

## Franchise Agreement

Between

**Fusemachines Nepal Pvt. Ltd.**

**And**

**Sambridhi Education Foundation Pvt. Ltd.**

### FRANCHISE AGREEMENT

This FRANCHISE AGREEMENT ("Agreement") is effective as of the 22nd of November, 2019 ("Effective Date") by Fusemachines Nepal Pvt. Ltd., ("Franchisor"), Kamaladi, Kathmandu, Nepal (Registration Number 79930/067/068) and Sambridhi Education Foundation Pvt. Ltd., ("Franchisee"), Lokanthali, Bhaktapur (Registration Number 110731/069/070).

### RECITALS

Franchisor and its Affiliates (as defined below) own the System (as defined below) for the FUSEMACHINES AI PROGRAM (as defined below)

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Franchisee and Franchisor agree as follows:

### SECTION 1 DEFINITIONS

1.1 Definitions. The following terms when used in this Agreement have the following meanings:

"Accounting Period" means any fiscal accounting and reporting period required by Franchisor.

"Affiliate" means, for any Person, a Person that is related directly (or indirectly through one or more intermediaries) Controlling, Controlled by, or under common Control with such Person.

"Applicable Law" means all laws, regulations, ordinances, rules, orders, decrees, and requirements of any governmental authority having jurisdiction over the Franchisee.

"Classroom" means the entire school or one or more separate classrooms

"Confidential Information" means any or all of the following information: (i) any Standards, documents, or trade secrets approved for use in the System or in the design, construction, renovation or operation of the Classroom; (ii) any Electronic Systems and accompanying documentation developed for the System or elements thereof; or (iii) any other confidential information, knowledge, trade secrets, business information or know-how obtained through the use of any part of the System or concerning the System or the operation of the Classroom.

"Control" (and any form thereof, such as "Controlling" or "Controlled") means, for any Person, the possession, directly or indirectly (through one or more intermediaries), of the power to direct or



cause the direction of the management or policies of such Person, whether through the ownership of voting interests, by contract, or otherwise.

Dispute means any dispute, controversy, or claim arising out of or relating to this Agreement, or the making, breach, termination, or invalidity of this Agreement, or the relationship created by the Agreement.

Electronic Systems means all Software, Hardware and all electronic access to Franchisor's systems and data, licensed or made available to Franchisee relating to the System, including the FUSE Platform, and includes any Software or Hardware that result from modifications to the System.

FF&E means furniture, furnishings, fixtures, signage, equipment; Case Goods and Soft Goods.

FUSE Platform means Franchisor's platform located at [www.fuse.ai](http://www.fuse.ai), any associated APIs, any services Franchisor offers via the functionality of its platform, and any digital AI teaching materials licensed or made available by Franchisor.

Intellectual Property means all of the following items, regardless of the form or medium involved (e.g., paper, electronic, tape, tangible or intangible): (i) all Software, including the data and information processed or stored by such Software, and including the FUSE Platform; (ii) all Proprietary Marks; and (iii) all Confidential Information and all other information, materials, and copyrightable or patentable subject matter developed, acquired, licensed, or used by Franchisor or any of its Affiliates in the operation of the FUSEMACHINES AI PROGRAM

Licensed Marks means one or more of the registered trademarks, registered service marks, and registration applications, and any other Proprietary Mark designated in writing as a Licensed Mark by Franchisor, all as may be changed, deleted, added to or otherwise modified by Franchisor in its sole discretion.

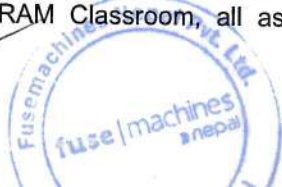
Marketing Materials means all advertising, marketing, promotional, sales and public relations concepts; press releases; materials; copy; concepts; plans; programs; brochures; or other information to be released to the public whether in digital, electronic or computerized form, or in any form of media now or hereafter developed.

Other Mark(s) means any trademark, trade name, symbol, slogan, design, insignia, emblem, device, or service mark that is not a Proprietary Mark.

Ownership Interest means all forms of ownership of legal entities or property, both legal and beneficial, voting and non-voting, including stock interests, partnership interests, limited liability company membership or ownership interests, joint tenancy interests, leasehold interests, proprietorship interests, trust beneficiary interests, proxy interests, power-of-attorney interests, and all options, warrants, and any other forms of interest evidencing ownership or Control.

Person means an individual (and the heirs, executors, administrators, or other legal representatives of an individual), a partnership, a corporation, a limited liability company, a government, or any department or agency thereof, a trustee, a trust, an unincorporated organization, or any other entity of any kind.

Proprietary Marks means the Licensed Marks, the name "FUSEMACHINES AI PROGRAM" in any form, the FUSEMACHINES AI PROGRAM logo, and all other trademarks, trade names, trade dress, words, symbols, logos, slogans, designs, insignia, emblems, devices, service marks, and indicia of origin (including FUSEMACHINES AI SCHOOL names, program names, or other names), or combinations thereof, that are registered by Franchisor or any of its Affiliates, or are used to identify or are otherwise associated by virtue of usage with FUSEMACHINES AI PROGRAM Classroom, all as may be changed, deleted, added to or otherwise modified by





Franchisor in its sole discretion. The term applies whether the Proprietary Marks are owned currently by Franchisor or any of its Affiliates, or are later developed or acquired, and whether or not they are registered in any state or country.

"Software" means all computer software and accompanying documentation (including all future enhancements, upgrades, additions, substitutions, and other modifications) provided to Franchisee by or through Franchisor and/or third parties designated by Franchisor or its Affiliates required for the operation of and connection to the applicable Electronic System.

"Standards" means Franchisor's operating rules, manuals, standard operating and other procedures, systems, guides, programs, requirements, directives, standards, specifications, design criteria, and such other information, initiatives and controls that are necessary for planning and operating FUSEMACHINES AI PROGRAM. The Standards may be in paper or in electronic form (or with Franchisor's prior approval take into account specific characteristics and conditions of the local market).

"Student" means any individual student that benefits from the FUSEMACHINES AI PROGRAM conducted in the premises of Sambridhi Education Foundation Pvt. Ltd.

"System" means the Standards, FUSE Platform, Intellectual Property, Confidential Information and other distinctive, distinguishing elements or characteristics that Franchisor or its Affiliates have developed, designated or authorized for the operation of FUSEMACHINES AI PROGRAM SCHOOL Classroom, including advertising programs and Training Operations.

"Taxes" means all taxes (including any sales, gross receipts, value-added or goods and services taxes), levies, charges, impositions, stamp or other duties, fees, deductions, withholdings or other payments levied or assessed by any competent governmental authority, including by any federal, national, state, provincial, local, or other tax authority.

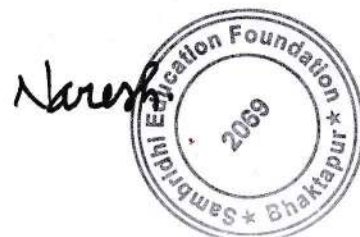
"Training Operations" means all Classroom training services, whether performed inside or outside the Classroom, including: (i) all Classroom, software and AI support services; (ii) any other training, or related services of the Classroom; and (iii) the amount of all lost revenues and receipts from any of the foregoing upon which proceeds of business interruption, loss of income, or other similar insurance are calculated.

"Transfer" means any sale, conveyance, assignment, exchange, pledge, encumbrance, lease or other transfer or disposition, directly or indirectly, voluntarily or involuntarily, absolutely or conditionally, by operation of law or otherwise. For purposes of determining whether a Transfer or change of Control has occurred, any prior Transfers of an Ownership Interest to the same Person or an Affiliate of such Person may be considered together.

"Travel Expenses" means all reasonable and documented travel, food and lodging, living, and other out-of-pocket costs and expenses.

## SECTION 2 EFFECTIVE DURATION ("Duration") OF THE AGREEMENT

- 2.1 The terms and conditions of this Agreement shall be enforceable until 2 years from the Effective Date.



### SECTION 3 PROGRAMS AND COURSES

FUSEMACHINES AI PROGRAM: The Programs consist of two programs as mentioned in 3.1 & 3.2.

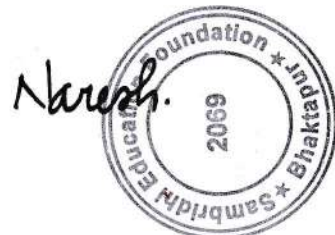
- 3.1 Fusemachines Foundations in Artificial Intelligence: Fusemachines Foundations in Artificial Intelligence Program ("Foundations in AI Program") consists of the following two courses:
- (a) Introduction to Mathematics for AI
  - (b) Introduction to Computer Science for AI
- 3.2 Fusemachines MircoDegree® in Artificial Intelligence: Fusemachines MircoDegree® in Artificial Intelligence Program ("MircoDegree® in AI Program") consists of the following four courses:
- (a) Machine Learning
  - (b) Deep Learning
  - (c) Computer Vision
  - (d) Natural Language Processing

### SECTION 4 FEES

- 4.1 Initial Partnership Fees
- (a) Fusemachines Foundations in Artificial Intelligence Program  
Franchisee will pay NPR 7,500 per Student per course to Franchisor for the Foundations in AI Program (hereinafter referred to as the "Partnership Fee for Foundation").
  - (b) Fusemachines MircoDegree® in Artificial Intelligence Program  
Franchisee will pay NPR 12,000 per Student per course to Franchisor for the MicroDegree® in AI Program (hereinafter referred to as the "Partnership Fee for MicroDegree").
  - (c) This contract duration of two years is considered as Pilot Phase and no franchise fees is charged.
- 4.2 Invoice  
All the fees mentioned in 4.1 is inclusive of VAT. Franchisee shall be required to pay the amount within 14 days of the invoice date.

### SECTION 5 TERM AND RENEWAL

- 5.1 If the Pilot Phase program is completed successfully to the satisfaction of both parties, a separate Long Term Agreement shall be signed between both the parties. The terms and conditions of the Long Term Agreement shall be separate and independent to the terms and conditions of this contract.





## SECTION 6 ADVERTISING and MARKETING

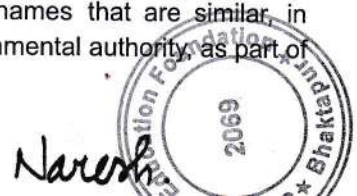
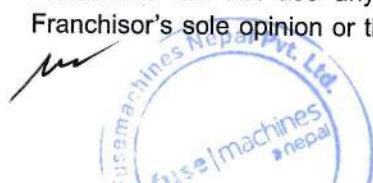
- 6.1 Franchisee will prominently use and display, in connection with the FUSEMACHINES AI Program, (i) Marketing Materials and signs only in the combination, arrangement, and manner approved or required by Franchisor, and (ii) such other trade names, trademarks, logos, and designs as may be provided, approved, or required by Franchisor.
- 6.2 The Franchisee grants the Franchisor permission to identify the Franchisee as a client of Franchisor in any marketing material and on the website of Franchisor, and to use Franchisee's name, logo, or other identifying mark in conjunction therewith. The Franchisee will provide digital files of any such name, logo, or identifying mark within three (3) days of request. In the event that Franchisor intends to use Franchisee's name, logo, or other identifying mark in conjunction with a specific description of the services provided to Franchisee (e.g. a use case or case study), Franchisor will request the approval of Franchisee for such usage, and Franchisee may approve or deny such request in their sole discretion.

## SECTION 7 PROGRAM RESOURCES

- 7.1 The Franchisor shall be responsible to provide only with:
- (a) Instructors & teaching assistants as deemed necessary by the Franchisor for operation of the Fusemachines AI Program. The instructors and teaching assistants shall be selected, trained, removed, changed at the sole discretion of the Franchisor.
  - (b) Server costs incurred directly for running the Fusemachines AI Program shall be borne by the Franchisor.

## SECTION 8 PROPRIETARY MARKS AND INTELLECTUAL PROPERTY

- 8.1 Franchisee's Use of System and Intellectual Property
- (a) With respect to Franchisee's use of the System and Intellectual Property under this Agreement:
    - (1) Franchisee will use the System and Intellectual Property only for such uses regarding the operation of the Classroom as are expressly authorized under this Agreement or otherwise authorized by Franchisor and only in the form and manner authorized by Franchisor, and any use thereof not so authorized will constitute an infringement of Franchisor's rights as well as a material default of this Agreement.
    - (2) Upon Franchisor's request, or as provided in the Standards, Franchisee must identify itself as a franchisee or licensee of Franchisor and the owner and/or operator of the Classroom in a manner and form designated by Franchisor at conspicuous locations at the Classroom and with respect to any use of the Licensed Marks (including, on invoices, order forms, receipts, and contracts), and Franchisee will not use the Licensed Marks in any manner that would or could imply that Franchisee has an Ownership Interest in the Licensed Marks, including, on Franchisee's corporate letterhead or business cards, except as set forth in the Standards.
    - (3) Franchisee does not have any right to and will not Transfer, sublicense, or allow any Person to use any of the Intellectual Property, except as set forth in this Agreement.
    - (4) Franchisee will not use any Proprietary Mark or marks or names that are similar, in Franchisor's sole opinion or the opinion of the applicable governmental authority, as part of





Franchisee's corporate or legal name or in connection with any business activity or venture (other than the Classroom), or apply for trademark or service mark registration of any Proprietary Mark, any variation thereof or any marks similar to any Proprietary Mark, in the United States or any other jurisdiction, whether alone or in combination with other trademarks, trade names, trade dress, symbols, logos, slogans, designs, insignia, emblems, devices, or service marks.

- (5) Franchisee must: (i) comply with Franchisor's instructions in filing and maintaining any required business, trade, fictitious, assumed, or similar name registrations; (ii) obtain Franchisor's prior approval of any name to be so registered; and (iii) indicate in the registration documents that Franchisee has the right to use such name only subject to the terms of this Agreement, and Franchisee must also execute any documents and take such other action deemed necessary by Franchisor or its counsel to protect the Proprietary Marks or maintain their validity and enforceability.
- (6) If litigation involving the Proprietary Marks is instituted or threatened against Franchisee or any notice of such infringement is received by Franchisee, or if Franchisee becomes aware of any infringement, Franchisee will promptly notify Franchisor in writing and will cooperate fully with Franchisor in Franchisor's defense or settlement of such litigation. Franchisee will not make any demand or serve any notice orally or in writing, or institute any legal action, or negotiate, litigate, compromise or settle any controversy with respect to any such litigation without first obtaining Franchisor's prior consent, which consent may be withheld in Franchisor's sole discretion. Franchisor will have the right to bring such action and to join Franchisee as a party to any action in which Franchisor is or may be a party as to which Franchisee is or would be a necessary or proper party.
- (b) During the Term and thereafter, Franchisee will not directly or indirectly (i) attack the ownership, title or rights of Franchisor or its Affiliates in and to any part of the System or Intellectual Property, including the Proprietary Marks; (ii) contest the validity of any part of the Intellectual Property, including the Proprietary Marks, or the right of Franchisor to grant to Franchisee the use of the System and Intellectual Property, including the Proprietary Marks (other than Electronic Systems provided by or licensed by third parties) in accordance with this Agreement; (iii) take any action or refrain from taking any action that could impair, jeopardize, violate, or infringe the Intellectual Property, including the Proprietary Marks; (iv) claim adversely to Franchisor or its Affiliates any right, title, or interest in and to the Intellectual Property, including the Proprietary Marks; or (v) misuse or harm or bring into dispute the Intellectual Property, including the Proprietary Marks.
- (1) Franchisee has no Ownership Interest in the System or Intellectual Property, and Franchisee's use of the Intellectual Property and other aspects of the System pursuant to this Agreement (including any addition or modification to the Intellectual Property or any other aspect of the System proposed by Franchisee and adopted by Franchisor) will not give Franchisee any Ownership Interest or other interest in or to the Intellectual Property or any other aspect of the System, except the nonexclusive license granted by this Agreement.
- (2) All goodwill arising from Franchisee's use of the Intellectual Property (other than Electronic Systems provided by or licensed by third parties) and any other aspect of the System will inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property or any other aspect of the System.



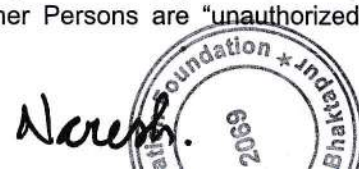


8.2 FUSE Platform and Data.

- (a) Ownership FUSE Platform. The FUSE Platform (and all parts thereof), all reproductions, corrections, modifications, enhancements and improvements thereto, and all data related to usage thereof, and all the Intellectual Property therein or related thereto are and will remain the sole and exclusive property of Franchisor and its licensors. Any rights therein not explicitly granted to Franchisee hereunder, are reserved to and shall remain solely and exclusively proprietary to Franchisor (or its third-party licensors).
- (b) Restrictions. Franchisee will not and shall not allow any Student to: (i) circumvent, disable or otherwise interfere with security-related features of the FUSE Platform or features that prevent or restrict use or copying of any content or that enforce limitations on use of the FUSE Platform; (ii) allow any third party other than Students to use the FUSE Platform; (iii) use the FUSE Platform to process data on behalf of any third party, other than in accordance with the EULA; (iv) give, sell, rent, lease, timeshare, outsource, sublicense, disclose, publish, assign, market, resell, transfer or distribute any portion of the FUSE Platform to any third party, other than to Students in accordance with the EULA; (v) reverse engineer, decompile or disassemble the FUSE Platform or any components thereof, except to the extent such acts are required to be permitted by applicable law; (vi) use any robot, spider, scraper, or other automated means to access the FUSE Platform for any purpose; (vii) take any action that imposes or may impose (at Franchisor's sole discretion) an unreasonable or disproportionately large load on Franchisor's infrastructure; (viii) interfere or attempt to interfere with the integrity or proper working of the FUSE Platform, or any related activities; (ix) modify, translate, patch, alter, change or create any derivative works of the FUSE Platform, or any part thereof; (x) disclose user names or passwords in relation to the FUSE Platform to any third party; (xi) remove, deface, obscure, or alter Franchisor's or any third party's copyright notices, trademarks, or other proprietary rights affixed to or provided as part of the FUSE Platform, or use or display logos with the FUSE Platform differing from Franchisor's own without Franchisor's prior written approval; and/or (xiii) use the FUSE Platform in any unlawful manner or in breach of this Agreement.
- (c) Data. Franchisee acknowledges that Students may choose to provide, post, input, submit, or otherwise make accessible via the FUSE Platform, data or information about Students or any third party. Franchisee acknowledges that Franchisor may store such data and information on Students' behalf, all in connection with Students' use of the FUSE Platform. As between Franchisee and Franchisor, all data and information submitted through the FUSE Platform shall be owned exclusively by Franchisor.

SECTION 9 CONFIDENTIAL INFORMATION; DATA PROTECTION LAWS

- 9.1 Confidential Information. Franchisee will not during the Term or thereafter, without Franchisor's prior consent, which consent may be granted or withheld in Franchisor's sole discretion, copy, duplicate, record, reproduce, in whole or in part, or otherwise transmit or make available to any "unauthorized" Person (see below) any Confidential Information. Franchisee may divulge such Confidential Information only to such of Franchisee's employees or agents as require access to it in order to operate the Program; provided, that such employees or agents are apprised of the confidential nature of such information before it is divulged to them and agree to comply with confidentiality obligations substantially similar to those listed above. All other Persons are "unauthorized" for





purposes of this Agreement. Franchisee agrees that the Confidential Information has commercial value and is not publicly available. Franchisee further agrees that Franchisor and its Affiliates have taken measures to maintain its confidentiality, and, as such, the Confidential Information is proprietary and a trade secret of Franchisor and its Affiliates. Franchisee will be liable to Franchisor for any breaches of the confidentiality obligations in this Section 9.1 by its employees and agents. Franchisee will maintain the Confidential Information in a safe and secure location and will immediately report to Franchisor the theft or loss of all or any part of the Confidential Information. The obligations stated in this Section will not apply to any information, which is

- (a) Already known by the receiving party prior to disclosure.
- (b) Publicly available through no fault of the receiving Party.
- (c) Rightfully received from a third party without a duty of confidentiality.
- (d) Disclosed by the disclosing Party to a third Party without a duty of confidentiality on such third party.
- (e) Independently developed by the receiving party prior to or independent of the disclosure
- (f) Disclosed under operation of law
- (g) Disclosed by the receiving Party with the disclosing party's prior written approval

#### 9.2 Data Protection Laws.

During the Term, Franchisee will: (i) comply with all applicable data protection and privacy laws and regulations in each relevant jurisdiction ("Data Protection Laws"); (ii) comply with all of Franchisor's requirements regarding the Data Protection Laws contained in the Standards or otherwise; (iii) refrain from any action or inaction that could cause Franchisor or its Affiliates to breach any of the Data Protection Laws; (iv) do and execute, or arrange to be done and executed, each act, document and things necessary or desirable to keep Franchisor and its Affiliates in compliance with any of the Data Protection Laws; and (v) permit Franchisor and its Affiliates to use any data or other information each of them gathers concerning Students, Franchisee and its Affiliates in connection with the establishment and operation of FUSEMACHINES AI SCHOOL Classrooms by Franchisor and its Affiliates.

### SECTION 10 DEFAULT AND TERMINATION

- 10.1 General: A Party may terminate this Agreement for cause, if the other Party materially breaches any provision of this Agreement. If the breach is incapable of cure, the Party alleging breach may terminate immediately and such termination will be effective as of the date specified in a termination notice. Breaches incapable of cure include a breach of any obligations under Section 8 and 9. For any breach capable of cure, the Party against which the breach is alleged will have fifteen (15) days to cure the alleged breach before the Party alleging breach may terminate. If the breach is not cured within such time period, such termination will be effective as of the date specified in a termination notice.
- 10.2 Insolvency: A Party may terminate this Agreement for cause if the other Party experiences an Insolvency Event. "Insolvency Event" means a Party: (i) becomes or is declared insolvent, (ii) is the subject of any bankruptcy, receivership or other proceeding relating to its liquidation or insolvency (if not dismissed within thirty (30) days of initial filing), including a reorganization, (iii) admits that it is generally unable to pay its debts as they become due, or (iv) makes an assignment for the benefit of its creditors.





## SECTION 11 MISCELLANEOUS

11.1 Independent Contractor: This Agreement does not create a fiduciary relationship between Franchisor and Franchisee. Franchisee is an independent contractor, and nothing in this Agreement is intended to constitute either party as an agent, legal representative, subsidiary, joint venture, partner, employee, or servant of the other for any purpose. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf or to incur any debt or other obligation in Franchisor's name.

### FUSEMACHINES AI PROGRAM

CONFIDENTIAL

November 22, 2019

IN WITNESS WHEREOF, Franchisee and Franchisor have duly executed and delivered this Agreement as of the Effective Date.

FRANCHISOR:

**FUSEMACHINES NEPAL PVT. LTD.**

By:



Name: Mukunda Prasad Joshi  
Title: Managing Director



FRANCHISEE:

**SAMBRIDHI EDUCATION FOUNDATION PVT. LTD.**

By:



Name: Naresh Prasad Shrestha  
Title: CEO

