

# FRANCHISE DISCLOSURE DOCUMENT



MAPLE BEAR USA, INC.

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The franchise offer is for the establishment and operation of a premium “Early Care & Learning Center” — childcare/pre-school, using our System and Marks (a “**Maple Bear® School**” or “**School**”).

The total investment necessary to begin operation of a Maple Bear® School is \$690,000 to \$2,270,000. This includes \$95,000 to \$115,000 that must be paid to the franchisor or an 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 us, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **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 the Franchise Administration Department at 2451 West Grapevine Mills Circle - #322, Grapevine, TX, USA, 76051, +1 877 731 5450 or franchise@maplebear.com.

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

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

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

Issuance Date: April 28, 2023

## 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
<b>How much can I earn?</b>	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 Exhibits E and F.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Maple Bear® School business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Maple Bear® School franchisee?</b>	Item 20 or Exhibits E and F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

### **Special Risk(s) 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 Delaware. 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 Delaware than in your own state.

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.

**ADDENDUM TO MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

**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:**

- (a) A prohibition against you joining an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which would deprive you of rights and protections provided under the Michigan Franchise Investment Law. This does not preclude you, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits us to terminate your franchise prior to the expiration of its term except for good cause. Good cause includes your failure 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.
- (d) A provision that permits us to refuse to renew your franchise without fairly compensating you by repurchase or other means, for the fair market value at the time of expiration, of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This provision applies only if:
  - (i) The term of the franchise is less than five years; and
  - (ii) You are prohibited by the Franchise Agreement 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 if you do not receive at least six months advance notice of our intent not to renew the franchise.
- (e) A provision that permits us to refuse to renew the franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This provision does not require a renewal provision in the Franchise Agreement or other agreement.
- (f) A provision requiring that arbitration or litigation be conducted outside of Michigan. This does not preclude you from entering into an agreement, at the time of the arbitration, to conduct arbitration at a location outside of Michigan.
- (g) A provision which permits us to refuse to permit a transfer of ownership of the franchise, except for good cause. This provision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause includes, but is not limited to:
  - (i) The failure of the proposed transferee to meet our then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of ours.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with the franchisor. This does not prohibit a provision that grants us 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 it prohibit a provision that grants us the right to acquire the assets of a franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in (c), above.

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**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 concerning this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Unit, 525 W. Ottawa Street, G. Mennen Williams Building, 1<sup>st</sup> Floor, Lansing, Michigan 48913; 517-373-7117.

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## EXHIBITS

- A. List of State Administrators/Agents for Service of Process
- B. Franchise Agreement (with exhibits)
- C. Table of Contents of Confidential Operations Manual
- D. Financial Statements
- E. List of Current Franchisees
- F. List of Former Franchisees
- G. State Specific Addenda and Riders
- H. State Effective Dates
- I. Receipts

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR AS AN ADDENDUM OR RIDER IN EXHIBIT “G.”

## **ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

### **Franchisor and any Parents, Predecessors, and Affiliates**

To simplify the language in this disclosure document, the words “we,” “our” or “us” refer to Maple Bear USA, Inc., the franchisor of this business. “You” and “your” refers to the person who buys the franchise, whether you are a corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this disclosure document also apply to your owners and will be noted.

We were formed as a corporation in Delaware on September 2, 2015, to offer Maple Bear® Schools franchises. Our principal business address is 2451 West Grapevine Mills Circle, Suite #322, Grapevine, TX, USA, 76051. We do business under our company name and under the trade and service marks “MAPLE BEAR®” and associated logos. Our agents for service of process are listed on Exhibit A to this disclosure document. We have offered franchises in the United States since September 16, 2019. We do not have any predecessors. We have not offered franchises in any other line of business, have never operated a Maple Bear® School, and have no other business activities.

Maple Bear Marketplace USA, LLC (“**MB Marketplace**”), an affiliated Texas limited liability company whose principal business address is the same as ours, sells our franchisees School-related fixtures, furniture and equipment. MB Marketplace has never operated a Maple Bear® School or offered franchises in any line of business.

Our direct parent company (as well as the direct parent company of MB Marketplace), is Maple Bear Global Schools, Ltd., a Canadian corporation (“**MBGS**”) which was formed on November 22, 2004, whose principal business address is 1430 Terrace Avenue, North Vancouver, BC V7R 1B4, Canada. MBGS is owned by High Sailing Platform, Inc., a Cayman Islands company, whose principal business address is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Island (“**High Sailing**”) and SEB Group, a Brazil corporation, whose principal business address is Rua Deolinda, 70, Jardim Macedo, Ribeirão Preto, São Paulo, Brazil, 14091-018 (“**SEB**”). High Sailing and SEB have never operated Maple Bear® Schools or offered franchises in any line of business. MBGS does not provide products or services to our franchisees. MBGS does not own or operate a Maple Bear® School. As disclosed above, we (and our affiliates) have not operated a Maple Bear® School. MBGS has offered master franchises to our affiliates and unaffiliated third-parties for Maple Bear® Schools in jurisdictions around the world since 2005, including, in Albania, Argentina, Australia, Bangladesh, Brazil, Bulgaria, Canada, China, Croatia, Guatemala, Hong Kong, India, Kenya, Malaysia, Mexico, Morocco, Nepal, Oman, Paraguay, Peru, Philippines, Romania, Serbia, Singapore, South Korea, Sri Lanka, Thailand, Turkey, United Arab Emirates, the United States and Vietnam. As of December 31, 2022, there were 556 Maple Bear® Schools operating outside of the United States in 30 countries.

We or any of our affiliates may provide products and/or services to our franchisee. We or any of our affiliates may provide products and/or services to our franchisee’s clients.

### **The Franchise**

We franchise the right to establish and operate a premium “Early Care & Learning Center” — childcare/pre-school, using our System and Marks (a “**Maple Bear® School**” or “**School**”).

Maple Bear Schools provide proven play-based, early childhood curriculum, which is constantly being updated to reflect the latest developments in the field of education and provides children from 6 weeks to 6 years of age the opportunity to excel at their own individual pace through a proprietary “differentiated



learning method” and a proven second language immersion program beginning at age 2. The Maple Bear School curriculum is delivered within a caring, safe, and secure environment for children to explore, create, and develop critical thinking skills in 8 developmental areas. Maple Bear Schools set high standards to ensure children's readiness for the primary school and strive to give children the broad range of knowledge and skills that will provide the right foundation for educational progress throughout their lives.

Maple Bear® Schools typically require 11,000 square feet of inside space, with a fenced outside play area (typically between 5,000 to 7,000 square feet) and suitable parking spaces. They are usually located in a residential area with a population of families with high income and young children.

Maple Bear® Schools are constructed and operate according to our uniform standards, methods, procedures and specifications which we may add to, change, modify, withdraw or otherwise revise for the operation of Maple Bear Schools, including: (a) distinguishing characteristics related to the image, design, appearance, layout and color scheme of a Maple Bear School; (b) design, style, color and other distinguishing characteristics of fixtures, showcases, signs and furnishings; (c) layout, design and selection of equipment, (d) specifications used in preparing products and/or services for sale; (e) methods used for selecting, purchasing, marketing, displaying and selling products and/or services; (f) operating, marketing and other systems, procedures and standards; (g) the standards of quality, service and cleanliness used in the operation of a Maple Bear School; and (h) programs offered by a Maple Bear School (the “**System**”).

We own, use, promote and license, or may own, use, promote or license, in the operation of Maple Bear® Schools, certain trademarks, service marks, including the name MAPLE BEAR® and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as we may designate, from time to time, to be used in connection with Maple Bear Schools (collectively, the “**Marks**”).

We grant to persons who meet our qualifications, and who are willing to undertake the investment and effort, the right to operate a Maple Bear® School at a single location in accordance with our Franchise Agreement. Our current form of the Franchise Agreement is attached to this disclosure document as Exhibit B.

If you are a business entity, your principal owners will be required to sign: our standard form of Principal Owner's Guaranty (Exhibit 4 to the Franchise Agreement) requiring them to guaranty your obligations under the Franchise Agreement; and a List of Owners (Exhibit 5 to the Franchise Agreement) identifying each owner and their interest in you.

### **Market and Competition**

You may have to compete with other businesses, including franchised operations, national chains and independently owned companies offering day care/pre-school services to children. Changes in local and national economic conditions and population density affect this industry and are generally difficult to predict. The market for childcare services is developed in some areas and developing in other areas, depending on the number of this type of childcare service business in the particular area. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, changes in supply and demand, new technologies and competition from internet-based organizations that provide information and some related services or products.

### **Regulations Specific to the Industry**

The regulations vary from state to state and locality to locality. Most states and localities have specific regulations that may affect businesses offering educational and childcare services. For example, if the Maple

Bear® School is classified by state or local agencies to be a “school,” the jurisdiction may impose requirements concerning licensing, tuition, curriculum and teacher certification. Classification of your Maple Bear® School as a school may entail requirements such as separate restroom facilities for boys and girls, drinking water fountains and special exit doors equipped with panic bars, among others. Childcare programs may be required to meet local and state requirements regarding licensing, certification, training, and child to staff ratios, among others.

Additionally, most states and local jurisdictions have enacted laws, rules, regulations and ordinances that may apply to the operation of your Maple Bear® School, including, but not limited to, those that: (a) require a permit, certificate or other license; (b) require you to conduct background checks on your employees and independent contractors; (c) establish general standards, specifications and requirements for the construction, design and maintenance of the business premises; (d) regulate matters affecting the health, safety and welfare of your customers; including restrictions on smoking and availability of and requirements for public accommodations, including restrooms; (e) set standards pertaining to employee health and safety; (f) regulate matters affecting requirements for accommodations for disabled persons; (g) set standards and requirements for fire safety and general emergency preparedness; and (h) regulate the proper use, storage and disposal of waste. You must investigate and comply with all applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

We suggest that you to consult with your attorney and state licensing authorities about special requirements that may apply to your Maple Bear® School.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Rodney Briggs – MBGS, Co-Founder and Board Chairman**

Mr. Briggs co-founded MBGS and served as its President & CEO from November 2004 to March 2021, when he retired from his operating role. He remains active as MBGS’s Board Chairman and as a shareholder.

### **Chaim Zaher – MBGS, Board Member; SEB, Founder and President**

Mr. Zaher has been a Board Member of MBGS since January 2020. He has served for over 40 years as the President of SEB Group, one of the largest educational groups in the world. SEB Group acquired MBGS’s control in January 2020, after operating as the MBGS master franchisor in Latin America since January 2017.

### **Arno Krug – MBGS and Maple Bear USA, Inc., CEO**

Mr. Krug has been the Chief Executive Officer of MBGS and Maple Bear USA, Inc. since April 2021, after joining the company as Chief Operating Officer in October 2020. Before that Mr. Krug served as Maple Bear Latin America’s CEO since May 2017. Mr. Krug was a Director of one of Pearson’s Education companies in Brazil prior to joining Maple Bear, since 2012.

### **Patti Rodger – MBGS, Director of Training and Quality Assurance**

Ms. Rodger, B.Ed., M. Ed., is the Director of Training and Quality Assurance at Maple Bear Global Schools since 2020. Before that, Ms. Rodger was Trainer at Maple Bear Global Schools between 2018 to 2020. Ms. Rodger has been an educator for 30-year educator in the Saskatchewan Public School System,

she was a classroom teacher, a special educator and, finally, a school principal for over 19 years. Simultaneously, Patti was a member of the National Middle School Association Leadership Faculty in the USA where she led teachers and administrators in building exceptional middle level school and teacher practice. As teacher-coach, she worked with Faculty of Education at both Saskatchewan universities to supervise new teacher candidates and to assist them in building strong instructional and assessment skills. Patti became a Maple Bear trainer in 2018 and currently leads the faculty of Trainers and Quality Assurance reviewers, ensuring our schools are held to the highest standards of practice.

### **Janel Villegas – Maple Bear USA, Inc., Director of Implementation**

Ms. Villegas, MBA, has been the Director of Implementation for Maple Bear USA, Inc. since 2022. Before that, Ms. Villegas was the Regional Manager for Texas and Southwest USA between 2020 and 2022. Ms. Villegas has been an educator for over 15 years. She has served in various capacities with Maple Bear, including: Maple Bear Regional Academic Director for Maple Bear Gulf, 2015-2018 and Maple Bear USA Regional Academic Director, 2018-2020. Ms. Villegas also has been the Director of three Maple Bear schools. Ms. Villegas opened two Maple Bear Centers in Dallas, Texas in 2019.

### **Helen Zhang – MBSGS, Expansion Head, Maple Bear USA**

Ms. Zhang has been Expansion Head, Maple Bear USA since February 2023, and leads the expansion team in promoting Maple Bear in the USA and developing the USA franchise strategies. She was previously Franchise Expansion Manager for Maple Bear USA since October 2021, based in Canada. Before that she served as the Project Manager in Star Ring Group in Canada from July 2020 to September 2021. She studied and gained the Diploma of Account of UBC in Canada from July 2018 to June 2020. Before that, she served as the International Business Development Manager of Dunkin Brands from April 2015 to July 2018, based in China.

Unless otherwise noted, all of the above officers, directors, and other franchise team members are based in North Vancouver, British Columbia, Canada.

### **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**

You must pay us a \$55,000 initial franchise fee in a lump sum when you sign the Franchise Agreement (“**Initial Franchise Fee**”). The Initial Franchise Fee is fully earned when paid and nonrefundable. While this fee is generally imposed uniformly for all franchisees, we reserve the right to offer to reduce the Initial Franchise Fee under certain circumstances, including, but not limited to, location, market and the number of Schools the franchisee has agreed to develop.

#### **Initial Training Fees**

##### ***Initial Owner Training***

The cost of the mandatory initial training for you and/or your Designated Manager is included in the Initial Franchise Fee (“**Initial Owner Training**”) for up to 2 people. If more than 2 people attend the Initial Owner Training, you may be charged a fee of \$7,500 per each additional person. The fees for additional

attendees at Initial Owner Training are non-refundable and imposed uniformly on all franchisees. You are responsible for all costs for all travel, accommodations, meals and other expenses (including salaries) incurred by all of your attendees. If the training occurs at a designated location other than MBGS headquarters, our training centers in the United States or via online sessions, you shall be responsible for all our costs for travel (excluding airfare), accommodation, meals, and expenses incurred by us and our employees providing the training.

Initial Personnel Training

We will also conduct 2 weeks of academic and process knowledge for your caregivers and teaching staff that focuses on child-centric activities on-site or via online sessions (“**Initial Personnel Training**”). Up to 15 of your academic staff plus you and/or your Designated Manager may attend Initial Personnel Training. The cost of Initial Personnel Training is \$10,000 plus our costs for all travel (excluding airfare), accommodations, meals and other expenses incurred. This fee is non-refundable and imposed uniformly on all franchisees.

Initial Inventory

You must purchase certain initial inventory from us or our affiliates prior to the opening of your franchised School. We estimate the initial cost for such initial inventory purchased from us or our affiliate to range from about \$30,000 to \$50,000.

**ITEM 6. OTHER FEES**

**OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	6% of Gross Sales <sup>1</sup>	Payable weekly on Tuesdays for the preceding week	You pay your royalty fee to us.
Advertising Fund Contribution	2% of Gross Sales	Payable weekly on Tuesdays for the preceding week	You pay your advertising fund contribution to us.
Information Technology (IT) Fee <sup>2</sup>	Currently, \$250 per month	Payable monthly, every first Tuesday of the month	You must pay us for access to our online-system for academic and managerial development and the marketplace for procurement.
Local Advertising	A minimum of 1% of Gross Sales	Monthly	You pay directly to suppliers, subject to our approval. This is the minimum amount that you must spend for local advertising. We may require your expenditures to be used in cooperative advertising.
Audit Expenses <sup>3</sup>	All costs and expenses associated with audit	Upon demand	Audit costs payable only if the audit shows you have underreported amounts you owe us by 3% or more.

Type of Fee	Amount	Due Date	Remarks
Late Fees <sup>4</sup>	The greater of 10% of all overdue amounts or 2% per month (or the highest rate allowed by the state where you are located, whichever is higher) of all overdue amounts	Upon demand	Applies to all overdue fees you owe us, including any understatement in amounts due revealed by an audit.
Approval of Products or Suppliers <sup>5</sup>	All of our reasonable costs of evaluation of the proposed products or suppliers	Time of evaluation	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from or products you wish to purchase.
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	For any transfer you must pay a transfer fee equivalent to 20% of the then current Initial Franchisee Fee charged to new Maple Bear School franchisees	At the time of transfer	Applies to the sale of transfer of the franchise, an interest in the Franchise Agreement, or an interest in any entity that is the franchisee.
Ongoing Training <sup>6</sup>	No charge for 2 weeks of annual training for up to 15 staff and you and/or your Designated Manager.	Time of program	If any of these training programs occur at a location other than the MBGS headquarters, our training centers in the United States or via online sessions, you will be responsible for travel (excluding airfare), accommodation, meals, and expenses incurred by us in providing the training. If you request or we require additional training, we may charge our then-current fee for such training (currently \$10,000 per 2 weeks of training).
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail. (Section 22.4 of Franchise Agreement)
Indemnification	All costs including reasonable attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the franchised Maple Bear® School.
Quality Assurance Assessments	Our costs for all travel (excluding airfare), accommodation, meals and other expenses incurred	Upon demand	We or our representative will make annual in-person or online visits, which may be announced or unannounced, to your School for the purposes of evaluating the quality of service delivered at the School and compliance to the Systems standards.

We may require that all fees payable to us be paid through an electronic depository transfer account.

All of the fees noted above are uniform. No other fees or payments are to be paid to us or our Affiliates, nor do we impose or collect any other fees or payments for any other third party. All fees are generally non-refundable.

#### NOTES

<sup>1</sup> “**Gross Sales**” means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business, whether for check, cash, credit or otherwise including, without limitation, all revenues from tuition, field trips, student screening tests, sale of all apparel and novelties, full charges and commissions for class and individual photographs and other charges and commissions, and condemnation awards received for loss of revenue or business (including, proceeds from any business interruption insurance), whether generated by or paid to Franchisee or persons other than Franchisee, and also includes the fair market value of any goods or services received, directly or indirectly, by Franchisee in the event consideration other than cash is received. "Gross Sales" does not include (a) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (b) the amount of any discounts or allowances that the Franchisor has approved as a policy matter as set forth in our Confidential Operations Manuals ("**Manual**") from time to time; and (c) any rebate received by Franchisee from a manufacturer or supplier.

<sup>2</sup> We provide an internet-based platform to be used on regular basis for academic and managerial development, and as a marketplace for procurement.

<sup>3</sup> We do not have enough information to estimate audit costs. We assume costs vary depending on factors, including prevailing auditor’s rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area.

<sup>4</sup> Late fees begin from the date payment was due, but not received, or date of underpayment.

<sup>5</sup> Costs vary depending on the availability of product samples for testing, shipping costs or travel costs to review the product, the type of product under review, whether the product or supplier has been rated and other similar factors. Costs also vary depending on the amount of time spent reviewing the credentials/qualifications of potential service providers for addition to the approved supplier list. You pay our actual costs only.

<sup>6</sup> We provide up to 2 weeks of training annually for up to 15 of your staff plus you and your Designated Manager, and there is no fee for this training. You are responsible for all travel, accommodations, meals and other expenses (including salaries) incurred by all of your attendees. If you request or we require additional training, we may charge our then-current fee for such training (currently \$10,000 per attendee). If any ongoing training occurs at a designated location other than at our headquarters, you will be responsible for all travel (excluding airfare), accommodation, meals, and expenses incurred by the Franchisor and its employees providing the training.

#### **ITEM 7. ESTIMATED INITIAL INVESTMENT**

#### **YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee <sup>1</sup>	\$55,000	\$55,000	Wire Transfer or other Immediately Available Funds	Upon Signing Franchise Agreement	Us
Real Estate/Rent <sup>2</sup>	\$36,000	\$143,775	As Arranged	Before Beginning Operations	Lessor
Lease Security Deposit <sup>3</sup>	\$18,000	\$95,850	As Arrange	Before Beginning Operation	Lessor
Utility Deposits <sup>4</sup>	\$1,000	\$3,195	As Arranged	Before Beginning Operations	Utilities
Leasehold Improvements <sup>5</sup>	\$55,000	\$878,625	As Arranged	Before Beginning Operations	Contractor, Suppliers
Initial Inventory (marketing collateral and curriculum resources) <sup>6</sup>	\$30,000	\$64,000	As Arranged	Before Beginning Operations	Us and Suppliers
Computer Equipment (Hardware/Software) <sup>7</sup>	\$15,000	\$31,950	As Arranged	Before Beginning Operations	Us and Suppliers
Insurance <sup>8</sup>	\$6,000	\$10,650	As Arranged	Before Beginning Operations	Insurance Companies
Office Equipment and Supplies <sup>9</sup>	\$15,000	\$31,950	As Arranged	Before Beginning Operations	Us and Suppliers
Training <sup>10 11</sup>	\$13,000	\$33,015	As Arranged	Before Training Begins	Us, Airlines, Hotels & Restaurants
Signage <sup>12</sup>	\$12,000	\$25,000	As Arranged	Before Beginning Operations	Us and Suppliers
Furniture, Fixtures & Equipment (Outside) <sup>13</sup>	\$52,000	\$178,500	As Arranged	Before Beginning Operations	Us and Suppliers
Furniture, Fixtures & Equipment (Inside) <sup>14</sup>	\$115,000	\$290,000	As Arranged	Before Beginning Operations	Us and Suppliers
Architect Fees <sup>15</sup>	\$40,000	\$60,000	As Arranged	Before Beginning Operations	Your architect and one of our authorized architects
Construction & Architectural Project Management Fees <sup>16</sup>	\$101,000	\$118,215	As Arranged	Before Beginning Operations	One of our authorized construction management companies
Grand Opening Advertisement <sup>17</sup>	\$15,000	\$47,925	As Arranged	As Incurred	Suppliers
Licenses & Permits (including construction permit and others) <sup>18</sup>	\$3,000	\$9,585	As Arranged	As Incurred	Licensing Authorities
Legal & Accounting <sup>19</sup>	\$3,000	\$5,325	As Arranged	As Incurred	Attorney, Accountant
Additional Funds (3 months) <sup>20</sup>	\$105,000	\$187,440	As Arranged	As Incurred	Us, Employees, Utilities, Lessor, Suppliers

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment Is To Be Made
<b>TOTAL<sup>21</sup></b>	<b>\$690,000</b>	<b>\$2,270,000</b>			

## NOTES

<sup>1</sup> Franchise Fee. You must pay us a \$55,000 initial franchise fee in a lump sum when you sign the Franchise Agreement (“**Initial Franchise Fee**”). The Initial Franchise Fee is fully earned when paid and nonrefundable. While this fee is generally imposed uniformly for all franchisees, we reserve the right to offer to reduce the Initial Franchise Fee under certain circumstances, including, but not limited to, location, market, and the number of Schools the franchisee has agreed to develop pursuant to separate Franchise Agreements.

<sup>2</sup> Real Estate/Rent. You must lease or otherwise provide a suitable facility for the operation of the franchised Maple Bear® School, which typically require 11,000 square feet of inside space, with a fenced outside play area (typically between 5,000 to 7,000 square feet) and suitable parking spaces. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot, required maintenance costs and the extent to which the landlord provides a build-out allowance for leasehold improvements (which can range from all to none). The low estimate is for 2 months' cost based on an assumption that you will lease a facility of 11,000 square feet at a lower cost per square foot. The high estimate is for 3 months' costs based on an assumption that you will lease a facility of 11,000 square feet at a higher cost per square foot. Estimated rental costs for 3 months are included with the category, “Additional Funds,” (see Note 20 below).

<sup>3</sup> Lease Security Deposit. In some cases, a landlord may require a security deposit of 1 to 2 months' rent. The low estimate assumes that you will have to pay a security deposit equal to 1 month's rent and is based on leasing a facility of 11,000 square feet at a lower cost per square foot. The high estimate assumes that you will have to pay a security deposit equal to 2 months' rent to lease a facility of 11,000 square feet at a higher cost per square foot. Some lessors may refund the security deposit if you cancel the lease before you occupy the premises. The estimated range of costs in this category only includes your costs to enter into a lease agreement for the facility.

<sup>4</sup> Utility Deposits. If you are a new customer of your local utilities, you will generally have to pay deposits to obtain services, including electric, telephone, gas, and water. The amount of the deposit and whether the deposit is refundable will vary depending on the local utilities. You should contact your local utilities for more information.

<sup>5</sup> Net Leasehold Improvements. To adapt a newly leased or acquired facility for operation of the franchised Maple Bear® School, it must be renovated. The cost of the leasehold improvements will vary depending on factors including, the size, condition and location of the facility, local wage rates and the cost of materials. The low estimate assumes that your landlord will provide an allowance for 90% cost of the build-out of a 11,000 square feet facility. The high estimate assumes that your landlord will provide no allowance for the build-out of a 11,000 square feet facility. Such an allowance, however, may increase the monthly rental expense and will depend on numerous factors including your credit history and the landlord's ability to finance the construction. Thus, it is likely that you will have to contribute a portion of the amount for the build-out of leasehold improvements. The amounts you pay for leasehold improvements are typically non-refundable. You should inquire about the refund policy of the contractor at or before the time of hiring.



<sup>6</sup> Initial Inventory. You must purchase an initial supply of printed materials. Costs vary based upon the size and location of the Maple Bear® School, time of season, suppliers, and other related factors. We do not know if the amounts you pay for inventory items are refundable. Factors determining whether inventory items are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

<sup>7</sup> Computer Equipment (Hardware/Software). You must purchase the computer hardware and software described in more detail in Item 11. These costs also include setup, cabling, and installation. The estimate depends on the size of your Maple Bear® School. We do not know if the amounts you pay for the Software (computer system) are refundable. The amounts you pay for Hardware (computer equipment) are typically non-refundable, or if refundable, you may be subject to a “re-stocking” fee. You should inquire about the return and refund policy of the supplier at or before the time of purchasing.

<sup>8</sup> Insurance. You must purchase the amounts and types of insurance as required by our Manual from time to time (See Item 8). Factors that may affect your cost of insurance include the size and location of the franchised Maple Bear® School, value of the leasehold improvements, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

<sup>9</sup> Office Equipment and Supplies. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the items at time of return, level of use and length of time of possession. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

<sup>10</sup> Training. The cost of the mandatory initial training for you and/or your Designated Manager is included in the Initial Franchise Fee (“Initial Owner Training”). If more than 2 people attend the Initial Owner Training, you may be charged a fee of \$7,500 per person. The fees for additional attendees at Initial Owner Training are non-refundable and imposed uniformly on all franchisees. You are responsible for all costs for travel, accommodations, meals, and other expenses (including salaries) for your attendees. If the training occurs at a designated location other than MBSGS headquarters, our training centers in the United States or via online sessions, you will also be responsible for all costs for travel (excluding airfare), accommodation, meals, and expenses incurred by us and our employees providing the training.

<sup>11</sup> Training. We will also conduct 2 weeks of academic and process knowledge for you and/or your Designated Manager and your caregivers and teaching staff that focuses on child-centric activities on-site or via online sessions (“Initial Personnel Training”). Up to 15 of your academic staff plus you and your Designated Manager may attend Initial Personnel Training. The cost of Initial Personnel Training is \$10,000 plus our costs for all travel (excluding airfare), accommodations, meals and other expenses incurred. This fee is non-refundable and imposed uniformly on all franchisees.

<sup>12</sup> Signage. This range includes the cost of all signage used in the franchised Maple Bear® School. The signage requirements and costs will vary based upon the size and location of the franchised Maple Bear® School, local zoning requirements, landlord requirements and local wage rates for installation. The amounts you pay for signage are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

<sup>13</sup> Furniture, Fixtures & Equipment (Outside). You must purchase and install outside furniture, fixtures and play equipment necessary to operate your franchised Maple Bear® School. The cost of the furniture, fixtures

and play equipment will vary according to local market conditions, the size of the facility, suppliers, and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing.

<sup>14</sup> Furniture, Fixtures & Equipment (Inside). You must purchase and install inside furniture, fixtures, and equipment necessary to operate your franchised Maple Bear® School. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers, and other related factors. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing.

<sup>15</sup> Architect Fees. If you are building, remodeling, or converting a new Maple Bear® School, you will need to employ an architect to provide suitable design assistance and required drawings to receive needed construction permits. You will also need to employ one of our approved architects to review your architect's project and validate if it follows our standards prior to submitting your construction permits.

<sup>16</sup> Construction & Architectural Project Management Fees. If you are building, remodeling, or converting a new Maple Bear® School, you will need to employ one of our authorized construction management companies and one of our authorized architect management companies to validate if they follow our construction and architectural standards, respectively.

<sup>17</sup> Grand Opening. You must spend a minimum amount we specify (currently \$15,000) on grand opening advertising prior to opening. We will determine the minimum amount you must spend based on our assessment of your area and the time of year that you are opening. You may choose to spend more than the minimum that we specify (See Item 11). Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the Maple Bear® School, time of year and customer demographics in the surrounding area. The amounts you spend for grand opening advertising are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

<sup>18</sup> Licenses & Permits (including construction permit). This estimate is for the conversion of an existing location. The cost of licenses and permits for building a new Maple Bear® School may be between 7% and 10% of your total development costs, which we cannot estimate. State and local government agencies typically charge fees for occupancy permits, operating licenses, childcare licenses and construction permits. Costs may vary from the estimates based on the requirements of state and local government agencies. These fees are typically non-refundable. You should inquire about the cancellation and refund policy of the agencies at or before the time of payment.

<sup>19</sup> Legal & Accounting. You will need to employ an attorney, an accountant, and other consultants to assist you in establishing your Maple Bear® School. These fees may vary from location to location depending upon the prevailing rates of local attorneys, accountants, and consultants. These fees are typically non-refundable. You should inquire about the refund policy of the attorney, accountant, or consultant at or before the time of hiring.

<sup>20</sup> Additional Funds. We recommend that you have a minimum amount of money available to cover rent for the facility and operating expenses, including employees' salaries, for the first 3 months that the Maple Bear® School is open. We cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

<sup>21</sup> Total. In compiling this chart, we relied on our and our Affiliates' industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the size and condition of your

facility, the capabilities of your management team, where you locate your Maple Bear® School and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Maple Bear® School.

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

### Purchases from Us or Our Affiliates

You may be required to purchase goods or services from us or our affiliates. Unless otherwise approved by us, you must purchase designated furniture, fixtures, and equipment for Maple Bear® Schools only from MB Marketplace. During our last fiscal year ending December 31, 2020, neither we nor our affiliates derived any revenue from franchisee purchases of goods or services in the United States.

During our 2020 fiscal year, neither we nor our affiliates received any revenue or other material consideration or any discounts, rebates, or similar payments from designated suppliers because of their transactions with our franchisees. If we receive revenues or other material consideration from future supplier arrangements, we may, at our discretion, retain these benefits (except as otherwise required by law), return these funds to our franchisees pro rata, or contribute these funds to the Advertising Fund. Contribution of any such rebates or credits to the Advertising Fund will not reduce your obligation to make the contributions to the Advertising Fund provided for in the Franchise Agreement.

We estimate that required purchases according to our specifications and standards represent approximately 33% to 63% of the total cost to establish a Maple Bear® School and approximately 5% to 10% of the total cost to operate a Maple Bear® School.

We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve. We have no purchasing or distribution cooperatives serving our System. However, we have the right at some point in the future to negotiate purchase arrangements with suppliers for the benefit of franchisees, and/or to derive revenue or other material consideration as a result of required purchases or leases.

### Approved Suppliers

In addition to the above, we may require that you, at your expense, obtain certain goods or services from suppliers approved by us (“**Approved Suppliers**”). We may change Approved Suppliers from time to time. We will provide you with a current list of Approved Suppliers through updates to the Manuals or other forms of communication. We may designate ourselves or our Affiliates as Approved Suppliers for certain products and services.

If you would like to use any goods or services in establishing and operating the Maple Bear® School that we have not approved (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples for us to determine whether the goods or services comply with our standards and specifications, or the supplier meets our approved supplier criteria. You must pay our expenses to evaluate goods, services or suppliers. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services or from the supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier’s ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; and experience, dependability and general reputation. We notify you in our Manuals and other written communications if we revoke approval

of any supplier.

Notwithstanding the foregoing, we may limit the number of Approved Suppliers with whom you may deal, designate sources that you must use and/or refuse any request for alternative suppliers for any reason, including that we have already designated an exclusive source (which may be us or our affiliates) for any particular item or service if we believe doing so is in the best interest of our franchise system.

Other than MB Marketplace (which is owned by MBGS), there are no suppliers in which any of our officers own an interest.

### Vehicles

Any motor vehicles you use in the operation of your Maple Bear® School (“**Vehicles**”) must comply with all federal and state laws and regulations and our specifications. You may purchase or lease new or replacement Vehicles from any source. All Vehicles must bear the Marks in the form and location that we specify, and may not display any additional sales, advertising, or message without our prior written approval. Vehicles must be used exclusively for the business of the Maple Bear® School and primarily for transporting students of the Maple Bear® School.

### Standards and Specifications

You must purchase your furniture, fixtures, equipment, including computer equipment, inventory and signage under specifications in the Manual. These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications are based on our Affiliate’s experience in operating a Maple Bear® School of the type we are franchising and through research and testing in our Affiliate’s Maple Bear® School. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, inventory and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the franchised Maple Bear® School, during Initial Owner Training, before you conduct your grand opening advertising, during Initial Personnel Training, during periodic visits to your Maple Bear® School and through the Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices.

### Advertising and Promotional Materials

You will submit to us, for our prior approval, all advertising and promotional materials before you use them. We will use reasonable efforts to approve or disapprove such materials within 20 days after we receive them, but any materials not approved by us within this time period are deemed disapproved. You may not use any advertising or promotional materials that we have disapproved.

### Insurance

You must purchase and maintain in full force and effect, at your expense and from a company licensed in the state that you operate, and which are rated “A” or better by the A.M. Best Company, Inc. At a minimum, you must carry, in accordance with the standards and specifications set forth by us in writing, the following:

1. “All Risk” property coverage on all assets, including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of your School. Your property insurance policy must include coverage for fire, vandalism and malicious mischief and must have coverage limits of

at least full replacement cost;

2. Workers' Compensation Insurance that complies with the statutory requirements of the state in which your School is located and employer liability coverage with a minimum limit as required by state law;
3. Comprehensive General Liability Insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of your School, or your conduct of business pursuant to the Franchise Agreement, with a minimum liability coverage of \$1,000,000 per occurrence and \$3,000,000 in the aggregate or, if higher, the statutory minimum limit required by law;
4. Business Interruption Insurance in amounts and with terms acceptable to us;
5. Automobile Liability Insurance for owned or hired vehicles, with a combined single limit of at least \$1,000,000 or, if higher, the statutory minimum limit required by state law;
6. Specialty coverage provisions to protect against product liability, and for any and all damages that could result from injury or death to any person as a result of eating or ingesting any items provided at your School;
7. Sexual Abuse and Molestation Liability coverage in the event a staff member commits this crime against the children under their care;
8. Corporal Punishment Liability in the event a staff member uses discipline that is determined to be excessive with a student;
9. Cyber Liability Coverage in the event your Computer Systems are hacked and personal data on staff, parents or children is stolen and used; and
10. Such other insurance as may be required by the Confidential Manuals.

All insurance policies, except any workers' compensation policies, will: expressly name us as an additional insured or loss payee; contain a waiver of all subrogation rights against us and our successors or assigns; provide us with at least 30 days' written notice of termination, expiration, cancellation or material modification; and cannot be reduced, restricted, canceled or otherwise altered or amended without our prior written consent.

If you fail to procure or maintain the insurance that we require, we may (but are not required to) obtain the required insurance and charge the cost of the insurance to you, together with a reasonable fee for expenses incurred by us in so acting.

#### Computer Hardware and Software

You must purchase and install the computer software and hardware components and accessories ("Computer System") and only use the service providers, manufacturers, brands and types that comply with the Manuals. The Computer System is further described in Item 11. .

### **ITEM 9. FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the Franchise Agreement and other**

**agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

<b>Obligation</b>		<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition/lease	Section 5	Items 11 and 12
b.	Pre-opening purchases/leases	Sections 5, 12 and 15	Items 7 and 8
c.	Site development and other pre-opening requirements	Sections 5 and 8	Items 7, 8 and 11
d.	Initial and ongoing training	Section 8	Items 6, 7 and 11
e.	Opening	Sections 5 and 8	Item 11
f.	Fees	Sections 3, 4, 5, 8, 11, 15, 16, 18 and 22	Items 5, 6 and 7
g.	Compliance with standards and policies/Confidential Operations Manual	Sections 6, 7, 9, 10 and 13	Items 8, 14 and 16
h.	Trademarks and proprietary information	Sections 6, 7 and 9	Items 13 and 14
i.	Restrictions on products/services offered	Sections 5, 6 and 13	Items 8 and 16
j.	Warranty and customer service requirements	Section 13	Item 16
k.	Territorial development and sales quotas	Section 2	Item 12
l.	Ongoing product/service purchases	Section 13	Items 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 10 and 13	Item 6
n.	Insurance	Section 15	Items 6, 7 and 8
o.	Advertising	Section 11	Items 6, 7 and 11
p.	Indemnification	Section 21	Item 6
q.	Owner's participation/management/staffing	Section 13, Exhibits 4 and 5	Item 15

Obligation		Section in Agreement	Disclosure Document Item
r.	Records and reports	Section 12	Item 11
s.	Inspections and audits	Sections 6 and 12	Items 6, 11 and 13
t.	Transfer	Section 18	Item 17
u.	Renewal	Section 4	Item 17
v.	Post-termination obligations	Section 17	Item 17
w.	Non-competition covenants	Sections 7 and 17	Item 17
x.	Dispute resolution	Section 23	Item 17

**ITEM 10. FINANCING**

We do not offer any direct or indirect financing. We do not guarantee your note, lease or other obligations.

**ITEM 11. FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

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

Pre-Opening Obligations.

Before you open a Maple Bear® School, we will:

1. If the Accepted Location (defined below) is not determined as of the effective date of the Franchise Agreement, designate a Designated Area (defined below) in which you must locate the Maple Bear® School (Franchise Agreement: Section 5.2).
2. Review and approve a suitable site for the Maple Bear® School and designate your protected area (“**Protected Territory**”) (Franchise Agreement: Sections 2.3 and 5.1, Exhibit 1, See also Item 12).
3. Review and approve your lease or purchase agreement for the approved site for the Maple Bear® School (Franchise Agreement: Sections 5.4 and 5.5).
4. Review and approve the: (i) design of the Maple Bear® School; (ii) childcare licensing approvals; and (iii) initial set up of all the School’s equipment. Your architect will be responsible for the design and layout of your Maple Bear® School, including the playground, which must be completed with our plans and specifications and subject to our final approval (Franchise Agreement: Sections 5.1, 5.2 and 5.6).
5. Provide you with a list of required supplies, equipment and improvements that you must purchase and install (Franchise Agreement: Section 5.6).

6. Provide Initial Owner Training and Initial Personnel Training. This training is described in detail later in this Item 11 (Franchise Agreement: Sections 8.1 and 8.2).

7. Provide to you, on loan, one copy of the Manual, or grant you access to an electronic copy of the Manual. The approximate total number of pages in the Manual as of the date of this disclosure document is approximately 1125 pages. The Table of Contents of the Manual is included as Exhibit C to this disclosure document (Franchise Agreement: Section 9.1).

#### Methods Used to Select the Site of the Maple Bear® School

You must propose the location for our consideration by submitting a site location analysis package to us for approval. We may accept or reject the site after we have evaluated it (Franchise Agreement: Section 5.2). The general site evaluation criteria or factors that we consider in approving your site includes the condition of the premises, demographics of the surrounding area, proximity to other Maple Bear® Schools, proximity to competitive businesses, lease requirements, traffic patterns, visibility, vehicular and pedestrian access, proximity to major roads, available parking and overall suitability. If you fail to obtain our approval for a suitable site within 4 months of the effective date of your Franchise Agreement, we may terminate the Franchise Agreement (Franchise Agreement: Sections 5.2 and 5.3. See also Item 8).

#### Typical Length of Time Before Operation

We estimate the typical length of time between the signing of the Franchise Agreement and the opening of a newly built franchised Maple Bear® School is 12 months. If an existing school is acquired and converted to a Maple Bear® School, the typical length of time for opening will be 4 to 6 months. Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions and delays in installation of equipment and fixtures.

Should you fail to: (i) develop your Accepted Location for operation as a Maple Bear® School within 12 months after the effective date of the Franchise Agreement; or (ii) open and start operating your Maple Bear® School within 15 months after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement. (Franchise Agreement: Sections 5.7, 5.8 and 5.9).

#### Continuing Obligations.

After the opening of the Maple Bear® School, we will:

1. Periodically advise you and offer general guidance to you by telephone, e-mail, text message, newsletters, our intranet and other methods. Our guidance is based on our and our Affiliates' knowledge and experience. We offer you advice and guidance on a variety of business matters, including operational methods, accounting procedures, authorized services or products and marketing and sales strategies (Franchise Agreement: Section 14.1).

2. Make periodic visits to the Maple Bear® School to provide you with consultation, assistance and guidance in various aspects of the operation and management of the Maple Bear® School. We may prepare written reports suggesting changes or improvements in the operations of the Maple Bear® School and detailing deficiencies that become evident as a result of a visit. If we prepare a report, we may provide you with a copy. You will be charged our expenses for transportation, (excluding airfare), meals and accommodations (Franchise Agreement Franchise Agreement: Sections 14.2 and 14.3).

3. Make operations assistance available to you as we deem necessary (Franchise Agreement Franchise Agreement: Sections 8.2 and 8.6).



4. Approve forms of advertising materials you will use for local advertising, grand opening advertising and cooperative advertising (Franchise Agreement Franchise Agreement: Section 11.2).

5. Provide you with modifications to the Manual as they are made available (Franchise Agreement Franchise Agreement: Section 9.2).

### Advertising and Promotion

1. Nine months before opening and during your first 3 months of operation, you must spend a minimum amount of \$15,000. We specify on local advertising and promotion of initial opening (Grand Opening Advertising), including print, media and other advertising or promotional efforts. We determine the minimum amount by assessing advertising costs in your area and taking into account the time of year that you are opening. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising (Franchise Agreement Franchise Agreement: Section 11.1).

2. Each month, you must spend a minimum of 1.0% of your previous month's Gross Sales on advertising, promotions and public relations in the local area surrounding the Maple Bear® School. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines and we will review and approve your advertisements. (Franchise Agreement Franchise Agreement: Section 11.2).

3. To assist in our regional and national advertising, we have a system-wide Advertising Fund. You must contribute 2.0% of Gross Sales weekly to this Advertising Fund. Advertising Fund contributions will be made at the time and in the manner provided for Royalty payments (Franchise Agreement: Section 11.3).

We will administer the Advertising Fund as follows:

(a) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund (Franchise Agreement: Section 11.3).

(b) We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Advertising Fund. We will not use Advertising Fund contributions for the direct solicitation of franchise sales. However, we may include a statement regarding the availability of information about the purchase of Maple Bear® School franchises in advertising and other items produced or distributed using the Advertising Fund (Franchise Agreement: Section 11.3).

(c) We expect (but are not required) to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the Advertising Fund before we use current contributions (Franchise Agreement: Section 11.3).

(d) Although we intend the Advertising Fund to be perpetual duration, we have the right to terminate the Advertising Fund at any time. We will not terminate the Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share (Franchise Agreement: Section 11.3).

(e) All Maple Bear® Schools owned by our Affiliates or us will make similar contributions to the Advertising Fund (Franchise Agreement: Section 11.3).

(f) We will have an accounting of the Advertising Fund prepared each year and we will provide you with a copy if you request it. We 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. We may spend, on behalf of the Advertising Fund, in any fiscal year, an amount greater or less than the aggregate contribution of all Maple Bear® Schools to the Advertising Fund for that year, and the Advertising Fund may borrow from us or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Advertising Fund will be used to pay advertising costs before other assets of the Advertising Fund are expended (Franchise Agreement: Section 11.3)

(g) The Advertising Fund is not a trust, and we assume no fiduciary duty in administering the Advertising Fund (Franchise Agreement: Section 11.3).

As of December 31, 2022, we neither received nor spent any funds for the Advertising Fund, as we have not yet started the Advertising Fund.

4. Although we are not obligated to do so, we may create a cooperative advertising program for the benefit of all franchises located in a particular region. We have the right to collect and designate all or a portion of the local advertising for cooperative advertising. We will determine the geographic territory and market areas for each cooperative advertising program. You must participate in any cooperative advertising program established in your region. If cooperative advertising is implemented in a particular region, we may establish an advertising council for franchises in that region to self-administer the program. If we establish a cooperative advertising program or programs with or without an advertising council, there are no limits on our right to change, dissolve or merge these program(s) and/or council(s) at any time (Franchise Agreement: Section 11.4).

5. You must list the telephone number for the Maple Bear® School in your local telephone directory. You must establish an advertising presence for your Maple Bear® School in a manner that we will specify. In addition to traditional advertising, your online advertising services must include, but are not limited to, Facebook, Instagram, YouTube, Yelp, and LinkedIn. This online presence will include the respective advertising, review and feedback capabilities. You may be required to position the online presence in relation to other national, regional and local Maple Bear® Schools. You may not establish or use a 1-800 number that contains any Mark, without our prior written consent. (Franchise Agreement: Sections 6.2).

6. We operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "**Digital**

**Marketing")** that are intended to promote the Marks, your Maple Bear® School, and the entire network of Maple Bear® Schools. We have the sole right to control all aspects of any Digital Marketing. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or that relates to the Maple Bear® School. If we permit you to conduct any Digital Marketing, you must (i) comply with any standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine is not compliant with such standards or content requirements, (ii) only use materials that we approved and you must submit any proposed modifications to us for approval, (iii) not use any Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly permit, (iv) include any information that we require, and (v) include only the links that we approve or require. (Franchise Agreement: Section 11.5).

### Computer System

At your expense, you must purchase, use, maintain and upgrade any hardware and software programs we designate (“**Computer System**”) (Franchise Agreement: Section 12.5). We currently require that each Maple Bear® School have at least 1 Business Desktop (with specifications meeting or exceeding Windows 10, Intel Core i5, 16GB Memory, and 512GB storage) and 3 Business Laptops computer (with specifications meeting or exceeding Windows 10, Intel Core i5, 8GB Memory, 256GB storage, and 13.9” display) for general office and administrative use, and 6 Tablets (with specifications meeting or exceeding Android Operating System and 8” display) for pedagogical and business purposes.

The computers must have a high-speed modem that permits you to connect to the Internet. You must install and run the following software:

#### Administrative

- Procure Software and Keypad
- Quickbooks by Intuit
- ADP Payroll, HR Plus, and Time & Attendance
- Microsoft Excel
- Microsoft Word
- Microsoft PowerPoint

#### Pedagogical/Educational

- Procure Software and Keypad
- Microsoft Excel
- Microsoft Word
- Microsoft PowerPoint
- Reading A-Z Raz Kids

We also require that you install at your School a security system that includes cameras, surveillance equipment, a widescreen monitor, a magnetic lock access system and keypad.

The approximate cost of the hardware and software ranges from \$15,000 to \$30,000, depending on the size of your Maple Bear® School. This includes the cost of your security system, which you must obtain from a third-party provider. The security system provider may require you to pay monthly or annual fees. They may also require you to pay fees for ongoing maintenance, repairs or upgrades to the security system. We have no way of anticipating what these costs will be, or whether the third-party providers are able to increase them (See Item 7).

Neither we, our Affiliates, nor any third parties are required to provide ongoing maintenance, repairs or upgrades to your Computer System. You will be required to pay license fees, either annual or monthly, to third-party software providers. These third-party providers may also require you to pay fees for ongoing maintenance, repairs or upgrades to the software you license from them, and you may incur transaction costs in connection with the security system. We have no way of anticipating what these costs will be, or whether the third-party software providers are able to increase them but based on our affiliates

experience operating Maple Bear® Schools, we estimate the cost of any maintenance, updating, upgrading and/or support contracts for the Computer System to be between \$12,000 and \$18,000 per year.

You may periodically be required to update or upgrade computer hardware and software, whenever we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for your Computer System. There are no contractual limitations on the frequency or cost of these obligations (Franchise Agreement: Section 10.2).

You must maintain at all times, the ability to receive and transmit communications from and to us over the Internet. You will be required to provide us independent access to the information and data in your Computer Systems via a broadband Internet connection. We reserve the right to require franchisees, at their expense, to install and maintain additional hardware and software, including software that will interface with our computer system over the Internet (Franchise Agreement: Section 12.6).

## Training

### Initial Owner Training

Approximately 2 weeks but not more than 6 weeks prior to the opening of your School, you and/or your Designated Manager must attend initial owner training (“**Initial Owner Training**”). The cost of Initial Owner Training is included in your Initial Franchise Fee. If more than 2 people attend Initial Owner Training, you may be charged a fee of \$7,500 per person. You and/or your Designated Manager must attend and successfully complete Initial Owner Training to our satisfaction, prior to opening for business. The Initial Owner Training will include classroom training and cover material aspects of the operation of a School, including, but not limited to: (a) an understanding of the conceptual plans outlined in the Manuals; (b) general knowledge in regard to promotion, advertising and marketing techniques; (c) the ability to assess the needs of potential clientele; (d) general office and professional practice operations and procedures; and (e) implementation of our learning and educational equipment and materials. The instructional materials used in the Initial Owner Training will include our Manual, marketing and promotional materials, videos and handouts about our educational programs and philosophies. All expenses incurred by those attending Initial Owner Training, including, but not limited to travel, accommodations, meals and other expenses (including salaries) incurred, will your sole responsibility. If the Initial Owner Training occurs at a designated location other than MBGS headquarters, our training centers in the United States or via online sessions, you will also be responsible for our costs for travel (excluding airfare), accommodation, meals, and expenses (Franchise Agreement: Section 8.1).

### Initial Personnel Training

We will conduct 2 weeks of academic and process knowledge for you and/or your Designated Manager and your caregivers and teaching staff that focus on child-centric activities (“**Initial Personnel Training**”) either on site or via online sessions. Up to 15 of your academic staff plus you and your Designated Manager must attend Initial Personnel Training. The cost of Initial Personnel Training is \$10,000 plus our costs for all travel (excluding airfare), accommodations, meals and other expenses incurred. Initial Personnel Training includes, but is not limited to, training on matters pertaining to the operation and administration of the School such as, teaching strategies, maintenance of quality standards; customer service techniques; record keeping; and reporting procedures and other instructional issues. The instructional materials used in the Initial Personnel Training will include our Manual, marketing and promotional materials, videos and handouts about our educational programs and philosophies. We will be responsible for training and materials only. All expenses incurred by those attending Initial Personnel Training, including, but not limited to travel, accommodations, meals and other expenses (including salaries) incurred, will be your sole responsibility. In addition, any costs relating to any local or state requirements, which may include certification, will be your responsibility (Franchise Agreement: Section 8.2).

In addition to training costs and expenses, any costs relating to any local or state requirements, which may include certification, will be your responsibility.

### Opening Assistance

In connection with opening of your Maple Bear® School, we will make available, at our expense, 1 of our representatives, experienced in the System and Maple Bear® Schools, for a period of 1 week at your Maple Bear® School for the purpose of familiarizing your staff with techniques and for the purpose of providing general assistance and guidance in connection with the opening of your Maple Bear® School. If you request additional assistance with respect to the opening or continued operation of Maple Bear® School, and should we deem it necessary and appropriate to comply with such request, you must pay our then-current standard rates, plus expenses, for such additional assistance (Franchise Agreement: Section 8.3).

### New Designated Manager

After beginning operations, should you name a new Designated Manager, you must notify us of the identity of the new Designated Manager, who must: (a) be approved by us; and (b) complete the Initial Owner Training and the Initial Personnel Training programs to our satisfaction prior to assuming the Designated Manager responsibilities. You may have to pay us our then-current standards rates (currently \$7,500) for attendance of the Initial Owner Training and may also have to pay us our then-current standards rates (currently \$10,000) for attendance of the Initial Personnel Training if the training occurs at a designated location other than MBGS headquarters, our training centers in the United States or via online sessions. All expenses incurred by those attending Initial Owner Training and Initial Personnel Training, including, but not limited to travel, accommodations, meals, and other expenses (including salaries) incurred, will be your sole responsibility. If the training occurs at a designated location other than MBGS headquarters, our training centers in the United States or via online sessions, you will be responsible for all travel (excluding airfare), accommodation, meals, and expenses incurred by us and our employees providing the training.

## **TRAINING PROGRAM**

### **FRANCHISE OWNER TRAINING AND DESIGNATED MANAGER TRAINING**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Franchise System and Leadership, including: <ul style="list-style-type: none"> <li>• Vision and Mission Statement</li> <li>• Intellectual Property</li> <li>• Values and Culture</li> <li>• Roles and Responsibilities</li> </ul>	2	Ongoing	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Marketing and Brand Identity, including:	10	Ongoing	Via Conference Calls, Video Conferencing, and/or

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
<ul style="list-style-type: none"> <li>• Marketing Guide</li> <li>• Marketing Presentations</li> <li>• Marketing and Promotion Policy</li> <li>• Sample Advertising Material</li> <li>• Social Media and Websites</li> <li>• Google</li> </ul>			on-site at your Approved Location
School Operations and Management, including: <ul style="list-style-type: none"> <li>• Acquisition of Books</li> <li>• Annual Calendar</li> <li>• Classrooms and Physical Plant</li> <li>• Food Safety</li> <li>• Insurance</li> <li>• Licensing and Accreditation</li> <li>• Quality Assurance</li> <li>• School Security and Student Safety</li> <li>• Technology in the Classroom</li> <li>• Transportation</li> <li>• Terry Fox Event Kit</li> </ul>	16	Ongoing	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Parent Engagement including communication with parents, Parent Handbook, and confidentiality.	4	Ongoing	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location

Student Registration and Administration, including: <ul style="list-style-type: none"> <li>• Registration</li> <li>• Assessment</li> <li>• Attendance (Call Back Procedures)</li> <li>• Graduation Certificates</li> <li>• Special Needs</li> <li>• Student Behavior Management</li> <li>• Student Handbook</li> <li>• Student Records</li> <li>• Uniforms</li> </ul>	6	Ongoing	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Teaching Staff & HR Management, including:	5	Ongoing	Via Conference Calls, Video Conferencing, and/or

<ul style="list-style-type: none"> <li>Professional Code of Conduct</li> <li>Qualifications</li> <li>Social Media</li> <li>Teacher Access to Intranet</li> <li>Teacher Training</li> </ul>			on-site at your Approved Location
Accounting and Financial Management, including budgeting, financial transactions, and QuickBooks.	4	Ongoing	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Software and Online Resources including, Student Information Management System, and Intranet.	4	Ongoing	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
<b>TOTAL</b>	<b>51</b>		

### PERSONNEL TRAINING

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Policies & Standards including Food Safety, Social Media Protocols, Etiquette, and Privacy	3	1	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Human Resource Procedures and Accreditations	2	-	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Student Health & Safety	3	1	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
The Maple Bear Difference, including Values, Philosophy, Methodology, Immersion	2		Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Literacy	8	3	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Organizing and setting up the classroom	4	1	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Early Years Strategies	6	2	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Positive Behavior	4	2	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
Planning and Assessment, including Curriculum and Intranet Resources	16	18	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
Working with Parents	3	1	Via Conference Calls, Video Conferencing, and/or on-site at your Approved Location
<b>TOTAL</b>	<b>51</b>	<b>29</b>	

### ONGOING TRAINING

We provide up to 2 weeks of training annually for up to 15 of your staff plus your Designated Manager. There is no fee for this training. You are responsible for all travel, accommodations, meals, and other expenses (including salaries) incurred by all of your attendees. If you request or we require additional training, we may charge our then-current fee for such training (currently \$10,000 per attendee). If any ongoing training occurs at a designated location other than our headquarters or via online sessions, you will be responsible for all travel (excluding airfare), accommodation, meals, and expenses incurred by us in providing the training (Franchise Agreement: Section 8.6).

Our training is supervised by Lenna Glade, who has been with our affiliate, MBGS, since January 2010. Ms. Glade has served as a trainer for MBGS in Brazil, India, China, Korea, Vietnam, and Singapore.

### ITEM 12. 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.

The franchise is granted for a specific location that we have selected and is accepted by you (“**Accepted Location**”) (although occasionally you may propose a location for a Accepted Location subject to our acceptance). If the Accepted Location of the Franchised Business is not determined as of the Effective Date of the Franchise Agreement, we will designate a geographical area where the Accepted Location will be located (the “**Designated Area**”). We utilize the services of a third-party data sources in analyzing and establishing the general characteristics to assist in the determination of the Designated Area for your franchise. These characteristics may include population, projected growth, estimated number of households, estimated number of families, age, income, marital status, age of children, workplace population, family data and household ownership. Also used in determining the boundaries of the Designated Area are the major and restricting topographical features which define contiguous areas such as rivers, mountains, major roads, and undeveloped land areas, the density of residential and business entities, trading pattern and traffic flows and other factors that we deem relevant in our reasonable discretion. If you are not in default under any of the terms of the Franchise Agreement, we will not license, establish, own or operate any other Maple Bear School or other substantially similar businesses within the Designated Area pending determination of the Accepted Location. As such, you will not have territorial protections in the Designated Area after determination of the Accepted Location until such time that a Protected Territory is granted (if at all, as described below). The Designated Area will be described in Exhibit 2 of your Franchise Agreement.

Prior to a period of continuous operation of your Maple Bear® School (currently, 24 consecutive



months), or such time as your Maple Bear® School achieves a minimum percentage of enrollment (currently 75%), compared to capacity on a full-time equivalency basis, at such location, whichever is sooner, we will, in our sole discretion determine the Protected Territory for your franchise, which will be described in Exhibit 1 of your Franchise Agreement (the “**Protected Territory**”). There is no minimum Protected Territory. The criteria used for determining the boundaries of your Protected Territory are similar to those described above for determining the boundaries of a franchisee's Designated Area. In addition, we may also consider other factors, including the location of the residences of students enrolled in your Maple Bear® School. After the determination of the Protected Territory, if you still have a Designated Area, you will have no rights with respect to any part of the Designated Area not included in the Protected Territory. Your Maple Bear® School must be operated in the Protected Territory. If you are in full compliance with the Franchise Agreement, we and our affiliates will not operate, or give any other person the right to operate, another Maple Bear® School within the Protected Territory. Your right to operate within your Protected Territory is not conditioned upon any sales quotas or operating of additional Maple Bear® Schools.

We, or our affiliates, may establish other franchises or company-owned outlets, other channels of distribution or sell or offer services similar to those provided from Maple Bear® Schools under a different trademark or service mark and the Franchise Agreement does not limit our or our affiliates' right to do so, except that we will not establish other franchises or company-owned outlets within the Protected Territory that sell or offer services competitive with those provided from your Maple Bear® School. The Franchise Agreement provides that we have the right to operate, franchise or license to any other party, a Maple Bear® School anywhere outside of: (a) the Designated Area at any time; and (b) the Protected Territory, including all areas of the Designated Area not included in the Protected Territory after the Protected Territory has been determined. For a detailed explanation of your Protected Territory refer to Section 2.5 of the Franchise Agreement.

You will operate the Maple Bear® School from one location that has been selected as described above. You may not relocate your Maple Bear® School without our consent. In granting such consent, we will consider a variety of factors, including, for example, whether the lease for the Accepted Location of your Maple Bear® School has expired or terminated without fault on your part; if the Accepted Location has been destroyed, condemned or rendered unusable; changes in the character of the location of your Maple Bear® School sufficiently detrimental to your business potential to warrant a relocation; the location of other and future facilities; and other factors deemed relevant by us in our reasonable discretion. Any such relocation will be at your cost and expense.

If you attempt to sell your Maple Bear® School or transfer your interest in the Maple Bear® School to a third party, we may exercise our right of first refusal.

We reserve the right to establish alternate channels of distribution for the sale of services, including Internet sales, telemarketing or other direct marketing sales. These activities may compete with your Maple Bear® School. We will not compensate you for any sales made in your area through an alternate channel of distribution.

The Franchise Agreement does not restrict us or our affiliates or a licensee or any of them from advertising, promoting, marketing or selling goods or services over the internet or any other electronic or computer network.

There are no geographic restrictions on soliciting or accepting customers, except that you may not advertise on the Internet without our consent and there are no minimum sales quotas. If we request, you must combine advertising with other franchises that are located in the market targeted by the advertising (See Item 11).

We generally do not grant any right of first refusal, options or similar rights to obtain additional franchises. If you wish to obtain an additional territory, you will be required to enter into a separate Franchise Agreement for the territory.

We expressly retain the right to:

(a) establish, and license others to establish, Maple Bear® Schools at any location outside of the Designated Area (if applicable) and Protected Territory (if applicable) as we deem appropriate;

(b) establish, and license others to establish, businesses (other than a Competitive Business) under other systems using other proprietary marks at such locations, including within your Designated Area (if applicable) and Protected Territory (if applicable), and on such terms and conditions as we deem appropriate;

(c) purchase or otherwise acquire the assets or controlling ownership of, and thereafter continue to own and operate, one (1) or more businesses identical or similar to your Maple Bear® School (and/or acquire franchise, license and/or similar agreements for such businesses), anywhere (including inside and outside the Designated Area (if applicable) and Protected Territory) and (i) convert the other businesses to be MAPLE BEAR Schools operating under the Marks and the System (except inside your Protected Territory (if any)), (ii) permit the other businesses to continue to operate under another name anywhere (including inside your Protected Territory (if any)), and/or (iii) permit the businesses to operate under another name and convert your Maple Bear® School to such other name;

(d) be acquired (regardless of the form of transaction) by, or merge with, any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Designated Area (if applicable) or Protected Territory (if applicable);

(e) sell the services and products authorized for Maple Bear® Schools using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, direct mail, catalogue sales, Internet sites and co-branding strategies, pursuant to such terms and conditions as we deem appropriate, provided however, that no such sales will be made to a Competitive Business within the Designated Area (if applicable) or Protected Territory (if applicable); and

(f) engage in any activities not expressly forbidden by the Franchise Agreement.

### **ITEM 13. TRADEMARKS**

You receive the right to operate your Maple Bear® School under the name “MAPLE BEAR” which is the primary Mark used to identify our System. You may also use any other current or future Mark to operate your Maple Bear® School that we designate, including the logo on the front of this disclosure document and the service marks listed below.

MBGS registered the following Marks on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

Mark	Registration Number	Registration Date	Register
	4372530	July 23, 2013	Principal
MAPLE BEAR	4371857	July 23, 2013	Principal
	4710245	March 31, 2015	Principal
	5988883	February 18, 2020	Principal

MBGS has and intends to continue to file all appropriate affidavits and renew all registrations and as they become required.

We derive the right to use and sublicense the use of the Marks under an inter-company license agreement, dated January 1, 2019 with MBGS. The license is for 2 successive terms of 10 years each. The license agreement may be terminated if we are insolvent, if a trustee is appointed to administer our business, if we wind-up or sell our business, or if we breach any of our duties or obligations under the license agreement.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of the State of Delaware or any court; pending infringement, opposition, or cancellation; or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in the State of Delaware or any other state in which the franchised Maple Bear® School is to be located.

You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your Maple Bear® School during the period you have a valid Franchise Agreement in place.

You must follow our rules when you use the Marks.

You must use the Marks as the sole trade identification of the Maple Bear® School. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services or products, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law, but you cannot use Maple Bear® as your legal entity name.

Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of MBGS's rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must not communicate with any person other than us, MBGS and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. MBGS will take the action it deems appropriate in these situations and has exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain MBGS's interests in any proceeding or to otherwise protect and maintain MBGS's interests in the Marks.

While we are not required to defend you against a claim arising from your use of our Marks, we will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner (up to 30 days after you are aware of any claims) and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Maple Bear® School for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words "MAPLE BEAR" or any variation of that term or any other Mark without our prior written consent.

#### **ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

There are no patents or pending patents that are material to the franchise. We own copyrights in the

Manual, our Website, our Intranet, our marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Maple Bear® School and you must stop using them if we direct you to do so.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a Maple Bear® School. We will provide our trade secrets and other confidential information to you during training, in the Manual and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your Maple Bear® School. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Maple Bear® School. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff will be required to sign nondisclosure and non-competition agreements. Our current form of which is attached as Exhibit 3 to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements (See Item 15).

All ideas, concepts, techniques or materials concerning the Maple Bear® School and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees, and you agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Manual, trade secrets or other confidential information in an unauthorized manner is a material default of the Franchise Agreement that may result in termination of the Franchise Agreement (See Item 17).

All customers of your Maple Bear® School are our customers and all data about those customers is owned by us and proprietary to us. Without limiting the foregoing, you must use the Computer System in accordance with our Manuals and the System standards. We have the right to retrieve all data from the Computer System that we deem appropriate. Further, you must provide such information as we may request from the data so collected and maintained. (See Franchise Agreement, Section 12.5).

## **ITEM 15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The Maple Bear® School must always be under the direct, full-time, day-to-day supervision of you or: (a) an owner of 10% or more of the voting interests of you; or (b) the direct or indirect power to direct the management and policies of you, including those relating to payment of financial obligations, whether through the ownership of voting securities or interests, by contract or otherwise, each as reasonably

determined by us (a “**Controlling Interest**”).

You and/or the Designated Manager must attend and satisfactorily complete our Initial Training before opening the Maple Bear® School. You must keep us informed at all times of the identity of your Designated Manager. If you must replace the Designated Manager, the replacement must attend and satisfactorily complete our Initial Owner Training program.

As described in Item 14, certain individuals associated with your Maple Bear® School, including your owners (and members of their immediate families and households), officers, directors, partners, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements our current form of which is attached as Exhibit 3 to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements.

If you are a corporation or other business entity, anyone who owns a 10% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Principal Owner's Guaranty (Exhibit 4 to the Franchise Agreement, which is Exhibit B to this disclosure document). The List of Owner's (Exhibit 5 to the Franchise Agreement, which is Exhibit B to this disclosure document) describes all of your owners and their interests in you.

#### **ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer the services and products we specify only.

You may not sell any services or products that we have not authorized, and you must discontinue offering any services or products that we disapprove (See Item 8). We may take action, including terminating your Franchise Agreement, if you purchase or sell unapproved products or make purchases from unapproved suppliers.

We may periodically change required or authorized services or products. There are no limits on our right to do so. We will give you 30 days to comply with any changes that we require. We may grant you an extension of this 30-day time period for delays that are caused by things beyond your control, such as acts of state or governmental action (including the failure of any government to grant any license, authorization or approval).

Periodically, we may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based on factors as we determine, including test marketing, your qualifications, and regional or local differences.

#### **ITEM 17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

##### **THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 4.1	The initial term is 10 years.
b. Renewal or extension of the term	Section 4.2	You may renew for 2 additional terms of 5 years each. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the terms of your Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 4.2	You may renew the Franchise Agreement if you: (i) have fully complied with the provisions of the Franchise Agreement; (ii) have the right to maintain possession of the approved location or an approved substitute location for the term of the renewal; (iii) have made capital expenditures as necessary to maintain uniformity with the System; (iv) have satisfied all monetary obligations owed to us; (v) are not in default of any provision of the Franchise Agreement or any other agreement with us; (vi) have given timely written notice of your intent to renew; (vii) sign a current Franchise Agreement, which may have different terms and conditions than your original Franchise Agreement; (viii) comply with current training and certification/licensing requirements; and (ix) sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by franchisee	Not Applicable	Not Applicable
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Section 16.1	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g. "Cause" defined—curable defaults	Section 16.1	If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults below that require cure in a shorter time and non-curable defaults in (h) below. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 15 days of receiving our notice

Provision	Section in Franchise or Other Agreement	Summary
		of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
h. "Cause" defined—non-curable defaults	Section 16.1	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: (i) fail to timely accept a suitable site for or establish, equip and begin operations of the franchised Maple Bear® School; (ii) fail to have your Designated Manager satisfactorily complete training; (iii) fail to furnish evidence that all employed instructors have obtained state certifications and licenses (if required); (iv) made a material misrepresentation or omission in the application for the franchise; (v) are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the franchised Maple Bear® School; (vi) after notice to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the franchised Maple Bear® School; (vii) use the Manual, trade secrets or other confidential information in an unauthorized manner; (viii) if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives, employees and professional staff, and other individuals having access to trade secrets or other confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; (ix) abandon the franchised Maple Bear® School for 5 or more consecutive days; (x) surrender or transfer control of the franchised Maple Bear® School in an unauthorized manner; (xi) fail to maintain the franchised Maple Bear® School under the supervision of a Designated Manager following your death or disability; (xii) submit reports on 2 or more separate occasions understating any amounts due by more than 3%; (xiii) are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; (xiv) misuse or make unauthorized use of the Marks; (xv) fail on 2 or more occasions within any 12 months to submit reports or records or to pay any fees due us or any Affiliate; (xvi) violate, on 2 or more occasions, any health, safety or other laws or operate the franchised Maple Bear® School in a manner creating a health or safety hazard to customers, employees or the public; (xvii) take any action reserved to us; (xviii) fail to comply with applicable law after notice; (xix) repeatedly breach the Franchise Agreement or comply with



Provision	Section in Franchise or Other Agreement	Summary
		specifications; (xx) lose possession of the Accepted Location; or (xxi) default under any other agreement with us (or an Affiliate) so that we (or the Affiliate) have the right to terminate the agreement. A default under the School Development Agreement constitutes a default under the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Section 17.1	If the Franchise Agreement is terminated or not renewed, you must: (i) stop operating the franchised Maple Bear® School; (ii) stop using any trade secrets, confidential information, the System and the Marks; (iii) if requested, assign your interest in the franchise location to us; (iv) cancel or assign to us any assumed names; (v) pay all sums owed to us including damages and costs incurred in enforcing the Franchise Agreement; (vi) return the Manual, trade secrets and all other confidential information; (vii) assign your telephone and facsimile numbers, e-mail, social media pages and all other points of contact to customers to us; and (viii) comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement. You must also pay to us liquidated damages which will be equal to the Royalty Fees and Advertising Fund Contribution that we would have received for 3 years based on your annual Gross Revenues during the best performing 12 consecutive months over the term of your Franchise Agreement. If your School has not been open for 1 year immediately preceding termination, the liquidated damages will be calculated by taking the number that is the monthly average of Royalty Fees and Advertising Fund Contribution payable to us from the date your School was opened through the date of termination and multiplying it by 36. If the time remaining in the Franchise Agreement is less than 36 months, the monthly average as calculated above will be multiplied by the number of months remaining in the Term of the Franchise Agreement.
j. Assignment of contract by franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. “Transfer” by franchisee—defined	Section 18.2	“Transfer” includes transfer of an interest in the franchise, the Franchise Agreement, the approved location, the franchised Maple Bear® School’s assets.
l. Franchisor approval of transfer by franchisee	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.

Provision	Section in Franchise or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 18.2	We will consent to a transfer if: (i) we have not exercised our right of first refusal; (ii) all obligations owed to us are paid; (iii) you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; (iv) the prospective transferee meets our business and financial standards; (v) the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; (vi) you provide us with a copy of all contracts and agreements related to the transfer; (vii) you or the transferee pay a transfer fee equivalent to 20% of the then current Initial Franchisee Fee; (viii) the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; (ix) you have agreed to guarantee performance by the transferee, if requested by us; (x) the transferee has obtained all necessary consents and approvals of third parties; (xi) you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; (xii) the transferee has agreed that the Designated Manager will complete the initial training program before assuming management of the franchised Maple Bear® School; and (xiii) the transferee has agreed that its instructors will have obtained state certifications and licenses (if required).
n. Franchisor right of first refusal to acquire franchisee's business	Section 19	We may match a written offer for your franchised Maple Bear® School or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's business	Section 17.4	We have the option, to be exercised within 30 days after termination or default under the Franchise Agreement, or your lease for the Accepted Location, to purchase from you any or all of your furnishings, equipment, signs, fixtures, supplies, or inventory related to the operation of your Maple Bear® School, at the lesser of the fair market value or book value.
p. Death or disability of franchisee	Section 18.6	Following the death or incapacity of an owner of the franchised Maple Bear® School or the death or incapacity of any holder of a controlling interest in the franchised Maple Bear® School, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchised Maple Bear® School within 180 days of death or incapacity or we may terminate the Franchise Agreement.

Provision	Section in Franchise or Other Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 7.3	You, your owners (and members of their families and households) and your officers, directors, executives and managers are prohibited from: (i) attempting to divert any business or customer of the franchised Maple Bear® School to a competitive business; (ii) causing injury or prejudice to the Marks or the System; and (iii) owning, working for or affiliating in any way with a competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households), your officers, directors, executives and managers are prohibited from: (i) owning or working for a competitive business operating within 25 miles of the franchise location or within the protected territory (whichever is greater) or within 25 miles of any other Maple Bear® School; or (ii) soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	Sections 9.2, 22.7 and 22.8	The Franchise Agreement can be modified only by written agreement between you and us. Manual and System are subject to change on our discretion.
t. Integration/merger clause	Section 22.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises may not be enforceable, but our representations in this disclosure document cannot be disclaimed.
u. Dispute resolution by arbitration or mediation	Section 23.7	Except for claims relating to the Marks, trade secrets, confidential information and covenants not to compete, and subject to state law, all disputes must be arbitrated in Delaware.
v. Choice of forum	Section 23.2	Subject to state law, any litigation must be pursued in courts located in Delaware.
w. Choice of law	Section 23.1	Subject to state law, Delaware law applies, except those disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States.

Please refer to the disclosure addenda (attached to this disclosure document) and contractual amendments (attached to the Franchise Agreement) for additional terms that may be required under applicable state law. Note, though, that if you would not otherwise be covered under those state laws by their own terms, then you will not be covered merely because we have given you an addendum that describes the provisions of those state laws.

## **ITEM 18. PUBLIC FIGURES**

We do not use any public figures to promote our franchise.

## **ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in this disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (i) a franchisor provides the actual records of an existing outlet you are considering buying; or (ii) 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.

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 Janel Villegas, 2451 West Grapevine Mills Circle, Suite #322, Grapevine, TX, USA, 76051, phone number +1 877 731 5450, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**Systemwide Outlet Summary for Years 2020, 2021, and 2022**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2020	3	3	0
	2021	3	3	0
	2022	3	3	0
Company-Owned <sup>(1)</sup>	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
<b>Total Outlets</b>	<b>2020</b>	<b>3</b>	<b>3</b>	<b>0</b>
	<b>2021</b>	<b>3</b>	<b>3</b>	<b>0</b>
	<b>2022</b>	<b>3</b>	<b>3</b>	<b>0</b>

### **Notes:**

(1) As of the date of this disclosure document, our affiliate, MBGS, serves more than 40,000 students by operating 556 schools worldwide in 30 different countries, including Albania, Argentina, Australia, Bangladesh, Brazil, Bulgaria, Canada, China, Croatia, Guatemala, Hong Kong, India, Kenya, Malaysia, Mexico, Morocco, Nepal, Oman, Paraguay, Peru, Philippines, Romania, Serbia, Singapore, South Korea, Sri Lanka, Thailand, Turkey, United Arab Emirates, the United States and Vietnam.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (Other Than the Franchisor)**  
**for Years 2020, 2021, and 2022**

State	Year	Number of Transfers
All States	2020	0
	2021	0
	2022	0
Totals	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>

**Table No. 3**  
**Status of Franchised Outlets for Years 2020, 2021, and 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Arizona	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Totals	<b>2020</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2021</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>
	<b>2022</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

**Table No. 4**  
**Status of Company-Owned Outlets for Years 2020, 2021, and 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Totals	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 5**  
**Projected Openings as of December 31, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Arizona	3	1	0
<b>Totals</b>	<b>3</b>	<b>1</b>	<b>0</b>

Exhibit E to this disclosure document lists the names of all current franchisees with their addresses and telephone numbers as of the date of this disclosure document.

Exhibit F to this disclosure document lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

As of the date of this disclosure document, we have no current or former franchisees who have signed provisions restricting their ability to speak openly to you about their experience with the MAPLE BEAR® Schools' franchise system.

As of the date of this disclosure document, there are no trademark-specific franchisee organizations associated with the MAPLE BEAR® Schools' franchise system.

**ITEM 21. FINANCIAL STATEMENTS**

Attached as Exhibit D to this disclosure document are Maple Bear USA, Inc.'s audited financial statements for the fiscal years ending as of December 31, 2022, 2021, and 2020, and the unaudited financial statements as of March 31, 2023.

**ITEM 22. CONTRACTS**

Attached to this disclosure document are the following contracts and their attachments:

Exhibit B Franchise Agreement (with Exhibits)

Exhibit G State Specific Addenda and Riders

Exhibit I Receipts

**ITEM 23. RECEIPTS**

You will find 2 copies of a detachable Receipt in Exhibit I at the end of this disclosure document. One receipt must be signed, dated and delivered to us. The other receipt should be retained for your records.

**EXHIBIT A TO THE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**LIST OF STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

Our registered agent in the State of Delaware is:

The Corporation Trust Company  
Corporation Trust Center  
1209 Orange Street  
Wilmington, DE 19801

If a state is not listed below, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process. There also may be additional agents appointed in some of the states listed below.



STATE	AGENCY	PROCESS, IF DIFFERENT
<b>California</b>	Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 1515 K Street Suite 200 Sacramento, CA 95814-4052 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565 Toll Free (866) 275-2677	Commissioner of Business Oversight 320 West Fourth Street, Suite 750 Los Angeles, CA 90013-2344
<b>Hawaii</b>	Department of Commerce and Consumer Affairs Business Registration Division - Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2727	Commissioner of Securities of Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>Illinois</b>	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
<b>Indiana</b>	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
<b>Maryland</b>	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
<b>Michigan</b>	Department of Attorney General, Consumer Protection Division, Franchise Registration G. Mennen Williams Building, 1st Floor 525 W. Ottawa St. Lansing, MI 48909 (517) 373-7117	
<b>Minnesota</b>	Minnesota Department of Commerce Securities Division 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 (651) 296-4026	Minnesota Department of Commerce Securities Unit Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101
<b>New York</b>	Office of the New York State Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street New York, NY 10005 Phone: (212) 416-8236 Fax: (212) 416-6042	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001 (518) 473-2492
<b>North Dakota</b>	North Dakota Securities Department 600 Boulevard Avenue, State Capitol Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner 600 East Boulevard Avenue Bismarck, ND 58505-0510

STATE	AGENCY	PROCESS, IF DIFFERENT
<b>Rhode Island</b>	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Complex – Bldg 69-1 Cranston, Rhode Island 02920 (401) 222-3048	
<b>South Dakota</b>	Division of Insurance – Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501 (605) 773-4823	
<b>Virginia</b>	State Corporation Commission Division of Securities and Retail Franchising P.O. Box 1197 Richmond, Virginia 23218 - or 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
<b>Washington</b>	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98507-9033 (360) 902-8760 - or 150 Israel Road SW Tumwater, WA 98501	Director of Dept. of Financial Institutions Securities division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760
<b>Wisconsin</b>	Division of Securities Department of Financial Institutions P.O. Box 1768 Madison, WI 53701 - or 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	

**EXHIBIT B TO FRANCHISE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**FRANCHISE AGREEMENT**



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MAPLE BEAR® SCHOOLS

FRANCHISE AGREEMENT

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AGREEMENT DATE

---

NAME OF FRANCHISEE

---

SCHOOL NUMBER

---

ADDRESS OF SCHOOL (TO BE COMPLETED  
ONCE SITE ACQUIRED):

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**MAPLE BEAR® SCHOOLS  
FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made effective this \_\_\_\_\_ day of \_\_\_\_\_ 2023 ("**Effective Date**"), by and between MAPLE BEAR USA, INC., a Delaware corporation having its principal place of business at 2451 West Grapevine Mills Circle, Suite #322, Grapevine, TX, USA, 76051 ("**Franchisor**"), and \_\_\_\_\_ ("**Franchisee**") duly represented by \_\_\_\_\_ ("**Individual**").

**WITNESSETH:**

A. Franchisor and its Affiliates have developed, and may further develop, a System identified by the trade name and service mark "MAPLE BEAR®" and associated trademarks, service marks, logos, and commercial symbols, relating to the establishment and operation of early childhood learning centers that provide educational programs, referred to as "**MAPLE BEAR Schools**" or "**Schools**".

B. In addition to the trade name and service mark "MAPLE BEAR®" and certain other Marks, the distinguishing characteristics of the System include: uniform standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; distinctive interior and exterior design, layout and décor; other strategies, techniques and Trade Secrets and other Confidential Information; and the Manuals.

C. Franchisor grants to qualified persons and business entities the right to own and operate a MAPLE BEAR School using the System and the Marks.

D. Franchisee desires to operate a MAPLE BEAR School, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein.

E. Franchisee understands and acknowledges the importance of Franchisor's high and uniform standards of quality, operations and service and the necessity of operating the Franchised Business in strict conformity with Franchisor's System.

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

**1. DEFINITIONS**

Whenever used in this Agreement, the following words and terms have the following meanings:

"**Accepted Location**" means the site for the operation of the Franchised Business agreed upon by the Franchisor and the Franchisee. The Accepted Location is described in Exhibit 1;

"**Ad Fund**" has the meaning given to such term in Section 11.3;

"**Ad Fund Contribution**" has the meaning given to such term in Section 11.3;

**"Affiliate"** means any person, company or other entity which controls, is controlled by or is under common control with another person, company or entity, as well as any spouse, parent, child and/or sibling and any entity controlled by any spouse, parent, child and/or sibling;

**"Agreement"** means this agreement entitled "MAPLE BEAR Schools Franchise Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

**"Anti-Terrorism Laws"** has the meaning given to such term in Section 24.5(a);

**"Approved Supplier(s)"** means suppliers, including the Franchisor, its Parent, or its Affiliates, that are designated or approved by the Franchisor as the supplier from whom the Franchisee must purchase an item or service for the Franchised Business;

**"Competitive Business"** means any business that operates, manages, offers or provides (or grants franchises or licenses to others to operate a business that operates, manages, offers or provides), directly or indirectly, pre-school/childcare educational programs or supervision for children between the ages of infancy through six (6) years or similar services as are customarily offered by a MAPLE BEAR School, or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, its Parent, any Affiliate or its other franchisees; provided, however, that the term **"Competitive Business"** shall not apply to (a) any business operated by Franchisee under a Franchise Agreement with Franchisor, or (b) any business operated by a publicly-held entity in which Franchisee owns less than a 5% legal or beneficial interest;

**"Computer System"** has the meaning given to such term in Section 12.5;

**"Confidential Information"** means information relating to the development and operation of MAPLE BEAR Schools that Franchisor possesses, which includes without limitation: (a) the System and the know-how related to its use; (b) plans, specifications, size and physical characteristics of MAPLE BEAR Schools; (c) site selection criteria, land use and zoning techniques and criteria; (d) methods in obtaining licensing and meeting regulatory requirements; (e) sources and design of equipment, furniture, forms, materials and supplies; (f) marketing, advertising and promotional programs; (g) staffing and delivery methods and techniques for personal services; (h) the selection, testing and training of personnel; (i) any computer software; (j) methods, techniques, formats, specifications, procedures, information and systems related to and knowledge of and experience in the development, operation and franchising of MAPLE BEAR Schools; (k) knowledge of specifications for and suppliers of certain products, materials, supplies, furniture, furnishings and equipment; and (l) knowledge of operating results and financial performance of MAPLE BEAR Schools other than those operated by Franchisee (or its Affiliates). Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

**"Controlling Interest"** has the meaning given to such term in Section 18.6;

**"Cooperative Advertising"** means the combined advertising program of two (2) or more franchisees established within a common market that Franchisor may require for MAPLE BEAR Schools within a particular region;

**"Designated Area"** has the meaning given to such term in Section 5.2. The Designated Area is described in Exhibit 2;

**"Designated Manager"** unless otherwise approved by Franchisor in writing, the Franchised Business shall at all times be under the direct on-premises supervision of Franchisee, or an owner of a Controlling Interest. Franchisee shall notify Franchisor of the identity of the on-premises supervisor and provide to Franchisor a copy of the confidentiality agreement signed by such person, before such person begins acting as Designated Manager. Franchisee agrees that it and any Designated Manager will at all times faithfully, honestly and diligently perform their obligations hereunder and that they will not engage in any activities that conflict with the performance of their obligations hereunder. Franchisee further agrees to abide by any and all additional policies, procedures and/or guidelines related to the duties and responsibilities of the Designated Manager as contained within the Manuals;

**"Digital Marketing"** has the meaning given to such term in Section 11.5;

**"Effective Date"** means the date of effectiveness of this Agreement as defined in the introductory paragraph of this Agreement;

**"Electronic Depository Transfer Account"** means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor from Franchisee;

**"Franchise"** means the right granted to Franchisee by Franchisor to use the System and the Marks to operate a MAPLE BEAR School;

**"Franchised Business"** means the MAPLE BEAR School to be established and operated by Franchisee pursuant to this Agreement;

**"Franchisee"** means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement and its approved successors and assigns;

**"Franchisor"** means Maple Bear USA, Inc., a Delaware corporation;

**"Franchisor Parties"** has the meaning given to such term in Section 21.3;

**"GAAP"** means the standards, conventions and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements;

**"Grand Opening Advertising"** has the meaning given to such term in Section 11.1;

**"Gross Sales"** means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business, whether for check, cash, credit or otherwise including, without limitation, all revenues from tuition, field trips, student screening tests, sale of all apparel and novelties, full charges and commissions for class and individual photographs and other charges and commissions, and condemnation awards received for loss of revenue or business (including, proceeds from any business interruption insurance), whether generated by or paid to Franchisee or persons other than Franchisee, and also shall include the fair market value of any goods or services received, directly or

indirectly, by Franchisee in the event consideration other than cash is received. "Gross Sales" shall not include (a) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, (b) the amount of any discounts or allowances that the Franchisor has approved as a policy matter as set forth in its Manuals from time to time; and (c) any rebate received by Franchisee from a manufacturer or supplier;

**"Gross Sales Reports"** has the meaning given to such term in [Section 12.2](#);

**"Improvements"** has the meaning given to such term in [Section 7.2](#);

**"Incapacity"** means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

**"Initial Franchise Fee"** has the meaning given to such term in [Section 3.1](#);

**"Local Advertising"** has the meaning given to such term in [Section 11.2](#);

**"Manuals"** means the Franchisor's confidential operations manual(s), whether in paper or electronic form, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor;

**"Maple Bear School"** has the meaning given to such term in the Recitals of this Agreement;

**"Marks"** means the service mark "MAPLE BEAR®" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate, from time to time, to be used in connection with MAPLE BEAR Schools;

**"Parent"** means Maple Bear Global Schools, Ltd., a corporation organized under the laws of Canada;

**"Protected Territory"** has the meaning given to such term in [Section 2.3](#). The Protected Territory is described in [Exhibit 1](#);

**"Royalty Fee"** has the meaning given to such term in [Section 3.2](#);

**"School"** has the meaning given to such term in the Recitals of this Agreement;

**"System"** means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of MAPLE BEAR Schools including (but not limited to): (a) distinguishing characteristics related to the image, design, appearance, layout and color scheme of a MAPLE BEAR School; (b) design, style, color and other distinguishing characteristics of fixtures, showcases, signs and furnishings; (c) layout, design and selection of equipment, (d) specifications used in preparing products and/or services for sale; (e) methods used for selecting, purchasing, marketing, displaying and selling products and/or

services; (f) operating, marketing and other systems, procedures and standards; (g) the standards of quality, service and cleanliness used in the operation of a MAPLE BEAR School; and (h) programs offered by a MAPLE BEAR School; and

**"Trade Secrets"** means information in any form (including, but not limited to, technical or non- technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, educational plans, learning plans or curriculum, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in MAPLE BEAR Schools that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

**"Vehicle"** has the meaning given to such term in Section 13.19.

## **2. GRANT OF FRANCHISE; ACCEPTED LOCATION**

### **2.1 Grant**

Subject to the terms of and upon the conditions contained in this Agreement, Franchisor hereby grants to Franchisee a franchise to: (a) operate a Franchised Business at the Accepted Location, and at no other location (temporary or permanent); and (b) use the Marks and the System solely in connection with operating the Franchised Business during the Term.

### **2.2 Sub-franchising/Agents**

Franchisee shall not sublicense the use of the System or Marks to any person or entity. Except as may be permitted pursuant to Section 18, Franchisee shall not grant any person or entity the right to act as Franchisee's agent to perform any part of Franchisee's rights or obligations licensed hereunder.

### **2.3 Protected Territory**

So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.4, Franchisor (and its Affiliates) shall not license, establish, own or operate any other MAPLE BEAR School or other substantially similar businesses within a geographic area surrounding the Franchised Business, as described in Exhibit 1 ("**Protected Territory**"). The Protected Territory is determined by Franchisor in its sole discretion, prior to the earlier of **(i)** a continuous period of operation (currently, 24 consecutive months) of the Franchised Business, or **(ii)** such time as the Franchised Business achieves a minimum percentage of enrollment (currently 75%), compared to capacity on a full-time equivalency basis. The criteria used for determining the boundaries of the Protected Territory are similar to those for determining the boundaries of a franchisee's Designated Area and may include additional factors, including, without limitation, the residential location of enrolled students, as Franchisor deems appropriate.

## **2.4 Franchisor's Rights**

Franchisee acknowledges that, except to the extent provided in [Section 2.3](#) above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

(a) establish, and license others to establish, MAPLE BEAR Schools at any location outside of the Designated Area (if applicable) and Protected Territory, as Franchisor deems appropriate;

(b) establish, and license others to establish, businesses (other than a Competitive Business) under other systems using other proprietary marks at such locations, including within Franchisee's Designated Area (if applicable) and Protected Territory, and on such terms and conditions as Franchisor deems appropriate;

(c) purchase or otherwise acquire the assets or controlling ownership of, and thereafter continue to own and operate, one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), anywhere (including inside and outside the Designated Area (if applicable) and Protected Territory) and (i) convert the other businesses to be MAPLE BEAR Schools operating under the Marks and the System (except inside your Protected Territory (if any)), (ii) permit the other businesses to continue to operate under another name anywhere (including inside your Protected Territory (if any)), and/or (iii) permit the businesses to operate under another name and convert your Franchised Business to such other name;

(d) be acquired (regardless of the form of transaction) by, or merge with, any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Designated Area (if applicable) or Protected Territory;

(e) sell the services and products authorized for MAPLE BEAR Schools using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, direct mail, catalogue sales, Internet sites and co-branding strategies, pursuant to such terms and conditions as Franchisor deems appropriate, provided however, that no such sales shall be made to a Competitive Business within the Designated Area (if applicable) or Protected Territory; and

(f) engage in any activities not expressly forbidden by this Agreement.

Except as otherwise provided in this Agreement, Franchisor and/or its Affiliates may establish other franchises or company-owned outlets, other channels of distribution or sell or offer services similar to those provided from the Franchised Business under a different trademark or service mark. Franchisor has the right to operate, franchise or license to any other party, a Franchised Business anywhere outside of (a) the Designated Area at any time; and (b) the Protected Territory, including all areas of the Designated Area not included in the Protected Territory after the Protected Territory has been determined. Franchisor, or its Affiliates or a licensee may advertise, promote, market or sell goods or services over the internet, the world wide web or any other electronic or computer network. If Franchisee becomes in default of any of its obligations to Franchisor or any Affiliate, Franchisor may, upon written notice, reduce, eliminate or otherwise modify Franchisee's territorial rights.

### **3. FEES**

#### **3.1 Initial Franchise Fee**

Franchisee shall pay an initial franchise fee in the amount of \$55,000 USD ("**Initial Franchise Fee**") to Franchisor, due in a lump sum upon execution of this Agreement. The Initial Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions. The Initial Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

#### **3.2 Weekly Royalty Fee**

On Tuesday of every week, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, so long as this Agreement shall be in effect, a weekly fee ("**Royalty Fee**") equal to 6% of Gross Sales for the week ending the previous Saturday. Each weekly Royalty Fee shall accompany a Gross Sales Report, as required by Section 12.2, for the same period. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 3.5, such reports shall instead be submitted to Franchisor via facsimile transmission, e-mail or intranet system.

#### **3.3 Advertising Contribution**

Franchisee must pay to Franchisor a recurring, non-refundable Ad Fund contribution in the amount and at the times specified in Section 11.3. Such advertising fund contribution will be in addition to, and exclusive of, your Grand Opening Advertising obligation as specified in Section 11.1 (Grand Opening Advertising) and your Local Advertising obligation as specified in Section 11.2. (Local Advertising), if any.

#### **3.4 Taxes**

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, withholding taxes, use taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder, or paid by Franchisor on Franchisee's behalf, or imposed on Franchisor or required to be collected by Franchisor on account of products or services furnished to Franchisee, at the same time as Franchisee remits such fees to Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

#### **3.5 Electronic Transfer**

Franchisor has the right to require all Royalty Fees, Ad Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor's request, Franchisee shall open and maintain an Electronic Depository Transfer Account, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every week, Franchisee shall make weekly deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established,



Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent.

### **3.6 Late Fees**

All Royalty Fees, Ad Fund Contributions, amounts due for purchases by Franchisee from Franchisor, and other amounts that are not received by Franchisor within 10 days after the due date shall incur late fees at the rate of, subject to the highest rate allowed by the law of the state where Franchisee is located, 10% on all overdue amounts or 2% per month, whichever is higher, from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Ad Fund Contributions or any other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

### **3.7 Application of Payments**

Notwithstanding any designation by Franchisee, Franchisor will have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Ad Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority. Franchisee does not have the right to offset any payments owed to Franchisor.

### **3.8 Billing Procedures**

Upon enrollment of any child into the Franchised Business, prior to the child's actual attendance, Franchisee shall enter all pertinent information regarding such child into Franchisee's required computer software system and shall bill for tuition and other fees required to be paid to Franchisee with respect to such child in accordance with the billing procedures prescribed by Franchisor in the Manuals. If Franchisee bills for tuition or other fees in a manner other than as specified or prescribed by Franchisor, Franchisor shall be entitled to collect the Royalty Fees and Ad Fund contributions from Franchisee based upon the billing procedures prescribed by Franchisor in the Manuals and/or this Agreement, regardless of when or whether such tuition or other fees are actually collected by Franchisee.

## **4. TERM AND RENEWAL**

### **4.1 Initial Term**

The term of this Agreement shall commence on the Effective Date, and shall expire at the end of ten (10) years from the Effective Date, unless sooner terminated in accordance with the provisions hereof (the "**Term**").

### **4.2 Successor Terms**

Subject to the conditions below, Franchisee may obtain a successor franchise at the expiration of the Term by entering into a new franchise agreement with Franchisor. Franchisee's right to a successor franchise is limited to **2** successive terms of **5** years each. To qualify for a successor franchise, Franchisee must fulfill all of the following conditions as of the last day of the Term:

(a) During the entire Term, Franchisee has fully complied with all material terms of this Agreement;

(b) For the duration of the successor franchise, Franchisee maintains access to and the right to remain in possession of the Accepted Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards;

(c) At its expense, Franchisee makes such capital expenditures as are necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications;

(d) Franchisee satisfies all monetary obligations owed by Franchisee to Franchisor (or any Affiliate), and has timely met these obligations throughout the Term;

(e) Franchisee is not in default of any part of this Agreement or any other agreement between Franchisee and Franchisor or their Affiliates;

(f) Franchisee has given notice to Franchisor in writing of its intent to obtain a successor franchise no later than 9 months, nor earlier than 12 months, prior to the end of the Term;

(g) Franchisee executes Franchisor's then-current form of renewal franchise 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 Ad Fund Contribution;

(h) Franchisee meets Franchisor's then-current qualifications for a new franchisee and fulfills with any training and certification/licensing requirements; and

(i) Franchisee signs a general release of any and all claims against Franchisor and its Affiliates and against their respective officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located, our standard form of which is attached as Exhibit 6.

## **5. ACCEPTED LOCATION**

### **5.1 Accepted Location**

The street address (or detailed description of the premises) of the Accepted Location is set forth on Exhibit 1.

### **5.2 Accepted Location Not Determined**

If the Accepted Location is determined as of the Effective Date, then this Section 5.2 shall be inapplicable. If the Accepted Location of the Franchised Business is not determined as of the Effective Date, then the geographic area in which the Franchised Business is to be located shall be within the geographic area described in Exhibit 2 ("**Designated Area**"). When the Accepted Location is determined, after Franchisee's submission of a site location analysis package that has been approved by Franchisor, the address shall be inserted into Exhibit 1, and shall be initialed and dated by Franchisee and Franchisor. The failure to insert such address into Exhibit 1, shall not automatically affect the enforceability of this Agreement.

Provided Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.4, Franchisor will not license, establish, own or operate any other MAPLE BEAR School or other substantially similar businesses within the Designated Area pending determination of the Accepted Location. Once the Accepted Location has been determined, Franchisor will designate a Protected Territory in accordance with Section 2.3, and Franchisee shall thereafter have no right of exclusivity or territorial protection within any part of the Designated Area not included within the Protected Territory. The Designated Area is delineated for the sole purpose of site selection and shall automatically expire when the Protected Territory has been determined in accordance with the provisions of this Agreement.

Franchisor may (but is not obligated to) utilize the services of a third-party demographer in analyzing and establishing the general characteristics to assist in the determination of the Designated Area for the Franchise. These characteristics include population, projected growth, estimated number of households, estimated number of families, age, income, marital status, age of children, workplace population, family data and household ownership. Also used in determining the boundaries of the Designated Area are the major and restricting topographical features which define contiguous areas such as rivers, mountains, major roads, and undeveloped land areas, the density of residential and business entities, trading patterns and traffic flows and other factors as Franchisor deems relevant, in its reasonable discretion.

### **5.3 Failure to Accept Site**

Should Franchisee fail to acquire, lease, or sublease a site for the MAPLE BEAR School within four (4) months after the Effective Date, such failure shall constitute a default of this Agreement for which Franchisor has the right to terminate this Agreement.

### **5.4 Lease of Accepted Location**

After the designation of the Accepted Location (and if the site is to be leased or purchased), Franchisee shall execute a lease for, or a binding agreement to purchase, the Accepted Location, the terms of which must have been previously approved by Franchisor in writing. Franchisor will 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 Accepted 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 will 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 Accepted 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 Accepted Location be collaterally assigned by Franchisee to Franchisor 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, and subject to applicable laws, the lease shall contain such provisions as Franchisor may reasonably require, including:

(a) a provision reserving to Franchisor the right, but not the obligation, at Franchisor's election, to receive an assignment of the leasehold interest without payment of any assignment fee or similar charge and without any increase in rent or other fees upon

termination or expiration of the Franchise. The lessor agrees that, before the effective date of any assignment of the lease to Franchisor (or its designee), Franchisee shall be solely responsible for all obligations, debts and payments under the lease;

(b) a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within **15** days after the expiration of the period in which Franchisee may cure the default;

(c) a provision requiring the lessor to provide Franchisor (at the same time lessor provides to Franchisee) a copy of all lease amendments and assignments, and a copy of all letters and notices lessor sends to Franchisee relating to the lease or the leased premises;

(d) a provision permitting Franchisor to enter the leased premises to make any modifications or alterations necessary in Franchisor's sole discretion to protect the System and the Marks without being guilty of trespass, or other tort or other crime;

(e) a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manuals, subject only to the provisions of applicable law;

(f) a provision prohibiting the premises from being used for any purpose other than the operation of the Franchised Business;

(g) a provision allowing Franchisor, upon expiration and non-renewal or termination of the lease or the Franchise Agreement, to enter the premises and remove any interior and exterior signs containing the Marks and trade fixtures;

(h) a provision stating that upon default of this Agreement, Franchisor or its nominee has the right, but not the obligation, to take possession of the Accepted Location and operate the Franchised Business; and

(i) a provision stating that lessor shall not amend or otherwise modify the lease in any manner that would affect any of the foregoing provisions to be included in the lease set forth above without Franchisor's prior written consent.

## **5.5 Ownership and Financing**

Instead of leasing an Accepted Location, Franchisee may propose to purchase, construct, own and operate a MAPLE BEAR School on real property owned by Franchisee or its Affiliate. Franchisee must meet certain conditions if Franchisee or its Affiliates own an Accepted Location or at any time prior to acquisition, or subsequently, Franchisee or its Affiliates propose to obtain any financing with respect to the Accepted Location or for the Franchised Business or for any operating assets in which any of such items are pledged as collateral securing performance. The form of any purchase contract with the seller of an Accepted Location and any related documents, and form of any loan agreement with mortgage in favor of any lender and any related documents, must be approved by Franchisor before Franchisee or its Affiliate sign them. Franchisor's consent to them may be conditioned upon the inclusion of various terms and conditions, including the following:

(a) a provision which requires any lender or mortgage concurrently to provide Franchisor with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to Franchisee or its Affiliates or the purchaser;

(b) a provision granting Franchisor, at its option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should Franchisee fail to do so) within 15 days after the expiration of a period in which Franchisee may cure such default or deficiency; and

(c) a provision which expressly states that any default under the loan or mortgage, if not cured within the applicable time period, constitutes grounds for termination of this Agreement and any default under this Agreement, if not cured within the applicable time period, also constitutes a default under the loan or mortgage.

## **5.6 Development of Accepted Location**

Franchisee is solely responsible for developing the Accepted Location in accordance with Franchisor's standard plans and specifications for the development of a MAPLE BEAR School. Franchisor will make available to Franchisee, at no charge to Franchisee, specifications for the development of a MAPLE BEAR School, including specifications for the exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as Franchisor deems necessary. Franchisee shall cause the Accepted Location to be developed, equipped and improved in accordance with such specifications within twelve (12) months after the Effective Date. In connection with the development of the Accepted Location, Franchisee shall, at Franchisee's own expense:

(a) employ an approved competent licensed architect, engineer or general contractor to prepare, for Franchisor's approval, preliminary specifications for improvement of the Accepted Location adapted from the specifications furnished by Franchisor;

(b) obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;

(c) obtain all building, occupancy, utility, sign, health, and business permits and licenses, approvals and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits have been obtained;

(d) employ a qualified, licensed general contractor approved by Franchisor to complete construction of all required improvements to the Accepted Location;

(e) purchase any supplies or inventory necessary for the operation of the Franchised Business;

(f) purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required by Franchisor for the operation of the Franchised Business;

(g) give Franchisor notice of commencement of construction within 15 days of the date it began, with progress reports including digital photographs of the construction supporting the findings at least every 2 weeks;

(h) provide on-site inspections to ensure the Accepted Location is built out in compliance with plan specifications. If a change was made without Franchisor approval, corrective action shall be required and all costs incurred must be paid by Franchisee; and

(i) prior to the issuance of a "**Certificate of Occupancy**," Franchisor or its designee reserves the right to a final walk-through of the Franchised Business to ensure Franchisor's standards have been met. If any area is not in compliance with Franchisor's specifications, Franchisor may require that the issue(s) be remedied prior to the opening of the Franchised Business.

### **5.7 Failure to Develop Accepted Location**

Should Franchisee fail to develop the Accepted Location for the Franchised Business within 12 months after the Effective Date, Franchisor has the right to terminate this Agreement.

### **5.8 Opening**

(a) Franchisee shall not open the Franchised Business without our Franchisor's prior written approval. Franchisee shall provide at least thirty (30) days' prior notice to Franchisor of the date on which it proposes to first open the Franchised Business. Without limiting the foregoing, and 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;

(ii) furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, 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) furnish Franchisor with evidence that all employed instructors have obtained state certifications and licenses (if required). Failure to obtain and maintain current certifications and licenses may be cause for termination;

(vi) obtain all necessary permits, approvals and licenses;

(vii) pay the Initial Franchise Fee and pay in full all other amounts due to Franchisor;

(viii) establish broadband or high speed Internet access and obtain at least two (2) telephone numbers and one (1) facsimile number solely dedicated to the Franchised Business;

(ix) if Franchisee is a business entity, Franchisee has caused 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; and

(x) obtain Franchisor's permission and approval of an opening date; Franchisor will 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.

(b) Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within **12** months after the Effective Date.

## **TIME IS OF THE ESSENCE.**

### **5.9 Failure to Open**

Should Franchisee fail to commence operations of the Accepted Location for the Franchised Business within twelve (12) months after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section, Franchisor will retain the entire Initial Franchise Fee paid by Franchisee.

### **5.10 Use of Accepted Location**

Franchisee shall not use the Accepted Location for any purpose other than for the operation of a MAPLE BEAR School in full compliance with this Agreement and the System, unless approved in writing by Franchisor.

### **5.11 Relocation**

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor. If the lease for the Accepted Location is rendered substantially unusable, expires or terminates through no fault of Franchisee or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in this Agreement. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including, but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within **30** days after the lease expires or is terminated or the Accepted Location is rendered unusable, this Agreement shall terminate as provided in Section 16.1(a)(i).

## **6. PROPRIETARY MARKS**

### **6.1 Ownership**

Franchisee's right to use the 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 acknowledges that Franchisor's Parent owns the Marks. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Parent in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure exclusively to the benefit of Parent. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the Term or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols Franchisor authorizes Franchisee to use.

### **6.2 Limitations on Use**

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name, e-mail address, domain name or 1-800 number, without Franchisor's prior written consent. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. 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 Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Accepted Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated MAPLE BEAR School Franchise" of Franchisee.

### **6.3 Notification of Infringements and Claims**

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor, Parent and their respective counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor or the Parent 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 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 or Parent's counsel, be necessary or advisable to protect and maintain Parent's interests in any such litigation or other proceeding or to otherwise protect and maintain Parent's interest in the Marks.



#### **6.4 Indemnification for Use of Marks**

Franchisor will 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 [Section 6.3](#) and has complied with this Agreement and Franchisor's or Parent's directions in responding to such proceeding. At Franchisor's or Parent's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or any other expenses arising from the discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor or Parent, on the one hand, and Franchisee, on the other, wherein Franchisee's use of the Marks is disputed or challenged by Franchisor or Parent. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor, Parent and Franchisee in the event of litigation disputing Franchisor, Parent's and Franchisee's use of the Marks.

#### **6.5 Discontinuance of Use**

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions promptly, and in no event later than within **3** business days after notice to Franchisee by Franchisor and subject to the limitations in [Section 10.2](#). Franchisor will not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

#### **6.6 Right to Inspect**

To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Accepted Location at all reasonable times and without notice to Franchisee, and additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other items to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees and to photograph or videotape the operations.

#### **6.7 Franchisor's Sole Right to Domain Name**

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "MAPLE BEAR" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor may designate in the Manuals.

## **7. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION**

### **7.1 Confidentiality of Trade Secrets and Other Confidential Information**

Franchisee acknowledges that Franchisor will disclose Trade Secrets and other Confidential Information to Franchisee in connection with the Franchised Business during the Term. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the Term. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the Term; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

### **7.2 Improvements**

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees ("**Improvements**"), shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor. Franchisor has the right to incorporate Improvements into the System and may use them and authorize Franchisee and others to use them in the operation of MAPLE BEAR Schools. Improvements will then also constitute Confidential Information. Franchisor will disclose to Franchisee Improvements that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not. In the event that the foregoing provisions are held to be invalid or otherwise unenforceable, Franchisee grants to Franchisor an irrevocable, worldwide, perpetual, exclusive, royalty-free license, with the right to sublicense, such Improvements.

### **7.3 Exclusive Relationship**

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among MAPLE BEAR School franchisees if owners of MAPLE BEAR Schools and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the Term, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, or manager, either directly or indirectly, for themselves, or

through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

(a) Divert or attempt to divert any business or customer of a MAPLE BEAR School to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

(b) Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

#### **7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals**

Franchisor has the right to require any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee to execute Franchisor's then-current form of nondisclosure and non-competition agreement, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Upon Franchisor's request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor will be a third party beneficiary with the right to enforce covenants contained in such agreements.

#### **7.5 Reasonableness of Restrictions**

Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, its Franchisees, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

### **8. TRAINING AND ASSISTANCE**

#### **8.1 Initial Franchisee and Designated Manager Training**

Franchisor will make initial Franchisee and Designated Manager training ("**Owner Training**") available to the Franchisee or Designated Manager at no cost (i.e., for up to 2 people). Additional managers and/or equity owners of a beneficial interest of 10% or more of the equity securities of Franchisee may elect to attend Owner Training, or may be required by Franchisor to attend Owner Training and Franchisor may charge an additional training fee of \$7,500 per each additional person. The Franchisee or Designated Manager shall attend and successfully complete to Franchisor's satisfaction prior to opening for business a training and familiarization course or otherwise as deemed appropriate by Franchisor, to be conducted at Franchisor's headquarters or at such other location as Franchisor may designate. The Owner Training shall include classroom training and shall cover material aspects of the operation of a Franchised Business, including, but not limited to: (a) an understanding of the conceptual plans outlined in the Manuals; (b) general knowledge in regard to promotion, advertising and marketing techniques; (c) the ability to assess the needs of potential clientele; (d) general office and professional practice operations and procedures; and (e)

implementation of the Franchisor's learning and educational equipment and materials. All expenses incurred by Franchisee and/or Designated Manager in attending such Owner Training, including, but not limited to travel and room and board expenses, shall be the sole responsibility of Franchisee.

## **8.2 Initial Training**

Approximately 2 weeks but not more than 6 weeks prior to the opening of the Franchised Business, the Designated Manager, and any assistants who will provide instruction to students must attend and successfully complete, to Franchisor's satisfaction, Personnel Training pertaining to the operation and administration of the Franchised Business including, but not limited to, teaching strategies, maintenance of quality standards; customer service techniques; record keeping; and reporting procedures and other instructional issues ("**Personnel Training**"). Franchisor will conduct the Personnel Training at its headquarters or at another designated location. Franchisor will not charge tuition or similar fees for Personnel Training for the Designated Manager and up to 15 assistants. Additional persons may attend initial training for a non-refundable fee of \$10,000 per person. Franchisor will be responsible for training and materials only. Franchisee shall be responsible for all expenses incurred by Franchisee and its employees in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries. In addition, any costs relating to any local or state requirements, which may include certification, shall be the responsibility of Franchisee.

## **8.3 Opening Assistance**

In conjunction with the beginning of operation of the Franchised Business, Franchisor will make available to Franchisee, at Franchisor's expense, 1 of Franchisor's representatives, experienced in the System, for a period of 1 week at the Franchised Business for the purpose of familiarizing Franchisee's staff with MAPLE BEAR School techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

## **8.4 Failure to Complete Initial Training Program**

If Franchisor determines that the Franchisee or the Designated Manager is unable to satisfactorily complete the Owner Training or Personnel Training described above prior to opening the Franchised Business, Franchisor has the right to terminate this Agreement. Franchisee may be permitted to select a substitute manager and such substitute manager must complete the Owner Training and Personnel Training to Franchisor's satisfaction. Franchisee will be required to pay Franchisor's then-current rates for additional training, if any, for providing an initial training program to the substitute manager.

## **8.5 New Designated Manager**

After beginning operations, should Franchisee name a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and the new Designated Manager must (a) be approved by Franchisor and (b) complete the Owner Training and Personnel Training (as applicable) to Franchisor's satisfaction prior to assuming Designated Manager responsibilities. The new Designated Manager may attend such initial training program(s) without charge, provided that Franchisor has the right to require

Franchisee to pay the costs of training if Franchisor determines that manager changes are excessive or caused by poor hiring practices. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the new Designated Manager's attendance at such training.

### **8.6 Ongoing Training**

From time to time, Franchisor may provide and if it does, has the right to require that the Designated Manager, and any assistants who provide instruction to students, attend ongoing training programs or seminars during the Term. Franchisor will not charge a fee for any mandatory ongoing training. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's or assistants' attendance at such training.

## **9. CONFIDENTIAL OPERATIONS MANUAL**

### **9.1 Loan by Franchisor**

Franchisor will grant Franchisee access, during the term of this Agreement, to the Manuals. Franchisor may do so with hard-copy or electronic versions. Franchisee agrees to follow the standards, specifications and operating procedures Franchisor establishes periodically for the System that are described in the Manuals. Franchisee also must comply with all updates and amendments to the System as described in newsletters or notices Franchisor distribute, including via computer systems or other technology systems. Franchisee must maintain the Manuals as confidential and maintain the information in the Manuals as secret and confidential. The Manuals may be modified, updated and revised from time to time to reflect changes.

At Franchisor's option, it may post some or all of the Manuals and/or other documentation and communication of standards, policies and procedures, on a restricted Website or extranet to which Franchisee will have access. "**Website**" means an interactive electronic document contained in a network of computers linked by communications software, including the internet and world wide web home pages. If Franchisor does so, Franchisee agrees to monitor and access the Website or extranet for any updates to the Manuals. Franchisor, or its designee, will periodically notify electronically about updates, changes, or deletions to the content posted on the restricted Website or extranet. Franchisor, or its designee, will not issue, nor will Franchisee receive, any updates, changes, or deletions to this content in hard copy form. Any passwords or other digital identifications necessary to access the Manuals on a Website or extranet will be deemed to be part of Confidential Information.

Franchisee agrees to keep its copy of the Manuals full, complete and current and in a secure location at the Accepted Location. In the event of a dispute relating to its contents, the master copy of the Manuals Franchisor maintains at its principal office will be controlling. Franchisee may not at any time copy, duplicate, record or otherwise reproduce any part of the Manuals.

### **9.2 Revisions**

Franchisor has the right to add to or otherwise modify the Manuals from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor

may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manuals is up-to-date at all times. If a dispute as to the contents of the Manuals arises, the terms of the master copy of the Manuals maintained by Franchisor at Franchisor's headquarters shall be controlling.

### **9.3 Confidentiality**

The Manuals contain Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manuals is available at the Accepted Location in a current and up-to-date manner. If the Manuals are in paper form or stored on computer-readable media, Franchisee shall maintain the Manuals in a secure manner at the Accepted Location; if the Manuals are in electronic form, Franchisee shall maintain the Manuals in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manuals, access to the Manuals or any key, combination or passwords needed for access to the Manuals. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manuals in an unauthorized manner.

## **10. FRANCHISE SYSTEM**

### **10.1 Uniformity**

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manuals or other communications supplied to Franchisee by Franchisor.

### **10.2 Modification of the System**

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 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 required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 13.2. Franchisee agrees to comply with any change or modification with a commercially reasonable time.

### **10.3 Variance**

Because complete and detailed uniformity under many varying conditions might not be possible or practical, Franchisee acknowledges and agrees that Franchisor has the right to vary standards or specifications for any franchisee based upon that particular franchisee's qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition that Franchisor considers important to that franchisee's successful operation. Franchisee has no right to require Franchisor to disclosure or grant to Franchisee a like or similar variation or accommodation.

## **11. ADVERTISING AND PROMOTIONAL ACTIVITIES**

### **11.1 Grand Opening Advertising**

Prior to the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor on local advertisement and promotion of the initial opening ("**Grand Opening Advertising**"). Franchisor will determine and specify an appropriate minimum amount (currently, \$15,000) which Franchisee shall be required to expend on Grand Opening Advertising based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and other similar factors. Further, Franchisor will specify the time at which Franchisee shall conduct Grand Opening Advertising. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 11.2(a). Grand Opening Advertising expenditures shall be in addition to any Local Advertising expenditures and Ad Fund Contributions.

### **11.2 Local Advertising**

(a) Franchisee shall continuously promote the Franchised Business. Every month, Franchisee shall spend not less than **1%** of the previous month's Gross Sales on advertising, promotions and public relations activities within the immediate locality surrounding the Franchised Business ("**Local Advertising**"). Such expenditures shall be made directly by Franchisee, subject to the prior approval and direction of Franchisor. Franchisor will provide general guidelines to Franchisee for conducting Local Advertising. If Franchisee fails to make Local Advertising Expenditures as required by this Section 11.2(a), Franchisor will have the right to spend an amount not to exceed .5% of the Franchised Business's previous month's Gross Sales on such advertising, promotions and public relations activities on Franchisee's behalf, and Franchisee must reimburse Franchisor for such expenses upon demand. Franchisee's failure to comply with this Section 11.2(a) shall be deemed a material breach of this Agreement.

(b) Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, television ads, radio ads, ad copy, coupons, flyers, scripts and direct mail. Franchisor will use reasonable efforts to provide notice of approval or disapproval within 10 days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such 10 day period, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to written approval by Franchisor, and must promptly discontinue the use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

### **11.3 Advertising Fund**

Franchisor may establish and administer a System-wide marketing, advertising and promotion fund to assist in Franchisor's regional and national advertising ("Ad Fund"). Franchisee shall be required to contribute weekly to the Ad Fund in an amount specified by Franchisor and which Franchisor may adjust from time to time, not more than 2% of Gross Sales. Ad Fund Contributions shall be made at the time and in the manner provided for Royalty Fees in Section 3.2. Franchisor will notify Franchisee at least 30 days before changing Ad Fund

Contribution requirements. The Ad Fund shall be maintained and administered by Franchisor or its designee as follows:

(a) Franchisor will oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the Ad Fund. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

(b) Franchisee's Ad Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Ad Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Ad Fund. Franchisor will not use Ad Fund Contributions for the direct solicitation of franchise sales; however, a brief statement regarding the availability of information about the purchase of MAPLE BEAR School franchises may be included in advertising and other items produced or distributed using the Ad Fund.

(c) Franchisor will endeavor to spend all Ad Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Ad 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 Ad Fund, and next out of prior year contributions and then out of current contributions.

(d) Although Franchisor intends the Ad Fund to be of perpetual duration, Franchisor has the right to terminate the Ad Fund at any time. The Ad Fund shall not be terminated, however, until all Ad Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis based on total Ad Fund Contributions made in the aggregate by each franchisee.

(e) An accounting of the operation of the Ad Fund shall be prepared annually. Franchisor retains the right to have the Ad Fund reviewed or audited and reported on, at the expense of the Ad Fund, by an independent certified public accountant selected by Franchisor. Franchisor has no obligation to provide Franchisee with a copy of any audit report or other accounting of the Ad Fund. Franchisor may spend, on behalf of the Ad Fund, in any fiscal year an amount greater or less than the aggregate contribution of all MAPLE BEAR Schools to the Ad Fund for that year, and the Ad Fund may borrow from Franchisor or others to cover deficits or invest any surplus for future use. All interest earned on monies contributed to the Ad Fund will be used to pay advertising costs before other assets of the Ad Fund are expended.

(f) Franchisee acknowledges that the Ad Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Ad Fund.



#### **11.4 Cooperative Advertising**

Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of MAPLE BEAR Schools located within a particular region. Franchisor has the right to collect and designate all or a portion of the Local Advertising to payments or contributions to Franchisor for the funding of a Cooperative Advertising program. Franchisee's payments to a Cooperative Advertising Program counts toward meeting the Local Advertising requirement in Section 11.2(a) above. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the council's rules and procedures and Franchisee shall abide by the council's decisions. Should Franchisor establish a Cooperative Advertising program or programs with or without an advertising council, Franchisor has the right, but not the obligation, to change, dissolve or merge such program(s) and/or council(s) at any time.

#### **11.5 Digital Marketing**

Franchisor and its Affiliates operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, Snapchat, etc.), applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, online videos, display banner campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "**Digital Marketing**") that are intended to promote the Marks, the Franchised Business, and the entire network of MAPLE BEAR Schools. Franchisor has the sole right to control all aspects of any Digital Marketing, including those related to the Franchised Business.

Unless Franchisor consents otherwise in writing, Franchisee may not, directly or indirectly, conduct or be involved in any Digital Marketing that uses the Marks or that relates to the Franchised Business. If Franchisor does permit Franchisee to conduct any Digital Marketing, Franchisee must (i) comply with any standards or content requirements that Franchisor establishes periodically and must immediately modify or delete any Digital Marketing that Franchisor determines, in its sole discretion, is not compliant with such standards or content requirements, (ii) only use materials that Franchisor has approved and must submit any proposed modifications to Franchisor for its approval, (iii) not use any Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as Franchisor expressly permits, (iv) include any information that Franchisor requires, and (v) include only the links that Franchisor approves or requires. Franchisor retains the right to pre-approve Franchisee's use of linking and framing between any Digital Marketing that Franchisor conducts and all other websites. If Franchisor consents to Franchisee's use of the Marks (or words or designations similar to the Marks) in any domain name, electronic address, website, or other source identifier, Franchisor may register such names, addresses, websites, or identifiers and then license use of the registered item back to Franchisee under a separate agreement. Franchisor must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that Franchisor approves and maintains on Franchisee's behalf. Franchisor retains the ownership of copyrights to any of the materials that Franchisee may develop for use on the Internet. Franchisor may withdraw its approval for any Digital Marketing at any time.

## **12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS**

### **12.1 Records**

During the Term, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manuals or otherwise in writing. Franchisee shall retain during the Term, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, employee records and files, clientele lists, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law. Such financial records may not be commingled with records for other businesses. If Franchisee commingles your records for various businesses, Franchisor shall have the right to review and audit the records for all commingled businesses.

### **12.2 Gross Sales Reports**

Franchisee shall maintain an accurate record of Gross Sales and shall deliver to Franchisor via the Internet and a signed and verified statement of Gross Sales ("**Gross Sales Report**") for the week ending each Saturday in a form that Franchisor approves or provides in the Manuals. The Gross Sales Report for the preceding week must be provided to Franchisor by the close of business on Tuesday of each week as provided in Section 3.2.

### **12.3 Financial Statements**

Franchisee shall supply to Franchisor on or before the 5th day of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an income statement for the preceding month and the calendar year-to-date. Franchisee shall, at its expense, submit to Franchisor within 90 days after the end of each calendar year, an income statement for the calendar year just ended and a balance sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manuals or otherwise in writing.

### **12.4 Other Reports**

Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manuals. Franchisor will have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders and for any financial performance representations which the Franchisor may include in its Franchise Disclosure Document. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

### **12.5 Computer System**

Franchisee must promptly purchase, lease and/or license and install at the Franchised Business, at its sole expense, the computer systems, mobile hardware, software, associated computer hardware, telephone lines, network connections, communications

equipment, high speed internet access (e.g. DSL or cable), and other equipment that Franchisor requires from time to time (the "**Computer System**"), all of which Franchisee must keep in good maintenance and repair. Franchisee must use the Computer System in accordance with the Manuals and the System standards. Franchisor has the right to retrieve all data from the Computer System that it deems appropriate. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor to change, upgrade, or discontinue use of any of the components of the Computer System, Franchisee will comply with Franchisor's directions, at Franchisee's expense, within a reasonable time after notice to Franchisee. Franchisor shall have no liability or obligation whatsoever with respect to its requirement that Franchisee should modify or discontinue use of any of the components of the Computer System or any unauthorized modifications to the Computer System that Franchisee makes. Franchisor may require Franchisee to enter into agreements with, and pay a reasonable fee to, Franchisor, its Affiliates, or Approved Suppliers for required modifications and enhancements to the Computer System or other maintenance and support programs. Franchisee must pay Franchisor a fee (currently, \$250 USD per month) for access to Franchisor's online-system for academic and managerial development and the marketplace for procurement.

Franchisor may develop software and require Franchisee to use it. If Franchisor does so: (a) Franchisor may charge license fees for Franchisee's use of it and/or an initial one-time licensing fee; and; (b) Franchisee must sign the standard software license used for Franchisees at that time. Franchisor may require Franchisee to collect and maintain on the Computer System certain information to satisfy regulatory and processing requirements, and Franchisee will provide such information as Franchisor may request from the data so collected and maintained. Franchisor's modifications and specifications for components, equipment, services and operating or communications of the Computer System may require Franchisee to incur costs to purchase, lease or license new or modified software or computer or communications hardware, equipment, components or software and to obtain service and support for the Computer System during the Term. Franchisee agrees to incur such costs in connection with obtaining the computer hardware and software comprising the Computer System (or additions or modifications), operating it and ensuring that it is compatible with, and capable of participation in and performing the functions Franchisor designates for the MAPLE BEAR Schools and engaging in any form of e-commerce Franchisor designates or approves, as long as the Computer System Franchisor specifies for use is the same Computer System that Franchisor or its affiliates then currently use in MAPLE BEAR Schools that Franchisor or they own and operate. Within 60 days after Franchisee receives notice from Franchisor, Franchisee must obtain the components of the Computer System that Franchisor designates and requires. The Computer System must be capable of connecting with Franchisor's Computer System, performing the functions its designates for the Schools, permitting Franchisor to review the results of Franchisee's School's operations, and engaging in any e-commerce activities that Franchisor designates or approves. Franchisor also has the right to charge Franchisee a reasonable systems fee for modifications of and enhancements made to any proprietary software that it licenses to Franchisee and other maintenance and support services that Franchisor or its affiliates furnish to Franchisee related to the Computer System. Franchisee agrees that Franchisor may communicate with Franchisee by whatever means Franchisor designates from time to time including specifically by e-mail. Franchisee also agrees to sign whatever documents and forms Franchisor may require in order to do so. Franchisor also will require any of Franchisee's employees to sign such forms it designates to enable it to communicate with them by e-mail as well.

## **12.6 Right to Inspect**

Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of 18% per annum (or the highest rate allowed by the law of the state where Franchisee is located, whichever is higher). If the audit or any other inspection should reveal that Franchisee has not spent at least 1% of its monthly Gross Sales on Local Advertising or if the inspection discloses an underpayment of 3% or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the audit or inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have available to it under this Agreement or applicable law.

## **12.7 Release of Records**

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and other financial firms to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired Term or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

## **13. STANDARDS OF OPERATION**

### **13.1 Authorized Products, Services and Suppliers**

(a) In order to ensure uniformity of quality, high standards of presentation, child safety and consumer acceptance and satisfaction, Franchisee must only use in its operation of, and offer at, the Franchised Business items as are acceptable to Franchisor and which are purchased only from suppliers designated by Franchisor, which may include and/or be limited to Franchisor and/or our Affiliates, including, without limitation, brands, types and/or models of equipment, products furniture, fixtures, signs, apparel, accessories and other furniture, stationery and printed materials, office supplies, games, toys, academic curriculum materials, school supplies, food, cleaning supplies, kitchen supplies, items bearing the Marks, services, and other supplies and products. Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Accepted Location any services or products that Franchisor has not approved.

(b) Franchisor will provide Franchisee, in the Manuals or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate(s). If Franchisee desires to utilize any services or products that Franchisor has not approved (for services and

products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or supplier. Franchisor will decide within a reasonable time (usually 15 days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. If the Franchisor has not notified the Franchisee within 15 days that a supplier has been approved, such supplier will be deemed not to be approved. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

(c) Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and the supplier. Franchisee shall, at its own expense, immediately cease using, selling or providing any items or services disapproved by Franchisor and shall immediately cease purchasing from suppliers disapproved by Franchisor.

(d) Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, franchisee qualifications, test marketing and regional or local differences. Franchisor has the right to give its consent to one (1) or more franchisees to provide certain services or products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or products.

(e) Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. The Franchisee shall have no entitlement to or interest in any such benefits. Notwithstanding the foregoing, Franchisor may limit the number of Approved Suppliers with whom Franchisee may deal, designate sources that Franchisee must use and/or refuse any request for alternative suppliers for any reason, including that Franchisor has already designated an exclusive source (which may be Franchisor or its Affiliates) for any particular item or service if Franchisor believes doing so is in the best interest of its franchise system.

### **13.2 Appearance and Condition of the Franchised Business**

Franchisee shall maintain the Franchised Business, including the interior, exterior, and surrounding areas within Franchisee's control, in the highest degree of cleanliness, orderliness and sanitation and comply with the requirements regarding the upkeep of the Franchised Business and Accepted Location established in the Manuals and by federal, state and local laws, and in connection therewith shall make such additions, alterations, repairs, and replacements thereto (but no others without Franchisor's prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment, and décor as Franchisor may reasonably direct. Franchisee shall meet and maintain the highest health standards and ratings applicable to the operation of the Franchised Business. The expense of

such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2.

### **13.3 Ownership and Management**

The Franchised Business shall, at all times, be under the direct supervision of Franchisee or Designated Manager. The Franchisee or Designated Manager shall devote sufficient efforts to the management of the day-to-day operation of the Franchised Business, but 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 Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

### **13.4 Days of Operation**

Franchisee shall keep the Franchised Business open for business during the hours and days specified in the Manuals.

### **13.5 Contributions and Donations**

In order to protect the Marks, Franchisee must obtain Franchisor's prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

### **13.6 Personnel**

Franchisee shall maintain competent and conscientious personnel to operate the Franchised Business in accordance with this Agreement and the Manuals. Franchisee shall train or cause the training of all personnel as and when required by the Manuals, prudent business practices, System standards or this Agreement. Franchisee must conduct all references and background checks as required by the Manuals, the Systems standards, and this Agreement including, but not limited to, criminal background checks, child abuse registry checks and other checks as may be required by the Manuals on all of its employees or independent contractors who will provide educational programs to children or work anywhere children may be present. At Franchisor's request, Franchisee must provide Franchisor with copies of employment materials or independent contractor agreements relating to each of Franchisee's employees, including, but not limited to, employment or other application materials and the results of criminal background checks and child abuse registry checks. All costs associated with Franchisee's performance of its obligations under this Section shall be the sole responsibility of Franchisee. Franchisee acknowledges that Franchisor and its Affiliates have no power, responsibility or liability in any respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with Franchisee. Franchisee further acknowledges that none of its personnel will be deemed to be an employee of Franchisor or its Affiliates for any purpose whatsoever.

### **13.7 Licenses and Permits**

Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations.

Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

### **13.8 Notification of Proceedings**

Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, judgment, award or decree which may affect the operation or financial condition of the Franchised Business. Franchisee shall immediately deliver to Franchisor, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any health or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation.

### **13.9 Compliance with Good Business Practices**

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 Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business 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. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

### **13.10 Uniform and Dress Code**

Franchisee shall abide by any uniform or dress code requirements stated in the Manuals or otherwise. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

### **13.11 Vending Machines**

Franchisee shall not install or use at the Franchised Business any vending machines, amusement devices, jukeboxes, video machines or other similar devices without first securing Franchisor's written approval.

### **13.12 Music and Other Audio and Visual Entertainment**

Franchisee acknowledges and agrees that the provision of music and audio and visual entertainment is, or may become, an integral part of the System. Accordingly, Franchisee agrees to play only the types of music and display only the types of visual entertainment, at the decibel levels and using such equipment and in the manners that Franchisor may periodically prescribe or approve. Franchisee must acquire or install any audio or visual equipment that Franchisor designates or requires for use by the School and Franchisee must subscribe to music and video services as Franchisor may periodically specify, to enable Franchisee to broadcast videos, music, and other content as specified by Franchisor

from time to time. Franchisor may prohibit Franchisee from displaying, exhibiting, broadcasting or providing any media Franchisor chooses, regardless of content, including prohibiting use of political, religious or social content in such media.

### **13.13 Credit Cards**

Franchisee must, at its expense, apply for and maintain credit card, debit card or other non-cash payment systems that Franchisor periodically requires. Franchisor may require Franchisee to maintain support service contracts and/or maintenance service contracts and implement and periodically make upgrades and changes to the credit card, debit card and other non-cash payment systems. Franchisor reserves the right to designate the vendor(s) for such support service contracts and maintenance service contracts.

### **13.14 E-Mail**

Franchisee shall, at all times and at Franchisee's expense, maintain an e-mail address and account for communicating with Franchisor. Franchisee may change its e-mail address by giving written notice of such change of address to Franchisor.

### **13.15 Best Efforts**

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

### **13.16 Incentive/Promotional Program**

Franchise shall offer for sale, and will honor for purchase by customers, any incentive, coupon, or customer loyalty programs which we Franchisor may institute from time to time, and shall do so in compliance with the Manuals and System standards and procedures for such programs.

### **13.17 Toys and Academic Curriculum Materials**

Franchisor will require that the original approved inventory of toys, academic curriculum materials, and related equipment and supplies be maintained in good, safe, and usable condition. Franchisee may be required to add new toys, academic curriculum materials, and related equipment and supplies to the inventory periodically. Franchisor also may require the purchase of new educational programs where such programs reflect significant advances in educational value, in the opinion of Franchisor. Franchisee must purchase replacement toys, academic curriculum materials, and related equipment that meet Franchisor's specifications from a vendor that Franchisor has approved. Specifications for, and approvals of, original, replacement and additional toys, academic curriculum materials, and related equipment and supplies are based upon such criteria as safety, durability, educational value and usability by the age group in question. Franchisor may require Franchisee to license academic curriculum materials, including programs, lesson plans, and other written or audio-visual materials in either a digital or hard copy format, from Franchisor or its affiliates. Upon written notice to Franchisee, Franchisor may require Franchisee to pay a reasonable license fee, as determined by Franchisor from time to time in its sole discretion, for such licensed academic curriculum materials.



### **13.18 Food**

Franchisor's schedule of menus and snacks is set forth in the Manuals. These standards must be followed in order to assure adequate nutrition for the children. Franchisor will assist in identifying quality food suppliers in the area.

### **13.19 Vehicles**

(a) Unless Franchisor determines using a vehicle is not required, only a vehicle that meets Franchisor's requirements may be used in the operation of the Franchised Business, and such mandatory vehicle must be used to transport students. All vehicles used in the operation of the Franchised Business ("**Vehicles**") must comply with all federal and state laws and regulations, including vehicle inspection and registration statutes, and must meet all of Franchisor's specifications. It will be the sole responsibility of Franchisee to investigate all applicable licensing, leasing, and other laws and requirements for the maintenance of all Vehicles and to ensure ongoing compliance with all such laws and requirements throughout the term of this Agreement. Franchisee may purchase or lease original or replacement Vehicles from any source provided they meet the applicable federal and state standards for the purchase and use of such Vehicles and meet Franchisor's specifications. All Vehicles must bear the Marks in the form and location as specified by Franchisor, and may not display any additional sales, advertising, or message without Franchisor's prior written approval. Vehicles must be used exclusively for the business of the Franchised Business and primarily for transporting students of the Franchised Business.

(b) Franchisee shall, at its expense, at all times during the term of this Agreement, maintain the interior and exterior of the Vehicles in good repair, attractive appearance, and safe operating condition. Maintenance includes a regular program for inspection, oil changes, tune-ups, and all other procedures to maintain or improve the appearance and safe, efficient operation of the Vehicles. Franchisee shall promptly make all necessary repairs to the Vehicles. Franchisee shall maintain complete records of maintenance procedures, including, without limitation, logs and receipts, as set forth in the Confidential Manuals. Franchisee may never use a Vehicle that is not in good condition and repair and/or which imposes any safety hazard to any person.

(c) Each person authorized to drive a Vehicle must have a valid driver's license from the state in which Franchisee's Franchised Business is located, and shall have an acceptable driving record, as set forth from time to time in the Manuals. In no event shall any person drive any such vehicle without prior authorization of Franchisee and verification by Franchisee of the valid driver's license and acceptable driving record of said individual. Franchisee agrees that each person serving as a driver in connection with the provisions of transportation services shall meet all of Franchisor's requirements (including, signing Franchisor's most current form of Driver Agreement, if any, before providing any driving services). In the event Franchisee assigns or delegates to any other person the right to provide transportation services in connection with the Franchised Business, Franchisee shall be solely responsible to ensure that any such person, and any driver used by such person, complies with all of the terms of this Agreement with respect to the provision of transportation services.

## **14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE**

### **14.1 General Advice and Guidance**

Franchisor will be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor will not charge for this service, however, Franchisor retains the right to refuse or charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating MAPLE BEAR Schools and an analysis of costs and prices charged for competitive services and products. Franchisor shall have the right to establish maximum, minimum or other pricing requirements to the fullest extent allowed by law.

### **14.2 Periodic Visits**

Franchisor or Franchisor's representative may make periodic visits, which may be announced or unannounced, to the Franchised Business for the purposes of consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor in accordance with the Manuals.

## **15. INSURANCE**

### **15.1 Types and Amounts of Coverage**

At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the Term, the types of insurance listed below. All policies (except any workers' compensation insurance) shall (a) expressly name Franchisor as an additional insured or loss payee; (b) contain a waiver of all subrogation rights against Franchisor and its successors and assigns; (c) provide that the insurance company shall provide Franchisor with at least thirty (30) days' prior written notice of termination, expiration, cancellation, or material modification of any policy; and (d) provide that Franchisee cannot reduce the policy limits, restrict coverage, cancel or otherwise alter or amend policies without Franchisor's prior written consent. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

(a) "all risk" property insurance coverage on all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

(b) workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of \$1,000,000 USD or, if higher, the statutory minimum limit as required by state law;

(c) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by, or occurring in conjunction with, the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of \$1,000,000 USD per occurrence and \$3,000,000 USD in the aggregate or, if higher, the statutory minimum limit required by state law;

(d) products liability insurance as required by the Manuals;

(e) business interruption insurance in amounts and with terms acceptable to Franchisor;

(f) if you use an a motorized vehicle of any type related to the franchised operations, you must obtain automobile liability insurance for owned or hired vehicles, with a combined single limit of at least \$1,000,000 USD or, if higher, the statutory minimum limit required by state law; and

(g) such other insurance as required by the Manuals (e.g., sexual abuse and molestation liability, corporal punishment liability, cyber liability coverage, etc.).

## **15.2 Future Increases**

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

## **15.3 Carrier Standards**

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

## **15.4 Evidence of Coverage**

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21.3. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days' prior written notice to Franchisor and shall reflect proof of payment of premiums.

## **15.5 Failure to Maintain Coverage**

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

## **16. DEFAULT AND TERMINATION**

### **16.1 Termination by Franchisor**

(a) Franchisor has the right to terminate this Agreement and itself or its Affiliates operate the Franchisee's MAPLE BEAR School, without any opportunity to cure by Franchisee, if Franchisee:

(i) fails to timely accept a means a suitable site for the development of a MAPLE BEAR School or to establish, equip and commence operations of the Franchised Business pursuant to Section 5;

(ii) fails to have its Designated Manager satisfactorily complete any training program pursuant to Section 8;

(iii) fails to furnish Franchisor with evidence that all employed instructors have obtained state certifications and licenses (if required) pursuant to Section 5.8(a)(vi);

(iv) made any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

(v) is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee, the Franchised Business or other MAPLE BEAR Schools;

(vi) after notice to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee, the Franchised Business or other MAPLE BEAR Schools;

(vii) discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manuals, Trade Secrets or any other Confidential Information;

(viii) if required by Franchisor, fails to have any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager or member of the professional staff and all employees of Franchisee, execute a nondisclosure and non-competition agreement, our standard form of which is attached as an Exhibit 3, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

(ix) except with the consent of Franchisor, abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Accepted Location, the destruction or condemnation of the Accepted Location or any other event rendering the Accepted Location unusable;

(x) surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct

or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required;

(xi) fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the 5 days following the death or Incapacity of Franchisee or any holder of a Controlling Interest in Franchisee pursuant to Section 18.6;

(xii) submits to Franchisor on 2 or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee or any other fees owed to Franchisor by more than 3% for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

(xiii) is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Accepted Location or equipment is instituted against Franchisee and not dismissed within 30 days or is not in the process of being dismissed;

(xiv) misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

(xv) fails on 2 or more separate occasions within any period of 12 consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, Ad Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

(xvi) violates any health or safety law, ordinance or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees or the public;

(xvii) engages in any activity exclusively reserved to Franchisor;

(xviii) fails to comply with any applicable law or regulation within **10** days after being given notice of noncompliance;

(xix) repeatedly breaches this Agreement and/or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manuals, whether or not previous breaches or failures are cured;

(xx) defaults under any franchise agreement or any other agreement between Franchisor (or any Affiliate) and Franchisee, such that Franchisor or its Affiliate(s), as the case may be, has the right to terminate such agreement (regardless of whether such agreement is, in fact, terminated) or such agreement automatically terminates; or

(xxi) (a) breaches the lease agreement for the premises of the Franchised Business and/or loses the right to possession and occupancy of the premises;

and/or (b) loses the right to transact business in the jurisdiction where the Franchised Business is located.

(b) Except as otherwise provided in Section 16.1(a), Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period:

(i) within 5 days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

(ii) within 10 days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

(iii) within 30 days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manuals or otherwise prescribed in writing.

#### **16.2 Reinstatement and Extension**

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law, Franchisor may reinstate or extend the Term for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

#### **16.3 Right of Franchisor to Discontinue Services to Franchisee**

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.1(b), Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

#### **16.4 Right of Franchisor to Operate Franchised Business**

Following the delivery of a notice of termination pursuant to Section 16.1(b), if necessary in Franchisor's discretion, Franchisor (or its designee) will have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor (or its designee) may charge a management fee as stated in the Manuals from time to time, currently equal to \$220 per day, and Franchisor (or its designee) will be entitled to reimbursement of any expenses Franchisor (or its designee) incurs that are not paid out of the operating cash flow of the Franchised Business.

## **17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION**

### **17.1 Actions to be Taken**

Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

(a) immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

(b) cease to use the websites, Trade Secrets, Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

(c) upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Accepted Location to Franchisor and Franchisee shall immediately furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

(d) take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with state, city or county authorities which contains the name "MAPLE BEAR" or "MAPLE BEAR School" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement;

(e) pay all sums owing to Franchisor and any Affiliate. In the event of termination for any default of Franchisee, such sums shall include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees with respect to litigation, arbitration, appellate or bankruptcy proceedings, unpaid Royalty Fees, and any other amounts due to Franchisor or any Affiliate;

(f) pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

(g) immediately return to Franchisor the Manuals, Trade Secrets and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

(h) assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

- (i) comply with all other applicable provisions of this Agreement.

### **17.2 Post-Termination Covenant Not to Compete**

(a) Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

- (i) to protect the Trade Secrets and other Confidential Information of Franchisor;
- (ii) to induce Franchisor to grant a Franchise to Franchisee; and
- (iii) to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

(b) Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor any officer, director, executive, or manager, shall, for a period of 2 years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

- (i) own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a 25 mile radius of the Accepted Location or within the Protected Territory (whichever is greater), or (b) within a 25 mile radius of the location of any other MAPLE BEAR School in existence at the time of termination or expiration; or

- (ii) solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor or any MAPLE BEAR School franchisee to terminate or modify his, her or its business relationship with, or to compete against, Franchisor or such other MAPLE BEAR School franchisee.

(c) In furtherance of this Section, Franchisor has the right to require certain individuals to execute the standard form nondisclosure and non-competition agreements, our standard form of which is attached as an Exhibit 3.

### **17.3 Unfair Competition**

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Sections 7, 17.1 or 17.2. If Franchisor elects not to receive an assignment or sublease of the Accepted Location, Franchisee shall make such modifications or alterations to the Accepted Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between



Franchisor or the System and any business subsequently operated by Franchisee or others at the Accepted Location. Franchisee shall make such specific additional changes to the Accepted Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Accepted Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

#### **17.4 Franchisor's Option to Purchase Certain Business Assets**

Franchisor shall have the option, to be exercised within thirty (30) days after termination or default under this Agreement, or Franchisee's lease for the Accepted Location, to purchase from Franchisee any or all of the furnishings, equipment, signs, fixtures, supplies, or inventory of Franchisee related to the operation of the Franchised Business, at the lesser of the fair market value or Franchisee's book value. The book value shall be determined based upon a five (5) year straight line depreciation of original costs. For equipment that is five (5) or more years old, the parties agree that fair market value shall be deemed to be ten percent (10%) of the equipment's original cost. If Franchisor elects to exercise any option to purchase herein provided, Franchisor shall have the right to set off all amounts due from Franchisee.

#### **17.5 Survival of Certain Provisions**

All obligations of Franchisor and Franchisee, 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 the expiration or termination of this Agreement, until such performance is satisfied in full or the obligation, by its nature, expires.

### **18. TRANSFERABILITY OF INTEREST**

#### **18.1 Transfer by Franchisor**

This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor will thereafter have no liability for the performance of any obligations contained in this Agreement.

#### **18.2 Transfer by Franchisee to a Third Party**

The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (and its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Accepted Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

- (a) Franchisee has complied with the requirements set forth in Section 19;
- (b) all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;
- (c) Franchisee (and any transferring owners, if Franchisee is a business entity) has executed our standard form of general release, of any and all claims against Franchisor, its parent and any Affiliates, including its and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;
- (d) the prospective transferee has proven to Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to operate the Franchised Business;
- (e) the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Ad Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;
- (f) Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;
- (g) Franchisee, or the transferee, has paid to Franchisor a transfer fee equal to twenty percent (20%) of the then-current Initial Franchise Fee;
- (h) the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of our current form of Agreement for its term by executing a personal guaranty in such form as prepared by Franchisor;
- (i) Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;
- (j) the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Accepted Location) and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;
- (k) Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;

(l) the transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business; and

(m) the transferee agrees to furnish evidence that all employed instructors have obtained state certifications and licenses (if required).

### **18.3 Transfer to a Controlled Entity**

(a) If Franchisee wishes to transfer this Agreement or any interest herein to a Business Entity entirely owned by Franchisee ("**Controlled Entity**"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

(i) the Controlled Entity is newly organized and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

(ii) Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

(iii) all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2(g);

(iv) the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

(v) all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

(vi) each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

(vii) copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

(b) The term of the transferred franchise shall be the unexpired Term, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

(c) Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

#### **18.4 Franchisor's Disclosure to Transferee**

Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended transferee identified by Franchisee.

#### **18.5 For-Sale Advertising**

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

#### **18.6 Transfer by Death or Incapacity**

(a) Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or holder of a controlling legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding 180 days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. During such 180-day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications. As used in this Agreement, a "Controlling Interest" means (a) the ownership of 10% or more of the voting interests of an entity, and/or (b) the direct or indirect power to direct the management and policies of an entity, including those relating to payment of financial obligations, whether through the ownership of voting securities or interests, by contract or otherwise, each as reasonably determined by Franchisor.

Following such a death or Incapacity of such person as described in this Section 18.6, if necessary, in Franchisor's discretion, Franchisor will have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee as stated in the Manuals from time to time, and Franchisor will be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

## **19. RIGHT OF FIRST REFUSAL**

### **19.1 Submission of Offer**

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor, except with regards to a sale or transfer to a family member. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

### **19.2 Franchisor's Right to Purchase**

Unless the proposed sale or transfer is to a member of the immediate family of a holder of a legal or beneficial interest in Franchisee, Franchisor will, for 30 days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor will have the later of 60 days or the date of the expiration of the offer as stated within the offer, to close the purchase. Franchisor will be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

### **19.3 Non-Exercise of Right of First Refusal**

If Franchisor does not exercise its right of first refusal within 30 days from the date of delivery of all such documents, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within 120 days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

### **19.4 Sales or Transfers to Family Excepted**

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve Franchisee from full compliance with the terms and conditions of Section 18.2 prior to a sale or transfer to family pursuant to this Section.

## **20. BUSINESS ORGANIZATION**

If Franchisee is, or at any time becomes, a business corporation, partnership, limited liability company or other legal entity ("**Business Entity**"), Franchisee agrees and represents that:

(a) Franchisee has the authority to execute, deliver and perform its obligations under this Agreement and is duly organized or formed and validly existing in good standing under the laws of the state of its incorporation or formation;

(b) Franchisee's organizational or governing documents will recite that the issuance and transfer of any ownership interests in it are restricted by the terms of this Agreement, and all certificates and other documents representing ownership interests in Franchisee will bear a legend referring to the restrictions of this Agreement;

(c) Franchisee will completely and accurately describe all of Franchisee's owners and their interests in Franchisee, and everyone who has voting or management rights and obligations with respect to Franchisee, within Exhibit 5 to this Agreement;

(d) Franchisee and its owners agree to revise Exhibit 5 as may be necessary to reflect any ownership changes and to furnish such other information about its organization or formation as Franchisor may request (no ownership changes may be made without Franchisor's approval);

(e) each of Franchisee's owners set forth in Exhibit 5 during the term of this Agreement will sign and deliver to Franchisor its standard form of Principal Owner's Guaranty undertaking to be bound jointly and severally by all provisions of this Agreement and any other agreements between Franchisee and Franchisor. A copy of Franchisor's current form of Principal Owner's Guaranty is attached as Exhibit 4 to this Agreement; and

(f) at Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations and powers of its owners and agents (like articles of incorporation or organization and partnership, operating or shareholder agreements).

## **21. RELATIONSHIP AND INDEMNIFICATION**

### **21.1 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. During the Term, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. 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 Accepted Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. 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.

### **21.2 Standard of Care**

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

### **21.3 Indemnification**

Franchisee, jointly and severally, shall hold harmless and indemnify Franchisor, its Parent, 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 Parties**") 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 Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Trade Secrets or other Confidential Information. The obligations of this Section 21.3 shall expressly survive the expiration or termination of this Agreement.

### **21.4 Right to Retain Counsel**

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, 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 any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section 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.

**22. GENERAL CONDITIONS AND PROVISIONS**

**22.1 No Waiver**

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

**22.2 Injunctive Relief**

As any breach by Franchisee, actual, threatened or contemplated, of any of the restrictions contained in Sections 6, 7 and 17 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

**22.3 Notices**

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system (including e-mail); (c) the next business day after being sent via guaranteed overnight delivery by a commercial courier service; or (d) 3 business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to the parties at the following addresses:

Franchisor: Maple Bear USA, Inc.  
Attn: ARNO KRUG JR., 2451 West Grapevine Mills Circle  
- #322, Grapevine, TX, USA, 76051  
e-mail: arno.krug@maplebear.ca

Franchisee: XXXXXXXXXXXXXXXXXXXX.  
Attn: XXXXXXXXXXXXXXXXXXXX  
e-mail:



## **22.4 Cost of Enforcement or Defense**

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding.

## **22.5 Approvals**

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

## **22.6 Entire Agreement**

This Agreement, all Exhibits to this Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersedes any and all prior negotiations, understandings, representations and agreements; **provided, however, that nothing in this Agreement will disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or Franchisee's representatives, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time in this Agreement).** This Agreement may only be amended by an instrument signed by both parties.

## **22.7 Severability and Modification**

Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Notwithstanding the foregoing, each of the covenants contained in Sections 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets or other Confidential Information or on competition to the maximum extent provided or permitted by law.

## **22.8 Construction**

The headings of the sections are for convenience only. If two or more persons are at any time franchisees hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us are joint and several.

## **22.9 Force Majeure**

Delays in the performance by either party or its designee of any obligations hereunder which are not the fault of or within the reasonable control of such party including, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders, shall not give rise to a default by such party hereunder. Rather the time of performance of any such obligations will be extended for the period of such delay or for such other reasonable period of time as may be appropriate in the circumstances.

## **22.10 Timing**

Time is of the essence. Except as set forth in Section 22.9, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

## **22.11 Withholding Payments**

Franchisee shall not, for any reason, withhold payment of any Royalty Fees or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor will set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

## **22.12 Further Assurances**

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

## **22.13 No Liability to Others; No Other Beneficiaries**

Franchisor will not, because of this Agreement or by virtue of any approvals, advice or services provided to Franchisee, be liable to any person or legal entity who is not a party to this Agreement. Except as specifically described in this Agreement, no other party has any rights because of this Agreement.

## **22.14 Counterparts**

This Agreement may be executed in multiple counterparts, each of which will be deemed an original and together will constitute one and the same instrument.

## **23. DISPUTE RESOLUTION**

### **23.1 Choice of Law**

EXCEPT TO THE EXTENT THIS AGREEMENT OR ANY PARTICULAR DISPUTE IS GOVERNED BY THE U.S. TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §1051, AND THE SECTIONS FOLLOWING IT) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE FRANCHISE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE (WITHOUT REFERENCE TO ITS CONFLICT OF LAWS PRINCIPLES), EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP BETWEEN A FRANCHISOR AND FRANCHISEE, UNLESS THE JURISDICTIONAL REQUIREMENTS OF SUCH LAWS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. THE FEDERAL ARBITRATION ACT SHALL GOVERN ALL MATTERS SUBJECT TO ARBITRATION. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

### **23.2 Consent to Jurisdiction**

ANY ACTION BROUGHT BY EITHER PARTY EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, SHALL ONLY BE BROUGHT IN THE APPROPRIATE STATE COURT LOCATED IN OR SERVING NEW CASTLE COUNTY, DELAWARE. THE PARTIES WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION. CLAIMS FOR INJUNCTIVE RELIEF MAY BE BROUGHT BY FRANCHISOR WHERE FRANCHISEE IS LOCATED. THIS EXCLUSIVE CHOICE OF JURISDICTION AND VENUE PROVISION SHALL NOT RESTRICT THE ABILITY OF THE PARTIES TO CONFIRM OR ENFORCE JUDGMENTS OR ARBITRATION AWARDS IN ANY APPROPRIATE JURISDICTION.

### **23.3 Cumulative Rights and Remedies**

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctive relief.

### **23.4 Limitations of Claims**

ANY AND ALL CLAIMS ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP AMONG FRANCHISEE AND FRANCHISOR MUST BE MADE BY WRITTEN NOTICE TO THE OTHER PARTY WITHIN ONE (1) YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM (REGARDLESS OF WHEN IT BECOMES KNOWN); EXCEPT FOR CLAIMS ARISING FROM: (A) UNDER-REPORTING OF GROSS SALES; (B) UNDER-PAYMENT OF AMOUNTS OWED TO FRANCHISOR OR ITS AFFILIATES; (C) CLAIMS FOR INDEMNIFICATION; AND/OR (D) UNAUTHORIZED USE OF THE MARKS OR CONFIDENTIAL INFORMATION. HOWEVER, THIS PROVISION DOES NOT LIMIT THE RIGHT TO TERMINATE THIS AGREEMENT IN ANY WAY.

### **23.5 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 AS PROVIDED IN SECTION FRANCHISEE WAIVES AND DISCLAIMS ANY RIGHT TO CONSEQUENTIAL DAMAGES IN ANY ACTION OR CLAIM AGAINST FRANCHISOR CONCERNING THIS AGREEMENT OR ANY RELATED AGREEMENT. IN ANY CLAIM OR ACTION BROUGHT BY FRANCHISEE AGAINST FRANCHISOR CONCERNING THIS AGREEMENT, FRANCHISEE'S CONTRACT DAMAGES SHALL NOT EXCEED AND SHALL BE LIMITED TO REFUND OF FRANCHISEE'S FRANCHISE FEE AND ROYALTY FEES.

### **23.6 Waiver of Jury Trial**

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

### **23.7 Arbitration**

THIS AGREEMENT EVIDENCES A TRANSACTION INVOLVING COMMERCE AND, THEREFORE, THE FEDERAL ARBITRATION ACT, TITLE 9 OF THE UNITED STATES CODE IS APPLICABLE TO THE SUBJECT MATTER CONTAINED HEREIN. EXCEPT FOR CONTROVERSIES OR CLAIMS RELATING TO THE OWNERSHIP OF ANY AND ALL INTELLECTUAL PROPERTY RIGHTS, INCLUDING, BUT NOT LIMITED TO, FRANCHISOR'S MARKS, COPYRIGHTS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S CONFIDENTIAL INFORMATION, COVENANTS AGAINST COMPETITION AND OTHER CLAIMS FOR INJUNCTIVE RELIEF, ALL DISPUTES ARISING OUT OF OR RELATING TO THIS AGREEMENT OR TO ANY OTHER AGREEMENTS BETWEEN THE PARTIES, OR WITH REGARD TO INTERPRETATION, FORMATION OR BREACH OF THIS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES, SHALL BE SETTLED BY BINDING ARBITRATION CONDUCTED IN NEW CASTLE COUNTY, DELAWARE, IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION THEN IN EFFECT. THE PROCEEDINGS WILL BE HELD BY A SINGLE ARBITRATOR AGREED UPON BY THE PARTIES OR OTHERWISE APPOINTED BY THE CIRCUIT COURT FOR THE STATE OF DELAWARE AND LOCATED IN NEW CASTLE COUNTY, DELAWARE. THE DECISION OF THE ARBITRATOR WILL BE FINAL AND BINDING UPON THE PARTIES. JUDGMENT UPON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT HAVING PERSONAL AND SUBJECT MATTER JURISDICTION.

FRANCHISEE ACKNOWLEDGES THAT IT HAS READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND AFFIRMS THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS OR UNDUE INFLUENCE ON THE PART OF FRANCHISOR OR ANY OF FRANCHISOR'S AGENTS OR EMPLOYEES.

## **24. ACKNOWLEDGMENTS**

### **24.1 Receipt of this Agreement and the Franchise Disclosure Document**

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least 14 calendar-days prior to the date on which this Agreement was executed, the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

#### **24.2 Consultation by Franchisee**

Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

#### **24.3 True and Accurate Information**

Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

#### **24.4 Risk**

Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a MAPLE BEAR® franchise involves business risks and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.

#### **24.5 Anti-Terrorism Representations**

Franchisee represents that:

(a) Franchisee will comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Executive Order 13224 issued by the President of the United States, the USA PATRIOT ACT, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorists acts and acts of war (the "**Anti-Terrorism Laws**").

(b) Neither Franchisee nor any of its owners, employees, agents, or property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither Franchisee nor they are otherwise in violation of any of the Anti-Terrorism Laws.

#### **24.6 The Exercise of Franchisor's Judgment**

Franchisor has the right to develop and change the System in any manner that is not specifically prohibited by this Agreement. Whenever Franchisor has reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant Franchisee a right to take or omit an action, Franchisor may, except as otherwise specifically provided in this Agreement, make its decision or exercise its rights based on information readily available and its judgment of what is in its and/or the Maple Bear® System's best interests at the time its decision is made, without regard to either whether Franchisor could have made other reasonable or even arguably preferable alternative decisions or whether Franchisor's decision promotes its financial or other individual interest.

**24.7 No Guarantee of Success**

Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's officers, directors, employees or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

**24.8 No Violation of Other Agreements**

Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

**FRANCHISOR**

MAPLE BEAR USA, INC.,  
a Delaware corporation

**FRANCHISEE**

[insert franchisee name here – if entity]

By: \_\_\_\_\_

Name: ARNO KRUG JR. \_\_\_\_\_

Title: CEO \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**SCHEDULE A TO THE FRANCHISE AGREEMENT**  
**AMENDMENTS TO THE FRANCHISE AGREEMENT**

(to be attached, if applicable)



**EXHIBIT 1 TO THE FRANCHISE AGREEMENT**

**ACCEPTED LOCATION AND PROTECTED TERRITORY**

1. As contemplated by Section 5.1, of the Franchise Agreement, the street address (or detailed description of the premises) of the Accepted Location is:

*\*\*At the time of signing this agreement, there is no address for the school's location\*\**

1.1 At the time of signing this contract, is there an address for the location of the business? **XXXXXX**

If not, it must be indicated in Exhibit 2 as **DESIGNATED AREA**

2. As contemplated by Section 2.3 of the Franchise Agreement, the Protected Territory shall be defined by and exist within the following zip codes or other physical, political or natural boundaries:

*NOT APPLICABLE, however, once the address for carrying out school operations has been determined, that is, Accepted Location, the Franchisor will designate a protected territory in accordance with section 2.3, which from now on indicates a radius of 3 miles.*

- Check if map attached.

**FRANCHISOR**

**FRANCHISEE**

MAPLE BEAR USA, INC.,  
a Delaware corporation

[insert franchisee name here – if entity]

By: \_\_\_\_\_  
Name: ARNO KRUG JR  
Title: CEO  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT 2 TO THE FRANCHISE AGREEMENT**

**DESIGNATED AREA**

The following ZIP code(s) will be indicated in the Franchisee's agreement and as the operating addresses are chosen and accepted by the Franchisor (Accepted Location), they will undergo a franchise agreement amendment to reflect the reality of the territory. As contemplated by Section 5.2 of the Franchise Agreement, the Designated Area (if applicable) is:

Zip Codes: [insert zip codes]

Check if map attached.

Franchisee acknowledges that the Designated Area is delineated solely for the purpose of establishing a geographic area within which Franchisee will select the site for the Accepted Location and for no other purposes.

*[Signature Page Follows]*

**FRANCHISOR**

MAPLE BEAR USA, INC.,  
a Delaware corporation

**FRANCHISEE**

[insert franchisee name here – if entity]

By: \_\_\_\_\_  
Name: ARNO KRUG JR.  
Title: CEO  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## **EXHIBIT 3 TO THE FRANCHISE AGREEMENT**

### **NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This "**Agreement**" made as of the \_\_\_\_\_ day of \_\_\_\_\_, 2023, is by and between \_\_\_\_\_ ("**Franchisee**") and \_\_\_\_\_ ("**Individual**").

#### **W I T N E S S E T H:**

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated \_\_\_\_\_ ("**Franchise Agreement**") by and between Franchisee and MAPLE BEAR USA, INC. a Delaware corporation ("**Company**"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) pre-school/childcare educational programs to children the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "**Competitive Business**"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

#### **1. Trade Secrets and Confidential Information**

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "**Trade Secret**" is information in any form (including, but not limited to, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the MAPLE BEAR® System that is not commonly known by or available to the public and that information: (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.

b) For the purposes of this Agreement "**Confidential Information**" means technical and non-technical information used in or related to MAPLE BEAR® System that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manuals and training guides and materials. In addition, any other

information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as "Trade Secrets" or "Confidential Information" shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee's providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

## 2. **Confidentiality/Non-Disclosure**

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual's obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in a Maple Bear® franchise.

## 3. **Non-Competition**

a) During the term of Individual's relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Company's service mark "Maple Bear®" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with Maple Bear® Schools or the Company's uniform standards, methods, procedures and specifications for the establishment and operation of a Maple Bear® School.

b) During the term of Individual's relationship with Franchisee, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business, wherever located, without the express written consent of Franchisee.

c) For a period of two (2) years following the expiration or termination of Individual's relationship with Franchisee, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business located or operating within a twenty-five (25) mile radius of Franchisee's School or any other Maple Bear® Schools (whether company-owned or franchised).

d) During the term of Individual's relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence business associate of Franchisee, Company or any other Maple Bear® franchisee to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other Maple Bear® franchisee.

#### 4. **Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisee, Company, and Company's Trade Secrets and other Confidential Information, the Company's business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

#### 5. **Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

#### 6. **Miscellaneous**

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements,

negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving New Castle County, Delaware. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

*[Signature Page Follows]*



**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.**

**THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD-PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.**

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement.

WITNESS:

**FRANCHISEE:**

\_\_\_\_\_  
XXXXXXXXXXXXXXXXXXXX

By: \_\_\_\_\_

Print Name:

Title:

**INDIVIDUAL:**

Sign: \_\_\_\_\_

Print Name:

\_\_\_\_\_

\_\_\_\_\_

## **EXHIBIT 4 TO THE FRANCHISE AGREEMENT**

### **OWNER'S GUARANTY**

In consideration of, the execution by MAPLE BEAR USA, INC., a Delaware corporation having its principal place of business at 2451 West Grapevine Mills Circle - #322, Grapevine, TX, USA, 76051, ("Franchisor") of the franchise agreement of even date herewith (the "Agreement") between Franchisor and \_\_\_\_\_ (the "Franchisee") represented by \_\_\_\_\_ hereinafter referred ("Individual"), each of the undersigned hereby personally, jointly and severally: (1) guarantees to Franchisor, its affiliates, the Franchisor Parties (as defined in the Agreement) and each of their successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the undersigned will be bound by, and punctually pay and perform, each and every covenant set forth in the Agreement; (2) agrees to be personally bound by, and personally liable for, the breach of, each and every provision in the Agreement; and (3) agrees to be personally bound by, and personally liable for, each obligation of the Franchisee to Franchisor and/or any company affiliated or related in any way with or to Franchisor, including all past, current and/or future obligations of the Franchisee. Franchisor (and/or its affiliates) need not bring suit first against the undersigned in order to enforce this guarantee and may enforce this guarantee against any or all of the undersigned as it chooses in its sole and absolute discretion.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty will be joint and several;
- (2) he and/or she will render any payment or performance required under the Agreement on demand if the Franchisee fails or refuses to do so punctually;
- (3) the liabilities and obligations of the undersigned, whether under this document or otherwise, will not be diminished or otherwise affected by the termination, rescission, expiration or otherwise of the Agreement; and
- (4) the provisions of Articles 17 and 23 of the Agreement are incorporated in and will apply to this document as if fully set forth herein and shall apply to any dispute involving the Franchisor and any of the undersigned. ALL DISPUTES INVOLVING A GUARANTOR (WHETHER OR NOT RELATED TO THE GUARANTEE) SHALL BE ADJUDICATED AND RESOLVED IN ACCORDANCE WITH THE PROVISIONS APPLICABLE TO FRANCHISEE WHICH ARE SET FORTH IN SECTION 23 OF THE FRANCHISE AGREEMENT, WHICH SECTION, AMONG OTHER THINGS, INCLUDES ARBITRATION, MUTUAL WAIVER OF TRIAL BY JURY, LIMITATIONS ON THE TIME WITHIN WHICH TO COMMENCE AN ACTION, AND A WAIVER TO THE EXTENT PERMITTED BY LAW OF ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.

In connection with such guarantee and the Franchisor (a) not requiring that the Franchise be initially awarded in the name of one or more of the Guarantors and/or (b) not requiring the payment of a full transfer fee in connection with any related transfer from the undersigned to the Franchisee, each of the undersigned hereby grants a general release, of any and all claims, liabilities and/or obligations, of any nature whatsoever, however arising, known or unknown, against the Franchisor and/or any or all of the Franchisor-Related Parties.

*[Signature Page Follows]*

IN WITNESS WHEREOF, each of the undersigned has here unto affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

(Seal)

Signed: \_\_\_\_\_  
(In his/her individual capacity)

Printed Name:

Home Address:

(Seal)

Signed: \_\_\_\_\_  
(In his/her individual capacity)

Printed Name: \_\_\_\_\_

Home Address: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT 5 TO THE FRANCHISE AGREEMENT**

**LIST OF OWNERS**

<b>Name of Owner</b>	<b>Address and Telephone</b>	<b>Email address</b>	<b>Interest %</b>

Initials	
_____	_____
Franchisee	Franchisor

## **EXHIBIT 6 TO THE FRANCHISE AGREEMENT**

### **FORM OF GENERAL RELEASE AGREEMENT**

1. **Release of Claims.** Franchisee and its Owners and their respective assigns, heirs, representatives, agents, family members, and all other persons acting on their behalf or claiming under them (collectively, “**Franchisee Related Parties**”) irrevocably and unconditionally release and forever discharge Franchisor, its predecessors, subsidiaries, affiliates and their respective owners, officers, directors, agents, independent contractors, servants, employees, representatives, attorneys, successors and assigns and all persons acting by, through, under or in concert with any of them (collectively, “**Releasees**”), from all actions, causes of action, suits, debts, liens, contracts, agreements, obligations, promises, liabilities, claims, rights, demands, damages, controversies, losses, costs, and expenses (including attorneys’ fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent (“**Claim**” or “**Claims**”), which they now have or claim to have or at any time heretofore have had or claimed to have against each or any of the Releasees, including, without limitation, any and all such Claims arising from, based upon, or related to the Franchise Agreement.

*[For California franchisees, add: Each of the Franchisee Related Parties expressly waives and relinquishes all rights and benefits which either may now have or in the future have under and by virtue of California Civil Code Section 1542. The Franchisee Related Parties do so understanding the significance and consequence of such specific waiver. Section 1542 provides that “[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.” For the purpose of implementing a general release and discharge as described in Section 1. above, the Franchisee Related Parties expressly acknowledge that this Agreement is intended to include in its effect, without limitation, all claims described in Section 1. above, which the Franchisee Related Parties do not know or suspect to exist in their favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.]*

2. **Unknown Claims.**

(a) Franchisee acknowledges for itself and the Franchisee Related Parties that there is a risk that subsequent to the execution of this Agreement, it will discover, incur or suffer Claims which are unknown or unanticipated at the time this Agreement is executed, including, without limitation, unknown or unanticipated Claims which arose from, are based upon or are related to the Franchise Agreement or some part or aspect thereof, which if known by Franchisee on the date this Agreement is being executed may have materially affected its decision to execute this Agreement.

(b) Franchisee acknowledges and agrees for itself and the Franchisee Related Parties that by reason of the release contained in Section 1. above, it is assuming the risk of such unknown and unanticipated Claims and agrees that its release of the Releasees contained in this Agreement applies thereto.

3. **Covenant Not to Sue.** Franchisee covenants and agrees for itself and for the Franchisee Related Parties not to bring or allow to be brought on behalf of itself or any Franchisee Related Party, any action, cause of action, suit, or other proceeding of any kind, which has accrued or which may ever accrue, whether based in the Constitution, common law or statute, contract, tort, or in equity, for actual or punitive damages or other relief, against Franchisor and the Releasees arising out of, resulting from, or in any manner related to the matters referenced in Section 1.

4. **No Assignment of Claims.** Franchisee represents and warrants for itself and the Franchisee Related Parties that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claims released under Section 1. of this Agreement and agrees to indemnify, defend and hold the Releasees harmless from and against any and all Claims, based on or arising out of any such assignment or transfer, or purported assignment or transfer, of any Claims, or any portion thereof or interest therein. Franchisee represents and warrants that since the date of the Franchise Agreement, there has been no assignment or transfer, and no purported assignment or transfer, to any person or entity of the Franchise, the Franchise Agreement, or any rights or interests therein or in the Franchisee.

5. **Full and Independent Knowledge.** Franchisee represents that it has been represented by an attorney in connection with the preparation and review of this Agreement, that it has specifically discussed with its attorney the meaning and effect of this Agreement, and that it has carefully read and understands the scope and effect of each provision contained herein. Franchisee further represents that it does not rely and has not relied upon any representation or statement made by the Franchisor, any of the Releasees, or any of their representatives with regard to the subject matter, basis, or effect of this Agreement.

6. **Compromise.** Franchisee agrees for itself and the Franchisee Related Parties that the releases contained herein are the result of a compromise and will never at any time for any purpose be considered as an admission of liability or responsibility on the part of Franchisor or the Releasees regarding any matter.

7. **General Provisions.**

(a) **Entire Agreement.** This Agreement, when fully executed, supersedes all previous negotiations, representations, and discussions by the parties hereto concerning the subject matter hereof and integrates the whole of all of their agreements and understandings concerning the subject matter hereof. No oral representations or undertakings concerning the subject matter hereof will operate to amend, supersede, or replace any of the terms or conditions set forth herein.

(b) **Authority.** By their signatures below, the parties hereto represent and warrant to each other that they have all necessary authority to enter into this Agreement. Each party hereto represents and warrants that the party is entering into this Agreement solely for the purposes and consideration set forth herein.

(c) **Counterpart Execution.** This Agreement may be executed in multiple counterparts, each of which will be fully effective as an original.

(d) **Survival.** All covenants, representations, warranties, and agreements of the parties will survive execution and delivery of this Agreement and will continue until such time as all the obligations of the parties hereto have lapsed in accordance with their respective terms or have been discharged in full.

(e) **Further Assurance.** The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out the intent of this Agreement.

(f) **Complete Defense.** Franchisee acknowledges that this Agreement will be a complete defense to any claim released under the terms of Section 1. of this Agreement and hereby consents to the entry of a temporary or permanent injunction to end the assertion of any such claim.

(g) Attorneys' Fees. In the event that Franchisor institutes legal proceedings of any kind to enforce this Agreement, Franchisee will pay all costs and expenses associated therewith, including, but not limited to, all attorneys' fees.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date indicated below.

**FRANCHISEE:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**OWNERS:**

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

(This General Release will be modified as necessary for consistency with any state law regulating franchising.)

**EXHIBIT 7 TO THE FRANCHISE AGREEMENT**

**SBA ADDENDUM**





## ADDENDUM TO FRANCHISE

## <sup>1</sup> AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between Maple Bear USA, Inc. (“Franchisor”), located at 2451 WEST GRAPEVINE MILLS CIRCLE, SUITE #322, GRAPEVINE, TX, USA, 76051, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the [enter entity type] interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional renewals) for fair market value.

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<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

## COVENANTS

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

## EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of FRANCHISOR :**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Authorized Representative of FRANCHISEE :**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements.

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL**

<b>MANUAL</b>	<b>TOTAL PAGE COUNT</b>
<b>I.</b> People Management Manual	79
<b>II.</b> Kitchen Manual	15
<b>III.</b> Implementation Manual	83
<b>IV.</b> Teacher Manual	71
<b>V.</b> Director Hiring Manual	30
<b>VI.</b> Director Manual	351
<b>VII.</b> Assistant Director Manual	47
<b>VIII.</b> Office Administrator Manual	43
<b>IX.</b> Curriculum Coordinator Manual	53
<b>X.</b> Custodian Manual	16
<b>TOTAL</b>	<b>788</b>

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**FINANCIAL STATEMENTS**

The following are Maple Bear USA, Inc.'s audited financial statements for the fiscal years ending as of December 31, 2022, 2021, and 2020. The Financial Statements for the period ended March 31, 2023, have been prepared without an audit. Prospective franchisees or sellers of franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.



# Maple Bear USA Inc

## Statement of Operations

January - March, 2023

	TOTAL
Income	
Royalty Income - MB Justin Rd	6,583.28
Royalty Income - MB Tempe	20,271.59
Royalty Income - MB University	5,254.00
<b>Total Income</b>	<b>\$32,108.87</b>
GROSS PROFIT	<b>\$32,108.87</b>
Expenses	
Bank Charges & Fees	577.25
Business Software	492.83
Employee Costs	<b>49,050.90</b>
Insurance	507.27
Legal & Professional Services	<b>22,411.59</b>
Management Fee Expense - MBGS	22,142.86
Marketing / Tradeshow / Promotional	<b>53,907.38</b>
Meals & Entertainment	<b>646.80</b>
Office Supplies & Software	5,134.43
Other Business Expenses	564.54
Postage & Shipping	1,156.40
Rent & Lease	30.00
Royalty Expense	5,722.53
Taxes & Licenses	399.89
Travel	11,182.94
<b>Total Expenses</b>	<b>\$173,927.61</b>
NET OPERATING INCOME	<b>\$ -141,818.74</b>
NET INCOME	<b>\$ -141,818.74</b>

# Maple Bear USA Inc

## Balance Sheet

As of March 31, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
TOTAL BUS CHK (7797)	36,727.61
<b>Total Bank Accounts</b>	<b>\$36,727.61</b>
Accounts Receivable	
Accounts Receivable (A/R)	156,180.28
<b>Total Accounts Receivable</b>	<b>\$156,180.28</b>
Other Current Assets	
Accrued Royalty Income	17,601.00
Allowance for Bad Debts	-13,632.00
Due from MB USA Marketplace, LLC	244.00
Due to / from MB Tempe	0.00
Due to MB Global	0.00
Prepaid Expense	0.00
Prepaid Federal Income Taxes	0.00
<b>Total Other Current Assets</b>	<b>\$4,213.00</b>
<b>Total Current Assets</b>	<b>\$197,120.89</b>
Fixed Assets	
Accumulated Depreciation	-1,843.00
Business Development	0.00
Maple Bear Justin Rd Renovations	18,434.00
<b>Total Fixed Assets</b>	<b>\$16,591.00</b>
<b>TOTAL ASSETS</b>	<b>\$213,711.89</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	191,775.30
<b>Total Accounts Payable</b>	<b>\$191,775.30</b>
Credit Cards	
J. VILLEGAS (1548) - 1	-46,580.57
M. FULCO (2462) - 1	54,449.84
N. CANALE (4048) - 1	522.31

# Maple Bear USA Inc

## Balance Sheet

As of March 31, 2023

	TOTAL
<b>Total Credit Cards</b>	<b>\$8,391.58</b>
Other Current Liabilities	
Accrued Expenses	0.00
Accrued Payroll	0.00
Accrued Royalty Expense	4,857.15
Deferred Franchise Fee - Current	13,200.00
Federal Income Tax Payable	450.21
<b>Total Other Current Liabilities</b>	<b>\$18,507.36</b>
<b>Total Current Liabilities</b>	<b>\$218,674.24</b>
Long-Term Liabilities	
Deferred Franchise Fee - Non-Current	114,400.00
Due to MB Canadian School Corp	823,815.89
<b>Total Long-Term Liabilities</b>	<b>\$938,215.89</b>
<b>Total Liabilities</b>	<b>\$1,156,890.13</b>
Equity	
Maple Bear Global Schools Investments	814,945.45
Opening Balance Equity	1,500.00
Owner's Investment	359.00
Retained Earnings	-1,618,163.95
Net Income	-141,818.74
<b>Total Equity</b>	<b>\$ -943,178.24</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$213,711.89</b>

MONIS J. SIDDIQUI, CPA P.C.  
Certified Public Accountant

917.309.5670

April 20, 2023

Janel Villegas  
Maple Bear USA, Inc.  
2451 West Grapevine Mills Circle- #573  
Grapevine, TX 76051

Dear Michelle,

We have audited the financial statements of Maple Bear USA, Inc. as of December 31, 2022, and we will issue our report thereon dated April 20, 2023. At the completion of our audit, we are required to communicate with those charged with governance any matters that were observed during the audit which are deemed material weaknesses or other deficiencies in the internal controls of your company.

**Deficiency in internal control.** A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

**Material weakness.** A deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probably as defined as follows:

**Reasonably possible.** The chance of the future event or events occurring is more than remote but less than likely.

**Probable.** The future event or events are likely to occur.

As is common with similar companies, we assisted management with the preparation of the financial statements including the related footnotes and proposed certain material adjusting journal entries to convert the internal financial statements to accounting principles generally accepted in the United States of America.

Significant Audit Findings



***Qualitative Aspects of Accounting Practices***

You are responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Maple Bear USA, Inc. are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on your knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

We encountered no significant differences relating to accounting estimates during our audit.

***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in performing and completing our audit.

***Uncorrected Misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. You have corrected all such misstatements.

***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated April 20, 2023.

This information is intended solely for the use of the Stockholder and management of Maple Bear USA, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Monis Siddiqui, CPA, PC

**MAPLE BEAR USA, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**MAPLE BEAR USA, INC.**  
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MONIS J. SIDDIQUI, CPA P.C.  
Certified Public Accountant  
917.309.5670

## **INDEPENDENT AUDITOR'S REPORT**

**To the Stockholder of  
Maple Bear USA, Inc.**

### **Opinion**

We have audited the financial statements of Maple Bear USA, Inc., which comprises the balance sheets as of December 31, 2022, and 2021, and the related statements of operations, and changes in stockholder's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Maple Bear USA, Inc. as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the for the years 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 (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 Maple Bear USA, Inc. 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 Maple Bear USA, Inc.'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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Maple Bear USA, Inc.'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 Maple Bear USA, Inc.'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.

*Monis Siddiqui, CPA P.C.*

Monis Siddiqui, CPA  
Bellerose, NY  
April 20, 2023

**MAPLE BEAR USA, INC.  
BALANCE SHEETS**

<u>ASSETS</u>		<u>DECEMBER 31</u>	
		<u>2022</u>	<u>2021</u>
<b>Current Assets</b>			
Cash		\$ 65,855	\$ 27,185
Accounts receivable, net		153,431	3,969
Prepaid expenses		-	21,816
Total Current Assets		<u>219,286</u>	<u>52,970</u>
<b>Long Term Assets</b>			
Fixed assets, net		16,591	—
Total Assets		<u>\$ 235,877</u>	<u>\$ 52,970</u>
<u>LIABILITIES AND STOCKHOLDER'S (DEFICIT)</u>			
<b>Current Liabilities</b>			
Account payable and accrued expenses		\$ 220,820	\$ 110,379
Due to related party		833,816	582,480
Deferred revenue		13,200	—
		<u>1,067,836</u>	<u>110,379</u>
<b>Long Term Liabilities</b>			
Deferred revenue, net of current		114,400	—
Total Current Liabilities		1,182,236	692,859
Stockholder's (Deficit)		<u>(946,359)</u>	<u>(639,889)</u>
Total Liabilities and Stockholder's (Deficit)		<u>\$ 235,877</u>	<u>\$ 52,970</u>

See notes to financial statements

**MAPLE BEAR USA, INC.**  
**STATEMENTS OF OPERATIONS AND STOCKHOLDER'S (DEFICIT)**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Revenues</b>		
<b>Royalty fees</b>	<b>\$ 144,211</b>	<b>\$ 60,120</b>
<b>Franchise fees</b>	<b>4,400</b>	<b>—</b>
<b>Total Revenues</b>	<b>148,611</b>	<b>60,120</b>
<b>Operating Expenses</b>	<b>1,125,027</b>	<b>685,025</b>
<b>(Loss) from Operating Activities</b>	<b>(976,416)</b>	<b>(624,905)</b>
<b>Income Tax</b>	<b>—</b>	<b>—</b>
<b>Net (Loss)</b>	<b>(976,416)</b>	<b>(624,905)</b>
<b>Stockholder's (Deficit) - Ending</b>	<b>\$ (1,616,305)</b>	<b>\$ (639,889)</b>

see notes to financial statements

**MAPLE BEAR USA, INC.**  
**STATEMENT OF STOCKHOLDER'S (DEFICIT)**  
**FOR THE YEARS ENDING DECEMBER 31, 2022 AND 2021**

---

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
January 1, 2021			(14,984)	(14,984)
Net (Loss)			(624,905)	(624,905)
Balance, December 31, 2021	\$ -	\$ -	\$ (639,889)	\$ (639,889)
January 1, 2022			(639,889)	(639,889)
Net (Loss)			(976,416)	(976,416)
Stockholder's Contributions			669,946	669,946
Balance, December 31, 2022	\$ -	\$ -	\$ (946,359)	\$ (946,359)

See notes to financial statements



**MAPLE BEAR USA, INC.  
STATEMENT OF CASHFLOWS**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>		
Net (Loss)	\$ (976,416)	\$ (624,905)
Depreciation and Amortization	1,843	—
<b>Adjustments to reconcile net (loss) to net cash     provided (used) by operating activities:</b>		
<b>Changes in assets and liabilities</b>		
Accounts receivable	(149,462)	9,383
Prepaid expenses	21,816	(21,816)
Deferred Revenue	127,600	—
Accounts payable and accrued expenses	110,441	81,543
Due to related party	251,336	582,480
	<u>(612,842)</u>	<u>26,685</u>
<b>Cash Flows from Investing Activities:</b>		
Fixed asset acquisitions	(18,434)	—
Stockholder's Contributions	669,946	—
	<u>651,512</u>	<u>—</u>
<b>Net Increase (Decrease) in Cash</b>	<b>38,670</b>	<b>26,685</b>
<b>Cash - Beginning of year</b>	<b>27,185</b>	<b>500</b>
<b>Cash - End of year</b>	<u><u>\$ 65,855</u></u>	<u><u>\$ 27,185</u></u>

See notes to financial statements

## 1. THE COMPANY

Maple Bear USA, Inc. is a Delaware corporation company formed in September 2015 to offer franchisees the opportunity to own and operate a childcare/pre-school learning center franchise.

Maple Bear USA, Inc., rights in, and to the System, exist pursuant to a Master Franchise Agreement dated January 1, 2019, between the Company as Master Franchisee and Mable Bear Global Schools LTD. as Master Franchisor. Under the Master Franchise agreements, the Company was granted the license and right to sell franchises within the United States. The Companies rights and, all related franchisee rights are subject to a Master Franchise Agreement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Maple Bear USA, Inc. franchise using the Company's system for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

**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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Account Receivable**-The Company had billing royalties during the COVID-19 Pandemic but has determined collectability of these receivables is not likely. The accounts receivable balances as of December 31, 2022, and 2021, were \$153,431 and \$56,204, respectively. Allowance for doubtful accounts as of December 31, 2022, and 2021 were \$13,632 and \$52,235, respectively.

**Taxes on Income**- The Company is a "C" corporation for income tax purposes. There was no accrued tax payable as of December 31, 2022, and 2021, respectively. The Company did not accrue taxes payable as of December 31, 2022, and 2021, as there was a large loss. The Company has elected not to present a deferred tax asset as of December 31, 2022, and 2021 as the use of such tax asset is deemed uncertain.

### **3. REVENUE RECOGNITION**

The Company records revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations is recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commission paid for franchises are amortized over the life of the franchise agreement. The company adopted ASC-606 and ASU 2021-02, starting on January 1, 2019, and the Company had no cumulative adjustment to retained earnings because the Company determined that their allowable costs equal to the franchise fees collected.

### **4. RELATED PARTY TRANSACTIONS**

The Company periodically receives funds from its stockholder or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2022, and 2021 the balances due to related parties were \$823,816 and \$582,480, respectively.

### **5. DEFERRED FRANCHISE FEES**

In compliance with the Financial Accounting Standards Board (“FASB”) new accounting standards for revenue recognition (“Topic 606”), the Company records its non-refundable franchise fees, net of amounts earned based on allowable direct services, as deferred revenues, to be recognized over the life of the franchise agreement. The non-refundable franchise fees received but not yet earned as of December 31, 2022, and 2021, were \$127,600 and \$0 respectively.

### **6. GOING CONCERN**

As of December 31, 2022, the Company’s liabilities exceeded its assets by \$831,959, which included related party loans of \$823,816. The financial statements have been prepared on a going concern basis as the shareholder has committed its continuing support for a minimum of 12 months from the date of issuance of these financial statements.

### **7. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through April 20, 2023, the date the financial statements were available to be issued.

**MAPLE BEAR USA, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**MAPLE BEAR USA, INC.**  
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**AKIVA MANNE**  
**CERTIFIED PUBLIC ACCOUNTANT**  
905 HARRISON ST ALLENTOWN, PA 18103

**INDEPENDENT AUDITOR'S REPORT**

To the Stockholder of  
Maple Bear USA, Inc.

**Opinion**

We have audited the financial statements of Maple Bear USA, Inc., which comprises the balance sheets as of December 31, 2021, and 2020, and the related statements of operations, and changes in stockholder's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Maple Bear USA, Inc. as of December 31, 2021, and 2020, and the results of its operations and its cash flows for the for the years 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 (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 Maple Bear USA, Inc. 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.

**Emphasis of Matter**

As discussed in Note 5 to the financial statements, the December 31, 2020, retained earnings and 2020 income statements have been restated to correct certain misstatements discovered subsequent to the issuance of the Company's financial statements for the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

**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 Maple Bear USA, Inc.'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 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Maple Bear USA, Inc.'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 Maple Bear USA, Inc.'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.



Akiva Manne CPA  
Allentown PA  
March 31, 2022

**MAPLE BEAR USA, INC.  
BALANCE SHEETS**

<u>ASSETS</u>		<u>DECEMBER 31</u>	
		<u>2021</u>	<u>2020</u>
<b>Current Assets</b>			
Cash		\$ 27,185	\$ 500
Accounts receivable, net		3,969	13,352
Prepaid expenses		21,816	—
Total Assets		<u>\$ 52,970</u>	<u>\$ 13,852</u>
 <b><u>LIABILITIES AND STOCKHOLDER'S (DEFICIT)</u></b>			
<b>Current Liabilities</b>			
Account payable and accrued expenses		\$ 110,379	\$ 28,836
Due to related party		582,480	—
Total Current Liabilites		<u>692,859</u>	<u>28,836</u>
Stockholder's (Deficit)		<u>(639,889)</u>	<u>(14,984)</u>
Total Liabilities and Stockholder's (Deficit)		<u>\$ 52,970</u>	<u>\$ 13,852</u>

See notes to financial statements



**MAPLE BEAR USA, INC.**  
**STATEMENTS OF OPERATIONS AND STOCKHOLDER'S (DEFICIT)**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
<b>Royalty fees</b>	<b>\$ 60,120</b>	<b>\$ 58,737</b>
<b>Operating Expenses</b>	<b>(685,025)</b>	<b>(72,942)</b>
<b>(Loss) from Operating Activities</b>	<b>(624,905)</b>	<b>(14,205)</b>
<b>Income Tax</b>	<b>—</b>	<b>(2,638)</b>
<b>Net (Loss)</b>	<b>(624,905)</b>	<b>(16,843)</b>
<b>Stockholder's (Deficit) - Ending</b>	<b>\$ (639,889)</b>	<b>\$ (14,984)</b>

see notes to financial statements

**MAPLE BEAR USA, INC.**  
**STATEMENT OF STOCKHOLDER'S (DEFICIT)**  
**FOR THE YEARS ENDING DECEMBER 31, 2021 AND 2020**

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>January 1, 2021</b>			(14,984)	(14,984)
<b>Net (Loss)</b>			(624,905)	(624,905)
<b>Stockholder's Contributions</b>				
<b>Dividends</b>				
<b>Balance, December 31, 2021</b>	\$ -	\$ -	\$ (639,889)	\$ (639,889)
<b>January 1, 2020</b>	1,500			1,500
<b>Net (Loss)</b>			(16,843)	(16,843)
<b>Stockholder's Contributions</b>				359
<b>Dividends</b>		359		
<b>Balance, December 31, 2020</b>	<u>\$ 1,500</u>	<u>\$ 359</u>	<u>\$ (16,843)</u>	<u>\$ (14,984)</u>

See notes to financial statements

**MAPLE BEAR USA, INC.  
STATEMENT OF CASHFLOWS**

	<b>YEARS ENDED DECEMBER 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities:</b>		
<b>Net (Loss)</b>	<b>\$ (624,905)</b>	<b>\$ (16,843)</b>
<b>Adjustments to reconcile net (loss) to net cash provided (used) by operating activities:</b>		
<b>Changes in assets and liabilities</b>		
<b>Accounts receivable</b>	<b>9,383</b>	<b>(13,352)</b>
<b>Prepaid expenses</b>	<b>(21,816)</b>	<b>—</b>
<b>Accounts payable and accrued expenses</b>	<b>81,543</b>	<b>28,836</b>
<b>Due to related party</b>	<b>582,480</b>	<b>—</b>
	<b>26,685</b>	<b>(1,359)</b>
<b>Cash Flows from Investing Activities:</b>		
<b>Stockholder's Contributions</b>	<b>—</b>	<b>359</b>
<b>Net Increase (Decrease) in Cash</b>	<b>26,685</b>	<b>(1,000)</b>
<b>Cash - Beginning of year</b>	<b>500</b>	<b>1,500</b>
<b>Cash - End of year</b>	<b>\$ 27,185</b>	<b>\$ 500</b>

See notes to financial statements

## 1. THE COMPANY

Maple Bear USA, Inc. is a Delaware corporation company formed in September 2015 to offer franchisees the opportunity to own and operate a childcare/pre-school learning center franchise.

Maple Bear USA, Inc., rights in, and to the System, exist pursuant to a Master Franchise Agreement dated January 1, 2019, between the Company as Master Franchisee and Mable Bear Global Schools LTD. as Master Franchisor. Under the Master Franchise agreements, the Company was granted the license and right to sell franchises within the United States. The Companies rights and, all related franchisee rights are subject to a Master Franchise Agreement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Maple Bear USA, Inc. franchise using the Company's system for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

**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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Account Receivable**-The Company had billing royalties during the COVID-19 Pandemic but has determined collectability of these receivables is not likely. The accounts receivable balances as of December 31, 2021, and 2020, were \$56,204 and \$38,603, respectively. Allowance for doubtful accounts as of December 31, 2021, and 2020 were \$52,235 and \$21,95, respectively.

**Taxes on Income**- The Company is a "C" corporation for income tax purposes. Accrued tax payable as of December 31, 2021, and 2020 was \$0 and \$2,638, respectively. The Company did not accrue taxes payable as of December 31, 2021, as there was a large loss. The Company has elected not to present a deferred tax asset as of December 31, 2021, and 2020 as the use of such tax asset is deemed as uncertain.

### **3. REVENUE RECOGNITION**

The Company records revenue in accordance Accounting Standards Board (“FASB”) and Accounting Standards Update (“ASU”) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The transaction price attributable to performance obligations are recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation are amortized over the life of the related franchise agreements. Commission paid for franchises are amortized over the life of the franchise agreement. The company adopted ASC-606 and ASU 2021-02, starting with January 1, 2019, and the Company had no cumulative adjustment to retained earnings because the Company determined that their allowable costs equal to the franchise fees collected.

### **4. RELATED PARTY TRANSACTIONS**

The Company periodically receives funds from its stockholder or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2021, and 2020 the balances due to related parties were \$582,480 and \$0, respectively.

### **5. PRIOR YEAR ADJUSTMENT**

A restatement to the year ended December 31, 2020, financial statements was made to correct an understatement of accrued expenses by \$26,198 and an understatement of operating expenses of \$26,198. The net adjustment which was attributable to an additional accrued legal fee as of December 31, 2020, resulted in a \$26,198 negative adjustment to retained earnings.

### **6. GOING CONCERN**

As December 31, 2021, the Company’s liabilities exceeded its assets by \$639,889, which included related party loans of \$582,480. The financial statements have been prepared on a going concern basis as the shareholder has committed its continuing support for a minimum of 12 months from the date of issuance of these financial statements.

### **7. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through March 31, 2022, the date the financial statements were available to be issued.

**MAPLE BEAR USA, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020, 2019 and 2018**

**MAPLE BEAR USA, INC.**  
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**AKIVA MANNE**  
**CERTIFIED PUBLIC ACCOUNTANT**  
905 HARRISON ST ALLENTOWN, PA 18103

**INDEPENDENT AUDITOR'S REPORT**

**To the Stockholder of  
Maple Bear USA, Inc.**

We have audited the accompanying financial statements of Maple Bear USA, Inc. (the "Company") which comprises the balance sheets as of December 31, 2020, 2019, and 2018, the related statements of operations and changes in stockholder's equity, and cash flows for the years ended December 31, 2020, 2019, and 2018, and the related notes to financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maple Bear USA, Inc. as of December 31, 2020, 2019, and 2018, the results of its operations, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Akiva Manne, CPA  
December 13, 2021



**MAPLE BEAR USA, INC.  
BALANCE SHEETS**

	<u>ASSETS</u>		
	<u>DECEMBER 31</u>		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>			
Cash	\$ 500	\$ 1,500	\$ —
Accounts receivable	13,352	—	—
Due from related party	—	—	1,500
<b>Total Assets</b>	<u><u>\$ 13,852</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,500</u></u>
 <u>LIABILITIES AND STOCKHOLDER'S EQUITY</u>			
<b>Current Liabilities</b>			
Taxes payable	\$ 2,638	\$ —	\$ —
<b>Stockholder's Equity</b>	<u>11,214</u>	<u>1,500</u>	<u>1,500</u>
<b>Total Liabilities and Stockholder's Equity</b>	<u><u>\$ 13,852</u></u>	<u><u>\$ 1,500</u></u>	<u><u>\$ 1,500</u></u>

See notes to financial statements

**MAPLE BEAR USA, INC.**  
**STATEMENTS OF OPERATIONS AND STOCKHOLDER'S EQUITY**

	YEARS ENDED DECEMBER 31		
	2020	2019	2018
<b>Revenues</b>			
<b>Royalty fees</b>	\$ 58,737	\$ —	\$ —
<b>Operating Expenses</b>	<u>46,744</u>	<u>—</u>	<u>—</u>
<b>Income from Operating Activities</b>	11,993	—	—
<b>Income Tax</b>	<u>2,638</u>	<u>—</u>	<u>—</u>
<b>Net Income</b>	9,355	—	—
<b>Stockholder's Equity - Beginning</b>	1,500	1,500	—
<b>Stockholder's Contributions</b>	<u>359</u>	<u>—</u>	<u>1,500</u>
<b>Stockholder's Equity - Ending</b>	<u>\$ 11,214</u>	<u>\$ 1,500</u>	<u>\$ 1,500</u>

see notes to financial statements

**MAPLE BEAR USA, INC.**  
**STATEMENT OF STOCKHOLDER'S EQUITY**  
**JANUARY 1, 2018 TO DECEMBER 31, 2020**

	<u>Common Stock</u>	<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>January 1, 2020</b>	<b>1,500</b>			<b>1,500</b>
<b>Net Income</b>			<b>9,355</b>	<b>9,355</b>
<b>Stockholder's Contributions</b>		<b>359</b>		<b>359</b>
<b>Dividends</b>				
<b>Balance, December 31, 2020</b>	<b>\$ 1,500</b>	<b>\$ 359</b>	<b>\$ 9,355</b>	<b>\$ 11,214</b>
<b>January 1, 2019</b>	<b>1,500</b>	-	-	<b>1,500</b>
<b>Net Income</b>				
<b>Stockholder's Contributions</b>				
<b>Dividends</b>				
<b>Balance, December 31, 2019</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,500</b>
<b>January 1, 2018</b>	-	-	-	-
<b>Net Income</b>				
<b>Stockholder's Contributions</b>	<b>1,500</b>			<b>1,500</b>
<b>Dividends</b>				
<b>Balance, December 31, 2018</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,500</b>

See notes to financial statements

**MAPLE BEAR USA, INC.  
STATEMENT OF CASHFLOWS**

	YEARS ENDED DECEMBER 31		
	2020	2019	2018
<b>Cash Flows from Operating Activities:</b>			
Net income	\$ 9,355	\$ —	\$ —
<b>Adjustments to reconcile income to net cash     provided (used) by operating activities:</b>			
Changes in assets and liabilities			
Accounts receivable	(13,352)	—	—
Due from related party	—	1,500	(1,500)
Taxes payable	2,638	—	—
	<u>(1,359)</u>	<u>1,500</u>	<u>(1,500)</u>
<b>Cash Flows from Financing Activities:</b>			
Stockholder's Contributions	<u>359</u>	<u>—</u>	<u>1,500</u>
<b>Net Increase (Decrease) in Cash</b>	<b>(1,000)</b>	<b>1,500</b>	<b>—</b>
<b>Cash - Beginning of year</b>	<b>1,500</b>	<b>—</b>	<b>—</b>
<b>Cash - End of year</b>	<b><u>\$ 500</u></b>	<b><u>\$ 1,500</u></b>	<b><u>\$ —</u></b>

See notes to financial statements

## 1. THE COMPANY

Maple Bear USA, Inc. (“the Company”) is a Delaware corporation company formed in September 2015 to offer franchisees the opportunity to own and operate a childcare/pre-school learning center franchise.

Maple Bear USA, Inc. rights in and to the System exist pursuant to a Master Franchise Agreement dated January 1, 2019 between the Company as Master Franchisee and Mable Bear Global Schools LTD. as Master Franchisor. Under the Master Franchise agreements, the Company was granted the license and right to sell franchises within the United States. The Companies rights and, all related franchisee rights are subject to a Master Franchise Agreement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting**-The accompanying financial statements have been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to disbursement of cash.

**Franchise Arrangements**-The Company's franchise arrangements generally include a license which provides for payments of initial fees as well as continuing royalties to the Company based upon a percentage of sales. Under this arrangement, franchisees are granted the right to operate a Maple Bear Inc. franchise using the Company's system for a specified number of years.

**Concentration of Credit Risk**-Financial instruments that potentially expose the Company to concentration of credit risk primarily consist of cash and cash equivalents. The balances in the Company's cash accounts did not exceed the Federal Deposit Insurance Company's (FDIC) insurance limit of \$250,000. The Company maintains its cash and cash equivalents with accredited financial institutions.

**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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from those estimates.

**Taxes on Income**- The Company is a “C” corporation for income tax purposes. Accrued tax payable as of December 31, 2020, 2019, and 2018 was \$2,638, \$0 and \$0, respectively.

## 3. REVENUE RECOGNITION

**Revenue Recognition**-In May 2014, the FASB issued a new accounting standard ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”, that attempts to establish a uniform basis for recording revenue to virtually all industries' financial statements. The revenue standard's core principle is to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration expected to be received for those goods or services. Additionally, the new guidance requires enhanced disclosure to help financial statement users better understand the nature, amount, timing, and uncertainty of the revenue recorded.

**MAPLE BEAR USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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The new standard changed how the Company records initial franchise fees. Under Legacy GAAP, franchise fees, which are non-refundable, were recognized as income when substantially all services to be performed by the Company and conditions relating to the sale of the franchise were performed or satisfied, which generally occurred when the franchisee commenced operations.

The new standard requires that the franchise fee received from customers be allocated to performance obligation. The following services (“performance obligations”) are typically provided by the Company prior to the opening of a franchise location.

- 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 negotiations
- 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 or about regulations affecting the franchisee’s business; and
- Inspection, testing, and other quality control programs.

The transaction price attributable to performance obligations would then be recognized as the performance obligations are satisfied. The portion of the franchise fee, if any, that is not attributable to a distinct performance obligation is amortized over the life of the related franchise agreement.

Brokerage and employee commissions paid for the sale of a franchise are also affected by the changes in revenue recognition for franchise fees. Commissions paid are recognized as an expense in the same ratio as franchise fees are recognized as a percentage of the total fee paid. Any unrecognized fees paid are classified as deferred franchise fee expense on the balance sheet.

The Company has not charged any franchisee fees or paid any commissions as of as of December 31, 2020.

#### **4. RELATED PARTY TRANSACTIONS**

The Company periodically advances funds to its stockholder or related companies. These advances are due upon demand and do not bear interest. As of December 31, 2020, 2019, and 2018 the balance due from a related party was \$0, \$0, and \$1,500, respectively.

#### **5. SUBSEQUENT EVENTS**

The Company evaluates events that have occurred after the balance sheet date but before the financial statements are issued. Based upon the evaluation, the Company did not identify any recognized or non-recognized subsequent events that would have required further adjustment or disclosure in the financial statements. Subsequent events have been evaluated through December 13, 2021, the date the financial statements were available to be issued.

**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**LIST OF CURRENT FRANCHISEES AS OF JANUARY 1, 2023**

**Franchisees With Open Outlets**

<b>Name</b>	<b>Address</b>	<b>Telephone Number</b>
Maple Bear Mesa Drive LLC	3118 Los Colinas Denton, TX 76207	940-243-4343
Maple Bear Justin Road LLC	1439 Moccassin Trail Lewisville, TX 75077	972-317-7772
Maple Bear Scottsdale LLC	8160 E. Butherus Drive, Suite 7 Scottsdale, AZ 85260	480-474-4455

**Franchisees With Outlets Not Yet Open**

<b>Name</b>	<b>Address</b>	<b>Telephone Number</b>
Budding Ivy Education LLC	9951 E. Strobe Ave Mesa, AZ 85212	917-855-2623
One Budding Ivy Education LLC	9951 E. Strobe Ave Mesa, AZ 85212	917-855-2623
Two Budding Ivy Education LLC	9951 E. Strobe Ave Mesa, AZ 85212	917-855-2623

**EXHIBIT F TO THE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**LIST OF FORMER FRANCHISEES**

Listed below is the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year, or who has not communicated with us within 10 weeks of the issuance date of this disclosure document:

NONE

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.



**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**STATE SPECIFIC ADDENDA AND RIDERS**

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

Preliminary Comment: Each provision of this Appendix to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000 - 31516, and the California Franchise Relations Act, Cal Bus. & Prof. Code §§2000 - 20043, are met independently without reference to this Addendum to the Franchise Disclosure Document.

1. Item 3 is amended to reflect that:

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

2. Item 6 of the FDD is amended to disclose that the highest interest rate allowed in California is 10%.
3. Item 17 is amended by the addition of the following statements:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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 California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Corporations, before we solicit a proposed material modification of an existing franchise.

The Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires the application of the laws and forum of Delaware. This provision may be unenforceable under California Law.

The Franchise Agreement requires you to sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

4. 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 FRANCHISE DISCLOSURE DOCUMENT.

5. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).
6. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a Franchise Agreement restricting venue to a forum outside the State of California.

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF CALIFORNIA**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et. seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et. seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

b. The 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.).

c. The Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

d. The Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the California Business and Professions Code, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

The following information applies to franchises and franchisees subject to the Illinois Disclosure Act of 1987. Item numbers correspond to those in the main body:

a. Item 17 - Section 4 of the Illinois Franchise Disclosure 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. Illinois law governs the Franchise Agreement.

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

c. Item 17 - Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

ILLINOIS LAW MODIFICATIONS

1. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 515 ILCS 705/1 et. seq. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Section 4 of the Illinois Franchise Disclosure 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. Illinois law governs the Franchise Agreement.

b. Franchisor has posted a surety bond with the Illinois Attorney General equal to the Initial Franchise Fee multiplied by the number of units that Franchisor projects to open this fiscal year in Illinois. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

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

d. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

*[Signatures on Following Page]*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**ADDENDUM TO MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

1. Item 5 of the disclosure document is supplemented by the following language:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and other payments for goods and services received from the franchisor before the business opens, shall be deferred until the franchisor completes all of its pre-opening obligations under the franchise agreement.

2. Item 17.v. of the disclosure document, the Summary columns for "Choice of Forum," are amended as follows:

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Except for any rights a franchisee has under the Maryland Franchise Registration and Disclosure Law to bring suit in Maryland for claims arising under the Law, mediation of disputes which are subject to mediation will be held in Lexington, Kentucky. Except as otherwise required by the Maryland Franchise Registration and Disclosure Law, venue for all proceedings arising under the Franchise Agreement is the state, county, or judicial district where our principal place of business is located, unless otherwise brought by us.

3. Item 17.c. of the disclosure document, "Requirements for you to renew or extend" (Franchise Agreement chart) and Item 17.m. "Conditions for our approval of transfer" (Franchise Agreement chart), are amended by the addition of the following:

The Code of Maryland Regulations (COMAR 02.02.08.16L.) states that a general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. This may affect the enforceability of certain provisions in the Franchise Agreement relating to renewal, sale, assignment, or transfer of the Franchise Agreement.

4. Item 17 of the disclosure document is amended by adding the following note at the end of the Item:

Any claims that Franchisee may have under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

5. Item 17 of the disclosure document is amended by adding the following as the last paragraph:

A provision in the Franchise Agreement which terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

MARYLAND LAW MODIFICATION

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD CODE ANN., BUS. REG. Sections 14-201 to 14-233 (2010 Repl. Vol. and Supp. 2010) (the “Law”). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Law.

b. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

c. Franchisee may bring a lawsuit in Maryland for claims arising under the Law.

d. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

2. Notwithstanding anything contained in the Franchise Agreement to the contrary, the Initial Franchise Fee and any other payments for goods and services due to Franchisor shall not become due and payable by Franchisee until Franchisor has satisfied all of its pre-opening obligations to Franchisee and Franchisee’s School has opened for business.

3. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

Item 13 of the Franchise Disclosure Document is amended to state that we will protect your right to use the trademarks, service marks, trade names, logotypes of other commercial symbols (“Marks”) or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

The following is added to Item 17 of the Franchise Disclosure Document:

Under Minnesota law and except in certain specified cases, Maple Bear USA, Inc. must give you 90 days’ notice of termination with 60 days to cure. Maple Bear USA, Inc. also must give you at least 180 days’ notice of its intention not to renew a franchise, and sufficient opportunity to recover the fair market value of the franchise as a going concern. To the extent that the Franchise Agreement is inconsistent with the Minnesota law, the Minnesota law will control.

To the extent that any condition, stipulation or provision contained in the Franchise Agreement (including any choice of law provision) purports to bind any person who, at the time of acquiring a franchise is a resident of Minnesota, or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance with the Minnesota Franchises law, such condition, stipulation or provision may be void and unenforceable under the non-waiver provision of the Minnesota Franchises Law.

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J. prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400J. prohibits us from requiring you to consent to liquidated damages and prohibits waiver of a jury trial. If the Franchise Agreement contains a provision that is inconsistent with the Minn. Rule, the provisions of the Franchise Agreement will be superseded by the Minn. Rule’s requirements and will have no force or effect.

Minn. Rule 2860.4400J. prohibits us from requiring you to assent to a general release. To the extent that the Franchise Agreement requires you to sign a general release as a condition of renewal or transfer, the Franchise Agreement will be considered amended to the extent necessary to comply with Minnesota law.

Minn. Rule 2860.4400J. prohibits us from requiring you to pay a termination fee. To the extent that the Franchise Agreement requires you to pay a termination fee, the provisions of the Franchise Agreement will be superseded by the Minn. Rule’s requirements and will have no force or effect.

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

MINNESOTA LAW MODIFICATION

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80C.01 et. seq., and the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement and/or Franchise Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Minnesota Department of Commerce requires that franchisors indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the franchisee’s use of the franchisor’s proprietary marks infringes trademark rights of the third party.

b. Minn. Stat. Sec. 80C.14. Subds. 3, 4, and 5 requires, 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. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.

c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Franchise Act.

d. If the Agreement requires that it be governed by the law of a State other than the State of Minnesota or arbitration or mediation, those provisions shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

e. Any provision that requires the Franchisee to consent to a claims period that differs from the applicable statute of limitations period under Minn. Stat. 80C.1, Subd. 5, may not be enforceable under Minnesota law.

2. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Ch. 80C, including your rights to any procedure, forum, or remedies provided for in that law.

3. The Agreement and/or Franchise Disclosure Document is hereby amended to delete all referenced to Liquidated Damages (as defined) in violation of Minnesota law; provided, that no such deletion shall excuse Franchisee from liability for actual or other damages and the formula for Liquidated Damages in the Agreement and/or Franchise Disclosure Document shall be admissible as evidence of actual damages.

4. To the extent required by Minnesota Law, the Agreement and/or Franchise Disclosure Document is amended to delete all references to a waiver of jury trial.

5. All sections of the Agreement and/or Franchise Disclosure Document referencing Franchisor's right to obtain injunctive relief are hereby amended to refer to Franchisor's right to seek to obtain such relief.

6. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Minnesota Law applicable to the provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

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, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 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 provision 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.



**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF NEW YORK**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

NEW YORK LAW MODIFICATION

1. The New York Department of Law requires that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 to 695 (1989). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. Release. If Franchisee is required to execute a release of claims, as provided in Article 2(B) of the Franchise Agreement, or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the General Business Law, regulation, rule or order under the Law, such release shall exclude claims arising under the New York General Business Law, Article 33, Sections 680 to 695 and the regulations promulgated thereunder, and such acknowledgments shall be void. It is the intent of this provision that non-waiver provisions of Sections 687.4 and 687.5 of the General Business Law be satisfied.

b. Governing Law. Article 21(A) of the Franchise Agreement is amended by adding the following sentence at the end of such Article: “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.”

c. Termination by Franchisee. Article 9 of the Franchise Agreement is hereby amended to add the following sentence at the end of the Article: “Notwithstanding anything contained in this Article 9 to the contrary, Franchisee may terminate the Franchise Agreement on any grounds available by law.”

d. Renewal, Extension, Approval of Transfer. Article 2 and Article 17 are amended by adding the following: “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 provision that the non-waiver provisions of the General business Law sections 687.4 and 687.5 be satisfied.”

e. Assignment. Article 17 is amended by adding the following sentence at the end of the Article: “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.”

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of New York General Business Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF NORTH DAKOTA**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

NORTH DAKOTA LAW MODIFICATION

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 to 51-19-17 (1995). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under the North Dakota Franchise Investment Law, and such acknowledgments shall be void with respect to claims under the Law.

b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.

c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under the North Dakota Franchise Investment Law.

d. If the Agreement requires that it be governed by the law of a state other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.

e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law. Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the location will be determined by the arbitrator.

f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

g. Any provision that provides that the parties waive their right to a jury trial may not be enforceable under North Dakota law.

h. Any provision that provides that Franchisee consent to a waiver of punitive and exemplary damages may not be enforceable under North Dakota law.

i. Any provision that requires Franchisee to consent to a claims period that differs from the applicable statute of limitations period under North Dakota law may not be enforceable under North Dakota law.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of North Dakota Franchise Investment Law, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF RHODE ISLAND**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and - \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

**RHODE ISLAND LAW MODIFICATIONS**

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law Tit. 19 Ch. 28.1 Sections 19-28.1-1 to 19-28.1-34. To the extent that this Agreement contains provisions that re inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void with respect to any claims brought under Rhode Island Franchise Investment Act Sec. 19-21.1-14.

b. If this Agreement requires that it be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Section 19-28.1-14.

c. If Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgments shall be void with respect to claims under the Act.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Rhode Island Franchise Investment Act, with respect to each such provision are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

*<Signatures on Following Page>*

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF VIRGINIA**

1. Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.
2. Item 5 of the disclosure document is supplemented by the following:

The Virginia State Corporation Commission’s Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

Each provision of this addendum is effective only to the extent that the jurisdictional requirements of the laws described above, with respect to each provision of the law, are met independent of this addendum. This addendum will have no force or effect if such jurisdictional requirements are not met.



**ADDENDUM TO MAPLE BEAR USA, INC.  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WASHINGTON**

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” shall be amended by the addition of the following paragraphs at the conclusion of the Item:

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

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

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

4. 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF WASHINGTON**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

WASHINGTON LAW MODIFICATIONS

1. The Director of the Washington Department of Financial Institutions requires that certain provisions contained in franchise documents be amended to be consistent with Washington law, including the Washington Franchise Investment Protection Act, WA Rev. Code Section 19.100.010 to 19.100.940. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Washington Franchise Investment Protection Act provides rights to Franchisee concerning non-renewal and termination of the Agreement. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including in the areas of termination and renewal of your franchise. If the Agreement contains a provision that is inconsistent with the Act, the Act will control. A release of 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 limitation period for claims under the Act, right or remedies under the Act, such as a right to a jury trial may not be enforceable.

b. If Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Washington Franchise Investment Protection Act; except when the release is executed under a negotiated settlement after the Agreement is in effect and where the parties are represented by independent counsel. If there are provisions in the Agreement that unreasonably restrict or limit the statute of limitations period for claims brought under the Act, or other rights or remedies under the Act, those provisions may be unenforceable.

c. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of Washington, the requirement may be unenforceable under Washington law. Arbitration involving a franchise purchased in the State of Washington must either be held in the State of Washington or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

d. If the Agreement requires that it be governed by the law of a state other than the State of Washington and there is a conflict between the law and the Washington Franchise Investment Protection Act, the Washington Franchise Investment Protection Act will control.

e. Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

2. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Washington law, with respect to each such provision are met independent of his State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not

met.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ADDENDUM TO THE  
MAPLE BEAR USA, INC.  
FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

The Maple Bear USA, Inc. Franchise Agreement between Maple Bear USA, Inc. (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) dated \_\_\_\_\_ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

WISCONSIN LAW MODIFICATIONS

1. Notwithstanding anything that may be contained in the body of the Franchise Agreement to the contrary, the Agreement is hereby amended to add the following provision:

For all franchises sold in the State of Wisconsin, the Company will provide Franchisee at least 90 days’ prior written notice of termination, cancellation, nonrenewal or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation, nonrenewal or substantial change in competitive circumstances and will provide that Franchisee have 60 days in which to rectify any claimed deficiency. If the deficiency is rectified within 60 days, the notice will be void. These notice requirements shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the franchise, Franchisee will be entitled to written notice of such default and will have not less than 10 days in which to remedy such default from the date of delivery or posting of such notice.

2. Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between the Company and Franchisee inconsistent with the Law.

3. Each provision of this State Addendum shall be effective only to the extent that the jurisdictional requirements of Wisconsin law, with respect to each such provision, are met independent of this State Addendum. This State Addendum shall have no force or effect if such jurisdictional requirements are not met.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

MAPLE BEAR USA, INC.  
a Delaware Corporation

FRANCHISEE:

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT H TO THE DISCLOSURE DOCUMENT

### MAPLE BEAR USA, INC.

#### 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:

<b>State</b>	<b>Effective Date</b>
California	[Pending]
Illinois	[Pending]
Indiana	May 10, 2022
Maryland	[Pending]
Michigan	[Pending]
Minnesota	[Pending]
New York	[Pending]
North Dakota	[Pending]
Rhode Island	June 20, 2022
South Dakota	May 9, 2022
Virginia	[Pending]
Washington	[Pending]
Wisconsin	May 9, 2022

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.

New York Insert

(To be inserted immediately before the Acknowledgment of Receipt)

This Franchise Disclosure Document is amended by the addition of the following sentence:

Franchisor represents that this prospectus does not knowingly omit any material fact or contain any untrue statement of a material fact.

**EXHIBIT I TO THE DISCLOSURE DOCUMENT**

**MAPLE BEAR USA, INC.**

**RECEIPTS**



**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 MAPLE BEAR USA, INC. offers you a franchise, we 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 and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If MAPLE BEAR USA, INC. 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 any applicable state agency (as listed in Exhibit “A” to this disclosure document).

The franchisor is Maple Bear USA, Inc., located at 2451 West Grapevine Mills Circle, Suite #322, Grapevine, TX, USA, 76051. Its telephone number is + 1 877 731 5450 and its e-mail is franchise@maplebear.com.

We authorize the respective state agencies identified on Exhibit “A” to receive service of process for us if we are registered in the particular state.

Issuance Date: April 28, 2023

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
Helen Zhang	1430 Terrace Avenue, North Vancouver, BC V7R 1B4, Canada	778-798-7422

I received a disclosure document dated April 28, 2023 (the state effective dates are listed on Exhibit H). The disclosure document included the following Exhibits:

- A. List of State Administrators/Agents for Service of Process
- B. Franchise Agreement (with Exhibits)
- C. Table of Contents of Confidential Operations Manual
- D. Financial Statements
- E. List of Current Franchisees
- F. List of Former Franchisees
- G. State Specific Addenda and Riders
- H. State Effective Dates
- I. Receipts

Please sign and print your name below, date and return one copy of this receipt to MAPLE BEAR USA, INC. and keep the other for your records.

\_\_\_\_\_  
Date Sign: \_\_\_\_\_

Print: \_\_\_\_\_

\_\_\_\_\_  
Date Sign: \_\_\_\_\_

Print: \_\_\_\_\_

***[Retain this copy for your files.]***

## 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 MAPLE BEAR USA, INC. offers you a franchise, we 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 and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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We authorize the respective state agencies identified on Exhibit "A" to receive service of process for us if we are registered in the particular state.

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- H. State Effective Dates
- I. Receipts

Please sign and print your name below, date and return one copy of this receipt to MAPLE BEAR USA, INC. and keep the other for your records.

\_\_\_\_\_  
Date

Sign: \_\_\_\_\_

Print: \_\_\_\_\_

\_\_\_\_\_  
Date

Sign: \_\_\_\_\_

Print: \_\_\_\_\_

***Return this receipt to us at Maple Bear USA, Inc., 2451 West Grapevine Mills Circle, Suite #322, Grapevine, TX, USA, 76051. Its telephone number is + 1 877 731 5450 and its e-mail is [franchise@maplebear.com](mailto:franchise@maplebear.com).***