

BABY SENSORY USA, INC
FRANCHISE DISCLOSURE DOCUMENT

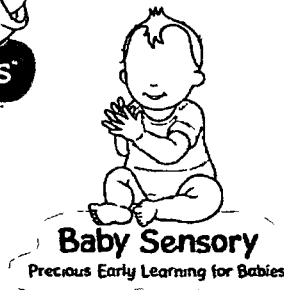
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Department of
Business Oversight



Baby Sensory USA, Inc
234 Columbine Street, Suite 300A
Denver, Colorado 80206
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The franchise offered is a master franchise authorizing you to establish and operate, and to grant licenses to others to establish and operate, BABY SENSORY Businesses utilizing our System and Trademarks, all within a Protected Territory

The total investment necessary to acquire the master franchise and to begin operation of your first Business in the Protected Territory is estimated to range from \$57,900 to \$162,620 This amount includes approximately \$17,800 to \$47,400 that you will pay to us or an affiliate As you likely will not engage in any sublicensing activities for at least 3 to 6 months after you sign the Master Franchise Agreement, the total investment range provided above does not include additional costs that may be incurred by you as you begin to promote and license Businesses to your prospective subfranchisees

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, us or an affiliate in connection with the proposed franchise sale **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you To discuss the availability of disclosures in different formats, contact Ian Sharland at the telephone number identified above or via email at international@babysensory.com

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

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

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

Issuance Date September 15, 2015

BABY SENSORY FDD (9/2015)
US 59015790 04

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit A for information about the franchisor, about other franchisors or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

- 1 THE MASTER FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED UTILIZING MEDIATION AND ARBITRATION IN MINNEAPOLIS MINNESOTA. OUT OF STATE MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEDIATE AND ARBITRATE WITH US IN ENGLAND THAN IN YOUR OWN STATE.
- 2 TO THE EXTENT NOT SUBJECT TO ARBITRATION OR MEDIATION, ANY CAUSE OF ACTION, CLAIM, SUIT OR DEMAND MUST BE BROUGHT IN A COURT OF COMPETENT JURISDICTION WITHIN THE STATE OF MINNESOTA. IT MAY COST MORE TO LITIGATE WITH US IN MINNESOTA THAN IN YOUR HOME STATE.
- 3 THE MASTER FRANCHISE AGREEMENT STATES THAT THE LAWS OF THE STATE OF DELAWARE GOVERN THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
- 4 WE HAVE LIMITED FINANCIAL RESOURCES WHICH MIGHT NOT BE ADEQUATE TO FUND OUR PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.
- 5 YOU WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$62,900 TO \$160,620. THIS AMOUNT EXCEEDS OUR STOCKHOLDERS EQUITY AS OF MARCH 31, 2015, WHICH WAS \$(4,604).
- 6 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Effective Date See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates

California
Illinois
New York

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