

require, you must send us monthly, signed Gross Sales reports (“Monthly Reports”) within 15 days of the conclusion of each month for the Gross Sales generated in the immediately preceding month. The Monthly Reports must provide your monthly Gross Sales generated during the previous month, and any other information we require. We may change the form and content of the Monthly Reports periodically. The Royalty Fee must be paid on a twice monthly basis (unless we specify otherwise), by EFT (unless we designate a different method), under which we automatically deduct all payments owed to us under the Franchise Agreement, and any other agreement between you and us, from your bank account.

Note 3. You must pay to us or our designee the monthly Brand Fund Contribution on or before the 15<sup>th</sup> day of each month by EFT. Your obligation to begin paying the Brand Fund Contribution begins on the date that pre-sales begin for your Center. You also must pay to us a Marketing Set-up Fee and Ongoing Marketing Services Fee for administration of online marketing spend and lead generation spend and must reimburse us for the placements costs for the ads. If you own and operate multiple Centers, this fee may be reduced, as we determine in our discretion. We reserve the right to require you to pay the Brand Fund Contribution and/or Ongoing Marketing Services Fee on a different recurring basis, including on a monthly or bi-weekly basis, effective on notice to you. We also may designate a different method through which you must pay the Brand Fund Contribution and Ongoing Marketing Services Fee effective on notice to you.

Note 4. The estimated local marketing spend is based on the average revenues of the top 50% of Centers, as disclosed in Item 19. See Item 11 for additional disclosures on the local marketing spend.

Note 5. Your obligation to begin paying the Technology Fee begins on the date that pre-sales begin for your Center. We reserve the right to require you to pay third-party suppliers directly for any software and/or technology we require you to use in the operation of your Center at any time effective on notice to you.

Note 6. If the payment of any fee is denied or declined by your bank or financial institution, or if any other method of payment you provide fails to allow us to receive when due any payment, then you must reimburse us for all costs incurred with that denial or decline. All delinquent payments and sums due to us under any provision of the Franchise Agreement will bear interest at an annual percentage rate of 18% or the highest rate permitted by law, whichever is lower, and at our option, each delinquent sum will be subject to an administrative charge of 3% of the overdue amount per occurrence to partially compensate us for our efforts in accounting for and collecting delinquent sums.

Note 7. We have not established any Advertising Cooperatives. Therefore, no company-owned or affiliate owned Centers have any voting power in any Advertising Cooperative.

Note 8. You must maintain for at least 7 fiscal years from their preparation complete financial records for the operation of your Center in accordance with generally accepted accounting principles and must provide us, at our request, with Monthly Reports, annual financial reports and operating statements in the form we specify, state and local tax returns and unaudited quarterly and/or monthly profit and loss statements, and any other reports we periodically require. You must keep accurate records and books of account in relation to the Center, including records of all goods and services provided to customers, all prices charged, and all Gross Sales received or credited, in a form and detail we prescribe or approve in the Manual. You must acquire at your own expense and use any accounting or other record-keeping software (including any web-based

software or system) we require. Currently, and unless we designate otherwise in writing, you must license and use accounting software that allows us independent access, the ability to pull information and reports, and that is compatible with Qvinci (such as Quickbooks Online or Xero). If you fail to provide this, you are in default under your Franchise Agreement, and the default is subject to a 30-day cure, failing which, we may terminate your Franchise Agreement.

Without limiting our broad rights regarding software and hardware requirements, we have the right to require you to use computer-based point-of-sale cash registers with non-resettable cash register receipts that are fully compatible with any computer program or system that we, in our discretion, may employ. If we require computerized cash registers, all Gross Sales and sales information must be recorded on this equipment. You must provide us with full access to all of your data, system, and related information by means of direct access, whether in person, or by telephone/modem installed and maintained at your sole expense.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

**STANDARD CENTER**

<b>Type Of Expenditure<sup>1</sup></b>	<b>Amount (Low Range)</b>	<b>Amount (High Range)</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Initial Franchise Fee	\$45,000	\$45,000	Cash	When You Sign Your Franchise Agreement	Us
Initial Training Fee	\$5,000	\$5,000	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us
On-Site New Center Opening Support Fee	\$2,500	\$2,500	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us
On-Site New Center Opening Sales Support Fee	\$2,500	\$2,500	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us
Startup Marketing Fee	\$1,500	\$1,500	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us Or Our Affiliate
Pre-Paid Rent And Lease Deposit <sup>2</sup>	\$10,000	\$20,000	As Arranged	As Arranged	Landlord
Architect Fees <sup>3</sup>	\$15,500	\$19,000	Check Or Cash	As Arranged	Approved Vendors
Leasehold Improvements <sup>4</sup>	\$175,000	\$275,000	Check Or Cash	When Work Is Performed	Contractors
Fixtures, Furnishings, And Other Fixed Assets <sup>5</sup>	\$3,500	\$8,000	Check Or Cash	On Delivery	Approved Or Designated Vendors

Type Of Expenditure <sup>1</sup>	Amount (Low Range)	Amount (High Range)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Equipment Package Fee <sup>6</sup> (Includes Training Floor)	\$98,500	\$120,000	Check Or Cash	On Ordering	Us Or Our Affiliate
Equipment Installation Fee <sup>6</sup>	\$13,000	\$20,500	Check Or Cash	Before Installation	Us Or Our Affiliate
Electronics <sup>7</sup>	\$4,000	\$5,000	As Agreed	Before Opening	Approved Vendor
Office Supplies	\$1,000	\$2,000	Check Or Cash	On Delivery	Approved Or Designated Vendors
Interior Signage	\$7,500	\$15,000	As Agreed	As Arranged	Approved Or Designated Vendors
Exterior Signage <sup>8</sup>	\$10,000	\$20,000	Check Or Cash	As Arranged	Approved Or Designated Vendors
Permits, Licenses And Legal/ Professional Services	\$5,000	\$6,000	Check Or Cash	On Application	Cities, Counties And Professionals
Training (Transportation, Lodging, Etc.) <sup>9</sup>	\$2,500	\$6,500	Cash	As Incurred	Vendors, Hotels, Employees, Etc.
Retail And Print	\$6,000	\$9,000	Check Or Cash	On Application	Vendors, Regulatory Agencies And Other 3 <sup>rd</sup> Parties
Pre-Opening Marketing Expenditure <sup>10</sup>	\$35,000	\$45,000	As Incurred	As Incurred	Us
Insurance Deposits <sup>11</sup>	\$900	\$2,700	Cash	As Incurred	3 <sup>rd</sup> Parties
Virtual Sales Support Fee <sup>12</sup>	\$7,500	\$11,000	Check, Cash Or Wire Transfer	As Incurred	Us
Additional Funds (3 Months) <sup>13</sup>	\$25,000	\$30,000	As Incurred	As Incurred	Employees, Vendors, Etc.
<b>Total</b>	<b>\$476,400</b>	<b>\$671,200</b>			

#### HYBRID CENTER

Type Of Expenditure <sup>1</sup>	Amount (Low Range)	Amount (High Range)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$30,000	\$30,000	Cash	When You Sign Your Franchise Agreement	Us

Type Of Expenditure <sup>1</sup>	Amount (Low Range)	Amount (High Range)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Initial Training Fee	\$5,000	\$5,000	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us
On-Site New Center Opening Support Fee	\$2,500	\$2,500	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us
On-Site New Center Opening Sales Support Fee	\$2,500	\$2,500	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us
Startup Marketing Fee	\$1,500	\$1,500	Check, Cash Or Wire Transfer	When You Sign Your Franchise Agreement	Us Or Our Affiliate
Pre-Paid Rent And Lease Deposit <sup>2</sup>	\$4,125	\$15,000	As Arranged	As Arranged	Landlord
Architect Fees <sup>3</sup>	\$10,000	\$15,000	Check Or Cash	As Arranged	Approved Vendors
Leasehold Improvements <sup>4</sup>	\$100,000	\$150,000	Check Or Cash	When Work Is Performed	Contractors
Fixtures, Furnishings, And Other Fixed Assets <sup>5</sup>	\$3,500	\$4,000	Check Or Cash	On Delivery	Approved Or Designated Vendors
Equipment Package Fee <sup>6</sup> (Includes Training Floor)	\$53,100	\$66,000	Check Or Cash	On Ordering	Us Or Our Affiliate
Equipment Installation Fee <sup>6</sup>	\$12,000	\$18,500	Check Or Cash	Before Installation	Us Or Our Affiliate
Electronics <sup>7</sup>	\$2,000	\$2,500	As Agreed	Before Opening	Approved Vendor
Office Supplies	\$700	\$800	Check Or Cash	On Delivery	Approved Or Designated Vendors
Interior Signage	\$5,625	\$7,500	As Agreed	As Arranged	Approved Or Designated Vendors
Exterior Signage <sup>8</sup>	\$10,000	\$20,000	Check Or Cash	As Arranged	Approved Or Designated Vendors
Permits, Licenses And Legal/ Professional Services	\$5,000	\$6,000	Check Or Cash	On Application	Cities, Counties And Professionals
Training (Transportation, Lodging, Etc.) <sup>9</sup>	\$2,500	\$6,500	Cash	As Incurred	Vendors, Hotels, Employees, Etc.
Retail And Print	\$5,850	\$7,150	Check Or Cash	On Application	Vendors, Regulatory Agencies And Other 3 <sup>rd</sup> Parties

Type Of Expenditure <sup>1</sup>	Amount (Low Range)	Amount (High Range)	Method Of Payment	When Due	To Whom Payment Is To Be Made
Pre-Opening Marketing Expenditure <sup>10</sup>	\$30,000	\$37,500	As Incurred	As Incurred	Us
Insurance Deposits <sup>11</sup>	\$900	\$2,700	Cash	As Incurred	3 <sup>rd</sup> Parties
Virtual Sales Support Fee <sup>12</sup>	\$7,500	\$11,000	Check, Cash Or Wire Transfer	As Incurred	Us
Additional Funds (3 Months) <sup>13</sup>	\$25,000	\$25,000	As Incurred	As Incurred	Employees, Vendors, Etc.
<b>Total</b>	<b>\$319,300</b>	<b>\$436,650</b>			

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. You must lease or sublease a location at which to operate the Center. Real estate expenses will vary based on the Center's location and size. An average standard Center will be between 3,200 square feet and 4,000 square feet and an hybrid Center will be between 2,400 square feet and 3,000 square feet. Figures above include the estimated cost of lease deposits plus 3 months' rent. Because of a number of variables, the costs projected in the chart for the lease deposit are an estimate only, and your initial investment may be higher or lower. Be sure to investigate all real estate costs and leasehold improvement costs thoroughly before signing a lease.

Note 3. You must use our approved architect for your architectural plans.

Note 4. The Center must conform to our specifications for appearance, layout and design. We may provide you our specifications for construction, remodeling and decorating the Center and general floor plans and interior layout and design. You must submit to us for approval all construction and design plans for adapting our specifications to your Center, which plans will comply with any requirements we identify. You must use one of our approved architects for your construction plans. We will review those plans and will approve or disapprove them in writing within 30 days after receipt. You must ensure that all design, construction, and remodeling work is performed in a competent and professional manner, and that the Center meets all our specifications.

This figure includes general buildout costs. The high range is an estimate based on delivery of a cold, dark shell premises. The buildout figure includes the building permit. Alternatively, if you purchase a space to use for the Center instead of leasing a space, the upfront costs you will incur for leasehold improvements will greatly decrease because you will be able to include the costs for these improvements in the mortgage for the Center.

The costs incurred for the design, remodeling, decorating and/or construction of a Center will vary greatly depending on a number of factors, including the Center' size and location, the amount of construction or remodeling needed and the premises' prior use. You must employ qualified personnel to perform all design, construction, and remodeling work at the Center. At our request, you must provide us with all requested information on the personnel you employ for design, construction, or remodeling, and we may disapprove any of those personnel if we conclude that they are not reasonably qualified or financially capable of performing that work. At our option, you must employ any design, construction, and remodeling professionals we identify. If you obtain financing from a third party for some or all of the construction costs, you also will have to pay interest on the amount borrowed. If leasehold improvement costs are estimated to exceed the amounts stated in this FDD, you may wish to investigate and/or obtain an alternate site for your Center.

Note 5. You must purchase the required furniture, fixtures, and fixed assets. The estimates for the furniture and fixture categories include chairs, refrigerator, coffee maker, storage racks, six-foot table, change table, baby seat, desk, and hanging materials for equipment. You must purchase these items from our designated or approved suppliers and all these items must meet our current specifications. These estimates will vary depending on the size of your Center and how far your Center is located from the shipping location, among other variables.

Note 6. You must purchase an equipment package from our affiliate, KidStrong Equipment Inc. This estimate includes estimated shipping costs but does not include any state sales taxes that may be due. See Item 5 for a listing of the contents of the equipment package. You also must purchase equipment installation services from us or from our affiliate.

Note 7. You must purchase required electronic equipment, including televisions, stereo equipment, speakers, iPads, computer equipment and software, phone, camera, clock, wall mounts and a color printer. See Item 11 for more information on our current computer equipment requirements.

Note 8. This represents the expenses of acquiring 1 or 2 exterior signs for the Center. The cost of signage will depend on the size and location of the Center, your landlord's particular requirements, local and state ordinances and zoning requirements. You may purchase signage only from a supplier that we have approved.

Note 9. You are responsible for all expenses associated with attending our initial training program, including your and your employees' transportation to and from the training site, lodging, meals, and employee wages during training. This figure also includes the expenses associated with up to 3 persons attending initial training (i.e. you and your Center leadership).

Note 10. You will conduct a pre-sales and grand opening marketing campaign (the "Pre-Opening Marketing Expenditure"). To the extent that we make the expenditures for your Pre-Opening Marketing Expenditure, we will invoice you monthly for the expenses incurred and you must reimburse us the amount of this expenditure. These expenses vary slightly based on each franchisee's expenditure and all reimbursements to us are non-refundable. Your Pre-Opening Marketing Expenditure does not decrease or affect your obligations with respect to local advertising, any Ad Co-op, or any Brand Fund Contributions. For a standard Center, you must spend at least \$35,000 starting no later than 90 days in advance of opening the Center for business on this campaign. We recommend that you spend up to \$45,000 on this campaign depending on how your presales progress during the 120 to 90 days before you open. For a hybrid

Center, you must spend at least \$30,000 starting no later than 90 days in advance of opening the Center for business on this campaign.

Note 11. You must obtain and maintain insurance policies we designate, in addition to any additional coverage required under applicable law and the lease for the Center. These policies must be written by a responsible carrier or carriers acceptable to us and must include coverage that meets our minimum specifications. If the coverage required by the lease and the Franchise Agreement differs, the higher limits will apply. You must provide us with a Certificate of Insurance evidencing this insurance coverage on an annual basis. The estimate in the above table includes insurance premiums for the first 3 months of the Center’s operation.

Note 12. The Virtual Sales Support Fee is \$500 per week for the first 6 weeks of your pre-sales (\$3,000) and \$750 per week for the first 4 weeks after you open (\$3,000), plus \$25 per membership sold through our call center. The low number assumes 60 memberships are sold and the high number assumes that 200 memberships are sold.

Note 13. The estimate of additional funds is based on an owner-operated Center. It does not include any allowance for owner’s draws. This estimate is based on our affiliates’ experience in owning and operating **KIDSTRONG®** businesses. We estimate that, in general, you may expect to put additional cash into the business during at least the first 3 months of operation and sometimes longer, but we cannot estimate or promise when, or whether, you will receive a positive cash flow or profits from the Center. We cannot guarantee that you will not have additional expenses starting the Center. Your costs will depend on several factors, that may include, among other factors: (a) how closely you follow our methods and procedures; (b) your management skill, experience and business acumen; (c) local economic conditions; (d) the local market for our services and products; (e) the prevailing wage rate; (f) competition; (g) inflation; (h) force majeure events; and (i) the sales level reached during the initial period.

### **YOUR ESTIMATED INITIAL INVESTMENT UNDER THE DEVELOPMENT AGREEMENT**

If you sign a Development Agreement, you should review the above table of estimated initial investment expenses applicable to Franchise Agreement as well as the following table of fees.

<b>Type Of Expenditure<sup>1</sup></b>	<b>Amount (Low Range)</b>	<b>Amount (High Range)</b>	<b>Method Of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Development Fee <sup>2</sup>	\$45,000	\$405,000	Lump sum	When you sign the Development Agreement	Us
Initial Investment for the First Center <sup>3</sup>	<b>\$476,400</b>	<b>\$671,200</b>	These amounts are from the above Table.		
<b>Total Initial Investment</b>	<b>\$521,400</b>	<b>\$1,076,200</b>			

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. The Development Fee excludes the Initial Franchise Fee for your first Center, as that fee is included in the next line for the Initial Investment for the First Center.

Note 3. This estimated initial investment for each Center you must develop under the Development Agreement is subject to change for future Centers, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in the first table above. This estimate only includes the first Center you open under the Development Agreement. You will incur initial investment expenses for each Center you must open under the Development Agreement, and that initial investment estimate may increase in the future. Additionally, if we increase the Initial Franchise Fee in the future, you must pay the difference between the then-current initial franchise fee and \$45,000 for the second and each additional Center you open, which fee will be due and payable when you sign the Franchise Agreement for each Center.

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

### Generally

The Franchise Agreement includes restrictions on (a) the types of products, classes and services you are permitted to offer in the operation of your Center, and (b) the sources of products, services, inventory, equipment and other items. We may require you to buy some or all products, services and items from us, our affiliates, and/or our designated suppliers. We may change our designations, including our lists of approved and designated sources of supply, at any time on notice to you. We may, in certain instances, permit you to select a vendor or supplier for certain goods or services, but in this event, the goods or services you purchase must comply with specifications that we establish. We may communicate these obligations to you in any way we determine, including through the Manual or other written communications.

You must operate your Center in strict conformance with your Franchise Agreement and our methods and specifications that we prescribe in our confidential brand standards manual and various other confidential manuals and writings (individually and collectively, the "Manual"). We have the unrestricted right to change the Manual over time. The Manual may include class specifications, pricing requirements (to the fullest extent permissible under applicable law), minimum advertised pricing requirements, branding (including design, layout, décor, appearance, lighting and cleanliness specifications), standards of customer service, safety, insurance requirements, cleanliness, maintenance, remodeling, replacement of outdated, obsolete or worn out equipment, signage specifications, graphics and artwork specifications, dress and uniform requirements, environmental care, consistency, training services, brand image, advertising, and promotion among other subjects and areas. We may require you to participate in in-house certification, videos and instruction that you must use when conducting **KIDSTRONG®** classes.

### Required Purchases and Approved Suppliers

You may only offer approved services, classes and products ("Approved Services and Products") at your Center. You are not permitted to offer or sell any other services, classes, products or items in the operation of your Center. We will provide you with a list of the Approved Services and Products on signing your Franchise Agreement. All Approved Services and Products must meet our specifications. To: (i) better assure the quality of the Approved Services and Products; (ii) assure the supply of the Approved Services and Products; and/or (iii) enable us, in our sole discretion to take advantage of marketplace efficiencies, we have the right to require you to purchase any and all items from us, our affiliates, and/or other suppliers or distributors we approve or designate. Your purchase or lease of goods or services as required is an essential element of your compliance with the Franchise Agreement and the Manual, and your failure to do so is a breach of the Franchise Agreement and may result in your loss of material benefits, including the

termination of the Franchise Agreement. We also may develop certain equipment, products, marketing services and items that you must purchase from us and/or our affiliates and use and/or offer for sale, as applicable, at or in the operation of your Center.

We may formulate and modify our specifications for products and services based on the collective experience of our franchisees and our principals, among other reasons. Our specifications are described in the Franchise Agreement, the Manual, and other written documents. We have the right, under the Franchise Agreement, to change the specifications applicable to operation of the Center, including specifications for services, products, signs, furnishings, supplies, fixtures and equipment by written notice to you or through changes in the Manual. You may incur an increased cost to comply with these changes at your own expense; however, no change will materially alter your fundamental rights under the Franchise Agreement. We will notify you of any change to our specifications by way of written amendments to the Manual or otherwise in writing.

We estimate that, in establishing your Center, your purchases or leases of goods, equipment, and supplies made in accordance with our specifications (including from us, an affiliate or designated or approved vendors) will represent about 85% to 95% of all of your total purchases or leases of goods, equipment, and supplies. Once your Center is established, we estimate that, on an ongoing basis, your purchases or leases of goods, equipment, and supplies made in accordance with our specifications (including from us, an affiliate or designated or approved supplier) will represent about 10% to 20% of all of your purchases or leases of goods, equipment, and supplies.

#### Currently Required Purchases From Us Or Our Affiliates

Currently, you must purchase start-up marketing services, ongoing marketing services, the equipment package, and equipment installation services from us or our affiliate, as we designate. We and/or our affiliates will derive revenue and other material consideration on account of these purchases. The amount of margin and pricing for required purchases is unrestricted and subject to our absolute discretion to the fullest extent permissible under applicable law. Currently, margins for the individual items within the equipment pack range from 10% to 60%. Our margin on installation services is currently 10%.

Except as stated above, currently neither we nor any of our affiliates are approved suppliers of any item, equipment, product or service. We and our affiliates reserve the right to become approved suppliers, including the sole approved supplier of any item, equipment, product and/or service at any time.

#### Right to Derive Revenue and Material Consideration

We and our affiliates reserve the right to derive revenue and to receive consideration, including monetary payments and other benefits, from franchisees for goods or services that we and/or our affiliates sell or lease to them, and also from vendors who sell or lease products and/or services to our franchisees. During our fiscal year ended December 31, 2025, we did not receive any revenues on account of franchisees' required purchases. Our affiliate, KidStrong, Inc., derived \$133,036 on account of our franchisees' required purchases during its fiscal year ended December 31, 2025. Our affiliate, KidStrong Equipment, Inc. derived \$7,383,603 from franchisees' required purchases of equipment during its fiscal year ended December 31, 2025. We and our affiliates reserve the right to derive revenue from the sale and/or lease of any goods, products, items and/or services to franchisees without restriction. We and our affiliates may impose mark-ups on any purchases and leases from us or our affiliates.

We received a rebate from an approved payroll services vendor in 2025 of \$703. We received a rebate from an approved member management platform vendor in 2025 of \$133,036. Except as disclosed in this Item, we currently do not currently have any third-party vendors or suppliers that pay us a rebate or any other consideration from required franchisee purchases, but we reserve the right to collect these types of rebates or other consideration at any time in the future without restriction. We and our affiliates also reserve the right to receive compensation from suppliers for creating or maintaining purchasing relationships. If we and/or our affiliates receive these rebates or payments, there will be no restriction on our and/or our affiliate's use of these monies. We have negotiated price discounts on items you must purchase from some designated vendors. We reserve the right to enter into and to modify vendor arrangements at any time and are not under any obligation to ensure future price discounts on any item. Except as disclosed in this Item, we have not negotiated any purchase agreements with suppliers for the benefit of franchisees, but we reserve the right to do so at any time in the future.

None of our officers currently own any interest in an approved supplier, other than the franchisor entity, KidStrong Franchising LLC, and our affiliates, KidStrong, Inc., KidStrong IP, LLC and KidStrong Equipment, Inc. There currently are no purchasing or distribution cooperatives in place for the purchase or lease of goods or services by franchisees.

#### Approved and Designated Suppliers

We have the absolute right to limit the suppliers with whom you are permitted to deal with in the development and/or operation of your Center. We may designate exclusive suppliers for products, services and other items, without restriction. Your compliance in using designated suppliers is of material importance to us, and to the System as a whole. You must use equipment, products and items purchased from approved suppliers only for the operation of your Center and not for any competitive business purpose.

If you wish to purchase, lease or use any product, service or any other item (a) that we have not approved, or (b) from a supplier or distributor that is not on our approved list, you may request our approval of the proposed product, service, supplier or distributor, as applicable. We are not obligated to consider or to approve these requests. We do not use any fixed process for granting or revoking approval of designated suppliers. Instead, we evaluate products, items, services and suppliers, as applicable, on a variety of criteria, which may include quality, price, responsiveness, reputation, timeliness, and experience, ability to service the entire franchise system, among others. We will make a reasonable effort to approve or disapprove any proposed item or supplier within 30 days. If you do not hear back from us regarding our approval or disapproval, your request is considered denied. Our evaluation may include a sampling of the service, equipment or product at either the supplier's/distributor's or our place of business, as we determine. Where appropriate, the supplier or distributor must provide us with indemnification rights and appropriate liability insurance (including products liability insurance) and name us and our parents and affiliates (including KidStrong, Inc., KidStrong Equipment, Inc.) as an additional named insured on their insurance policies. We may require the suppliers and distributors to provide information and reports to us containing all information we designate, including information on all purchases by, and information on, our franchisees. If we approve a supplier you propose, the supplier or distributor will be added to our approved list, but our approval will relate only to the item or product line we evaluated and approved. We may provide our specifications for goods and services directly to the proposed suppliers or to our approved and designated suppliers. We may charge you a fee for our review and evaluation of the proposed supplier, product and/or service, as