-	-	-
Net cash provided by operating activities	<u>50,905</u>	<u>58,753</u>	<u>30,372</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets	-	-	(325)
Net cash (used in) provided by investing activities	<u>-</u>	<u>-</u>	<u>(325)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Member distributions	(10,089)	-	(25,000)
Net cash (used in) provided by financing activities	<u>(10,089)</u>	<u>-</u>	<u>(25,000)</u>
NET INCREASE IN CASH	40,816	58,753	5,047
CASH, BEGINNING	<u>79,244</u>	<u>20,491</u>	<u>15,444</u>
CASH, ENDING	<u>\$ 120,060</u>	<u>\$ 79,244</u>	<u>\$ 20,491</u>
SUPPLEMENTAL DISCLOSURES			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

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

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Twinkle Star Dance Franchise, LLC (“Company”) was formed on February 7, 2020, (Inception) in the State of California as a limited liability company. The Company grants franchises to qualified persons to construct and operate a Twinkle Star Dance Studio (each a “Studio”). The Studio provides dance lessons in various dance styles, such as tap, ballet, jazz, hip-hop and lyrical to children ages of two to teens. All activities are conducted in an approved location.

Affiliates

Tiffany’s Dance Academy, Inc. was formed on October 10, 2000, in the state of California as a corporation for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as tap, ballet, jazz, and hip-hop. The affiliate currently owns and operates three Studios after one Studio closed in March 2020.

Tiffany’s Dance Academy USA, LLC was formed on September 27, 2005, in the state of California as a limited liability company for the purpose of establishing dance studios teaching children ages two to teens various dance styles, such as tap, ballet, jazz, and hip-hop. The affiliate currently owns and operates three Studios.

Twinkle Star Dance, LLC was formed on March 13, 2012, in the state of California as a limited liability company for the purpose of soliciting private dance studios to subscribe to its dance curriculum and choreography. There are approximately 300 independent dance studios subscribing to the dance curriculum and choreography.

The above affiliates do not sell franchises in any other line of business and are not otherwise engaged in any other business activity.

A summary of significant accounting policies follows:

Use of Estimates

Preparation of the Company’s financial statements in accordance with United States 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.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts 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 charge off any accounts receivable for the years ending 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).

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 infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Income Taxes

The members of the Company have 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 for the State of California Income Tax.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Company recognizes revenue under the guidance of ASC 606 “Contracts with Customers.” The Company’s revenue mainly consists of franchise fees, royalties, and marketing revenues.

Each franchise agreement is comprised of several performance obligations. The Company has concluded that these items represent a single performance obligation and recognize the initial franchise fees over the term of the contract which is currently 10 years from the effective date of the franchise agreement.

When a franchisee purchases a Twinkle Star franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties are based on gross sales and are 5%. 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 monthly and are recognized as revenue when earned.

Advertising Fund Contribution

The Company has established an advertising fund to provide regional and national advertising for the benefit of the franchisees. The advertising fund fees are 2% of gross sales, are billed monthly and are recognized as revenue when earned up to the amount spent on marketing activities as defined in the franchise disclosure document. Funds collected, but not yet spent, are recorded as deferred revenue on the balance sheet. As of December 31, 2024, and 2023, \$0 and \$0 were included in deferred revenue, respectively.

Advertising Costs

Advertising costs are charged to expense as incurred. Advertising expense for the years ended December 31, 2024, 2023, and 2022, were \$16,928, \$24,936, and \$10,293, respectively.

Fair Value of Financial Instruments

For the Company’s financial instruments 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.

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONTRACT BALANCES

The Company recorded an asset for costs not yet expensed and a liability for unearned revenue associated with the performance obligation of the Company's franchise agreements. The account balances and activity as reported at December 31 are as follows:

	December 31,	
	2024	2023
Franchise Acquisition Costs:		
Balance Beginning of Year	\$ 3,110	\$ 3,535
Deferral of franchise acquisition costs	-	
Recognition of franchise acquisition costs	(425)	(425)
Balance at End of Year	<u>\$ 2,685</u>	<u>\$ 3,110</u>
Deferred Franchise Revenue:		
Balance Beginning of Year	\$ 40,208	\$ 45,708
Deferral of deferred revenue	-	-
Recognition of deferred revenue	(5,500)	(5,500)
Balance at End of Year	<u>\$ 34,708</u>	<u>\$ 40,208</u>

Estimated Recognition of Deferred Franchise Costs and Revenues

Estimated expenses and revenues to be recognized in future periods related to deferred franchise costs and revenues as reported at December 31, 2024, are as follows:

Year ending December 31:	Franchise Acquisition Costs	Non-refundable Franchise Fees
2025	\$ 425	\$ 5,500
2026	425	5,500
2027	425	5,500
2028	425	5,500
2029	425	5,500
Thereafter	560	7,208
	<u>\$ 2,685</u>	<u>\$ 34,708</u>

Disaggregation of Revenues

Disaggregated revenues based on the satisfaction of performance obligations in the Company's contracts with franchisees for the years ended December 31, 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Performance obligations satisfied at a point in time	\$ 109,546	\$ 124,756	\$ 74,436
Performance obligations satisfied by the passage of time	5,500	5,500	5,500
Total revenues	<u>\$ 115,046</u>	<u>\$ 130,256</u>	<u>\$ 79,936</u>

TWINKLE STAR DANCE FRANCHISE, LLC
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INTANGIBLE ASSETS

Intangible assets, net consists of the following at December 31:

	2024	2023
Franchise development costs	\$ 9,895	\$ 9,895
Accumulated amortization	(7,503)	(5,589)
	<u>\$ 2,392</u>	<u>\$ 4,306</u>

Amortization expense was \$1,914, \$2,239, and \$1,914 for the years ended December 31, 2024, 2023, and 2022. Estimated amortization expense for the next year is \$1,914, with the remainder of \$478 in the next succeeding year.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company obtains goods and services from the Companies related parties. The total of these expenses for the years ended December 31, 2024, 2023 and 2022 were \$23,999, \$27,308, and \$8,386, respectively. Amounts owed to related parties at December 31, 2024, and 2023 were \$2,641, and \$4,389, respectively.

NOTE 5 – 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 6 - SUBSEQUENT EVENTS

Date of Management's Evaluation

Management has evaluated subsequent events through March 3, 2025, the date on which the financial statements were available to be issued.

EXHIBIT B
LIST OF FRANCHISEES

Part A. Current Franchisees – Outlets Opened as of Issuance Date

The contact information for our current franchisees who have opened units as of the issuance date of this Disclosure Document:

FLORIDA

Seminole, Florida

Stephanie L. Valentine
13035 Park Blvd
Seminole, FL 33776
Tel: 727-349-1677
Email: stephanie@twinklestardance.com

ILLINOIS

Naperville, Illinois*

Amanda Scott
Amanda Scott's Dance Academy LLC
6444 College Rd
Lisle, Illinois 60532
Tel: 630-864-5741
Email: naperville@twinklestardance.com

**Academy opened in February 2026.*

TEXAS

Frisco, Texas

Julie R. Dickens
4747 Fourth Army
Frisco, TX 75034
Tel: 972-472-2647
Email: jdmschoolofdance@hotmail.com

Plano, Texas

Elizabeth De Rusha
Inspire Dance, LLC
4202 East Park Blvd
Plano, TX 75074
Tel: 469-840-1445
Email: elizabeth@edgedance.com

Part B. Current Franchisees – Outlets Not Opened as of Issuance Date

The contact information for our current franchisees who have signed Franchise Agreements, but whose units were not yet open as of the issuance date of this Disclosure Document:

FLORIDA

Riverview, Florida

Grace and Jeff Tamanino
ISLA Studios LLC
11604 Mansfield Point Drive
Riverview, Florida 33569
Tel: 224-622-5544
Email: gracielle1008@gmail.com

TEXAS

Rockwall, Texas

Elizabeth DeRusha
Inspire Dance, LLC
5112 Park Lake Court
Sachse, Texas 75048
Tel: 888-989-4655
Email: elizabeth@edgedance.com

Houston, Texas

Taylor McAnulty-Guajardo and Edgar Guajardo
7411 FM 1960 Road E.
Humble, Texas 77346
Tel: 713-259-2775
Email: taylor.e.mcanulty@gmail.com

Midlothian/Mansfield, Texas

Cheryl and John Payne
JSP Momentum Dance Midlothian, LLC*
210 Hillstone Drive
Midlothian, Texas 76065
Tel: 469-418-0835
Email: cheryla@gmail.com

**Developer under a Development Agreement for two outlets to be opened in Texas.*

Part C. Former Franchisees

The name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently

completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document:

NONE

EXHIBIT C
LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 866-275-2677 www.dfpi.ca.gov Ask.DFPI@difpi.ca.gov	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500

State	State Administrator	Agent for Service of Process (if different from State Administrator)
New York	NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 68-2 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 266-0448	Division of Securities Department of Financial Institutions 4822 Madison Yards Way Madison, WI 53705 (608) 261-7577

EXHIBIT D
STATE ADDENDA TO FDD AND STATE RIDERS TO AGREEMENTS
(Attached)

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

Item 5 of the Disclosure Document is amended to include the following:

Payment of initial franchise fees will be deferred until we have met our initial obligations to you, and you have commenced doing business. Payment of development fees will be deferred until we have met our initial obligations to you, and you have commenced doing business under the first Franchise Agreement. This financial assurance requirement was imposed by the Office of the Illinois Attorney General's due to our financial condition.

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

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 in connection with the franchise.

ILLINOIS RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the “Agreement”), between Twinkle Star Dance Franchise, LLC, a California limited liability company (“Franchisor”) and _____, a _____ (“Franchisee”).

- 1. Fee Deferral.** Payment of Initial Franchise Fees/Development Fees will be deferred until Franchisor has met its initial obligations to Franchisee and Franchisee has commenced doing business. This financial assurance requirement was imposed by the Illinois Office of the Attorney General due to Franchisor’s financial condition
- 2. Governing Law.** Illinois law governs the Agreement.
- 3. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 4. Jurisdiction.** 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 occur outside of Illinois.
- 5. Termination/Non-Renewal.** Franchisee’s rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- 6. Disclaimers.** No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TWINKLE STAR DANCE FRANCHISE, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT [if applicable: AND DEVELOPMENT AGREEMENT]

This Addendum amends the Franchise Agreement [if applicable: and Development Agreement] dated _____ (the “**Agreement**”), between Twinkle Star Dance Franchise, LLC, a California limited liability company (“**Franchisor**”) and _____, a _____ (“**Franchisee**”) and is effective as of the Agreement date.

1. Definitions. Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “**Indiana Acts**” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

2. Certain Provisions Modified. Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

3. Disclaimers. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TWINKLE STAR DANCE FRANCHISE, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NEW YORK RIDER TO FRANCHISE AGREEMENT [if applicable: AND MULTI-UNIT DEVELOPMENT AGREEMENT]

This Rider amends the Franchise Agreement [if applicable: and Multi-Unit Development Agreement] dated _____ (the "Agreement"), between Twinkle Star Dance Franchise, LLC, a California limited liability company ("Franchisor") and _____, a _____ ("Franchisee").

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Franchisor or any other person from any duty or liability imposed by New York General Business Law, Article 33 (the "New York Franchise Law").
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Franchisor with any provision of the New York Franchise Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchise Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

Agreed to by:

FRANCHISOR:

FRANCHISEE:

TWINKLE STAR DANCE FRANCHISE, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT E FRANCHISE AGREEMENT

Twinkle Star Dance Franchise, LLC

(Attached)

TWINKLE STAR DANCE FRANCHISE, LLC



FRANCHISE AGREEMENT

FRANCHISEE

DATE

STUDIO

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ADDENDA

ADDENDUM A FRANCHISEE’S STUDIO LOCATION AND PROTECTED TERRITORY

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ADDENDUM G ASSIGNMENT OF TELEPHONE NUMBERS, URL’S AND LISTINGS

ADDENDUM H SAMPLE NON-DISCLOSURE AND NON-COMPETITION PROVISIONS FOR KEY EMPLOYEES

TWINKLESTAR DANCEFRANCHISE, LLC
FRANCHISE AGREEMENT

THIS AGREEMENT is made _____ by and between Twinkle Star Dance Franchise, LLC, a California limited liability company, having its principal place of business at 4046 East Avenue, Livermore, California 94550 (hereinafter referred to as "Franchisor") and _____, a [corporation/limited liability company] having a principal place of business located at _____, (hereinafter referred to as "Franchisee").

WHEREAS, Franchisor and its affiliates have developed a unique and distinctive business system (the "System") for the development and operation of dance academies (each an "Academy") offering dance lessons, choreography and recitals featuring tap, ballet, jazz, hip-hop and lyrical dance for children ages two to teens under the Twinkle Star Dance mark;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary lesson plans, choreography and recital planning and execution; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Twinkle Star Dance" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (the "Proprietary Marks"). The Proprietary Marks are owned by Twinkle Star Dance, LLC, which has licensed the Proprietary Marks to Franchisor so use the Proprietary Marks in connection with the Twinkle Star Dance System. Franchisor will designate the Proprietary Marks as licensed to Franchisee under this Agreement;

WHEREAS, Franchisee desires to acquire the right to use the System and the Proprietary Marks in connection with the operation of an Academy at a location we approve;

NOW, THEREFORE, the parties hereto, in consideration of their mutual promises herein contained, and for other good and valuable consideration acknowledged by them to be adequate, do hereby agree as follows:

1. **GRANT OF FRANCHISE**

Franchisor hereby grants to Franchisee the right and license, and Franchisee hereby accepts the right and obligation, to establish and operate a single Academy using the System and Marks in accordance with this Agreement. Franchisee agrees to use the Proprietary Marks and the System as we may change, improve, modify or further develop them from time to time as provided in this Agreement, and only in accordance with the terms and conditions of this Agreement and any related agreements.

Franchisee acknowledges and agrees that this Agreement does not afford Franchisee any rights or options to open any additional Academies and that Franchisee does not have any right to sublicense or sub franchise any of the rights granted hereunder. Franchisee may not use the Marks or System for any purpose other than promoting and operating the Academy at the Academy Location. Franchisor will have sole discretion as to

whether it decides to grant Franchisee the right to open any additional Academies, each of which will be governed by a separate form of Franchisor's then-current Franchise Agreement.

2. STUDIO LOCATION

Franchisee's right to operate a Academy is restricted to the location designated in Addendum A (the "Academy Location"). Under this Agreement, Franchisee may only establish one Academy, located at the Academy Location. Franchisee may use the Accepted Location for no other purpose than the operation of a Academy. This Agreement does not grant to you the right or license to operate the Academy or to offer or sell any products or services described under this Agreement at or from any other location.

Upon the execution of this Agreement, Franchisor will assign to Franchisee a protected territory (the "Protected Territory") that will be described in Addendum A hereto. For as long as Franchisee is in substantial compliance with the terms of this Agreement, neither Franchisor nor its affiliate will, within the Protected Territory, operate or grant a franchise for a Twinkle Star Dance, except as provided in Section 3 below. These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason.

3. RIGHTS RESERVED BY FRANCHISOR

Franchisee acknowledges that except to the extent provided in Section 2 above, Franchisor (and its Affiliates) expressly retain all rights and discretion with respect to the Proprietary Marks, System and the sale of any products and services, including, without limitation, the right to:

A. to provide, offer and sell and to grant others the right to provide, offer and sell goods and services that are identical or similar to and/or competitive with the goods and services offered at Academies displaying the Marks or other trade and service marks through alternative distribution channels (such as, the Internet and other forms of electronic commerce, "800" or other similar toll-free telephone numbers, telemarketing or other direct marketing sales, or other channels of distribution), within or outside Franchisee's Protected Territory, and under any terms and conditions Franchisor deems appropriate;

B. to operate and to grant others the right to operate Academies located outside the Protected Territory under any terms and conditions Franchisor deems appropriate and regardless of the proximity to Franchisee's Academy Location;

C. to offer and sell certain proprietary products, such as dance lesson plans and choreography, for use by privately owned dance businesses located within or outside of the Protected Territory for the operation of their own dance business on a subscription basis or otherwise provided that such dance businesses are not authorized to operate under the Marks;

D. to offer and sell (directly, or through other franchisees or licensees) Twinkle Star Dance System products and services at any and all nontraditional locations within or outside the Protected Territory, including nontraditional locations situated proximate to Franchisee's Academy Location, through the establishment of Academies or "shop in shops", and that, by contrast, Franchisee is precluded in engaging in such activity. "Nontraditional locations" include malls; schools and universities; day care facilities of any type; fitness centers; government facilities such as community centers; the premises of any third party which is not a Academy; military bases and installations; and, any other location or venue to which access to the general public is restricted;

E. to purchase, merge, acquire, be acquired by or affiliate with any company, including an existing competitive franchise or non-franchise, chain or any other business, operating one or more units located within or outside of the Protected Territory, and subsequently operate, franchise or license those units under any names or marks, including Franchisor Proprietary Marks, regardless of their location, which may be immediately proximate to Franchisee's Academy Location; and

F. to sell Twinkle Star Dance System products and services to national, regional and institutional accounts, within or outside the Protected Territory, even when they are situated proximate to Franchisee's Academy location. Only Franchisor will have the right to enter into contracts with such national, regional and institutional accounts. "National/Regional and Institutional Accounts" are organizational or institutional customers whose presence is not confined to Franchisee's Territory, including (without limitation): malls; schools and universities; day care facilities of any type; fitness centers; government facilities such as community centers; gyms; and, any other customer not confined to Franchisee's Territory.

4. TERM; RENEWAL TERM

A. This Agreement shall be effective and binding from the date of its execution. The term of this franchise shall expire ten (10) years from such date.

B. At the end of said term, Franchisee may renew this Agreement for additional ten (10) year term so long as the following conditions are satisfied:

- (i). Franchisee has complied substantially with its obligations hereunder during the term and is then in compliance with such obligations at time of giving notice and at time of renewal;
- (ii). Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the term of this Agreement;
- (iii). Franchisee has given Franchisor written notice of its election to renew at least ninety (90) days but not more than one hundred eighty (180) days prior to expiration of the initial term;
- (iv). Franchisee has executed Franchisor's then-current form of franchise agreement that may be materially different from this Agreement, which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or Advertising Fee;
- (v). A renewal fee of ten percent (10%) of the Initial Franchise Fee being charged new franchisees for a comparable territory at the time of the renewal shall be paid to the Franchisor at least 30 days before expiration of this agreement. No new initial franchise fee will be charged to Franchisee upon such renewal or renewals.
- (vi). Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Academy Location, or a suitable substitute location accepted by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards

- (vii). Any commercial facility operated by Franchisee, in addition to equipment, decor, signage, and furnishings must be brought into compliance with then current standards for new Academies.

Upon renewal and execution of a new Franchise Agreement, royalties, advertising fees or other fees and charges will be based on the then current charges of the Franchisor under Franchise Agreements then being granted. Franchisee's Protected Territory will remain the same. Franchisor is not restricted in its right to change other significant provisions of the previously existing Franchise Agreement, other agreements or documents.

5. SITE SELECTION AND PROTECTED TERRITORY

A. Responsibility to Select Site. Franchisee shall assume all cost, liability, expense and responsibility for locating, obtaining, developing a site for the Academy within the Protected Territory, and for constructing and equipping the Academy at such site. Franchisee must select a facility to lease or purchase for the operation of the Academy to be accepted by us ("Academy Location"). If an Academy Location has been determined prior to the Effective Date, then the address of the Academy Location will be set forth in Addendum A. If the Academy Location has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Academy and shall notify us of such selection. Franchisor will evaluate the site and notify Franchisee of Franchisor's acceptance or nonacceptance of the site within a reasonable time (usually fifteen (15) days) of receiving Franchisee's notice of the site. If Franchisor accepts Franchisee's selection, then the site shall be designated as the Academy Location. If Franchisor does not accept such selection, then Franchisee shall select and notify us of new sites until Franchisor accepts a site for the Academy Location. Franchisor will provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Academy Location. Franchisor has the right to accept or not accept a proposed location based on such factors as Franchisor deems appropriate, including, without limitation, the condition of the premises, size of the location, lease requirements, population density, demographics, the surrounding area, street visibility of the location, proximity to other Academies and the number of businesses located within the Protected Territory.

Franchisee agrees to use Franchisee's best efforts to find an acceptable Academy Location. Franchisee must comply with all Franchisor's Academy specifications, requirements and restrictions. The Academy Location will be subject to Franchisor's advance written acceptance, and Franchisor's determination will be final. Franchisor may require Franchisee to submit maps, completed checklists, photographs, diagrams of the premises with measurements and other information and materials which Franchisor may reasonably require to evaluate Franchisee's proposed Academy Location. Franchisor also may visit the proposed Academy Location in order to evaluate its suitability. Franchisee may not locate the Academy on a selected site without Franchisor's prior written acceptance.

Franchisee acknowledges and agrees that any advice Franchisor furnishes regarding site selection and Franchisor's proposal, inspection and/or acceptance of any proposed site for Franchisee's Academy Location will not constitute, and will not be deemed to constitute, Franchisor's express or implied representation, warranty, guarantee or any other indication of the prospective profitability, viability or merit of the Academy Location, and Franchisee hereby forever waive any claim to the contrary.

B. Lease of Academy Location. If Franchisee is to execute a lease for, or a binding agreement to purchase, the Academy Location, Franchisee must obtain Franchisor's approval of the terms. Franchisor shall not unreasonably withhold its approval. Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee

will succeed at the Academy Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review of any such lease or purchase agreement. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Academy Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Academy Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain the provisions set forth in Franchisor's form of Lease Rider. Simultaneously with Franchisee's execution of the lease for the site, Franchisee will be required to sign Franchisor's form of Collateral Assignment and Franchisee expressly agrees to arrange for the landlord of the leased premises to sign Franchisor's form of Collateral Assignment. The executed Collateral Assignment will be held by Franchisor in escrow, until such time (if any) that Franchisor may elect to effectuate an assignment of Franchisee's lease.

C. Development of Academy Location. Franchisor shall make available to Franchisee, at no charge to Franchisee, specifications for the development of the Academy Location, including specifications for improvements, supplies and equipment that are necessary for the development and operation of a Academy. Franchisee shall cause the Academy Location to be developed, equipped and improved in accordance with Franchisor's specifications and open for business within 6 months of the Effective Date. In connection with the development of the Academy Location, Franchisee shall:

- (i). obtain all permits and licenses required for operation of the Franchised Business, and certify in writing that all such permits and certifications have been obtained;
- (ii). purchase any supplies or inventory necessary for the operation of the Franchised Business, as specified in the Operations Manual;
- (iii). purchase and install all equipment, furniture and fixtures, including any software and computer equipment, required by Franchisor for the operation of the Academy; and
- (iv). establish broadband or high- speed Internet access and obtain at least one (1) telephone number and one (1) facsimile number solely dedicated to the Academy.

D. Opening. Before opening the Franchised Business and commencing business, Franchisee must:

- (i). fulfill all of the obligations of Franchisee pursuant to the other provisions of this Section 5;
- (ii). furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease (if any), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;
- (iii). complete initial training to the satisfaction of Franchisor;

- (iv). hire and train the personnel necessary or required for the operation of the Franchised Business;
- (v). if Franchisee is a business entity, cause each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;
- (vi). obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and
- (vii). pay in full all amounts due to Franchisor.

E. Failure to Open. Time is of the essence. Should Franchisee fail to commence operations of the Franchised Business within 6 months from the Effective Date, Franchisor has the right to terminate this Agreement.

F. Use of Academy Location. Franchisee shall not use the Academy Location for any purpose other than for the operation of an Academy in full compliance with this Agreement and the Operations Manual, unless approved in writing by Franchisor.

G. Relocation. Franchisee shall not relocate the Academy Location without the prior written consent of Franchisor. If the Academy Location is leased, and the lease expires or terminates through no fault of Franchisee or if the Academy Location's premises is destroyed, condemned or otherwise rendered unusable, Franchisee may request the right to relocate the Academy Location either permanently or temporarily as appropriate under the circumstances and Franchisor shall not unreasonably withhold its consent to such relocation. Should Franchisee desire to relocate the Academy Location for any other reason, Franchisee shall request the right and Franchisor may approve or disapprove such request. Any relocation of the Academy Location shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in this Section 5. Franchisee must pay a relocation fee of \$1,500 or reimburse Franchisor's out-of-pocket costs, whichever is greater.

H. Marketing Restrictions. Franchisee may not, unless in conjunction with other Twinkle Star Dance Franchisees, advertise in internet, telephone, or similar directories that target areas outside of Franchisee's Protected Territory nor establish mailing addresses for its Twinkle Star Dance business or make other representations to potential customers that would lead others to believe that Franchisee has facilities or authorization to operate outside of its Protected Territory.

6. FEES

A. Initial Franchise Fee and Initial Training Fee. In consideration of the franchise and rights granted to Franchisee herein, Franchisee shall pay to Franchisor an Initial Franchise Fee of \$25,000 and Initial Training Fee of \$15,000 for the rights to open one Academy at a site within the Protected Territory as defined in Addendum A. Payment of all initial fees is due upon execution of this Agreement. The Fee shall be deemed earned and non-refundable upon payment.

B. Royalty Fee. Franchisee shall pay to Franchisor a Royalty Fee, equal to six percent (6%) of the Gross Revenues derived from the Academy. The term "Gross Revenues" shall mean the total amount of all revenues paid to the Franchisee, its agents and its employees, from the sale of all products or services under Twinkle Star Dance Mark, and from any other sources of revenue derived from the operation of the Academy. If a payment or fee is received in the form of merchandise or services, the fair market value of the merchandise or services shall be used in determining Gross Revenues, and payment shall be made to Franchisor in cash accordingly. The term "Gross Revenues" shall exclude any sales taxes that may be levied.

- (i). Payment of the Royalty Fee shall be made to the Franchisor monthly by the 10th of the month following the month in which the revenues were received. Franchisee shall make arrangements with its banking institution to permit Franchisor to debit Franchisee's banking account based on Franchisee's monthly Royalty Report (a summary of revenues collected) that shall be submitted electronically, by email or fax, as specified from time to time by Franchisor. Franchisee may elect to authorize Franchisor to charge a credit card account for monthly Royalty Fees, with Franchisee agreeing to pay any additional processing charges. (See Addendum E: Current Bank Authorization Form).
- (ii). In the event Franchisee fails to pay any fee due hereunder within seven (7) days after it is due, then Franchisee shall pay a late fee of \$100 plus interest on the amount due at the lesser rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid, but in no event shall Franchisee be compelled to pay interest or fees at a rate greater than the maximum permitted by applicable law.
- (iii). In the event Franchisee fails to submit Royalty Reports in a timely manner to permit Franchisor to debit Franchisee's bank accounts for the proper fee, Franchisor will have the right to estimate the amount due and debit Franchisee's account for that amount, making adjustments in subsequent debits to correct any inaccuracy. Franchisor shall be entitled, but not required, to base estimated Royalties on the average of the three preceding month's Royalty payments.

C. Advertising Fee. The Franchisor hereby requires the Franchisee to pay up to two percent (2%) of Gross Revenues monthly as an Advertising Fee. Franchisee will be notified in writing of the current monthly percentage or the current percentage being charged will be designated in the Operations Manual. Franchisee will be given thirty (30) day written notice of an Advertising Fee increase. The Fee will be collected by Franchisor and used to promote the Twinkle Star Dance name locally, regionally and nationally, with the exact amount to be specified by the Franchisor. Franchisee shall pay the amount due monthly, by 10th of the following month in which the revenues were received. The Advertising Fee must be paid in the same manner as the royalties. Such Advertising Fee shall be contributed to an Advertising Fund maintained by Franchisor,

as described in Section 9 below. If the Advertising Fund has not yet been established when this Agreement is executed by Franchisor and Franchisee, then Franchise shall begin paying the Advertising Funding Contribution upon thirty (30) days' advance notice from Franchisor that the Advertising Fund has been established. Franchisor's company-owned and affiliate-owned Academies will commence paying Advertising Fees, pursuant to this Section 6 when the first franchised outlet is opened and operating.

D. Technology Fee. Franchisor reserves the right to charge a set-up fee that is up to \$1,000 plus \$300 per month as a Technology Fee for the use of Franchisor's intranet, software and other technology products and services provided by Franchisor.

E. Administrative Fees. Franchisor may, at Franchisee's request or with Franchisee's consent, arrange for or procure certain products and/or services for the benefit of Franchisee or the System ("Optional Purchases"). In such cases, Franchisee shall reimburse Franchisor for the actual cost of such product or services incurred by Franchisor. In addition to reimbursement of such costs, Franchisor shall be entitled to charge, and Franchisee agrees to pay, an administrative fee equal to ten percent (10%) of the cost of the Optional Purchases to compensate Franchisor for its administrative, procurement, coordination, and handling services.

F. CPI Increases. Franchisor may increase any fee or charge due to Franchisor or its affiliates hereunder that is not based on a percentage of Gross Revenues each year, compounded annually, by the percentage increase in the United States Department of Labor, Bureau of Labor Statistics, Washington, D.C. — Consumer Price Index for All Urban Customers seasonally adjusted U.S. city average: All items (1982-1984 = 100) as periodically published.

At Franchisor's request, Franchisee must sign and deliver to Franchisor the Bank Authorization Agreement (the form of which is attached hereto as Addendum E), or such other documents that Franchisor periodically requires to authorize Franchisor to debit Franchisee's business checking account automatically for the Royalty Fees, Advertising Fees, Technology Fees and other amounts due to Franchisor under this Agreement or any related agreement between Franchisor and Franchisee (or their respective affiliates). Franchisee agrees to make the funds available for withdrawal by electronic transfer before each applicable due date. If payments are not received when due, interest may be charged by Franchisor at the lesser rate of one and one-half percent (1½%) per month or the maximum rate permitted by applicable law for each month that said amount is not paid. Upon written notice to Franchisee, Franchisee may be required, at Franchisor's sole discretion, to pay such fees directly to Franchisor in lieu of electronic funds transfer.

7. OBLIGATIONS OF THE FRANCHISOR

Franchisor hereby agrees to do the following:

A. Training. Franchisor will conduct or arrange for the following training programs for Franchisee:

- (i). Franchisor will provide the "Twinkle Star Dance Academy" training for up to four people, which may be virtual.. The individual designated as the Franchise Academy Director shall not function in such capacity without having successfully completed such training program within thirty (30) days of hire or engagement. "Franchise owner(s)" shall mean partners, principal shareholders, officers, members or proprietors of the Franchise, as the case may be, according to the type of franchise business organization. The training program must be successfully completed prior to commencement of the franchise business. Failure by

Franchisee (or its designee) to successfully complete such program before the opening deadline may result in termination of this Franchise Agreement and all rights granted to Franchisee hereunder. The fee for training more than four owners or managers is \$1,500 per attendee and this fee must be paid at least 2 weeks in advance of initial training.

The duration, location and content of the training programs are established by the Franchisor and may be modified, in the sole discretion of the Franchisor. If Franchisee seeks to have additional managers trained in excess of the limits stated above, they must be approved by Franchisor and the applicable training fees must be paid in advance. Travel, accommodations, payroll, worker's compensation insurance and related expenses for all persons attending any of Franchisor's training courses shall be borne solely by Franchisee.

- (ii). Franchisor will provide a continuing advisory service which will include, but not be limited to, consultation on sales, marketing, operations, business or technical problems. Franchisor may, from time to time, provide additional training and/or seminars that Franchisee and its designated employees must attend. Franchisor may offer additional training that is optional and establish prerequisites or qualifications for those seeking to enroll in any such additional training course. Franchisor may charge a fee of up to \$500 per person per day for such additional training. Franchisor may furnish Franchisee with certain training aids for Franchisee to provide basic training to Franchisee's personnel without charge.
- (iii). If Franchisor deems it appropriate, it may provide a competency examination to test the knowledge and skills in any of the above areas of expertise. A candidate passing such examination will have all rights and privileges as those who have successfully completed the related training program.

B. Operations Material. Franchisor will make available, at no additional cost to Franchisee, its confidential Operations Manuals and training material together with any revisions or amendments thereto which may be made by Franchisor from time to time during the term of this Agreement. Franchisor will regularly review new services and products for Franchisee to deliver to its clients. When a minimum of fifteen (15) Franchises are in operation or fewer on the discretion of Franchisor, Franchisor may hold an annual convention for all Franchisees to attend in order to gain additional knowledge in the industry. Franchisee may be charged a fee to attend said convention of up to \$1,000 per attendee and will be responsible for travel and lodging expenses while attending such conferences.

C. Approved Products. Franchisee agrees not to sell any services, products or other items at his Academy that Franchisor has not previously approved for sale. Franchisee agrees not to, without prior written consent, prepare, sell, dispense, give away or otherwise provide services, products and or other items except by means of retail sales, as provided in the Confidential Operations Manuals. Franchisee agrees to implement changes to the services, products or other items requested by Franchisor. Franchisee agrees to maintain an inventory of products sufficient to meet the daily demands of the Academy.

D. Promotion. Subject to this Agreement, Franchisor agrees to provide advice and training in methods for selling, advertising, promoting and developing the Academy. From time to time Franchisor may develop marketing materials and newsletters to assist Franchisee in promoting its dance Academy's products and services. Samples of such materials will be given to Franchisee and additional quantities may be purchased

from the Franchisor or other vendors. Franchisor will assist those charged with administering the Advertising Fee with developing advertising promotions and materials.

E. Website Customization. Franchisor will add Franchisee's contact information to Franchisor's website a minimum of 15 days prior to the date Franchisee opens for business. In addition, Franchisee's training will include the establishment of social media accounts that will meet with Franchisor's minimum standards.

8. OBLIGATIONS OF THE FRANCHISEE

A. Training. Pursuant to Sections 7A, Franchisee agrees to attend and cause its designated Management employee(s) to attend and successfully complete the training programs referred to in Section 7A, in accordance with all of the terms and conditions set forth therein.

B. Development of Academy, Commencement and Continuity of Operation. Franchisee agrees to complete its initial training and open its franchise business within 6 months from the date this Franchise Agreement is signed. Should Franchisee be unable to meet this deadline, Franchisor may grant a 90-day extension if Franchisee submits a written request and includes an explanation of efforts to obtain a suitable site, complete training and open. Franchisee agrees, at its expense, to do or cause to be done the following within 6 months following the Effective Date of this Agreement:

- (i). Deliver to Franchisor for review and acceptance a complete site approval report and other materials and information as specified in the Operations Manual. Acceptance of site that meets the criteria for demographic characteristics, traffic patterns, parking, character of neighborhood, competition from, proximity to, and nature of other businesses, other commercial characteristics, and the site's size, appearance, and other physical characteristics will not be unreasonably withheld.
- (ii). Deliver proposed lease with landlord's acceptance of Collateral Assignment of Lease (Addendum F) and other requirements as contained in the Operations Manual for Franchisor's written approval prior to entering into a lease for the site.
- (iii). Secure all financing required to develop and operate the Academy.
- (iv). Obtain all necessary insurance as outlined in Section 7 (L).
- (v). Obtain all permits and licenses required to construct and operate the Academy.
- (vi). Construct all required improvements to the site and decorate the Academy in compliance with Franchisor's approved plans, trade dress, and specifications.
- (vii). Purchase or lease and install all required equipment, fixtures, furnishings, and signs according to Confidential Operations Manual.
- (viii). Purchase or lease and install the approved Academy Management System and pay monthly rental/maintenance fee.
- (ix). Obtain a certificate of occupancy from the city/county/state, as required by Franchisee's jurisdiction.

- (x). Open the Academy, commence operations and continuously operate the franchised business.

It is Franchisee's responsibility to prepare all required construction plans and specifications for the Academy only in accordance with Franchisor's approved plans and specifications, and to make sure that these plans and specifications comply with the Americans with Disabilities Act (the "ADA") and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. Franchisor may require Franchisee to use architects and contractors designated or approved by Franchisor. Franchisee must send Franchisor initial space plans for approval. Once Franchisor approves the initial space plans in writing, Franchisee must provide Franchisor with complete space plans, architectural drawings, construction plans and specification for review and receive Franchisor's written approval of them before beginning construction of the Academy. Franchisee must also send Franchisor all revised plans and specifications, including any additions or substitutions, for Franchisor's review and written approval. Franchisee may not begin construction of its Academy without written approval from Franchisor. Franchisor may inspect the site while Franchisee is developing the Academy. Any review of the construction plans and specifications will be limited to ensuring Franchisee's compliance with Franchisor's design and other requirements for an Academy. Franchisor will not assess compliance with federal, state or local laws and regulations. Compliance with those laws is the Franchisee's responsibility. Any changes that Franchisee makes to the space plans, architectural drawings, construction plans or specifications must be provided to Franchisor for review and written approval.

Once Academy operations commence, Franchisee agrees to ensure that it is open for business and its phones are answered, either by an employee or electronically during normal business hours as specified in the Operations Manual. Further, the owner(s) of the Franchise agree(s) to supervise the franchise business and devote on a full-time basis, his or her best efforts to managing and operating the Academy. The business must be directly supervised, on a day-to-day basis, by Franchise owner(s) or the Academy Manager when Franchise owner(s) are not directly supervising. The Academy Manager is required to devote sufficient efforts to the management of the day-to-day operation of the Academy, which shall entail not less than thirty-five (35) hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Academy Manager. The Academy Director must have completed successfully the training courses described in Section 7(A).

Unless otherwise specifically approved by Franchisor, the franchise shall be open for the conduct of business at such times and for the minimum number of hours specified in the Confidential Operations Manual and Franchisee shall at all times staff the business with such number of employees to operate the business diligently.

Franchisee agrees to notify Franchisor in advance of any planned closings of the business and within 24 hours of the start of any emergency closings. Failure to communicate reasons and duration for closings may cause the Franchisee to be deemed abandoned and suitable remedies may be commenced by Franchisor. In all circumstances, Franchisee agrees to make every reasonable effort to ensure that the Franchisee's phones are answered, services are completed on schedule, if possible, and inquiries of customers or prospective customers are handled promptly with a lapse of no more than one (1) day.

C. Proprietary Marks.

- (i). Franchisee's right to use the Proprietary Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor. Franchisee agrees to use the Proprietary Marks so licensed, only in accordance with the terms of this Agreement. Any unauthorized use of the Proprietary Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Proprietary Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Proprietary Marks by virtue of any use it may make of the Proprietary Marks. This Agreement does not confer any goodwill, title or interest in the Proprietary Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Proprietary Marks or assist any other person in contesting the validity or ownership of any of the Proprietary Marks.
- (ii). Franchisee further agrees promptly to notify Franchisor of any claim, demand or suit brought upon it by any other person, firm or legal entity to use the Proprietary Marks licensed hereunder. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Proprietary Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Proprietary Marks.
- (iii). Franchisor acknowledges its obligations to police the use of the Proprietary Marks and agrees to do so. Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of this Section 7 and has complied with this Agreement and Franchisor's directions in responding to such proceeding. Franchisor or its designee will defend and control the defense of any proceeding arising directly from Franchisee's proper use of any Mark. This indemnification shall, not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks; not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor; not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.
- (iv). Franchisee shall not use the Proprietary Marks or any part or form thereof as part of its corporate, partnership, or other business name. Franchisee agrees to obtain the written approval of Franchisor for said name before opening its franchise Academy and before commencing operations. Franchisee will, however, use "Twinkle Star Dance" as its

fictitious or Doing Business As (DBA) name. Franchisee agrees not to use the Proprietary Marks in entering into any agreement or contract of any description, or in incurring any obligation, it being understood that Franchisee is only to use its corporate, partnership or proprietorship name for this purpose. Nothing herein contained shall prevent Franchisee from identifying itself as an Twinkle Star Dance franchisee as specified in Franchisor's confidential Operating Manual. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Proprietary Marks or a trademark or service mark that is confusingly similar to any Proprietary Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Academy Location, a prominent notice stating that Academy is an "Independently Owned and Operated Franchise" of Franchisor. The use of the Franchisor's Proprietary Marks for operating its Academy, for Internet promotion, for signs, business cards and stationery is exemplified in the Franchisor's Operations Manual and Franchisee agrees in so using said Marks to follow exactly the examples and format as set forth in the manuals or in any like materials provided by Franchisor.

- (v). Franchisee agrees to operate, advertise and promote the Academy under the Proprietary Marks and to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor as set forth in the Confidential Operating Manuals or other documents. Franchisee agrees to promote the mark "Twinkle Star Dance" and others instituted from time to time, in all publications, printing, signs, electronic media and visual images by reproducing said name at least two point sizes larger than any listing of its corporate, partnership, or proprietorship name. Franchisee further agrees to use no type style, color combination nor other graphic device to cause its business name, or any other name or design, to gain dominance over the "Twinkle Star Dance" name or any Proprietary Marks utilized.
- (vi). Franchisee agrees to allow Franchisor, in the sole discretion of Franchisor, to enter and inspect the Franchisee's premises, and to observe the manner in which Franchisee is operating its Academy and providing services to its clientele, it being understood that such rights are important to Franchisor to preserve the integrity of its Proprietary Marks and to make certain that the Franchisee is properly using said Proprietary Marks in the operation of its franchise business.
- (vii). Franchisee understands and acknowledges that each and every detail of the Twinkle Star Dance system is important to Franchisor, to Franchisee, and to other licensed Franchisees. In order to develop and maintain uniformity of services, products, and applications, and therefore, to enhance the reputation, trade demand and goodwill of all Twinkle Star Dance Franchisees, Franchisee accordingly covenants:
 - (a). to advertise and promote his/her franchise under the name "Twinkle Star Dance" or subsequent operating names as instructed by Franchisor's Operations Manuals, except where otherwise required by law;
 - (b). to adopt and use the Proprietary Marks licensed hereunder solely in the manner prescribed by Franchisor; and

- (c). to carry out its business under said Proprietary Marks in accordance with operational standards established by Franchisor, and as set forth in the confidential operating manuals and/or other documents;
- (d). to use the Marks on the Internet, and in domain names for the Internet, only under the listings established by Twinkle Star Dance Franchise, LLC as described in the confidential operating manuals and/or other documents.
- (viii). Franchisee acknowledges that valuable goodwill is attached to Franchisor's trademarks, service marks, trade names, and/or copyrights and that it will use them only in the manner and to the extent specifically licensed by this Agreement.
- (ix). If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Proprietary Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Proprietary Mark or any loss of goodwill associated with any modified or discontinued Proprietary Mark or for any expenditures made by Franchisee to promote a modified or substitute Proprietary Mark.

D. Trade Secrets and Confidential Information

- (i). Franchisee may use the Trade Secrets and Confidential Information provided in the Operations Manuals. Franchisee acknowledges and agrees that the Trade Secrets and Confidential Information are the sole and exclusive property of Franchisor and that Franchisor owns all worldwide rights therein under patent, copyright, trade secret, confidential information, or other source of property rights. Franchisee acknowledges and agrees that the disclosure of the Trade Secrets and Confidential Information to Franchisee does not confer upon Franchisee any ownership interest in or to the Trade Secrets or Confidential Information. Franchisee may use the Trade Secrets and Confidential Information solely for the purpose of operation a Twinkle Star Dance Franchise during the term of this Agreement, and only in compliance with the Operations Manuals and any other guidelines provided by Franchisor. Franchisee will hold in confidence and not reproduce, distribute, transmit, reverse engineer, decompile, disassemble, or transfer, directly or indirectly, in any form, by any means, or for any purpose, the Trade Secrets or the other Confidential Information or any portion thereof. Franchisee agrees to return immediately to Franchisor, upon request by Franchisor, the Trade Secrets and Confidential Information and all materials relating thereto.
- (ii). Franchisee's obligations under this Agreement with regard to the Trade Secrets shall remain in effect for as long as such information shall remain a trade secret under applicable law. Franchisee acknowledges that his obligations with regard to the Confidential Information shall remain in effect while Franchisee is retained by Franchisor and for as long as such information remains confidential. As used herein, "Trade Secrets" means information of Franchisor, its licensors, suppliers, customers, or prospective licensors or customers, without regard to form, including, but not limited to, client contact information, standard

operating procedures, presentation scripts, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, or a list of actual or potential customers or suppliers, which is not commonly known by or available to the public and which: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. As used herein, "Confidential Information" means information other than Trade Secrets, or knowledge which: (i) is used, or is developed to be used, in the business of Franchisor, or results from the research or development activities of Franchisor or any of its customers or suppliers, (ii) is private or confidential in that it is not generally known or available to the public, and (iii) gives Franchisor or any of its customers or suppliers an opportunity to obtain an advantage over their respective competitors who do not know or use such information.

E. Copyrights.

- (i). Franchisee may use Copyrighted materials owned by Franchisor (or a third party licensing such Copyrighted materials to Franchisor). Franchisee agrees to use these Copyrighted materials in compliance with the Operations Manuals and any other guidelines provided by Franchisor.

F. Ownership of Intellectual Property.

- (i). Franchisee agrees and understands that Franchisor shall remain the owner of all Intellectual Property owned by Franchisor, any and all prototypes rendered in connection with the same, and any attendant Intellectual Property associated therewith. Moreover, Franchisee agrees that any unauthorized use, registration, transfer, or assignment of same, without written permission of Franchisor, shall constitute material breach of this Agreement. Franchisee hereby assigns to Franchisor, or its designee, all of its right, title, and interest in and to any and all inventions, original works of authorship, concepts, developments, modifications, improvements, designs, trademarks or trade secrets, websites, domain names, discoveries, ideas, whether or not it may be patented or registered under copyright or similar laws, which it may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the term hereof that relates in any way to Intellectual Property owned by Franchisor. "Intellectual Property" shall mean all data, writings (irrespective of whether in written or electronic form), information (tangible and intangible), trade secrets, technical information, designs, processes, methods, procedures, formulae, know-how, improvements, discoveries, inventions, and works of authorship in any form, and any and all copyrights or copyright applications, trademarks or trademark applications owned by Franchisor.

G. Operations.

- (i). Franchisee agrees to conduct its franchise in accordance with Franchisor's Confidential Operating Manuals as the same may be revised from time to time. Franchisee further agrees to treat at all times the contents of said manuals as confidential and to reproduce or copy

parts thereof only as instructed therein or as otherwise approved by Franchisor. Franchisee and Franchise Owner(s) shall not at any time, either during the term of this Agreement or thereafter, disclose, copy, duplicate, record or otherwise reproduce, in whole or in part, or otherwise make available, any portion of said manuals or confidential information to any unauthorized person or entity. All management personnel shall execute a Non-Disclosure Agreement similar to that attached as Addendum H, the Sample Non-Disclosure and Non-Competition Provisions for Management Employees and Dance Instructors.

- (ii). Franchisee acknowledges that said manuals shall at all times remain the sole property of Franchisor, and Franchisee agrees to promptly deliver, neither expecting nor demanding any fees, said manuals and training materials of Franchisor to Franchisor or its designee upon the expiration or other termination of this Agreement.

H. Standards of Quality.

- (i). Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Academy. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Academy. The Academy shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. If an activity or media event occurs at the Academy, with the Franchisee, Employees of the Academy or people affiliated with the franchise which negatively affects the brand the Franchisee is required to notify Franchisor immediately to help with damage control and official company position to the media. Franchisor will take disciplinary action by giving written notice for failing to comply with good business practices. Termination will occur after 2 notices have been issued within 12 months. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Academy pursuant to this Section.
- (ii). Franchisee agrees to market, sell and deliver in its local marketplace, under the Twinkle Star Dance name, in such manner as may be determined by Franchisor, and will operate an Academy offering dance lessons for ages 2 to teens under the Twinkle Star Dance logo. Products and services provided will meet the reasonable specifications and standards from time to time designated by Franchisor. Where required by Franchisor, Franchisee must buy equipment, supplies and inventory from Franchisor, its affiliate, or designated sources. Franchisee agrees not to conduct any other business or activity utilizing the same location, equipment, or personnel.
- (iii). Franchisee is required to maintain the focus of the Academy by only offering products and services listed in Franchisor's Operations Manuals.
- (iv). Franchisee must purchase or lease and install all specified equipment, fixtures, furniture, decor items, signs, computer hardware, software, supplies, advertising, sales and marketing materials, inventory, proprietary and/or trademarked products and services and other

products Franchisor specifies from Franchisor, our affiliate or suppliers approved by Franchisor and/or in accordance with Franchisor's specifications. Franchisor may designate one or more specific manufacturers or suppliers for such items and/or services, which may be Franchisor or its affiliates.

- (v). Franchisee is required to purchase business cards, stationery, brochures or similar items from Franchisor, its Affiliate, or Franchisor's designated sources in order to ensure the quality of such items with standards and specifications therefor of Franchisor.
- (vi). If Franchisee would like to purchase items or services or use a supplier not previously approved by Franchisor, Franchisee must put that request in writing, providing Franchisor with sufficient information and/or samples with which to make a decision as to the new item, service or supplier. Franchisor may charge a reasonable fee for inspection and/or testing, not to exceed \$500, to evaluate the new item, service or supplier.

I. Modification. Franchisee agrees to operate its franchise using Franchisor's Proprietary Marks, copyrighted materials, and business techniques as existing upon execution of this Agreement. Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Proprietary Marks or copyrighted materials, and computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require;

Any changes or modifications to be made to the Academy as a result of any such modification or development of any of the Proprietary Marks, copyrighted materials, products, equipment or techniques shall be made by Franchisee within two (2) months' time after their modification or development at the Franchisee's expense.

J. Advertising.

- (i). Franchisee agrees to submit to Franchisor for its prior written approval all sales promotion materials and advertising to be used by Franchisee to promote its services and products, including, but not limited to internet, social media, newspaper, newsletter, apparel, email promotion, text messages, poster, direct mail, radio and television advertising, specialty and novelty items, stationery and business cards. However, any advertising need not be submitted for the Franchisor's approval if it is prepared in accordance with the Confidential Operations Manuals. Unless written disapproval of said advertising and promotional material is received by Franchisee from Franchisor within 15 days from the date such material is submitted to and received by Franchisor, said material shall be considered approved.
- (ii). Franchisee agrees to use the Proprietary Marks in advertising in accordance with the terms of the confidential operating manuals of Franchisor. Examples of advertising contained in such manuals are deemed approved unless otherwise stated in writing by Franchisor.
- (iii). Franchisee agrees to execute Franchisor's Grand Opening Advertising program as described in Franchisor's Operations Manuals.

K. Accounting and Records.

- (i). Franchisee agrees to maintain and preserve during the term of the franchise (and for three years thereafter) full, complete and accurate books of account and records of all transactions including receipts, expenses, capital expenses and investments. Franchisee shall submit to Franchisor periodic reports on forms in the manner and at the times specified herein. The required reports for submission as of the date of this Agreement are as follows:

Report	Time to submit
Royalty Report	On or before the 10th of the month following the month in which the receipts were collected
Advertising Fee Report	On or before the 10th of the month following the month in which the receipts were collected
Online Access to Accounting and All Management Software Solutions	24/7 through Internet access to Franchisee's software and computer
Monthly Profit and Loss Statement and Balance Sheet	On or before the 20th of the following month
Annual Profit and Loss Statement, Balance Sheet and Tax Returns of the Academy	On or before the 60th day following the Franchisee's fiscal year end

- (ii). All records, ledgers and other documents of the Academy shall be made available for audit or inspection by Franchisor (or its designee) during normal business hours upon reasonable notice by Franchisor or its designee. If Franchisee fails or refuses to permit such an audit or inspection, Franchisee agrees to pay Franchisor its expenses incurred in connection with such attempted inspection or audit.
- (iii). Franchisor may cause an audit to be conducted on the books and records of Franchisee by a qualified party chosen by Franchisor. If the audit was performed due to the Franchisee's failure to report Gross Revenues or provide other reports or tax returns as required above or if the audit establishes that Franchisee understated Gross Revenues (as defined in Section 6(B)) to Franchisor for any period by more than three per cent (3%) of the amount of actual Gross Revenues, Franchisee shall pay for the cost of the audit, and shall pay as liquidated damages a sum equal to 15% of the additional Royalty Fees due for the period so audited. Any unpaid royalties revealed by such an audit shall bear interest at a rate of 18% per annum from the date payment was due. Payments for such fees, including the unpaid royalty, must be received by Franchisor within three (3) days of the date that Franchisee receives written notice that such payments are due to avoid further penalties, interest and possible termination. Franchisee shall maintain the funds, books and records of the Academy separate from and independent of all other funds, business and personal records of Franchisee and franchise owner(s). If there is any commingling of such funds or books and records, then Franchisor's rights of audit and inspection granted hereunder also

shall apply to such other business and personal records (including banking and financial information) of Franchisee and franchise owner(s).

L. Insurance.

Franchisee, at Franchisee's sole expense, agrees to maintain adequate insurance and indemnity coverage throughout the term of this agreement and any extension thereof with an insurance carrier having an A VIII or better rating with the Alfred M. Best & Company, Inc. rating agency. Franchisee acknowledges that this requirement shall in no way be construed as making Franchisee the agent of Franchisor. Franchisee agrees to provide the following coverages (insurance limits specified are minimum recommended limits and are subject to change from time to time) and in connection therewith to identify the Franchisor as a named insured to the extent of its interest:

- (i). Comprehensive blanket general public liability insurance, including product liability insurance, to be maintained against claims for personal injury, death or property damage suffered by others upon, in or about the premises or occurring as a result of the maintenance or operation of any automobiles or other vehicles, owned, hired and non-owned, or as a result of the use of any products sold by it or services rendered by it or any claims arising out of the Business pursuant to this Agreement or the operation of Twinkle Star Dance business with a single bodily injury and property damage limit of at least \$1,000,000, per occurrence and \$2,000,000 in the aggregate;
- (ii). General casualty insurance for fire and extended coverage, vandalism, theft, burglary and malicious mischief liability for the replacement value of the Franchise and its contents;
- (iii). Workers' compensation or employer's liability insurance as well as other insurance as may be required by statute or rule in the state in which Franchisee's Franchise is located with coverage limits for injured Employees by accident or bodily injury or by disease of not less than: and Employers Liability Limit of \$500,000 per Injury by accident or disease, \$500,000 Policy Limit and \$500,000 Per Employee;
- (iv). Automobile liability for owned, leased, hired and non-owned vehicles with recommended limits of at least \$1,000,000 combined single limit; \$500,000 Medical/Personal Injury Protection and \$1,000,000 Uninsured/Under-insured Motorist;
- (v). Personal Injury and Advertising Injury insurance with a single person or organization limit of not less than \$1,000,000;
- (vi). Business interruption insurance covering a minimum twelve (12) months loss of income, including coverage for Franchisor's Royalty Fees with no co-insurance clause;
- (vii). Crime-Fidelity Employee Dishonesty insurance with Crime endorsement added with a minimum limit of insurance not less than Ten Thousand Dollars (\$10,000) and a deductible per claim of not more than One Thousand (\$1,000);
- (viii). Any and all bonds required by state law.

Prior to undertaking any construction, renovation, refurbishment or remodeling an Academy, Franchisee must maintain Builder's Risk insurance and performance and completion bonds in forms and amounts, and written by carriers or carriers reasonably satisfactory to us, upon commencement of the first date of construction of Franchisee's Academy.

Prior to the opening of the franchise business, Franchisee shall deliver to Franchisor certificates or policies evidencing that such insurance is in full force and effect, and each year during the term of this Agreement, upon Franchisor's request, Franchisee shall furnish to Franchisor premium receipts or other satisfactory evidence that such policies have continued in effect. Should Franchisee fail to maintain the required insurance, or furnish proof thereof, the Franchisor has the option to obtain such insurance for the Franchisee at the sole cost of the Franchisee. Franchisee shall promptly notify Franchisor of any and all claims under said policies of insurance against Franchisee, Franchisor and/or employees or agents of either.

If Franchisee does not procure and maintain insurance coverage as required by Franchisor, Franchisor has the right procure insurance coverage and to charge the premiums to Franchisee.

M. Taxes, Payments and Compliance with Law.

- (i). Franchisee shall promptly pay when due all taxes and assessments in connection with Franchisee's business, its premises, and equipment; shall cause to be immediately discharged all liens or encumbrances of every kind or character created or placed upon or against any of said property other than in the normal course of business; and shall pay when due all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of said Franchise. Franchisee is not obligated to make payments hereunder if Franchisee is legitimately contesting such taxes, assessments, liens, encumbrances, accounts or indebtedness; however, Franchisee shall promptly pay such items once they do become finally uncontested and determined.
- (ii). Franchisee shall comply with all applicable federal, state and local laws, ordinances and regulations, and shall obtain and maintain on a timely basis any and all permits, certificates, bonds, or licenses necessary for the full and proper conduct of its franchise. This shall include, but not be limited to, any business, or other licenses required by the laws of any applicable jurisdiction.
- (iii). Business Licenses. Franchisee understands and acknowledges that this Agreement is expressly conditioned on its ability to secure and maintain, at Franchisee's sole expense, any and all required state, county and any other business licenses required for the operation of the Franchise business. Franchisee may request an extension of time to open the business in written form stating in detail the actions taken to secure the proper licenses.

N. Maintenance, Repairs, and Refurbishment.

- (i). Franchisee must maintain the interior and exterior of Franchisee's Twinkle Star Dance commercial premises, equipment, fixtures, signs and furnishings in conformity with the then current standards for each as described in the Operations Manuals and Franchisee must make repairs and replacements as may be required by Franchisor. All such repairs and changes must be commenced by Franchisee within sixty (60) days after notice from Franchisor and proceed with due diligence until complete.

In addition, Franchisee must agree:

- (a). to keep its Academy in a high degree of repair, order and condition, including, without limitation, such periodic repainting of the exterior and interior of the business, and perform such maintenance and repairs to all fixtures, equipment, furnishings, signs, and uniforms as Franchisor may reasonably request;
- (b). to meet and maintain at all times at least the minimum governmental standards and ratings applicable to the operation of the Academy;
- (c). to cause its employees to wear apparel which conforms to the specifications, design, color and style approved by Franchisor from time to time; and
- (d). to assure that all vehicles used in the course of business shall be in good repair, shall at least meet minimum governmental standards for safety if owned or leased by

Franchisee, and shall be operated solely by persons who are properly licensed to operate such vehicles, and who shall obey all traffic laws and otherwise operate such vehicles in a safe manner.

- (ii). Franchise agrees to refurbish its facility in order to maintain a modern and uniform image throughout the term of this Agreement. After the Franchise has been open for five years, and on each five year anniversary thereafter, Franchise agrees to remodel or refurbish its facility, equipment, decor, signage, and furnishings and bring the unit into compliance with then current standards for new Academies. Franchisee agrees to complete such remodeling, repairs, replacements and redecoration within four months from the date refurbishment notice is forwarded to Franchisee by Franchisor.

O. Lease Assignment.

- (i). Upon the expiration or the termination of this Franchise Agreement for any reason, Franchisor shall have the right and option to take an assignment of the lease on the premises of the Academy of Franchisee herein, without compensation to Franchisee. (See Addendum F: Collateral Assignment of Lease) Franchisor shall also have the right, under those circumstances, to purchase some or all of the equipment and other personal property located at the Academy or elsewhere, as provided in Paragraph 10 of this Franchise Agreement.
- (ii). Any lease entered into by Franchisee for a site to operate an Academy must contain provisions which provide that the landlord agrees to furnish Franchisor with any and all written notices of default concurrently with the giving of such notice to Franchisee and that Franchisor shall have the right (but not the obligation) to cure any said default according to the terms of the lease, and that the lease may be assigned to Franchisor or its designee and that landlord will consent to such assignment without imposing any assignment or transfer fee upon termination or expiration of this agreement or any breach of the lease by the Franchisee.

P. Technology Systems.

Franchisee shall install, update and maintain, pay for, and use exclusively for all operations in the Franchise Business all technology systems, information systems, and management systems specified from time to time by Franchisor, including, without limitation, all designated software systems. Franchisee acknowledges and agrees that Franchisor owns any and all customer lists and their contents that Franchisee may develop during the normal course of operating the Academy including those found in the management software systems. From time to time Franchisor may request, and Franchisee agrees to make available to Franchisor, within 3 business days, and upon request, an electronic copy, or in a form approved by Franchisor, a copy of the complete database, including a complete list of active and inactive customers (from the prior three years). Franchisee promises not to use any customer list for any purpose other than in the normal operation of the Academy without prior written approval of Franchisor, and Franchisee may not sell that list or any information regarding customers to any third party without the express prior consent of the Franchisor. Franchisor agrees to not make the database or any portion of the database available to any third or related party, except only those agents of Franchisor acting in an audit capacity as provided for in Section 8(N) of this Agreement. Franchisor reserves the right to communicate with people on the customer list.

Q. Information Security.

Franchisee must implement all administrative, physical and technical safeguards necessary to protect any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, government-issued identification numbers and credit report information (“Personal Information”) in accordance with applicable law and industry best practices. It is entirely Franchisee’s responsibility (even if Franchisor provides Franchisee assistance or guidance in that regard) to confirm that the safeguards Franchisee uses to protect Personal Information comply with all applicable laws and industry best practices related to the collection, access, use, storage, disposal and disclosure of Personal Information. If Franchisee becomes aware of a suspected or actual breach of security or unauthorized access involving Personal Information, Franchisee will notify Franchisor immediately and specify the extent to which Personal Information was compromised and disclosed. Franchisee shall indemnify, defend and hold the Franchisor harmless from any claims arising from the breach of security or unauthorized access involving Personal Information of the Franchisee.

R. Public Notification.

In all advertising displays and materials distributed off site and at the Academy, Franchisee shall, in such form and manner as may be specified in the Confidential Operations Manual, notify the public that Franchisee independently owns and operates the Academy, and that Franchisee is operating the business licensed hereunder as a franchisee of Franchisor, as an independent contractor, and not as an agent, representative or employee of Franchisor, and shall identify its business location in the manner specified in the Confidential Operations Manual. Franchisee shall otherwise take such action as may be necessary to hold itself out to the public as an independent contractor. Further, at the request of Franchisor, the Franchisee shall display, or otherwise make available literature provided by Franchisor relating to the availability of Twinkle Star Dance franchises as supplied by Franchisor and at such location(s) as directed by the Franchisor from time to time.

S. Telephone Number and Related Items.

Franchisee shall execute and deliver to Franchisor a form of assignment of those certain Internet website addresses (“URL’s”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Franchise business and telephone numbers and regular, classified or other telephone directory listings required by the applicable local or other telephone company(s) or such other form of assignment as Franchisor shall prescribe (the “Assignment of Telephone Numbers and Listings”) prior to the commencement of use of such number(s). See Addendum G. Franchisee acknowledges and agrees that the telephone company and all listing services may accept this Agreement or the Assignment of Telephone Numbers and Listings as conclusive evidence of Franchisor’s exclusive right in such telephone numbers and listings and its authority to direct their transfer. Franchisee shall be solely responsible for all fees, charges and costs attributable to the Telephone Numbers and Listings until such time, if any, as Franchisor effectuates the Assignment of Telephone Numbers and Listings pursuant to Franchisee’s Post Term Obligations.

Franchisee shall immediately notify the telephone company, URL companies providing service to the Franchisee and all telephone directory publishers of the termination or expiration of Franchisee’s right to use any URL’s, telephone number and any regular, classified or other telephone directory listings associated with any Mark, and to authorize transfer thereof to Franchisor at its direction. Franchisee acknowledges that, as between it and Franchisor, Franchisor has the sole rights to and interest in all URL’s, telephone numbers and

directory listings associated with the Mark. Franchisee authorizes Franchisor, and hereby appoints Franchisor and any of its officers as Franchisee's attorney in fact, to direct the URL companies and telephone company providing service to the Franchisee and all telephone directory publishers to transfer any URL's, telephone numbers and directory listings to Franchisor at its direction, should Franchisee fail or refuse to do so. The URL companies and telephone company providing such service and all telephone directory publishers may accept such direction or this Agreement as conclusive proof of Franchisor's exclusive rights in such URL's, telephone numbers and directory listings and Franchisor's authority to direct their transfer.

Franchisee shall not authorize or allow calls made to the above referenced URL's or telephone numbers to be transferred or redirected to any other number, or directory inquiries regarding numbers of the Franchise Business to be referred to any other Business.

9. ADVERTISING

Franchisee also agrees to advertise in its Protected Territory, only using advertising and promotional materials approved by the Franchisor.

A. Grand Opening Advertising. Franchisee agrees to utilize Franchisor's Grand Opening Promotion program to launch the business during its first 90 days of operation or 30 days prior to opening the Academy to 60 days after commencing operations. Franchisor and Franchisee will agree to the extent of investment in that program during Franchisee's initial training based on the size of the territory, its demographics, the amount of competition, and the goals of Franchisee's owner(s). Franchisee must spend a minimum of \$1,000 on Grand Opening Promotion during its first 90 days of operation or 30 days prior to opening the Academy to 60 days after commencing operations..

B. Local Advertising. Franchisee agrees to spend the greater of \$400 monthly or two percent (2%) of Gross Revenues on such local advertising. The Franchisee agrees to make reports as the Franchisor may require to verify such expenditures within 15 days from the end of each month for the preceding month. Franchisor reserves the right to require Franchisee to join a local advertising cooperative, if one is established in Franchisee's area, and any amount contributed by Franchisee to the cooperative will count against the local advertising requirement. Any Academies owned by Franchisor or its affiliates or that Franchisor or its affiliates may establish and operate in the future will pay the same percentage of Gross Revenues to any cooperative established in the area within which such Academies are located. Dance academies owned by Franchisor and its affiliates that operate under marks other than the Proprietary Marks will not pay any amounts to cooperatives.

C. National Advertising Fund. Franchisor established and administers an advertising fund ("Advertising Fund"), for the enhancement and protection of the Twinkle Star Dance brand and Proprietary Marks, and to advertise the System and the products offered by Academies. Franchisee must pay two percent (2%) of Gross Revenues weekly as an Advertising Fee. Any Academies owned by Franchisor or its affiliates or that Franchisor or its affiliates may establish and operate in the future will pay the same percentage of Gross Revenues as an Advertising Fee. Dance academies owned by Franchisor and its affiliates that operate under marks other than the Proprietary Marks will not pay an Advertising Fee.

We will direct all advertising programs and control the creative concepts, materials and media used and their placement and allocation. The Advertising Fund is intended to enhance the general public's recognition Twinkle Star Dance brand and its acceptance and use of Franchisor's System. Franchisor is not obligated, in administering the Fund, to make expenditures for Franchisee that are equivalent or proportionate

to Franchisee's contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Advertising Fund. Franchisor may use the Advertising Fund for national, regional and local marketing programs that Franchisor deems necessary, and Franchisor has no obligation to spend any amount on advertising in the area where Franchisee are located.

Franchisor will determine how and where the contributions to the Advertising Fund will be spent. This includes Franchisor's right to purchase and pay for production development, production materials, ad slicks, media advertising, brochures, radio and television commercial production costs, services provided by advertising agencies, signs, public relations, telemarketing, direct mail advertising, e-mail advertising, promotional programs, advertising market research, graphics and design costs, creation, maintenance and enhancement of an Internet Website, Internet costs, social media programs, cellular telephone and smart phone media programs, advertising at recitals, dance competitions, mailers, door hangers, freestanding inserts/coupons, brochures and sponsorships, software development and upgrades, services provided by software affiliates or consultants, special event marketing costs, gift card program costs, miscellaneous marketing costs, technology costs, software development costs, hardware development costs, the costs incurred in administering the Fund and such other costs and expenses as Franchisor deems appropriate and in the best interests of all Academy Franchises. All administrative and other costs associated with or incurred in the administration of the Advertising Fund including, but not limited to, marketing, research and administrative personnel salaries, fringe benefits and travel costs, long distance telephone charges, accounting fees, collection costs (including attorneys' fees paid in collecting past due Advertising Fees) and office supplies will be paid from the Advertising Fund. While Franchisor expect to spend Fund contributions in the year that they are received, Franchisor does not have any obligation to spend the monies in the Advertising Fund in the calendar year in which the contributions were received. Advertising Fees (and the interest accrued) that are not spent in the calendar year in which they were paid will remain in the Advertising Fund, with no obligation to expend such sums. Fund surpluses, if any, will carry forward to the following year. If excess amounts remain in any fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the fund, and next out of prior year Advertising Fees and then out of current contributions. Franchisor will prepare an annual statement summary showing the income to and the expenditures from the Advertising Fund during each calendar year by April 30th of each year for the preceding year and copies of the summary will, upon written request, be provided to Franchisee. The financial statements of the Advertising Fund will not be audited. However, Franchisor may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the Advertising Fund's expense. None of the money deposited in the Advertising Fund will be used to directly solicit new franchisees.

10. RELATIONSHIP BETWEEN PARTIES

A. Relationship. This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf.

B. Independent Contractor. During the term of this Agreement, and any extension or renewal hereof, Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Academy personnel and others as the Academy's owner under a franchise Franchisor has granted.

Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify.

C. No Liability for Acts of Other Party. Franchisor and Franchisee agree not to make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name or on behalf of the other or represent that their relationship is other than franchisor and franchisee. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

D. Display of Disclaimer. Franchisor must conspicuously display a sign that states that “This Academy Is An Independently Owned and Operated Franchised Business” and/or such other notices of independent ownership that Franchisor periodically specify at the Approved Location. Franchisee agrees to place notices of independent ownership on all forms, business cards, stationary, purchase order forms, invoices, leases, tax returns and other documents Franchisee uses in Franchisee’s business dealings with suppliers, lessors, government agencies, employees and customers. Franchisor may, but is not obligated to, provide Franchisee with acceptable language for such disclaimers.

11. INDEMNIFICATION.

A. Indemnification by Franchisee. To the fullest extent permitted by law, Franchisee shall, at Franchisee’s sole cost and expense, hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively “Franchisor Indemnitees”) from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys’ fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon:

- (i). any personal injury, bodily injury or property damage whatsoever occurring in or at the location of the Academy;
- (ii). any bodily injury to an employee of Franchisee arising out of and in the course of employment of the employee;
- (iii). Franchisee’s ownership or operation of the Academy;
- (iv). Franchisee’s breach of the lease for the Exclusive Location;
- (v). Franchisee’s violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule;
- (vi). Franchisee’s breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate);
- (vii). Franchisee’s defamation of Franchisor or the System;

- (viii). Franchisee's acts, errors or omissions committed or incurred in connection with Franchisee's franchised business, Academy and or place of operations, including any negligent or intentional acts; or
- (ix). Franchisee's infringement, violation or alleged infringement or violation of any Proprietary Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information.

B. Notification of Action or Claim. Franchisee shall give Franchisor immediate notice of any such action, suit, proceeding, claim, demand, inquiry or investigation that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right (but not the obligation) to retain counsel of its own choosing in connection the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Should Franchisor elect to retain counsel, Franchisee acknowledges and agrees that such an undertaking by Franchisee shall, in no way, diminish the obligation of Franchisee (and Franchisee's owners) to indemnify the Franchisor Indemnitees and to hold them harmless, and to be represented by counsel of Franchisee's own choosing with respect to any such action, suit, proceeding, claim, demand, inquiry or investigation in which Franchisee is personally named.

C. Franchisor's Right to Settle. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, consent or agree to settlements or take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe:

- (i). any of the acts or circumstances listed in Section 11(A) above have occurred; or
- (ii). any act, error, or omission may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

D. Recovery from Third Parties. If Franchisor's exercise of its rights under this Section to settle or take corrective or remedial action, causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

E. Survival of Terms. Franchisee (and Franchisee's owners) expressly agree that the terms of this Section 11 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

12. TERMINATION AND DEFAULT

A. Franchisee may not terminate this Agreement during its term but may decline to renew the Agreement at the end of any 10-year term.

B. Franchisor has the right to cancel, terminate, or refuse to renew this Agreement for the following reasons (in addition to other rights and remedies it may have) without any refund of any portion of the Franchise Fee:

- (i). If Franchisee fails, refuses, or neglects promptly to pay to Franchisor any money owing to Franchisor on the date due.
- (ii). If Franchisee fails to submit required reports or financial data in a timely manner.
- (iii). If Franchisee defaults in the performance under this Franchise Agreement, a loan, open account billing, contract assignment, or under any other Agreement with, or obligation to, Franchisor, or if Franchisee fails to comply with guidelines, policies and requirements imposed upon it by this Agreement, by the Operations Manual, or by such other operational memoranda issued by Franchisor;
- (iv). If Franchisee violates or fails to comply with any applicable law including state business licensing or bonding laws and fails to cure within the time allowed by law.
- (v). If Franchisee fails to maintain generally accepted good business practices which will reflect favorably on the Franchisee, Franchisor and its Marks. This includes, but is not limited to: prompt response to clients', consumers' or Franchisor's inquiry, by mail, or telephone and payment of liabilities, fees, and debts of the Franchisee.
- (vi). If the business of Franchisee is assigned, transferred, sold, leased, or for any other reason passes from the actual supervision or control of Franchisee without Franchisor's written consent including any transfer, sale, assignment, exchange or any other disposition of shares (or series of such transactions) of a corporate or limited liability company-owned franchise.
- (vii). If the Franchisee fails to open its Academy within 180 days of signing this Agreement, or, if, after commencement of the business, Franchisee fails to operate the business continuously for a period of three (3) business days during the term of this Franchise Agreement (Abandonment) unless prevented by Acts of God.
- (viii). If Franchisee fails to personally complete or have its designated Academy Director complete, the initial training described in Paragraph 4A(I) within 30 days of hire or engagement.
- (ix). If Franchisee makes, or has made, any materially false statement or report to the Franchisor in connection with this Franchise Agreement or application therefor or in reporting Franchisee's revenues and resultant royalties.
- (x). If Franchisee fails to obtain from its managers, signed, written statements, in which these employees agree to keep secret Franchisor's trade secrets and proprietary information for

operation of an Academy or if Franchisee delivers to, or permits unauthorized persons access to the Franchisor's confidential manuals, training programs, or any other confidential materials, or trains any other person to use Franchisor's methods for conduct of a similar business.

- (xi). If Franchisee violates any of the provisions of Paragraph 18 of this Agreement.
- (xii). (a) If Franchisee shall be adjudicated a bankrupt (unless restricted by the United States Bankruptcy Code) or becomes insolvent; (b) if a receiver of its property, or any part thereof, is appointed by a court of competent authority; (c) if Franchisee makes a general assignment for the benefit of its creditors; (d) if a final judgment against Franchisee remains unsatisfied of record for sixty (60) days or longer (unless a supersedeas bond is filed); (e) if execution is levied against Franchisee's business or property, or suit to foreclose any lien or mortgage is instituted and not dismissed within sixty (60) days; (f) if Franchisee's bank accounts, property or receivables are attached or garnisheed and such attachment or garnishment proceedings are not dismissed within a sixty (60) day period; or (g) if Franchisee is convicted of a felony.
- (xiii). If Franchisee breaches any of the terms of this Agreement two or more times within any twelve (12) month period, even if cured.
- (xiv). If Franchisee fails to comply with any of the requirements of Section 8 of this Agreement.

With respect to the grounds for termination set forth above in subparagraph (1) and (2), Franchisor will deliver to Franchisee written notice of default at least seven (7) days prior to the date of termination; during this seven (7) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (3), (4), and (5), Franchisor will deliver to Franchisee written notice of default at least thirty (30) days prior to the date of termination; during this thirty (30) day period, Franchisee will have the right to cure the default.

With respect to the grounds for termination set forth above in subparagraphs (6), (7), (8), (9), (10), (11), (12), (13) and (14), Franchisor shall have the right to terminate this Agreement by written notice, without any right to cure by Franchisee.

Where notice of default and demand for performance is given, when and to the extent required, such notice or demand shall not be a waiver of any other term hereof. To the extent that any provisions of this Agreement provide for periods of notice less than those provided by any applicable law, or provide for termination, cancellation or non-renewal other than in accordance with such applicable law, then such provisions hereof shall be modified to the extent necessary to comply with the provisions of such applicable law.

13. RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

- A. Upon the termination of this Agreement and this franchise, or upon their expiration, Franchisee and franchise owner(s), as applicable, shall:

- (i). Promptly pay to Franchisor (its subsidiaries and affiliates), all sums of money, royalties, fees or other charges due or which are undisputed and have accrued to the date of termination or expiration, as applicable. In the event of termination as the result of a breach by Franchisee, Franchisee and/or guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty due during each of the last twelve months times the lesser of thirty-six (36) or the number of months that were remaining in the scheduled term of this Agreement. The parties expressly acknowledge and agree that such payments shall not affect any rights or remedies the Franchisor may have, at law or in equity, including without limitation the right to seek injunctive relief, against Franchisee, Guarantors, and/or the franchise owners;
- (ii). Cease to use, in any manner whatsoever, the Franchisor's name, the proprietary marks, manuals, slogans, signs, forms, devices and other materials, used in connection with the operation of the franchise, and take all necessary steps to disassociate itself from Franchisor, including removal of signs, internet postings, and non-use of letterheads. Franchisee shall not represent or advertise that Franchisor and Franchisee were formerly affiliated with the Franchise System;
- (iii). Immediately return to Franchisor with no demand for compensation, all operations manuals, forms, signs, prospect and customer lists, names and contacts of all employees, as well as any materials provided to Franchisee by Franchisor, its subsidiaries or affiliates; (Franchisor will repay Franchisee for signs or other materials paid for by Franchisee that were purchased from the Franchisor, that are returned in a salable condition, or their value may be credited to any unpaid obligations of the Franchisee);
- (iv). Take whatever action is necessary to cancel, terminate and/or change any assumed name registration, document, or other record which contains the name "Twinkle Star Dance" (or any form or part thereof) or any Proprietary Mark of Franchisor;
- (v). Agree not to disclose any trade secrets or confidential information of Franchisor, its subsidiaries and affiliates;
- (vi). Immediately cease operation of the terminated or expired Academy;
- (vii). Notify all telephone companies, of the termination of this agreement and request that all telephone numbers, that have been used to identify the Franchisee as a licensee of Franchisor, be assigned to the Franchisor or terminated (at the Franchisor's discretion) no later than 7 days after the date of termination or expiration. The phone line(s) should be placed on intercept with no call forwarding unless the Franchisor chooses to accept financial responsibility for the line(s). This agreement to transfer or terminate phone line(s) applies to all telephone numbers whether commercial, residential, cellular, internet- based or other forms of telecommunications (See Addendum G: Assignment of Telephone Numbers and Listings);
- (viii). Submit to the Franchisor an electronic copy of Franchisee's list of employees as well as its customer database including a list containing the names, addresses, telephone numbers and the name of the contact person responsible for purchasing Franchisee's services and

products for each customer that has engaged Franchisee's services or paid Franchisee for services, or products during the prior 24 months;

- (ix). In addition, if directed to do so by Franchisor, Franchisee must refund to all clients any monies collected for services and products that have not been earned as the result of this termination or expiration and the resulting inability of Franchisee to deliver said products and provide services under the Twinkle Star Dance Mark.
- (x). Notify any and all Internet Service Providers, URL Registrars, search engines, directories and other pertinent sources of the termination of this agreement and request that all links, referrals, registrations, and telephone numbers, that have been used to identify the Franchisee as a licensee of Franchisor, be assigned to the Franchisor or terminated (at the Franchisor's discretion) 7 days after the date of termination or expiration. Any domain name registrations should be transferred under regulations established from time to time by ICONN or the then current registration authority, to the Franchisor unless the Franchisor chooses not to accept financial responsibility for these URL(s). If this is the case, said name registrations should be cancelled and any web pages containing referrals to Twinkle Star Dance name or logo or reference to any services offered by Franchisee terminated.
- (xi). Offer Franchisor the right to assume any commercial property leases utilized by Franchisee and to purchase for fair market value as established by a qualified independent appraiser selected by the Franchisor any equipment, inventory or leases for equipment utilized by the business.

B. If Franchisee and/or franchise owner(s), as applicable, fail or refuse to comply with this Section 13 in a professional and expeditious manner, as well as all other obligations hereunder intended to survive termination and expiration of this Agreement and Franchise, including but not limited to the non-disclosure, non-competition and indemnification covenants, then Franchisee and franchise owner(s) agree to pay Franchisor for all costs and expenses, including auditors' and attorneys' fees incurred by Franchisor in an effort to effect compliance thereunder. All obligations of Franchisee, franchise owner(s) and Franchisor hereunder which expressly, or by their nature, 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. Franchisor shall have the right, at its sole discretion, to cure any default of the Franchisee and bill the Franchisee for any expenses incurred in eliminating said default.

14. TRANSFERABILITY OF INTEREST

A. Franchisee and its owners may not assign this Franchise Agreement, sell the assets of the business to others, or issue or transfer equity without the Franchisor's written consent. Franchisor may refuse to consent to any assignment, sale, transfer or bequeath by Franchisee of its rights under this Agreement, or to succession of this Agreement by will or intestacy, to any person, partnership, joint venture, corporation or other entity unless that party meets the then current standards for new Franchisees and Franchisee has met the requirements of Paragraph 14B below.

B. Prior to any transfer, Franchisee shall fully pay and satisfy all of Franchisee's obligations to Franchisor, and, if the transfer is to an unrelated third party, Franchisee (or transferee) shall have fully paid to Franchisor a fee equal to twenty-five percent (25%) of the Initial Franchise Fee being charged new franchisees at the time of the transfer for the training course, supervision, administrative, accounting, legal, and/or other

Franchisor expenses incurred in connection with the transfer. In addition, Franchisor shall have the right to review and approve the purchase agreement for compliance with standard business practices, including, but not limited to, the debt burden of the purchaser; the transferee shall have signed a new Franchise Agreement with the Franchisor; training arrangements must be made; and Franchisee must sign a general release of the Franchisor, its officers and employees from all claims. An assignment or transfer shall include without limitation, an effective transfer of ownership of 20% or more of the ownership interest of a franchisee.

C. This Agreement and all of Franchisor's rights, title, duties, obligations, and interest hereunder may be freely assigned, transferred or conveyed by Franchisor and shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

D. Notwithstanding anything stated elsewhere in this Agreement, the Franchisee shall have the right, if it is in full compliance with this Agreement, to transfer, without charge, its rights and obligations under this Agreement to a corporation or a limited liability company in which Franchisee continuously owns one hundred percent (100%) of the issued and outstanding shares of each class of stock or membership shares, provided that the corporation or limited liability corporation must agree in writing to be bound by the terms of this Agreement and the Franchisee hereby agrees to remain personally liable in all respects as a guarantor of the obligations of the corporation or limited liability corporation. Franchisee shall be in default under the terms of this Agreement if Franchisee, at any time, disposes of any interest sufficient to reduce its ownership in the corporation or limited liability company to less than eighty 80% interest of any class of stock without complying with the steps of Paragraph 14B.

E. Franchisor retains a right of first refusal to purchase the assets of Franchisee at the same price and on the same terms as any other party. If Franchisee reaches an agreement to sell, assign or transfer this license, ownership of the Franchisee or the Franchise Business itself, to another responsible and fully disclosed party who has executed a bona fide written offer with an earnest money deposit, it must be subject to Franchisor's right of first refusal described in this subparagraph E. Franchisor will have 10 days to notify Franchisee of its intent to exercise or waive said rights within 10 days of receiving written documentation indicating the Franchisee's agreement to sell. Franchisor shall have an additional 45 days to complete the purchase, in instances where it decides to exercise its right to purchase, after it has given Franchisee its notice to do so.

F. In the event of the death, disability or permanent incapacity of Franchisee (or appointment of a conservator or guardian of the person or estate of Franchisee, or if Franchisee is a corporation or limited liability company, then upon the death, insanity, permanent disability of the corporation's principal officer or the manager or managing member of a limited liability corporation), Franchisor shall not unreasonably withhold its consent to the transfer of all of the interests of Franchisee to his spouse, heirs or relatives, whether such transfer is made by will or by operation of law, provided that the requirements of Paragraph 11B hereof have been met. In the event that Franchisee's heirs do not obtain the consent of Franchisor as prescribed herein, the personal representative of Franchisee shall have reasonable time, not to exceed six months from the date of death or incapacity, to dispose of Franchisee's interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement. If, in Franchisor's sole discretion, the Academy is not being managed properly any time after Franchisee's death, disability or incapacity, or if Franchisee is a corporation or limited liability company, after the death, disability or incapacity of the corporation's principal officer or the manager or managing member of a limited liability corporation, Franchisor may, but need not, assume the Academy's management (or appoint a third party to assume its management). Franchisee shall pay Franchisor (in addition to the Royalty Fees, Advertising Fees, Technology Fees, and other amounts due under

this Agreement) \$500 per day, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, if Franchisor (or a third party) assumes the Academy's management under this subparagraph. Franchisor (or a third party) have a duty to utilize only reasonable efforts and will not be liable to Franchisee for any debts, losses, or obligations the Academy incurs, or to any of Franchisee's creditors for any products, other assets, or services the Academy purchases, while Franchisor (or a third party) manage it.

15. NON-WAIVER

No failure of Franchisor to exercise any rights reserved to it nor to insist upon strict compliance by Franchisee (or franchise owner(s) as applicable) with any obligation or condition of this contract, and no custom or practice at variance with these terms, shall constitute a waiver of Franchisor's right to demand exact compliance with these terms. Waiver by Franchisor of any particular default by Franchisee (or franchise owner(s)) shall not affect or impair Franchisor's rights in respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance, or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee or franchise owner(s) of any of the terms, provisions, or covenants, affect or impair Franchisor's rights, nor shall such constitute a waiver by Franchisor of any right or of the right to declare any subsequent breach or default of this Agreement. Subsequent acceptance by Franchisor of the payments due to it shall not be deemed to be a waiver by Franchisor of any of its rights arising by a preceding breach by Franchisee or franchise owner(s) of any terms, covenants or conditions of this Agreement.

16. NOTICE

Any notices required to be given shall be given in writing by personal delivery, or by certified or registered mail, or by reputable commercial overnight delivery service, directed to Franchisor at Twinkle Star Dance Franchise, LLC, 4046 East Avenue, Livermore, California 94550 or to Franchisee at Franchisee's address set forth on the first page of this Agreement. Notice by mail shall be deemed received on the fifth business day following the date it was deposited in the mail.

Either party hereto may change the address to which any notices to such party shall be delivered, by written notice to the other.

17. LIABILITY FOR BREACH

In the event of any breach of this Agreement by either party, in addition to any other remedies the aggrieved party may have at law or in equity, the party in breach shall pay to the aggrieved party all amounts due and all damages, costs and expenses, including reasonable attorneys' fees and auditors' fees incurred by the aggrieved party as a result of any such breach.

18. COVENANT NOT TO DISCLOSE OR COMPETE

Franchisee and any guarantors hereof acknowledge that their initial knowledge of the operation of a Twinkle Star Dance franchise, its services, products, and methods of conducting business, is derived wholly from information disclosed to them by Franchisor pursuant to this Agreement, the training programs, the Confidential Operating Manuals and other means, and that Franchisor has a legitimate business interest in preventing Franchisee from using such information to compete with or otherwise harm Franchisor or its other franchisees.

A. So long as this Franchise Agreement is in effect, and for two (2) years thereafter, Franchisee and all Guarantors shall maintain the absolute confidentiality of such information and shall not divulge to, or use for the benefit of, any other person, partnership, association, trust, corporation or entity outside the Franchisor's organization, any confidential or proprietary information of Franchisor nor any information concerning customers, the methods of doing business (including, without limitation, approved equipment lists, rectal techniques, choreography, lesson plans, vendors, promotion, pricing of services and products, marketing

concepts and other technical information and know-how employed by Franchisor or its franchisees in the dance studio business which Franchisee or the guarantor may acquire by virtue of their operation under the terms of this Agreement. Information furnished to employees, or agents of Franchisee by Franchisee shall be reasonably limited to that information which directly relates to such employees' or agents' duties. All employees of the Franchisee shall execute like non-disclosure and confidentiality undertakings in writing as a condition precedent to their engagement by Franchisee.

B. So long as this Franchise Agreement is in effect, and for two years thereafter, except for the Academy licensed hereunder, Franchisee and guarantors expressly covenant that Franchisee and guarantors will not engage, directly or indirectly, within a twenty-five (25) mile radius of either the outer boundaries of Franchisee's Protected Territory or the Exclusive Territories of any other franchisees, whether as an owner, stockholder, partner, officer, director, or managerial employee in an Academy offering dance lessons to ages two to teens, or otherwise engage in a business similar to that licensed hereunder. If Franchisee and/or Guarantors do so compete, Franchisee and/or guarantors shall pay to Franchisor, in lump sum, as liquidated damages, and not as a penalty, an amount equal to the average Royalty due during each of the last twelve months times thirty-six (36). The parties expressly acknowledge and agree that such payments shall not affect any rights or remedies the Franchisor may have, at law or in equity, including without limitation the right to seek injunctive relief, against Franchisee and/or the franchise owners by reason of such competition by them.

C. This Covenant is entered into by and between the parties hereto with full knowledge of its nature and extent. They hereby acknowledge that the Franchise Agreement would not be entered into by the Franchisor except upon the condition that such restrictive covenant be embodied herein and that, as such, they be enforceable, in the event of a breach by Franchisee and/or the franchise owners, by injunctive relief, and/or any other remedies available at law or equity to Franchisor, which remedies shall be cumulative. Franchisee and the franchise owners expressly acknowledge and represent that, prior to entering into this Agreement, they were employed and earned a living in some occupation other than that contemplated by this Agreement, and would not be prevented or prohibited from being employed and earning a living upon the termination of this Agreement, whether voluntarily or involuntarily, in the event they were prohibited from engaging in the management of a business operating a Dance Academy offering dance lessons to ages two to teens.

19. ENTIRE AGREEMENT

This Agreement and the documents to which reference in it has been made, shall be construed together and constitute the entire, full and complete agreement between the parties and shall supersede all prior agreements. There are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect. Nothing in this or any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document that Franchisor furnished to Franchisee. No amendment, change or variance from this Agreement shall be binding on any party unless executed in writing.

20. SEVERABILITY

Each paragraph, section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any paragraph, section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such shall not impair the operation of or affect the remaining paragraphs, sections, parts, terms, and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties. Said invalid paragraphs, sections, parts, terms and/or provisions shall be deemed not to be a part of this Agreement, provided, however, that if Franchisor determines that said finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

21. MEDIATION AND ARBITRATION

A. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, the breach thereof, or the relationship of the parties hereto shall be subject to mandatory non-binding Mediation. The Mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the parties agree on a Mediator in writing within ten (10) days after either party gives written notice of Mediation. If either party alleges a dispute or controversy against the other party for any reason, except for those specified above, then either party will have the right to demand non-binding Mediation within the (10) days after the complaining party provided the other party with written notice describing the dispute or controversy and the desired action. All Mediation hearings will take place exclusively in the city where the Franchisor maintains its headquarters, and will be held within twenty (20) days after the Mediator has been appointed. The Mediation hearing will be informal and the Mediator will have the right to hear and review all testimony and evidence presented by either party. The cost of the Mediator will be shared equally by the parties. The parties agree that they will act in good faith to settle any dispute or controversy between them either prior to or during Mediation. All matters, testimony, arguments, evidence, allegations, documents and memorandums will be confidential in all respects and will not be disclosed to any other person or entity by either party.

The Franchisor and the Franchisee will not have the right to commence any Arbitration or legal proceedings against the other party until the dispute or controversy has been mediated as provided for herein, unless said dispute is of a nature excluded from Mediation as set forth above or if neither party has requested mediation. Both parties will have the right to take all actions necessary to demand Arbitration or to commence legal proceedings prior to any Mediation hearing; however, neither party will have the right to an arbitration hearing or to prosecute any legal proceedings beyond commencement of an action until the Mediation has concluded.

B. Any controversy or claim (other than those arising from non-payment of monies due, falsification of reports, abandonment, those regarding trademark infringement, and non-compete provisions) arising out of or relating to this contract, the breach thereof, or the relationship of the parties hereto not resolved through Mediation, shall be resolved by Arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Said Arbitration shall take place in the city where the Franchisor is headquartered. Judgment entered upon an award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The parties agree that they shall be entitled to take discovery by way of depositions and requests for production of documents and that AAA-issued subpoenas shall suffice for compelling same. Each party shall determine the extent of the discovery it desires to undertake and shall submit to the arbitrator (and

serve on the opposing party) a schedule of such intended discovery. Each party shall be entitled to take discovery pursuant to its schedule unless objection thereto is made by the other party within 10 days after service of said schedule. The parties shall make a good faith attempt to resolve all objections. Any unresolved objections shall be submitted to the arbitrator for resolution.

C. Nothing herein shall bar the right of either party to obtain injunctive relief against threatened or actual conduct under the usual rules of equity, including the applicable rules for obtaining preliminary injunctions.

22. FRANCHISEE

The term "Franchisee" shall be deemed to include all persons who succeed to the interest of the original Franchisee by transfer or operation of law.

23. VENUE/GOVERNING LAW

This Agreement was entered into in the State of California and this Agreement, and, with the exception of any disputes relating in any way to Section 18 above, which shall be interpreted and construed under the laws of the state where the Academy is located, all disputes between the parties hereto, shall be interpreted and construed under its laws. The parties agree that any action in which Franchisor is a party brought by any party against another party in connection with any disputes, rights or obligations arising out of this Agreement, and not otherwise subject to binding arbitration under Section 20 above, shall be instituted in a state court of competent jurisdiction with venue only in the County where the Franchisor is headquartered or in the United States District Court for the District where the Franchisor is domiciled except and only to the extent prohibited by applicable law. Any party to this Agreement named as a defendant in such an action brought in connection with this Agreement in any other court outside of the above-designated county or district shall have the right to have the venue of said action changed to the above-designated county or federal district, unless precluded by applicable law. Franchisee hereby agrees to submit personally to the jurisdiction of a court of competent subject matter jurisdiction located in the above-designated state and county or federal district, except in any legal proceeding where Franchisor is not a party. The parties acknowledge that this Agreement is executed in and that a material portion of Franchisor's obligations under this Agreement are to be performed in, the above-designated state, county and federal district.

Nothing contained in this paragraph shall prevent or prohibit Franchisor from seeking an injunction or other equitable relief in any court of competent jurisdiction.

24. LIMITATION OF DAMAGES

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement.

25. WAIVER OF JURY TRIAL AND CLASS ACTION

Each party hereby irrevocably waives all rights to trial by jury in any action, proceeding or counterclaim, whether at law or equity, regardless of which party initiates the suit. This waiver applies to any matter arising

out of or in any way related to this Agreement, the parties' performance under or breach of this Agreement, and Franchisee's purchase from Franchisor of the Franchised Business and/or any goods or services. Franchisee additionally waives the right to initiate or participate in a class action in any forum, including without limitation, participating in any class or group arbitration, and the parties agree that all proceedings arising out of or related to this Agreement or Franchisee's purchase of the Franchised Business will be conducted on an individual, and not a class-wide basis. The parties acknowledge and further agree that any proceeding between Franchisee, Franchisee's Guarantor(s) and Franchisor or Franchisor's affiliates, officers and/or employees may not be consolidated with any other proceeding between Franchisor and any other third party.

26. FORCE MAJEURE

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

27. COUNTERPARTS

The parties hereby agree that this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement. The parties further agree that in the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed, sealed and delivered this Agreement in duplicate the day and year first above written.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

ADDENDUM A
FRANCHISEE'S STUDIO LOCATION AND PROTECTED TERRITORY

ACADEMY LOCATION

Pursuant to Section 2 of the Franchise Agreement, the Franchised Business shall be located at the following Academy Location: _____

PROTECTED TERRITORY

Pursuant to Section 2 of the Franchise Agreement, Franchisee's Protected Territory shall be defined by and exist within the following zip codes or other physical, political or natural boundaries (if identified on a map, please attach map and reference attachment below):

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

ADDENDUM B
RESERVED

ADDENDUM C

GUARANTY

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement") by Twinkle Star Dance Franchise, LLC (hereafter "Franchisor"), each of the undersigned individuals, ("Guarantors") hereby personally and unconditionally: (1) guarantees to Franchisor and its affiliates and their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees personally to be bound by, and personally liable for the breach of, each and every provision in the Agreement and comply with all sections of the Agreement, as though the undersigned were the Franchisee.

Each of the undersigned waives:

- (i). acceptance and notice of acceptance by Franchisor and its affiliates of the foregoing undertakings;
- (ii). notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (iii). protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (iv). any right he may have to require that an action be brought against Franchisee or any other person as a condition of liability; and

any and all other notices and legal or equitable defenses to which he may be entitled. Each of the undersigned consents and agrees that:

- (i). his direct and immediate liability under this guaranty shall be joint and several;
- (ii). he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
- (iii). such liability shall not be contingent or conditioned upon pursuit by Franchisor or its affiliates of any remedies against Franchisee or any other person;
- (iv). such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor or its affiliates may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this guaranty.

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

PERCENTAGE OF OWNERSHIP

GUARANTOR(S)

INTERESTS IN FRANCHISEE

ADDENDUM D FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If a franchise agreement contains a provision that is inconsistent with the law, the law still controls.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business. For California franchisees who sign a Multi-Unit Development Agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

The Franchise Agreement requires application of the laws of the state of California. This may not be enforceable under California Law.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a disclosure document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

Franchisee must sign a general release if Franchisee transfer Franchisee's franchise. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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 a 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.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

ILLINOIS STATE LAW APPENDIX

The conditions under which Franchisee's franchise can be terminated and Franchisee's rights upon non-renewal may be affected by Illinois Law, ILCS 705/19 and 705/20.

Section 41 of the Illinois Franchise Disclosure Act states that "any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act is void."

For Illinois franchisees, this Agreement shall be governed by and construed in accordance with the laws of the state of Illinois, and any and all disputes between the parties shall be resolved, within the state of Illinois, whether by mediation, arbitration or litigation.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

MINNESOTA STATE LAW APPENDIX

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

FOR RESIDENTS OF THE STATE OF NEW YORK

Notwithstanding any provision of the Franchise Agreement, 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 will remain in force, it being the intent of this provision that the non-waiver provisions of the General Business Law of the State of New York Sections 687.4 and 687.5 be satisfied.

No new or different requirements imposed on you as a result of any changes made by us to its Confidential Operations Manual pursuant to the Franchise Agreement or otherwise will place an unreasonable economic burden on you.

Notwithstanding any provision of the Franchise Agreement to the contrary, we will not transfer and assign our rights and obligations under the Franchise Agreement unless the transferee will be able to perform our obligations under the Franchise Agreement, in our good faith judgment, so long as it remains subject to Article 33 of the General Business Law of the State of New York.

The Franchise Agreement is hereby modified by adding the following sentence as the last sentence thereof: "However, you will not be required to indemnify for any civil wrong of ours."

Notwithstanding the Franchise Agreement, the choice of law and venue provisions should not be construed as a waiver of any right conferred on you by the provisions of Article 33 of the General Business Law of the State of New York.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

WASHINGTON STATE LAW APPENDIX

The state of Washington has a statute, RCW 19.100.180, which may supersede the franchise agreement in Franchisee's relationship with the franchisor including the areas of termination and renewal of Franchisee's franchise. There may also be court decisions which may supersede the franchise agreement in Franchisee's relationship with the franchisor including the areas of termination and renewal of Franchisee's franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act or rights of 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.

BY EXECUTING THIS APPENDIX, THE PARTIES HERETO MAKE THIS APPENDIX A PART OF THE ACCOMPANYING FRANCHISE AGREEMENT, AND INCORPORATE THIS APPENDIX THEREIN.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

**EXHIBIT F
DEVELOPMENT AGREEMENT
(WITH ADDENDA)**

Twinkle Star Dance Franchise, LLC

DEVELOPER

DATE

ACADEMY

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DEVELOPMENT AGREEMENT

This Agreement is made and entered into this day of _____, by and between Twinkle Star Dance Franchise, LLC, a California limited liability company (hereinafter referred to as "Franchisor) and _____ a [corporation/limited liability company] (hereinafter referred to as "Developer").

WHEREAS, Franchisor and its affiliate have developed a unique and distinctive business system (the "System") for the development and operation of Dance Academies (each a "Academy") serving children ages two to teens under the Twinkle Star Dance mark;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products; proprietary software, uniform standards, dance lesson plans, choreography, recital preparation and execution, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Twinkle Star Dance" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (the "Marks");

WHEREAS, Developer desires to develop and operate a designated number of Academies under the Marks and the System within the geographical territory specified in Addendum A (the "Development Area") pursuant to the development schedule set forth below in Section 1.4 (the "Development Schedule"); and

WHEREAS, Franchisor wishes to grant Developer the right to develop and operate a designated number of Academies in the Development Area, pursuant to the Development Schedule and subject to the terms, covenants and conditions set forth in this Agreement.

NOW THEREFORE, for and in consideration of the mutual promises, covenants and agreements contained herein and the payments and transfers hereinafter provided for and to evidence the agreement of the parties, it is hereby agreed as follows:

SECTION ONE: DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1.1. Grant of Development Rights. Subject to and in accordance with the conditions of this Agreement, the Franchisor hereby grants to the Developer, and the Developer hereby accepts, the right and obligation to develop and operate _____ Twinkle Star Dance Academies (each a "Academy" collectively the, "Academies"), and to use the System solely in connection therewith at specified locations Franchisor approves to be operated pursuant to the terms of separate Franchise Agreements executed between Franchisor and Developer (or an affiliate of Developer).

1.2. Grant of Development Area. Developer hereby undertakes the obligation to develop and operate the number of Academies designated in Section 1.1 above within the territorial boundaries of the Development Area. Notwithstanding anything to the contrary contained herein, the Development Area will not contain the protected territory granted to franchises prior to contract date and existing franchisees with

locations in the Development Area will be allowed to renew or transfer the franchise rights granted under Franchise Agreements with Franchisor.

For so long as this Agreement is in effect, neither Franchisor nor its affiliates will operate or grant a franchise for a Twinkle Star Dance Academy within the Development Area. These restrictions will terminate immediately upon the expiration or termination of this Agreement for any reason. Outside of the Development Area, Franchisor and/or its affiliates reserve the right to operate any number of Twinkle Star Dance Academies, and/or authorize others to operate same, at any location whatsoever (including one or more locations that may be proximate to, but not within, the Development Area).

1.3. Rights Reserved By Franchisor. Developer acknowledges that except to the extent provided in Section 1.1 above, Franchisor (and its Affiliates) expressly retain all rights and discretion with respect to the Marks, System and the sale of any products and services, including, without limitation, all rights reserved with respect to the Protected Territory pursuant the Franchise Agreement for the first development right exercised hereunder executed contemporaneously with this Agreement (the “First Franchise Agreement”).

1.4. Development Schedule. Developer agrees that development of Twinkle Star Dance Academies within the Development Area shall be in accordance with the following Development Schedule:

Developer agrees to open:

one permanent Twinkle Star Dance Academy on or before _____;

one additional Twinkle Star Dance Academy on or before _____;

one additional Twinkle Star Dance Academy on or before _____;

one additional Twinkle Star Dance Academy on or before _____;

one additional Twinkle Star Dance Academy on or before _____;

one additional Twinkle Star Dance Academy on or before _____;

one additional Twinkle Star Dance Academy on or before _____;

one additional Twinkle Star Dance Academy on or before _____; and

one additional Twinkle Star Dance Academy on or before _____.

Developer may not develop or commence operations of more than the number of Academies set forth above without first obtaining Franchisor’s written consent. An Academy will be considered “developed” if: (i) the Franchise Agreement for the Academy has been signed by Developer (or an affiliate of Developer) and Franchisor; and (ii) the Academy has commenced operations in accordance with the Franchise Agreement governing the Academy.

1.5. Failure to Meet Development Schedule. In the event Developer fails to timely meet the above Development Schedule, Franchisor may: (i) reduce, in whole or in part, the size of the Development Area within which you will have rights; (ii) reduce, in whole or in part, the total number of Academies that Developer

will have the right to develop; or (iii) terminate this Agreement and Developer shall lose all rights to develop additional Twinkle Star Dance Academies in the Development Area pursuant to this Agreement, together with any and all development fees for future Academies. The provisions of this Section 1.5 shall not affect the terms of, or the rights of the parties under, any Franchise Agreement for any Academy under construction or any Academy that is open and operational. Developer will lose both the right to develop the undeveloped Academies in the Development Area and the Development Fee attributable to the undeveloped Academies, and Franchisor may operate or franchise Academies anywhere within the Development Area without, in any way, being in violation of this Agreement. This remedy of Franchisor's will be in addition to whatever other remedies Franchisor may have at law or in equity.

SECTION TWO: DEVELOPMENT OBLIGATIONS

2.1. To carry out its obligations to the Franchisor hereunder, which Developer acknowledges are of material importance to Franchisor, Developer agrees to the following development procedures:

1. Developer shall submit to Franchisor a written request for approval of a proposed site, and shall provide to Franchisor such information as Franchisor may reasonably request with respect to such proposed site.
2. Franchisor shall render its final decision as to whether or not to accept the proposed site, in writing, within 20 days after Franchisor's receipt from Developer of all information reasonably requested by Franchisor for purposes of making such determination, which notice shall include the Franchise Agreement for said site executed by Franchisor. In accepting or not accepting the proposed site, the Franchisor may reasonably consider such matters as it deems material, including, without limitation, the demographic characteristics of the proposed site, traffic patterns, parking, the predominant character of the neighborhood, the proximity of other businesses, including other Academies and other commercial characteristics. Acceptance of a proposed site shall not be unreasonably withheld by Franchisor. If Developer shall have failed to obtain lawful possession of an accepted site (through acquisitions or leasing) within 90 days of Developer's receipt of the Franchisor's acceptance of such proposed site, the Franchisor may, at its sole discretion, withdraw acceptance of such proposed site.
3. Acceptance of a proposed site shall be specifically contingent upon Developer executing a Franchise Agreement for said site on Franchisor's then-current form of Franchise Agreement prior to signing a lease for such approved site.
4. Developer shall then perform its construction obligations in accordance with the requirements of the Franchise Agreement for such site location.
5. Execution of Franchise Agreement. Franchisor and Developer (or Developer's affiliate) will execute a Franchise Agreement for each Academy provided for in the Development Schedule. The First Franchise Agreement has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Academy developed hereunder shall be Franchisor's then-current Franchise Agreement modified to provide that the Royalty Fee (as defined in the Franchise Agreement) and Advertising Fees (as defined in the Franchise Agreement) imposed under the Franchise Agreement will not be greater than those set forth in the First Franchise Agreement. The Franchise Agreement for each additional Academy will be executed according to the following procedure:

- i. Within a period of time Franchisor deems appropriate, Franchisor will deliver to Developer (if required under applicable law) a copy of Franchisor's then-current Franchise Disclosure Document (the "Franchise Disclosure Document").
- ii. Promptly upon receipt of the Franchise Disclosure Document, Developer must acknowledge receipt by executing the receipt form ("Receipt") prescribed in the Franchise Disclosure Document and promptly returning the Receipt to Franchisor.
- iii. No sooner than fourteen (14) business days, but no later than thirty (30) calendar days after Developer receives Franchisor's Franchise Disclosure Document, Developer must, by written notice, notify Franchisor as to whether or not Developer elects to execute Franchisor's then-current form of Franchise Agreement (modified as provided above) for the Academy.
- iv. Promptly upon Franchisor's receipt of Developer's notice that Developer elects to execute Franchisor's then-current form of Franchise Agreement (modified as provided above), Franchisor will deliver to Developer two (2) execution copies of the Franchise Agreement. Promptly upon receipt of these execution copies, you must execute the two (2) copies and return them to Franchisor.
- v. If Developer fails to perform any of the acts or fails to deliver any of the notices required pursuant to the provisions of subsections (i), (ii), (iii) or (iv) above in a timely fashion, this will be a material and incurable breach of this Agreement which, unless Franchisor waives the breach, will entitle Franchisor to terminate this Agreement immediately on notice to Developer, with no opportunity to cure.

Under no circumstances, however, may Developer open an Academy for business unless and until there is a fully executed Franchise Agreement in place for such Academy and the applicable initial franchise fee has been paid in full.

2.2. Term; Renewal.

1. Term; Renewal. Unless sooner terminated, this Agreement and all development rights granted hereunder shall expire on the date of execution of the Franchise Agreement for the last Academy to be constructed pursuant to the development schedule set forth herein.
2. Notice of Expiration. If applicable law requires Franchisor to give notice of expiration to Developer at a specified time before the expiration of the term of this Agreement, and Franchisor has not done so, then the term of this Agreement will be extended on a month-to-month basis until Franchisor has given Developer the required notice of expiration and the required period before the expiration of the Agreement becomes effective has expired.

2.3. Development Fees

Contemporaneously with the execution hereof, Franchisee shall pay to Franchisor the full initial franchise fee for the first Academy and nonrefundable development fees equal to \$4,000 for each additional Academy to be developed hereunder. Each \$4,000 development fee shall be credited against the Initial Franchise Fee due under the then-current form of Franchise Agreement signed for an Academy to be developed hereunder. For avoidance of doubt, no development fee credit shall apply with respect to the initial franchise fee for the first Academy. Notwithstanding the terms of any Franchise Agreement, the initial franchise fees and development fees for Academies developed pursuant to this Agreement shall be as follows:

Initial Franchise Fee Due Under the First Franchise Agreement (plus initial training fees)	\$40,000 (full initial franchise fee, plus training fee)
Total Development Fees	<i>[\$4,000 per Academy after the first Academy]</i>
Initial Franchise Fee Balance Due Under Each Additional Franchise Agreements (after the First Franchise Agreement)	80% of the then-current initial franchise fee, less \$4,000

2.4. It is also agreed that the Royalty for each Academy required to be developed by the Developer hereunder shall be the same as the Royalty under the First Franchise Agreement.

2.5. After the expiration or termination hereof, however, Franchisor may operate, directly or through an affiliate, or franchise others to operate, an Academy within the Development Area.

SECTION THREE: LIMITATIONS

3.1. This Agreement grants Developer the limited right to select sites for proposed Twinkle Star Dance Academies within the Development Area, and does not include the grant of a license to the Twinkle Star Dance trademarks, service marks, system or Licensed Rights, which will be granted to Developer only through Franchise Agreements with Franchisor.

3.2. Developer shall not incorporate any of Franchisor's trade names, including but not limited to "Twinkle Star Dance" or words similar thereto in any trade name or firm name of Developer or in any corporate name.

3.3. Developer shall not represent nor hold itself out as an agent, legal representative, partner, subsidiary, joint venturer or employee of the Franchisor. Developer shall have no right or power to, and shall not bind or obligate the Franchisor in any way, manner or thing whatsoever, nor represent that it has any right to do so.

3.4. The covenants set forth in this section shall survive the termination or expiration of this Agreement.

SECTION FOUR: SERVICES BY COMPANY

4.1. Franchisor agrees during the term of this Agreement to make available to Developer the following:

1. The benefit of Franchisor's real estate and lease evaluation experience and aid in site selection;
2. Specifications and general layouts for the structure, equipment and furnishings, decor and signs identified with the Twinkle Star Dance Academy as shall from time to time be developed by Franchisor;
3. Layouts and specifications for standardized furnishings and equipment and interior design and decor specifications and layouts, and a suitable sign program;
4. Initial training of an individual designated by Developer regarding standards, methods, procedures and techniques;
5. Franchisor's regular and continuing supervisory services, rendered by personal visit or telephone, or by newsletter or bulletin as Franchisor may deem necessary or appropriate: and
6. Such other resources and assistance as may hereafter be developed and offered by Franchisor to Developer.

SECTION FIVE: ASSIGNMENT

5.1. Franchisor shall have the right to transfer this Agreement and all or any part of its rights or obligations herein to any person or legal entity provided such transferee is a Franchisee in good standing and agrees to assume and be bound by the terms hereof.

5.2. Neither Franchisee nor any of its Owners shall, without Franchisor's prior written consent, directly or indirectly, sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in this Agreement or any portion or aspect thereof, or any voting or equity interest in Franchisee. The approval or denial of any proposed transfer shall be vested in the Franchisor's sole and subjective discretion.

SECTION SIX: DEFAULT AND TERMINATION

6.1. By the Franchisor. The Franchisor may terminate this Agreement, effective upon delivery of a notice of termination to Developer, if:

1. Developer fails to meet its development requirements set forth in Section One hereof; or
2. Developer fails to comply with any other provisions of this Agreement or any Franchise Agreement and does not correct such failure within twenty-one (21) days after written notice of such failure to comply (which shall describe the action that Developer must take to correct such failure) is delivered to Developer.
3. If Developer is not in compliance with this and any other agreements, and has received notice of such non-compliance, Franchisor may, in its sole discretion, terminate this agreement.

6.2. Upon termination, cancellation or expiration of this Agreement, or upon expiration of the term thereof, Developer agrees as follows:

1. To cease any activities in connection with the development of Twinkle Star Dance Academies, except pursuant to existing Franchise Agreements; and

2. All rights, claims and indebtedness which may accrue to Franchisor prior to termination, cancellation or expiration of this Agreement shall survive termination, cancellation or expiration of this Agreement and be enforceable.

6.3. By Developer. If Developer is in substantial compliance with this Agreement and Franchisor materially breaches this Agreement and fails to cure such breach within twenty-one (21) days after written notice thereof is delivered to the Franchisor, Developer may terminate this Agreement. Such termination shall be effective ten (10) days after delivery of the Franchisor of notice that such breach has not been cured and Developer elects to terminate this Agreement. In the event this Agreement is terminated pursuant to this Section 6.3, Franchisor shall promptly return to Developer one half (½) of that portion of the development fee which represents deposits for Twinkle Star Dance Academies which have not been developed at the time of such termination.

SECTION SEVEN: ACKNOWLEDGMENTS

Developer hereby acknowledges that Developer is aware of the fact that other present or future franchisees of company may operate under different forms of agreement, and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

SECTION EIGHT: MISCELLANEOUS - GENERAL PROVISIONS

8.1. Any controversy or claim arising out of or relating to this Agreement including without any limitation any claim that this Agreement or any provision thereof is invalid, illegal or otherwise voidable, shall be subject to mandatory non-binding Mediation and then shall be resolved only by arbitration before and in accordance with the rules of the American Arbitration Association as described in the parties' initial Franchise Agreement.

All agreements shall be interpreted and the rights and obligations of the parties shall be governed in accordance with the laws of California and the place of all mediation, arbitration or litigation shall be in the County where Franchisor is headquartered. Franchisee consents to the jurisdiction of the courts of the State of California and acknowledges the reasonableness of this provision. Arbitrator's fees and expenses as well as the other expenses of the arbitration (other than the fees of the attorneys and other representatives of the parties), shall be paid by the losing party. Further, Franchisor's rights include without limitation obtaining injunctive relief from any court of competent jurisdiction as Franchisor deems necessary to compel Developer to comply with its obligations of this Agreement.

8.2. If any provisions of this Agreement or the application of any provision to any person or to any circumstance shall be determined to be invalid or unenforceable, then such determination shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, all of which other provisions shall remain in full force and effect, and it is the intention of Franchisor and Developer that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision unenforceable, then the provision shall have the meaning which renders it enforceable.

8.3. The failure of either party hereunder to insist upon strict compliance by either party with its obligations hereunder shall not, and no custom or practice of the parties at variance with the terms hereof shall, constitute a waiver of either party's right to demand exact compliance with the terms hereof.

8.4. Time is of the essence of this Agreement.

8.5. All notices hereunder shall be in writing and shall be duly given if hand delivered or sent by registered or certified mail, postage prepaid, addressed:

If to the Franchisor at: 4046 East Avenue, Livermore, California 94550

If to Developer at: _____ or
at such other address as Franchisor and Developer shall specify by notice to the other party hereunder. Notice given as aforesaid shall be deemed received on the date of actual receipt.

8.6. This Agreement, together with the Twinkle Star Dance Franchise Agreement attached hereto as Exhibit A, constitutes the entire Agreement between Franchisor and Developer and supersedes all prior negotiations, commitments, representations and the undertakings of the parties with respect to the subject matter hereof. No change, termination or attempted waiver of any provisions of this Agreement shall be binding upon the parties hereto unless in writing and signed by Franchisor and Developer.

8.7. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The paragraph headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect any provision thereof. Each pronoun used herein shall be deemed to include the other number and gender.

8.8. It is mutually agreed and understood that in the event it shall become necessary for either party to enforce any provision of this Agreement, or any agreement arising hereunder, by legal action or to employ an attorney for collection of any monies due arising in connection with this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees, judicial and appellate court costs and other costs of such proceeding as determined by the Court, and the cost to negotiate a settlement of claims.

IN WITNESS WHEREOF, the parties have executed this Agreement and have hereunto set their hands and seal.

DEVELOPER

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

ADDENDUM A
DEVELOPER'S DEVELOPMENT AREA

Developer's Development Area is described below:

[insert]

(See map attached.)

DEVELOPER

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

ADDENDUM B
FOR RESIDENTS OF THE STATE OF CALIFORNIA

California Business and Professions Code Sections 20000 through 20043 provide rights to the Franchisee concerning termination or non-renewal of a franchise. If a Franchise Agreement contains a provision that is inconsistent with the law, the law still controls.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California Law.

For franchisees in California, payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.

The Franchise Agreement requires application of the laws of the state of California. This may not be enforceable under California Law.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

Section 31125 of the California Corporations Code requires the Franchisor to give the Franchisee a Disclosure Document, in a form containing such information as the Commissioner may by rule or order require prior to a solicitation of a proposed material modification of an existing franchise.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document.

Franchisee must sign a general release if Franchisee transfer Franchisee's franchise. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

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 a 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.

FRANCHISEE

[NAME OF FRANCHISEE]

By: _____

Name: _____

Title: _____

FRANCHISOR

Twinkle Star Dance Franchise, LLC

By: _____

Name: _____

Title: _____

EXHIBIT G
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(Attached)

OPERATIONS MANUAL

2026 Version

Updated: February 27, 2026

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 4. Paid Advertising & Campaign Governance
 5. Staff & Minor Interaction Policy
 6. Pre-Opening Social Media Standards
 7. Content Responsibility & Moderation
 8. Vendor Use
 9. Account Ownership Upon Termination
 10. Relationship to Other Standards
OM-FORM-01 Incident / Injury Report
OM-FORM-02 Substitute Instructor Request
OM-FORM-03 Equipment / Supply Request
OM-FORM-04 Staff Acknowledgment of Policies
OM-ADD-05 Student Enrollment Agreement, Waiver & Release of Liability
 Twinkle Star Dance Academy of [City Name]
 PART 1: ASSUMPTION OF RISK & RELEASE OF LIABILITY
 PART 2: MEDICAL EMERGENCY AUTHORIZATION
 PART 3: MOOD TRACKING & GAMIFICATION SYSTEM (Dance Positive)

PART 4: PHOTO, VIDEO & DIGITAL MEDIA RELEASE

PART 5: STUDIO POLICIES & ENROLLMENT TERMS

APPENDIX R-1 Recital Command Sheet – Stage Manager

APPENDIX R-2 Backstage Volunteer Quick Guide

APPENDIX R-3 Show Day Timeline Template

APPENDIX R-4 Recital Incident Protocol

APPENDIX R-5 Theater Contract Checklist

APPENDIX R-6 Post-Event Debrief Template

APPENDIX M-1 Dancing Holiday Magic (DHM) Production Checklist

APPENDIX M-2 Recital Production Checklist

APPENDIX M-3 Summer Camp Launch Checklist

APPENDIX M-4 New Season Enrollment Launch Checklist

APPENDIX M-5 Annual Systems Reset Checklist

APPENDIX O-1 Daily Closing Checklist

APPENDIX O-2 Weekly Manager Control Sheet

APPENDIX O-3 Monthly Owner Dashboard Sheet

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	PENDING
Hawaii	NA
Illinois	NA
Indiana	NA
Maryland	NA
Michigan	NA
Minnesota	NA
New York	PENDING
North Dakota	NA
Rhode Island	NA
South Dakota	NA
Virginia	NA
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.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully. If Twinkle Star Dance 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 law requires a franchisor to provide the Franchise disclosure document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Twinkle Star Dance 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state officials in your state, as listed on the attached schedule of state agencies. In the states listed on the attached schedule of state agencies, we have designated the agency listed as its agent for service of legal process in each of the states listed.

The Franchisor's registered agent in the State of California is Tiffany Henderson. The Franchisor may receive service of process at 4046 East Avenue, Livermore, CA 94550.

Paul Henderson and Tiffany Henderson are franchise sellers, located at 4046 East Avenue, Livermore, CA 94550, telephone: (925) 583-2830.

The date of issuance of this disclosure document is March 20, 2026.

I received a disclosure document dated March 20, 2026 that included the following Exhibits:

Exhibit A Financial Statements
Exhibit B List of Franchisees
Exhibit C List of State Administrators And Agents For Service Of Process
Exhibit D State Addendum to FDD
Exhibit E Franchise Agreement (with Addenda)
Exhibit F Development Agreement (With Addenda)
Exhibit G Operations Manuals Table Of Contents

Witness

Signature of Prospect

Printed Name

Address

City, County, State ZIP

Date

(Please sign and date this page and retain for your records)

23. RECEIPT

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The Franchisor's registered agent in the State of New York is Tiffany Henderson. The Franchisor may receive service of process at 4046 East Avenue, Livermore, CA 94550.

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Witness

Signature of Prospect

Printed Name

Address

City, County, State ZIP

Date

(Please sign and date this page and return it to Twinkle Star Dance Franchise, LLC)