



FRANCHISE DISCLOSURE DOCUMENT



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Franchisor:

MindChamps International PreSchool Franchising Inc.
(a Delaware profit corporation)
8 The Green, STE A
Dover, DE 19901 United States
www.mindchamps.org

MindChamps International PreSchool Franchising Inc. offers franchises for the establishment, development, and operation of facilities operating under the MindChamps® mark, which provide premium learning and educational oriented activities, including childcare services, to children from six (6) weeks to five (5) years old (each, a “School”).

The total investment necessary to begin ownership of a MindChamps® franchise ranges from \$726,230 to \$1,183,656. This includes \$203,521 to \$239,521 that must be paid to the franchisor or an affiliate. If you purchase land for and build the School, the total investment necessary to begin ownership of a MindChamps® franchise ranges from \$2,726,230 to \$6,183,656 (this includes \$203,521 to \$239,521 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, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Ben Ang at +1-786 401 0880 or via email at benang@mindchamps.org.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire 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 (“FTC”). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: August 23, 2024.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only MindChamps® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a MindChamps® franchisee?	Item 20 and Exhibit E list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See 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 [F].

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

Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Delaware. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Delaware than in your own state.
2. **Short Operating History** - The Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition** - The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Supplier Control** - You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates or suppliers that the franchisor designates at prices the franchisor, or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

NOTICE TO OFFER FRANCHISE IN THE STATE OF MICHIGAN

Pursuant to the provisions of the Michigan Franchise Investment Law, 1974 PA 269, as amended MCL 445.1501, et seq., MSA 19.854(1) et seq., MindChamps International PreSchool Franchising Inc. provides the following notices and disclosures to potential franchisees in the State of Michigan:

1. THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:
 - i. A prohibition on the right of a franchisee to join an association of franchisees.
 - ii. A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
 - iii. A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
 - iv. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
 - v. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
 - vi. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
 - vii. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualification or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (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 the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- viii. A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- ix. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.
2. AS A NEWLY INCORPORATED ENTITY WITHOUT A FULL YEAR FINANCIAL STATEMENTS, YOU MAY REQUEST THAT WE ARRANGE FOR THE ESCROW OF INITIAL INVESTMENT AND OTHER FUNDS YOU PAID UNTIL OUR OBLIGATIONS, IF ANY, TO PROVIDE REAL ESTATE, IMPROVEMENTS, EQUIPMENT, INVENTORY, TRAINING OR OTHER ITEMS INCLUDED IN THE FRANCHISE OFFERING ARE FULFILLED. AT OUR OPTION, A SURETY BOND MAY BE PROVIDED IN PLACE OF ESCROW.
3. THE FACT THAT THERE IS A NOTICE THAT THIS OFFERING IS ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this Notice should be directed to

**State of Michigan, Department of Attorney General,
Consumer Protection Division,
670 Law Building,
525 West Ottawa Street,
Lansing, Michigan 48913
Telephone number (517) 335-7567**

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ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “we,” “us,” “our,” or “Franchisor” means MindChamps International PreSchool Franchising Inc., the franchisor. “You,” “your,” or “Franchisee” means the corporation, partnership, or limited liability company purchasing a franchise to operate a School (a “**Franchise**”). An “Owner” is a corporation, partnership, trust, or limited liability company (“**Entity**”) or individual (such as a partner, shareholder, trustee, or member) with a direct or indirect legal or beneficial ownership interest in the Franchisee.

Franchisor

We are MindChamps International PreSchool Franchising Inc., a for-profit corporation organized in Delaware on July 21, 2022. Our principal business address is 8 The Green, STE A, Dover, DE 19901, United States. We do business under the names MindChamps® and MindChamps® International PreSchool and do not do business under any other names. We began offering Franchises in the United States in 2022. We do not engage in any other business activities besides offering and selling Franchises and providing related development and operational services to our franchisees. We do not operate any MindChamps® preschool facilities in the United States of America. Exhibit F to this Disclosure Document lists our agents for service of process in the various states.

Parents, Predecessors, and Affiliates

We are 50% owned by MindChamps International PreSchool Inc. (“**MIPI**”), a for-profit corporation organized in Florida on January 21, 2022. MIPI is our largest shareholder.

MIPI’s principal business address is 7901 4th ST N STE 300, St. Petersburg, Florida 33702 United States. MIPI has never offered franchises in this or any other line of business.

MIPI is a direct wholly-owned subsidiary of MindChamps PreSchool Limited, (“**MPL**”), a public limited company incorporated under the laws of the Republic of Singapore in July 2008. MPL’s registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. MPL began offering franchises for MindChamps® preschools in Singapore in 2008 and MindChamps®’ research-based Reading & Writing™ program in 2013. Since that time, it has expanded to Australia, the Philippines, Indonesia, Myanmar, and Malaysia. MPL has not offered franchises in the United States.

MPL is a subsidiary of MindChamps Holdings Pte. Limited (“**MHPL**”) and MHPL is a subsidiary of Champion Minds Pte. Limited (“**CMPL**”). Both MHPL and CMPL are Singapore private limited companies with their registered business address at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. MHPL is the trade mark owner of the Marks. MHPL has granted a license to MPL and MPL has in turn granted us a license to use and to grant to third parties the right to use the Marks, including the right to grant a sub-license to you. Neither MHPL nor CMPL has offered franchises in this or any other line of business.

We are affiliated with the following companies:

- i. MindChamps PreSchool Singapore Pte. Limited (“**MCPS**”), a Singapore private limited company with its registered business address at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. MCPS offers and sells franchises relating to educational services in Singapore since 2008. As of the date of this Disclosure Document, there are 43 franchises in Singapore.

- ii. MindChamps Allied Care Group Pte. Limited (“**MCACG**”), a Singapore private limited company with its registered business address at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. MCACG offers and sells franchises in Singapore relating to specialized healthcare services and allied health and early intervention services since June 2016. As of the date of this Disclosure Document, there are 9 franchises in Singapore.
- iii. MindSpace (Global) Pte. Limited (“**MSG**”), a Singapore limited liability company with its registered business address at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. Since October 2021, MSG offers and sells franchises in Singapore for an integrative after school care programme where primary school-going children will be provided with after school care services and enrichment programs. As of the date of this Disclosure Document, there are 27 franchisees in Singapore.
- iv. MindChamps Australia Corporate Pty. Limited (“**MCAC**”), an Australia proprietary limited company with its registered business address at Suite 36.02, 8 Parramatta Square 10 Darcy Street, Parramatta NSW 2150, Australia. Since December 2016, MCAC offers and sells franchises relating to educational services in Australia. As of the date of this Disclosure Document, there are 33 franchises in Australia.
- v. Actors Centre Australia Pty. Limited (“**ACA**”), an Australia proprietary limited company with its registered business address at 30A/23 Norton Street, Leichhardt, NSW, 2040, Sydney, Australia. ACA offers programs relating to nurturing children through theater and drama programs.
- vi. MindChamps Enrichment Academy Pte. Limited (“**MCEA**”), a Singapore private limited company with its registered business address at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. Since August 2013, MCEA offers and sells franchises in Singapore for, among others, MindChamps®’ research-based Reading & Writing™ program.
- vii. MindChamps Media Pte. Limited (“**MC Media**”), a Singapore private limited company with its registered business address at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594. MC Media’s principal activity is in the production of dramas, variety shows and documentaries including the production of television programs for young children. MC Media has not offered franchises in this or any other line of business and does not conduct any other business activities.

None of our affiliates has offered franchises in this Franchise or any other line of business except as described above.

The MindChamps® Franchise

We offer to qualified candidates MindChamps® Franchise Agreements for the establishment of a School at a single location, which will operate under the “MindChamps®” and “MindChamps® International PreSchool” marks, and certain other trademarks, trade names, service marks, logotypes, and commercial symbols that we may adopt from time to time (collectively, the “**Marks**”). Each School is identified by the marks “MindChamps®” and/or “MindChamps® International PreSchool” and the school location, e.g. “MindChamps International PreSchool @ [town or other location].”

Our current form of Franchise Agreement is attached as Exhibit B to this Disclosure Document (the “**Franchise Agreement**”). The Franchise Agreement must be signed by an Entity. In addition, we require all Owners of such Entity to sign personal guarantees agreeing to guarantee the payment and performance obligations of the Franchisee under the Franchise Agreement.

The Franchise Agreement grants you the right to operate a School under the System and using the Marks, as the System and Marks may be changed from time to time at and from an agreed upon site (“**Accepted Location**”). If, at the time you enter into the Franchise Agreement, you do not have an Accepted Location; you must lease, sublease, or acquire a site to operate the School, subject to our approval. The Franchise Agreement will designate a non-exclusive marketing area (the “**Designated Area**”). Schools typically will be located close to residential homes and certain commercial areas, all of which may be in either urban or suburban areas.

Childcare Industry, Market and its Specific Regulations. The childcare school market has expanded for several reasons, such as the importance of high-quality early childhood education, the benefits of childcare among corporations to keep effective and productive employees, and the increase in the number of working parents.

While the national market has expanded for services offered by childcare schools, local markets can vary from the overall national market. Each location or “market” has different demographics, childcare needs, business opportunities for working parents and competition for our owned and franchised childcare schools.

You and your employees must comply with all applicable childcare licensing statutes and regulations and other laws enacted by your state and local government regarding the protection and transportation of children and the operation of childcare facilities. You must also comply with health and safety regulations that apply to the preparation, serving and storage of food at your School. You will also have to comply with laws and regulations that are applicable to businesses generally (such as workers’ compensation, Occupational Safety and Health Administration, and Americans with Disabilities Act requirements).

General Description of the Market and Competition. We believe that the market for the services provided by the School is established and expanding. Our franchisees compete with day care schools, public and private schools, churches, and corporations which provide day care services and early childhood education.

You may have to compete with other businesses, including franchised operations, national chains and independently owned companies offering daycare/preschool services to children. The market for childcare services is developed in most areas.

Affiliated Franchise Programs. We are affiliated with the following franchise programs (“**Affiliated Programs**”):

- i. MPL is the direct parent company to the franchises of MindChamps® Preschool, MindChamps® Chinese PreSchool, MindChamps® Performing Arts International PreSchool in Singapore and MindChamps® Early Learning and PreSchool in Australia. The principal place of business is at 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594 in Singapore and Suite 36.02, 8 Parramatta Square 10 Darcy Street, Parramatta NSW 2150 in Australia.

- ii. MindChamps® PreSchool franchise is for preschool schools that cater early childhood education services to children aged eighteen (18) months to six (6) years old in Singapore and Malaysia. As of the date of this Disclosure Document, there were a total of 39 MindChamps PreSchools centres in Singapore (including both company-owned and franchisee-owned centres) and two (2) in Malaysia. The MindChamps ® PreSchool franchise is similar to the Franchise offered by us. The MindChamps ® PreSchool franchise in Singapore is currently offered by MCPS. The MindChamps ® PreSchool franchise is currently offered by MPL and/or MPL's master franchisees and/or MPL's licensees in Malaysia. MPL's registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.
- iii. MindChamps ® International PreSchool is for preschool schools that cater early childhood education services to children in the Philippines, Myanmar and Indonesia. As of the date of this Disclosure Document, there were six (6) MindChamps ® International PreSchool centres and franchisees in the Philippines, one (1) in Myanmar and three (3) in Indonesia. The MindChamps ® International PreSchool franchise is similar to the Franchise offered by us. The MindChamps International ® PreSchool franchise is currently offered by MPL and/or MPL's master franchisees and/or MPL's licensees in the Philippines, Myanmar and Indonesia. MPL's registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.
- iv. MindChamps® Early Learning and PreSchool franchise is for early learning and preschools schools catering to children aged six (6) weeks to six (6) years old in Australia. As of the date of this Disclosure Document, there were a total of 22 MindChamps® Early Learning and PreSchools centres in Australia. The MindChamps ® Early Learning and PreSchool franchise is similar to the Franchise offered by us. The MindChamps ® Early Learning and PreSchool franchise in Australia is currently offered by MCAC. MCAC's registered business address is Suite 36.02, 8 Parramatta Square 10 Darcy Street, Parramatta NSW 2150, Australia.
- v. MindChamps® Chinese PreSchool franchise in Singapore nurtures a love for learning the Mandarin Chinese language in children aged eighteen (18) months to six (6) years old in the playgroup, nursery and kindergarten levels. As of the date of this Disclosure Document, there were four (4) MindChamps® Chinese PreSchool centres and franchisees in Singapore. The MindChamps® Chinese PreSchool franchise in Singapore is offered by MCPS. MCPS' registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.
- vi. MindChamps® Performing Arts International PreSchool franchise in Singapore marries the benefits of the MindChamps renowned preschool curriculum with key learning outcomes derived from the performing arts. As of the date of this Disclosure Document, there were three (3) MindChamps® Performing Arts International PreSchools centres in Singapore. The MindChamps® Performing Arts International PreSchool franchise in Singapore is currently offered by MCPS. MCPS' registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.
- vii. MindChamps® Infant Care franchise in Singapore provides full-day and half-day care programmes for infants and toddlers aged two (2) to eighteen (18) months. As of the date of this Disclosure Document, there was one (1) MindChamps® Infant Care school in Singapore. The MindChamps® Infant Care franchise in Singapore is currently offered by MCPS. MCPS' registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.

- viii. MindChamps® Allied Care franchise in Singapore provides healthcare services and allied health and early intervention services. As of the date of this Disclosure Document, there were 11 MindChamps® Allied Care centers in Singapore. The MindChamps® Allied Care franchise in Singapore is currently offered by MCACG. MCACG's registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.
- ix. MindChamps® Reading Program franchise caters to children from three (3) years old. It uses the breakthrough "*Immersive Reading*" approach to nurture reading with "*Active Understanding*". As of the date of this Disclosure Document, there were seven (7) MindChamps® PreSchools offering the MindChamps® Reading Program in Singapore. The MindChamps Reading Program in Singapore is offered as an add-on program to the MindChamps PreSchool franchise. MindChamps® Reading program franchise is currently offered by MCPS in Singapore. MCPS' registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.
- x. MindChamps® Reading and Writing Program franchise is a holistic literacy development program, equipping each child with a comprehensive set of writing tools. As of the date of this Disclosure Document, there were seven (7) MindChamps® centres offering the MindChamps® Reading and Writing Program in Singapore. The MindChamps Reading and Writing Program in Singapore may be offered either as a standalone franchise or offered as an add-on program to the MindChamps PreSchool franchise. MindChamps® Reading and Writing program franchise is currently offered by MCPS in Singapore. MCPS' registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.
- xi. MindSpace franchise is an integrative after school care program (which also provides enrichment programs) catering to children aged seven (7) to eleven (11) years old. As of the date of this Disclosure Document, there were twenty-seven (27) MindSpace centers in Singapore. MindSpace franchise is currently offered by MSG. MSG's registered business address is 6 Raffles Boulevard, #04-100 Marina Square, Singapore 039594.

ITEM 2 BUSINESS EXPERIENCE

Chairman, Chief Executive Officer and Director – David Chiem

Mr. Chiem has been our Chairman and CEO since our inception. He is also the Founder, Executive Chairman & Group CEO of MPL located in Singapore since its inception in 2008.

Chief Financial Officer – Teo Wee Jone

Mr Teo has been our Chief Financial Officer since our inception. He has also held various positions with MPL since January 2008, including the Chief Financial Officer of MPL located in Singapore since January 2008.

Global Chief Brand Officer & Chief Operating Officer – Peh Poh Geok

Ms. Peh has been our Global Chief Brand Officer and Chief Operating Officer since our inception. She has also been employed by MPL located in Singapore since 2008.

Chief Information Officer – Shan Gandhimani

Mr. Shan has been our Chief Information Officer since our inception. He has been the Chief Information Officer of MPL located in Singapore since January 2021. He previously served as Chief Information Officer with RHT Consulting located in Singapore from October 2017 to January 2021.

Chief Business Development Officer, USA – Ben Ang

Mr. Ang has been our Chief Business Officer since our inception. Mr. Ang has been the Chief Business Development Officer of MPL located in Singapore since January 2022. Mr. Ang was previously CEO of Edutex Asia from February 2021 to December 2021, Chief Business Development Officer of Training Vision Institute Pte. Ltd from November 2019 to February 2021, He was Chief Operation Officer of Global Wellness Group, Singapore from May 2018 to November 2019 in Singapore.

Group General Counsel - Yeo Hui Leng

Ms. Yeo has been our Group General Counsel since our inception in Singapore. She has also been the Group General Counsel and Company Secretary of MPL in Singapore since April 2021. Based in Singapore, she previously served as Group General Counsel and Head of Investment and Development of Changhua Holdings from December 2019 to March 2021, General Counsel of Radisson Hotels Group from May 2019 to December 2019.

Deputy Director-General of Education – Joseph Lim

Mr. Lim has overseen our curriculum planning and delivery since our inception. He has also been Deputy Director – General of Education of MPL located in Singapore since February 2018.

Vice Dean, Engagement and Training – Paulene Smith

Ms. Smith has been our Vice Dean, Engagement and Training since our inception. She has held multiple positions with MPL located in Singapore since March 2008, including as Director (Special Projects), Senior Director of Education and Training and Vice Dean of Training and Engagement.

Dean of Research & Program Development - Brian Caswell

Mr. Caswell has been the Dean of Research & Program Development with MPL located in Singapore since 1998.

Note: Unless otherwise stated above, each individual in Item 2 maintains an office at our headquarters in Dover, Delaware or at MPL and/or MHPL in Singapore.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Unless otherwise described below, the following initial fees are uniformly applied and are non-refundable.

(1) Initial Franchise Fee

The initial franchise fee for a MindChamps® franchise (the “**Initial Franchise Fee**”) for a new franchisee for a new School is \$100,000, payable upon execution of the Franchise Agreement.

(2) Site Selection Fee / Site Assessment Fee

You have the option to engage us to source for up to 2 sites suitable for the development of the School based on criteria evaluated by us (the “**Suitable Sites**”) for the School. If you engage us to do so, you must pay us the site selection fee of \$35,000 (the “**Site Selection Fee**”) upon the

execution of the Franchise Agreement.

If you do not engage us to source for up to 2 Suitable Sites for the School, you must pay us a site assessment fee of \$5,000 (the “**Site Assessment Fee**”) for us to inspect the sites proposed by you within the Designated Area. In addition to the Site Assessment Fee, you must reimburse us for the costs and expenses incurred by us in assessing the proposed sites (up to a maximum of \$20,000).

(3) School Set-up Fee

You must pay us the school set-up fee of \$3,000/classroom (the “**School Set-up Fee**”) upon execution of the Franchise Agreement. Our disclosure at Item 7 below on the estimated School Set-up Fee is based on 8 to 10 classrooms. As consideration for the School Set-up Fee, we will provide you reasonable guidance on renovation and School set-up involving classroom look and feel, education resources, furniture and wall decorations display in accordance with our standards which are based upon the expectation of excellence (the “**ChampionGold Standard**”).

(4) Initial Training Fee (for One Owner and One Key Person)

You must pay us an initial training fee of \$30,000 (the “**Initial Training Fee**”) for one (1) Owner and one (1) Key Person, payable upon execution of the Franchise Agreement. The training covers training in the standards, procedures, techniques and methods comprising the System as described in the Manual. We charge a training fee of \$10,000 per additional Owner or Key Person. If we determine that you have not satisfactorily completed any part of the required training, we have the right to delay the opening of the School until training has been completed to our satisfaction.

(5) Teachers Training Fee

It is a requirement for all teachers to undergo the MindChamps®’ training program. We will provide complimentary training for up to ten (10) teachers. Thereafter, you will be charged based on the following for each teacher:

- i. Enrichment Teacher training fee: \$1,000 each
- ii. Classroom Teacher training fee: \$2,500 each
- iii. School Director training fee: \$3,500 each

You must bear all travel, accommodation and food and beverage costs of the trainees, and shall ensure that all the trainees have the requisite visas, permits, passes and/or authorizations during the period of training to attend and participate in training and must pay your own personnel expenses for training. You shall also bear the travel, accommodation and subsistence costs of our training personnel, which shall be capped at US\$3,000.00 per training session.

Enrichment Teacher refers to a teacher who leads in the implementation and delivery of the various MindChamps® enrichment programs. These would include the MindChamps Reading Program, creativity and theatrical strategies. The Enrichment Teacher ensures quality enrichment programming to support the overall learning experiences of the children. This programming will include documenting the children’s learning and development in the enrichment areas and working collaboratively with families through meaningful feedback.

The Classroom Teacher refers to a teacher whose role is to provide quality care to the children under his/her charge as well as lead in the delivery of the MindChamps ® curriculum. This curriculum includes our enquiry approach to teaching and learning, S.M.I.L.E.S methodology, as well as the set up and execution of the MindChamps ® learning zones. The Classroom Teacher drives the core curriculum in the classroom, documents the children’s learning and works collaboratively with families to ensure the best care and learning experiences for the children.

The School Director refers to a person whose role is to provide the overall operational, compliance and curriculum leadership to the School. He/she leads the team of teachers as well as the support staff to provide quality experiences and learning for the children, while working collaboratively with families. The School Director leads the School through various processes and practices including staff meetings, classroom observations, best practice sharing sessions, quality assurance checks and performance appraisals and professional development. The School Director is also in charge of driving student enrolments through tours and ensuring standards of excellence.

(6) Marketing Starter Pack Fee

You must pay us the marketing starter pack fee of \$40,000, which is a one-time fee for the marketing campaign package we provide to you (the “**Marketing Starter Pack Fee**”). The Marketing Starter Pack Fee is payable upon execution of the lease document for the School entered into by you in relation to the lease of the premises to be used to operate the School (the “**Lease**”) as described in Item 11. The Marketing Starter Pack Fee, which will be spent on your behalf, covers all advertising expenses (including the designing and planning of advertising activities) in connection with the advertising of the School prior to the opening of the School.

(7) Document Preparation Fee

You must pay us the document preparation fee of \$3,000 (the “**Document Preparation Fee**”), which is payable upon execution of the Franchise Agreement. The Document Preparation Fee relates to our costs of legal services relating to preparing, negotiating and/or executing the Franchise Agreement.

(8) Email System / Customer Relationship Management System / Student Management System

You must obtain from us the email system, customer relationship management system and student management system. The email system costs US\$6 per staff/account per month, customer relationship management system costs US\$62 per month for one (1) license and the student management system costs US\$325 per month for one (1) license. On the assumption that there will be twenty (20) staff employed by you, for the first three (3) months of operations, you will need to pay \$360 for email system, \$186 for CRM system and \$975 for student management system.

ITEM 6 OTHER FEES

The table below describes fees and payments that are payable to us or our affiliates, or imposed by us on behalf of a third party, relating to the operation of your School. All of the fees listed below are non-refundable and, except as noted below, are uniformly imposed.

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Sales. ¹	Payable monthly on the 14th day of each month for Gross Sales of the preceding month.	For the definition of Gross Sales, see Note 1.
Brand Fund Contribution	Currently 2% of Gross Sales.	Payable in the same manner as the Royalty Fee.	Brand Fund Contribution may be increased by us at any time, but will not be more than a total of 3% of Gross Sales. See Item 11.

Local Advertising Fee	2% of Gross Sales for the preceding month or \$4,000, whichever is greater.	Payable as incurred.	You must spend a minimum of the greater of two percent (2%) of Gross Sales or \$4,000 each month on marketing, advertising and promotional activities in the local area, and all marketing, advertising and promotional activities undertaken by you must comply with guidelines and directions which we may specify from time to time acting reasonably.
Transfer Fee	<p>For any Control Transfer, your transferee must pay the full amount of our then current initial franchise fee to us. You must pay to us the costs incurred by us or anticipated to be incurred by us for the evaluation of the proposed transferee, supervision, administrative costs, overhead, attorneys' fees, accounting and other costs and expenses of ours incurred in connection with the transfer.</p> <p>For a transfer that is not a Control Transfer, you must pay us a Transfer Fee of \$5,000 per each new Owner and reimburse us the costs and expenses incurred by us in conducting background checks on the new Owner(s).</p>	Payable at the time the proposed assignment is completed.	"Control Transfer" occurs when you assign or transfer the rights and obligations granted to you under the Franchise Agreement and/or you and/or the Owners transfer or permit any transfer to occur which results in the grant of power (whether directly or indirectly) to direct, or cause the direction of, management and policies of the Franchisee or the School to any person or entity that did not have that power before that transfer.
Renewal Fee	Fifty percent (50%) of the Initial Franchise Fee (i.e. \$50,000).	Payable upon renewal.	Payable if you enter into a renewal term and if you have satisfied the conditions for renewal.
Email	\$6 per staff/account per month.	Payable quarterly in advance.	See Item 11 for more information.
Customer Relationship Management system	\$62 per month for one (1) licence.	Payable quarterly in advance.	See Item 11 for more information.

Student Management system	\$325 per month for one (1) licence.	Payable quarterly in advance.	See Item 11 for more information.
Finance software	\$45 - \$100 per user per month.	Payable quarterly in advance.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
HRMS	\$4 - \$10 per staff per month.	Payable quarterly in advance.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Cloud Phone system	\$12 - \$20 per phone per month.	Payable quarterly in advance.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Document system	\$7 - \$14 per staff per month.	Payable quarterly in advance.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Phone hardware	\$190 - \$330 per device.	As incurred.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
IT infrastructure	\$18,000 - \$35,000 onetime purchase and set up.	As incurred.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Laptop	\$900 - \$1,400 per device.	As incurred.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Smartboard	\$2,800 - \$4,800 per device.	As incurred.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Door Access – Face recognition device	\$1,200 - \$2,000 per device.	As incurred.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Printer	\$60 - \$135 per month.	Payable quarterly in advance.	You may choose to purchase this from us or our Affiliates. See item 11 for more information.
Late Fee	1.5% per month, plus a 5% late fee on past due amounts.	Payable on demand.	Applies to all payments to be made by you to us.
Annual Business Leaders Conference	Our current rate per attendee. Currently, the fee is \$500 per attendee per conference.	Payable prior to the Annual Business Leaders Conference.	Payable if we conduct the Annual Business Leaders Conference, which may occur up to twice a year. We may require you to attend and may collect the fee, whether or not you actually attend.
Additional Professional Training Fee	A fee that we may set for each additional training program, which	Payable when services are provided.	Payable if you attend the additional professional training program. We may require you to attend and may collect

	will vary from program to program. Our current rate per trainer is \$750 per day.		the fee, whether or not you actually attend.
Educator Training & Development Day	Our current rate per attendee. Currently, the fee is \$50 per attendee per conference.	Payable prior to the Educator Training & Development Day.	Payable if we conduct the Educator Training & Development Day, which may occur up to four times a year. We may require you to attend and may collect the fee, whether or not you actually attend. You will also be responsible for your attendees' costs and expenses to attend.
Remedial Expense	You have to reimburse our costs and expenses incurred and an additional 10% on the actual costs incurred.	As incurred.	Payable when the general state of repair or the appearance of the School or its equipment, fixtures or signs does not meet our standards and you fail or refuse to initiate maintenance within thirty (30) days from our written notice.
Facilities Expansion Fee	\$5,000.	Payable upon approval of your request.	Payable if you wish to expand the size of the School for us to review your request and any supporting documents we request.
Marketing Materials	Our costs plus any licensing fees (up to 20% of our costs), shipping, handling and storage costs.	As incurred.	Payable if you request for multiple copies of the marketing materials. The costs of the Marketing Materials vary from franchisee to franchisee and depends on what a franchisee requires.
Proprietary Products	Full purchase price plus licensing fee (of 20% of our costs) and the actual cost of shipping, handling and storage costs.	As incurred.	Payable when you purchase the Proprietary Products, which include any product, including but not limited to equipment, software, brand positioning collaterals, course materials and education resources and furnishing that: (i) has been produced in accordance with our specifications; (ii) has been packaged or labeled with the Marks; or (iii) in our sole discretion, is an important component of the System. The costs of the Proprietary Products vary from franchisee to franchisee and depends on what a franchisee requires.
Late Reporting Fee	\$100 per day.	Payable following each failure to comply with reporting requirements.	Payable if you fail to timely submit reports as required under the Franchise Agreement.

Late Crisis Notification Fee	\$10,000 for each separate event of failure to notify plus \$500 per day beginning on the second day to cover our costs to assist with managing the late crisis.	As incurred.	Because of the potential damage to the System and goodwill associated with the Franchisor, its affiliates and/or the Marks, if you fail to alert us to a Crisis Situation ² , you must pay the Late Crisis Notification Fee to us.
Audit Fees	<p>\$3,000 once a year, in respect of the Franchisor’s annual audit on the Business for compliance with the Franchisor’s System.</p> <p>\$3,000 once a year, in respect of verifying the accuracy of the accounts, records and/or statements submitted by the Franchisee.</p> <p>In addition, you will pay the costs of the audit incurred by us, including the charges of any independent auditor and our travel, accommodation, time costs and other relevant out-of-pocket expenses, in connection with additional inspections or audits (the “Additional Audit Fees”).</p>	Upon receipt of audit report.	The Additional Audit Fees are payable only if the inspection of audit (1) is required as a result of a prior non-compliance by the Franchisee of the System and/or the Manual (2) is required as a result of you failing to provide records and reports when requested; (3) discloses that you have under or over stated any figures by more than two percent (2%) or that you have been fraudulent or engaged in any illegal or unapproved activity; or (4) shows that you have breached your obligations under any governmental, licensing or labor laws or is conducted further to a notice or investigation by any authority or governmental agency alleging that you are in breach of such obligations during the conduct of the Business.
Indemnification	Amount of losses, damages and/or expenses.	As incurred.	You must indemnify us from and against any and all losses, damages, expenses (including legal costs on a full indemnity basis or costs incurred in relation to settling a dispute under the Franchise Agreement or liabilities (whether criminal or civil) and costs of settlement suffered or incurred by us due to (1) any neglect or default of you or your agents, employees, partners, directors or licensees in connection with the Business; (2) the use of the Intellectual Property by you or your agents, employees, partners, directors or licensees otherwise than in accordance with this Agreement; and (3) any other reason so long as such losses, expenses, damages, fees or costs

			resulted from the operation of the Business by you and was not due to any default of us.
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NOTES

1. **“Gross Sales”** means the total sales of all goods or services whether on or off School premises, including any subsidies received from the government and/or other organizations, prior to any reductions of any kind such as discounts, comps, coupons, voucher credits, trade for product or services but excluding any sales and equivalent taxes actually collected and paid to the appropriate government taxing authority.
2. **“Crisis Situation”** includes (a) any allegation or occurrence of abuse, neglect, or mistreatment of a child; (b) any allegation or discovery that a child has been released to an unauthorized person; (c) any occurrence of a major accident involving any person at the School; (d) any allegation or occurrence of unlawful conduct at the School, by you or any partner, staff member, officer, or Key Person; (e) any allegation or discovery of any hazardous or unlawful substance at the School; (f) any (i) investigations or notice of contravention of laws/regulations by governmental agencies; or (ii) complaints, directed at the School, the Franchisee or any partner, staff member, officer, Key Person of the Franchisee; (g) any outbreak of contagious serious illness at the School; and (h) any allegation or discovery of any breach of computer or camera systems, loss of data, files or personal data.

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
Initial Franchise Fee	\$100,000	\$100,000	Lump Sum	Upon the execution of the Franchise Agreement	Us
Site Selection Fee or Site Assessment Fee ³	\$5,000	\$35,000	Lump Sum	Upon the execution of the Franchise Agreement.	Us
School Set-up Fee	\$24,000	\$30,000	Lump Sum	Upon the execution of the Franchise Agreement.	Us
Initial Training Fee ⁴	\$30,000	\$30,000	Lump Sum	Upon the execution of the Franchise Agreement.	Us
Marketing Starter Pack Fee ⁵	\$40,000	\$40,000	Lump Sum	Upon the execution of the Lease.	Us
Document Preparation Fee ⁶	\$3,000	\$3,000	Lump Sum	Upon the execution of the Franchise Agreement.	Us
Security Deposit for Lease ⁷	\$15,000	\$100,000	Lump Sum	As required by the landlord, typically upon execution of the lease.	Landlord
Pre-paid rent for up to 3 months ⁸	\$0	\$90,000	Lump Sum	As required by the landlord, typically upon execution of the lease.	Landlord
School resources and equipment ⁹	\$240,000	\$300,000	As Incurred	As Incurred	Us or approved

					suppliers
Marketing Materials	\$15,000	\$20,000	As Incurred	As Incurred	Us or approved suppliers
Additional site work costs (for build-to-suit schools) ¹⁰	\$30,000	\$100,000	As Incurred	As Incurred	Third parties
Email system ¹¹	\$360	\$360	Quarterly in advance	Quarterly in advance	Us
Customer Relationship Management system ¹¹	\$186	\$186	As Incurred	As Incurred	Us
Student Management system ¹¹	\$975	\$975	As Incurred	As Incurred	Us
Finance software ¹¹	\$135	\$600	As Incurred	As Incurred	Us or approved suppliers
HRMS ¹¹	\$240	\$600	As Incurred	As Incurred	Us or approved suppliers
Cloud Phone system ¹¹	\$324	\$660	As Incurred	As Incurred	Us or approved suppliers
Document system ¹¹	\$420	\$840	As Incurred	As Incurred	Us or approved suppliers
Phone hardware ¹¹	\$1,710	\$3,630	As Incurred	As Incurred	Us or approved suppliers
IT infrastructure ¹¹	\$18,000	\$35,000	As Incurred	As Incurred	Us or approved suppliers
Laptop ¹¹	\$8,100	\$15,400	As Incurred	As Incurred	Us or approved suppliers
Smartboard ¹¹	\$22,400	\$48,000	As Incurred	As Incurred	Us or approved suppliers
Door recognition device ¹¹	\$1,200	\$4,000	As Incurred	As Incurred	Us or approved suppliers
Printer ¹¹	\$180	\$405	As Incurred	As Incurred	Us or approved suppliers
Miscellaneous Opening Expenses ¹²	\$70,000	\$100,000	As Incurred	As Incurred	Third parties
Additional Funds – 3 months ¹³	\$100,000	\$125,000	As Incurred	As Incurred	Third parties
Land and Development costs (optional) ¹⁴	Optional – please refer to note 14	Optional – please refer to	Lump sum	As Incurred	Third parties

		note 14			
TOTAL	\$726,230	\$1,183,656			

NOTES

1. Explanation of Estimates. The chart above describes the estimated initial investment for a School operated under a build-to-suit lease. We prepared these estimates based on the experience and data collected from the operating expenses of MPL and our affiliate's franchisees and from the operation of MindChamps preschools in Singapore, Australia and other countries.
2. Except as expressly indicated otherwise, these estimates are intended to estimate your required initial cash investment up to the opening date of your School and potential working capital needs for the first three (3) months of operations thereafter.
3. Site Selection / Site Assessment Fee. You have the option to engage us to source for up to 2 Suitable Sites for the School. If you engage us to do so, you must pay us the site selection fee of \$35,000 upon the execution of the Franchise Agreement. If you do not engage us to source for up to 2 Suitable Sites for the School, you must pay us a site assessment fee of \$5,000 for us to inspect the sites proposed by you within the Designated Area. In addition to the Site Assessment Fee, you must reimburse us for the costs and expenses incurred by us in assessing the proposed sites (up to a maximum of \$20,000). You will pay either the Site Selection Fee or the Site Assessment Fee, but not both. We have included both fees in the estimated range as we cannot anticipate which option you will choose.
4. Initial Training Fee. We charge a training fee of \$30,000 for initial opening training and orientation for one (1) Owner and one (1) Key Person. If more than 2 persons attend the initial training, you may be charged a fee of \$10,000 per additional person. The fees for additional attendees at initial training are non-refundable and imposed uniformly on all franchisees. We provide complimentary training for up to ten (10) teachers. Thereafter, we charge a training fee of up to \$3,500 per attendee as listed in Item 5 ("Teachers Training Fee"). You are responsible for all costs for travel, accommodations, meals, and other expenses (including salaries) for your attendees. If the training occurs at a location requested by you, 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.
5. Launch Marketing. You must spend a minimum of \$40,000 for grand opening advertising, including advertising and promotional activities that you will conduct prior to operating your School, which may vary depending on the conditions within your market. This includes, but is not limited to, advertising, public relations, direct mail, digital and other media, marketing materials, promotional items, initial printing of stationary or business cards, enrollment materials, installation of bus graphics, and other grand opening expenses. We may require you to deposit up to the full \$40,000 for grand opening advertising with us at a specified time prior to the Opening Date, and we will spend such money on pre-opening marketing on your behalf. We must approve any marketing materials before they are used.
6. Document Preparation Fee. You must pay us a fee of \$3,000 as our costs for preparing the franchise documents including the franchise agreement.
7. Security Deposit for Lease. Your landlord may require you to pay a security deposit for your lease. We estimate that the amount of the security deposit may range between \$15,000 and

\$100,000, but the amount could be higher depending on your market, the cost of your rent, and the arrangement that you negotiate with your landlord. The deposit may or may not be refundable, depending on the arrangement that you negotiate with your landlord.

8. Pre-paid rent for up to 3 months. In some instances, a landlord may require the tenant to prepay rent, either before or after the lease commencement date. If no pre-paid rent is required by the landlord, your costs will be \$0.
9. School resources and equipment. You may spend approximately \$30,000 per classroom for furniture and equipment including teaching resources, whiteboards, boards for zone display, zone labels, acrylic boards, outdoor teaching and playing resources. The costs of School Resources and Equipment will vary and are subject to change. The low and high estimates represent the costs that may be incurred to set up eight (8) and ten (10) classrooms respectively.
10. Additional site work costs (for build-to-suit schools). Typically, most of the schools are developed on a build-to-suit basis due to the need to consider the various requirements and regulations set by governmental agencies, state and local ordinances, and childcare licensing and/or education licensing authorities. The costs vary depending on factors such as the size, condition and location of the school, cost of labour and raw materials. If you choose a build-to-suit basis, the build-out costs will usually be paid by the franchisee through either of the following methods: (1) the build-out costs will be calculated into, and amortized over, the initial term of the lease as your rent, or (2) the franchisee will pay the amount in a lump sum to the developer or landlord. If additional fit-out or build-out is required which is not part of the build-out undertaken by the developer/landlord (e.g. painting and decorating the premises to meet the corporate image of the franchisor), your estimated costs will be approximately \$30,000 - \$100,000 depending on the fit-out requirements.
11. We describe the computer system and the various IT services and software program requirements in more detail in Item 11. The low and high estimates represent the costs that may be incurred for a School with eight (8) to ten (10) classrooms and twenty (20) staff for the first three (3) months of operations.
12. Miscellaneous Opening Expenses. You may spend up to \$100,000 for miscellaneous expenses before you open the School. The miscellaneous opening expenses are our best estimates of costs for various items including deposits utilities, insurance, licenses/permits, professional services, pre-opening payroll, kitchen and office furniture, janitorial, kitchen and general supplies, uniforms, shipping and storage charges, legal fees for document review and the formation of an Entity, and any incidental costs prior to the opening of the School.
13. Additional Funds. We recommend that you have additional funds available to cover rent for the School and operating expenses, including employee's salaries, for the first 3 months that the School is open. The amount of necessary reserves for additional funds will vary greatly from franchisee to franchisee and will depend upon many factors, including the rate of growth and success of your School, which in turn will depend upon factors such as public awareness of your Franchise, your ability to operate efficiently and in conformance with our recommended methods of doing business, and competition. Because the exact amount of reserves will vary from business to business, you should retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for the Franchise. These estimates are for a typical new School with a building size ranging from 8,000 square feet to 10,000 square feet.

14. Land and Development Costs. We do not require you to purchase land and build the facility for your School. The above estimates are based on the assumption that you lease the facility for the School on a build-to-suit basis. If you decide to purchase land and build the facility, we estimate the costs range between approximately \$2,726,230 million to \$6,183,656 million, but these cost estimates are highly dependent on the geographic area and size in which you choose to purchase and build. If you or an entity you control owned the School premises or acquired the School premises during the term of the Franchise Agreement, you (or your affiliated entity) must sign an option to lease agreement and right of first refusal in the form we require. The entity that owns the School premises must be a separate entity from the entity that is the franchisee under the Franchise Agreement. The Lease must be approved by us and contain a provision, in a form acceptable to us, giving us the option to obtain an assignment or transfer of the Lease in the event that you should for whatever reason decide that you want to terminate the Lease or should the Franchise Agreement be terminated.
15. All tables: Any amounts paid to us or our affiliates are typically not refundable. Amounts paid to a third party may or may not be refundable, depending on the contracts between you and third party.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

General

To ensure that the highest degree of quality and service is maintained, you must operate the School in compliance with your Franchise Agreement and in conformity with the methods, standards, and specifications as we may periodically prescribe in the Manual or otherwise in writing. You must not deviate from our standards and specifications, unless you have received our prior written consent.

Except as specified below, you are not required to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the School from us, our designees, or suppliers we approve, or under our specifications.

As part of the MindChamps program, we source or prepare the Proprietary Products. The fees that you must pay for the Proprietary Products are set out in Items 6 and 7 above. You must ensure that the School is always equipped and replenished with the quantity of Proprietary Products as reasonably required by us. You shall purchase the Proprietary Products only from us or suppliers approved by us. The sale of Proprietary Products by us is subject to our terms and conditions.

At your expense, you must procure from us, our Affiliates or suppliers approved by us, IT services, hardware and enrollment and other software programs approved by us at our discretion. You agree to procure enrollment and other software programs and services from us, our Affiliates or suppliers approved by us and pay the fees as set out in Item 6 of this Disclosure Document for these programs and services. We may modify the fees and it will increase each year by approximately 5%. We describe these IT services and enrollment and other software program maintenance services in more detail in Item 11.

To the extent that we establish specifications, require approval of alternative suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Manual or otherwise in writing. We can unilaterally change specifications and standards for particular products or services or for particular suppliers. These changes or additions may affect your obligations and may require additional capital investment or expenditures.

We apply the following general criteria in deciding whether to approve a supplier: (i) ability to make the product to our quality and safety specifications; (ii) production and delivery capability; (iii) integrity of the supplier; and (iv) financial condition of the supplier.

If our approval of the supplier or service provider is required, you must submit your request for approval in writing to us. You may not purchase any goods or services from any proposed new supplier or service provider before you receive our approval in writing. We do not charge any fees to secure our approval. We will notify you in writing whether we approve the proposed new supplier or service provider within a reasonable time (generally within 30 days of completion of our review). Our approval of the proposed new supplier or service approval is solely at our discretion. We may revoke our approval of the supplier or service provider if they no longer meet our approval criteria.

We estimate that 95% of your purchases and leases in establishing the School and approximately 95% of your total purchases and leases in operating the Business will be subject to the restrictions described above.

In the year ending December 31, 2023, we did not derive any revenue from the sale of any required purchases or leases by franchisees. Neither we nor our other affiliates derived any other revenue from required purchases or leases.

None of our officers own an interest in any supplier with whom you are required or recommended to do business.

Neither us nor our affiliates receive rebates or other financial benefits from a supplier of goods or services to you. There are no purchasing or distribution cooperatives. We do not provide any material benefits to you based on your purchase of particular products or services or use of particular suppliers. Although we do not currently do so, we may, at our option, negotiate certain purchase and pricing arrangements with suppliers for the benefit of us and/or our franchisees.

Insurance

You must at your own expense purchase and maintain the types and amounts of insurance that we require from an insurance company that we accept from a carrier rated A+ by AM Best. We require you to purchase the following types of insurance coverage in the amounts described below:

1. Liability. A commercial general liability policy in the amount of not less than \$3,000,000 aggregate and \$1,000,000 per occurrence, including operations, products and completed operations, broad form contractual liability, personal injury, public liability and advertising liability.
2. Sexual Abuse & Molestation liability. A sexual abuse and molestation liability coverage for not less than \$1,000,000 per occurrence and \$3,000,000 aggregate.
3. Statutory Workers' Compensation/Employer's Liability Insurance. Statutory workers' compensation insurance and employer's liability insurance, as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the School is located, in amounts prescribed by law. You must have and maintain this insurance for all of your employees prior to any employee commencing any training with us.
4. Commercial Umbrella Liability Insurance. Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages to not less than \$10,000,000 per occurrence and \$10,000,000 in aggregate.
5. Cyber Liability Insurance. Cyber liability insurance in an amount not less than \$1,000,000 in the aggregate and with such minimum coverages and sublimits as we may require.
6. Professional Liability Insurance. Professional liability insurance in the amount of not less than \$1,000,000 per occurrence and \$3,000,000 aggregate.

7. Other Insurance. Any other insurance coverage that is required by federal, state, or municipal law.

All insurance policies must contain such types and minimum amounts of coverage, exclusions and maximum deductibles as we require from time to time, name us and our Affiliates as additional insureds, contain a standard separation of insureds provision, include a waiver of subrogation provision or endorsement in favor of us and our Affiliates, provide that coverage for us and our Affiliates will be primary to and not contributory to any policies carried by us or our Affiliates, provide for thirty (30) days prior written notice to us of any material modification, cancellation, or expiration of such policy, and include such other provisions as we may require.

You must submit a copy of the policies and other reports, records, and information as reasonably required by us from time to time. We may modify the required insurance at any time.

Lease

The form of any lease for your School, or any renewal of your lease, must be approved in writing by us. You may not begin to construct the School or operate the Business unless we have approved the Lease in writing. For the avoidance of doubt, we make no representations or warranties with respect to the terms of the lease and the suitability or potential of the location we approve. You will ensure that the lease contains a provision, in a form acceptable to us, giving us the option to obtain an assignment or transfer of the lease in the event that you should for whatever reason decide that you want to terminate the lease or should the Franchise Agreement be terminated.

Designers and Contractors

You may only engage designated designers and contractors that we have approved in writing. You must bear all the costs of such designers and contractors. You cannot modify the layout or design or equipment for the School without prior written consent.

Site Sourcing / Site Assessment

Under the Franchise Agreement, we and/or our affiliates may provide certain real estate selection and advisory services. You must pay us the applicable Site Selection or Site Assessment Fee as set out in Item 6 for these services.

Accountant

You must use, at your expense, an independent certified public accountant approved by us.

ITEM 9 FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the Franchise Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document. All section references are to the Franchise Agreement unless otherwise indicated.

FRANCHISEE’S OBLIGATIONS

	Obligation	Section(s) in Franchise Agreement	Item(s) in Disclosure Document
a.	Site selection and acquisition/lease	Sections 2(B), 2(D), 10(A)/(B), 11.1, 11.7	7, 11
b.	Pre-opening purchases/leases	Sections 2(B), 2(D), 8, 11.1, 11.2, 11.7	7, 8 and 11

c.	Site development and other pre-opening requirements	Sections 2(B), 2(D), 8, 11.1, 11.2, 11.3, 11.7.	5, 6, 7, 8 and 11
d.	Initial and ongoing training	Sections 9, 11.2, 11.3, 11.13	7 and 11
e.	Opening	Section 14	7 and 11
f.	Fees	Sections 5, 6, 8, 9, 11.1, 11.13, 14, 26	5, 6 and 7
g.	Compliance with standards and policies/ Operating Manuals	Sections 7, 11.6	8 and 11
h.	Trademarks and proprietary information	Section 21	13 and 14
i.	Restrictions on products/ services offered	Section 11.5	16
j.	Warranty and customer service requirements	Sections 11.6, 11.9, 11.10	8
k.	Territorial development and sales quotas	Section 11.4	Not applicable
l.	Ongoing product/service purchases	Sections 8, 14, 16	8
m.	Maintenance, appearance and remodeling requirements	Section 11.7	11
n.	Insurance	Section 16	6, 7 & 8
o.	Advertising	Section 14	5, 6, 7 and 11
p.	Indemnification	Section 11.3, 22, 27, 31	6
q.	Franchisee's participation/ management/ staffing	Section 11.3, 11.13	11 & 15
r.	Records and reports	Section 11.5, 13, 14(B)	11
s.	Inspections and audits	Section 11.9, 12, 13	6
t.	Transfer	Section 26	6 and 17
u.	Renewal	Section 4	6, 11 and 17
v.	Post-termination obligations	Section 29	17
w.	Non-competition covenants	Section 24	17
x.	Dispute resolution	Section 30	17

Generally, all individuals owning a direct or indirect interest in you must execute a guarantee covering all of your obligations under the Franchise Agreement.

ITEM 10 FINANCING

Neither we nor any of our affiliates offer, directly or indirectly, any financing arrangements to our franchisees. We do not guarantee your notes, leases 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 your Business, we or our designee will provide the following assistance:

1. We will provide pre-opening training in the MindChamps System, including standards, methods, procedures and techniques, at the times and places we designate for our training programs, together with any additional training and assistance we determine necessary in connection with the opening of your School, including assistance by our personnel. (Franchise Agreement, Section 9), A description of that training appears later in this Item 11.
2. We will present you with up to two Suitable Sites for the location of the School (if you elect to engage us to source for a suitable site for the School) or we will evaluate sites proposed by you within the Designated Area to determine if the site is suitable for the development of the School based on criteria we determine appropriate (if you do not engage us to source for a suitable site for the School). (Franchise Agreement, Section 10(A) and (B)).
3. We will provide you with advertising assistance, sales advice, or related materials as we deem advisable and as we may develop from time to time under the Marketing Starter Pack. (Franchise Agreement, Section 14).
4. We will provide you with reasonable guidance on (i) construction/development to meet the interior and exterior look of the premises of the School as determined by us in accordance with the System; (ii) School set-up involving classroom look and feel, education resources, furniture and wall decorations display in accordance with the System; and (iii) administrative and operations set-up in accordance with the System. (Franchise Agreement, Section 10(C)).
5. We will provide you access to our Manual, which we may revise from time to time. (Franchise Agreement, Section 7).
6. We will source the Proprietary Products ordered by you or source substitute Proprietary Products if all or part of any original order is not available. (Franchise Agreement, Section 8(C)).

Post-opening Obligations

During the operation of the Business, we will provide the following assistance:

1. Provide reasonable guidance on matters relevant to the operation of the School (Franchise Agreement, Section 10(D)(1));
2. Provide reasonable guidance to you in procuring and sourcing suppliers for the Education Resources and Furnishing as may be reasonably required by you to operate the School (Franchise Agreement, Section 10(D)(1));
3. Provide to you advice, know-how and guidance relating to the management, operation of the School, including business development and marketing (in relation to promotional materials only) of the School, and any other matters relating to the System from time to time arising with a view to assisting and enabling you to operate the School (Franchise Agreement, Section 10(D)(1));
4. Make available to you for your use any improvements in the System during the term of the Franchise Agreement (Franchise Agreement, Section 10(D)(1));
5. Update the Course Materials, Programs and Pedagogical Methods from time to time (Franchise Agreement, Section 10(D)(1));

6. At your cost, to review your performance at the School, rendering of assistance and introduction of new Programs, curricula, materials or Pedagogical Methods at a time and location we determine (Franchise Agreement, Section 10(D)(1); and
7. We will provide you with reasonable guidance on the staffing level to be maintained at the School (Franchise Agreement, Section 9).

Location, Selection and Opening; Site Sourcing

You must either engage us to source a suitable site for the School for you or engage us to evaluate and assess sites proposed by you within the Designated Area. If you engage us to source a suitable site for the School for you, the Site Selection Fee will be payable by you to us. If you engage us to inspect and assess suitable sites proposed by you within the Designated Area, the Site Assessment Fee will be payable by you to us.

Upon payment of the Site Selection Fee by you, we will source for a suitable site for the School which is accepted by you or we will source up to 2 suitable sites for the School. The factors that we consider in selecting or approving a suitable site include the location and neighborhood, population, competitive schools in the area and lease terms.

If you fail to secure or maintain a lease for the School within twelve (12) months from the date of the franchise agreement (provided that, if you have engaged us to source a suitable site for the School and have paid the Site Selection Fee, you have been presented with at least 2 Suitable Sites), we may give you a notice in writing of the breach and if you fail to remedy the breach in the time frame and in the manner specified in the notice of breach, we are entitled to terminate the franchise agreement without refund of the Initial Franchise Fee paid by you.

In consideration of the School Set-up Fee paid by you, we will also provide pre-opening services which include providing reasonable guidance on renovation for the interior and exterior look of the School, School set-up involving classroom look and feel, education resources, furniture and wall decorations display in accordance with the ChampionGold Standard and administrative and operations set-up. In general, when we source for a suitable site for the School for you, we do not own the premises and will not be leasing the premises to you.

Upon payment of the Site Assessment Fee by you, we will inspect sites proposed by you within the Designated Area, subject to your submission of a description of the location, in the form that we require, and any other information or materials as we may reasonably require.

We do not provide any assistance or advice in conforming the premises to local ordinances and building codes and obtaining any required permits.

We do not provide you with any assistance in hiring employees. Our training program is described later in this Item.

Subject to applicable law, we will recommend pricing for the sale or supply of goods and services in your Business. We also reserve the right to set maximum prices and recommended prices for the sale or supply of goods and services in your Business subject to applicable law.

The typical length of time between the signing of your Franchise Agreement to the commencement of School operations is 20 to 36 months. Factors affecting this length of time may include: selecting and securing a Suitable Site, construction and build-out of the School, training your personnel, contract negotiations, leasing and financing arrangements, meeting local zoning or other

ordinances or community requirements, delivery of equipment and signs, and similar factors. The Franchise Agreement requires that you secure the Lease within 12 months after the date you sign the Franchise Agreement and open the franchised Business within 24 months after the date you sign the Franchise Agreement. You must obtain our approval prior to opening the School. Your failure to open will constitute an event of default under the Franchise Agreement, for which we may terminate your Franchise.

Initial Opening Marketing

You must pay \$40,000 to us as the marketing campaign package fee for the purposes of promoting the opening of the Business (the “**Marketing Starter Pack Fee**”) with full payment made to us upon the signing of the lease for your School. We will use the Marketing Starter Pack Fee to conduct initial advertising for your School as described in Item 7 above. We will determine how it is spent for marketing, advertising and promotional activities including materials, channels and budget for the grand opening of your School.

Local Advertising

You must market, advertise and promote the Business at all times including for the launch of the School. You shall spend a minimum of the greater of two percent (2%) of gross sales or \$4,000 each month on such marketing, advertising and promotional activities in the Designated Area.

All of your local advertising must be conducted in the media, type, and format that we have approved, must be conducted in a dignified manner, and must conform to our standards and requirements. You must comply with all of our written instructions, policies, procedures, and restrictions regarding advertising and marketing within the Designated Area and outside of the Designated Area, and in areas that may be territories assigned to other franchisees. You may not use any marketing or promotional plans that we have not approved in writing. You must submit to us samples of all proposed plans and materials before you use the materials. If we have not approved the materials within 30 days of our receipt, then the marketing and promotional materials will be deemed disapproved. All advertising and promotional materials developed by or on your behalf, and any copyrights thereto, will be our sole property, and you must execute such documents (and, if necessary, require your independent contractors to execute such documents) as we may deem reasonably necessary memorialize our ownership of these materials. In the event that we reasonably object to any marketing, advertising or promotional activity undertaken or proposed to be undertaken by you, you shall immediately cease or refrain from taking out such marketing activity.

As used in the Franchise Agreement, the term “local advertising” refers to only the direct costs of purchasing and producing marketing materials (such as camera-ready advertising and point of sale materials), media (space or time), and your direct out of pocket expenses related to costs of advertising and sales promotion in your local area.

If requested by us, annually you must prepare and submit a plan of all marketing, advertising and promotional activities planned for the upcoming calendar quarter to us by the end of April for Q1, July for Q2, October for Q3 and January for Q4 (Q1: Jul-Sep, Q2: Oct-Dec, Q3: Jan-Mar, Q4: Apr-Jun). You must also submit to us a report on all marketing, advertising and promotional activities conducted on your own initiative or at the request of us, every calendar quarter. Such reports must be submitted within five (5) working days after the end of each calendar quarter covering the activities undertaken in that quarter and must be accompanied by copies of the marketing, advertising and promotional materials used.

All marketing, advertising and promotional activities undertaken by you on your own accord that require our participation of any kind are subject to payment by you to us, on terms that shall be mutually agreed prior to the commencement of such marketing, advertising and promotional activities.

Advertising Council

We do not have an advertising council for franchisees.

Advertising Cooperative

We do not currently have an advertising cooperative and do not require our franchisees to participate in them.

National Brand Fund

We have established a Brand Fund which all franchisees are required to contribute to. You must contribute monthly to the Brand Fund. All franchisees must contribute to the Brand Fund at the same rate, which is currently 2% of Gross Sales. The required Brand Fund contribution may be increased to up to 3% of your Gross Sales upon 90 days' prior written notice to you. We do not currently have any Schools operated by us, but if we establish Schools, MindChamps will contribute to the Brand Fund to which all franchisees are required to contribute to the Brand Fund on the same basis.

The Brand Fund will be used to meet any and all costs of brand/consumer research, and conducting, carrying out, preparing, maintaining, administering and directing advertising, including, but not limited to, preparing and conducting advertising campaigns whether digital or social media, on the internet, television, radio and traditional print advertising and other public relations activities; creating promotional and marketing materials for the Business; and other activities which purpose are to directly or indirectly promote the brand, franchisees, and/or increase enrollment.

The Brand Fund is administered by us, although we may engage third parties to assist us in doing so. Accounting and bookkeeping are separate from that of MindChamps and the account is designated for the Brand Fund. We are not obligated to spend money on advertising in your Designated Area. Any amounts received by the Brand Fund and not spent by the program during a year will be retained by the Brand Fund for use in subsequent years. We do not plan to spend funds received for the Brand Fund for advertising that is primarily a solicitation for the sale of franchises.

MindChamps will provide unaudited financials regarding expenditures of the Brand Fund which will be provided no more often than on an annual basis.

In the fiscal year ending December 31, 2023, the Brand Fund had \$0 expenditures.

Computer System

Our computer system consists of the following items:

S/n	Item	Details
1	Email system	Email Subscription
2	Customer Relationship Management system	Leads Tracking, Customer Journey, Managed mass email, Campaign, Activity Capture

3	Student Management system	Registration, Enrolment, Invoice, Receipt, Portfolio, Temperature taking & Attendance, Report Card, Parents App
4	Finance	AR, AP, GL, Bank, Fixed Assets, Inventory
5	HRMS	Recruitment, Employee Profile, Leave, Appraisal, Payroll
6	Cloud Phone system	Cloud PABX with caller ID, call hold, Call transfer, Voice mail
7	Document system	Microsoft Office Applications (Word, PowerPoint, Excel and Outlook)
8	Phone hardware	Phone Hardware
9	IT Infrastructure	Network Switch, Wifi access point, CCTV, Firewall
10	Laptop	Laptop - 14", Windows Pro, i7 processor, 16GB RAM
11	Smartboard	Smartboard TV Panel 65"
12	Door Access – Face	Face Recognition device
13	Printer	MFC printer

(collectively, the “**Computer System**”).

Items 1 – 3 must be purchased from us or our Affiliates. The fees for the email system set out in item 7 of this Disclosure Document are estimated on the basis that there will be up to 20 staff hired for your School. If more than 20 staff are needed for your School, the fees will increase. Internet service is not included in the fee and you must obtain it separately. You must procure Items 1 – 3 from us throughout the term of the Franchise Agreement.

Items 4 – 13 may be purchased either from us, our Affiliates or from third-party suppliers, subject to adherence to specifications and guidelines as provided by us. If you purchase items 4 – 13 from us or our Affiliates, you must pay the fees as set out in item 6 of this Disclosure Document.

If you obtain the Computer System from us and/or our Affiliates, the costs are as follows:

Item	Cost	Payment due date
Email	\$6 per staff/account per month.	Payable quarterly in advance.
Customer Relationship Management system	\$62 per month for one (1) licence.	Payable quarterly in advance.
Student Management system	\$325 per month for one (1) licence.	Payable quarterly in advance.
Finance software	\$45 - \$100 per user per month.	Payable quarterly in advance.
HRMS	\$4 - \$10 per staff per month.	Payable quarterly in advance.
Cloud Phone system	\$12 - \$20 per phone per month.	Payable quarterly in advance.

Document system	\$7 - \$14 per staff per month.	Payable quarterly in advance.
Phone hardware	\$190 - \$330 per device.	As incurred.
IT infrastructure	\$18,000 - \$35,000 onetime purchase and set up.	As incurred.
Laptop	\$900 - \$1,400 per device.	As incurred.
Smartboard	\$2,800 - \$4,800 per device.	As incurred.
Door Access – Face recognition device	\$1,200 - \$2,000 per device.	As incurred.
Printer	\$60 - \$135 per month.	Payable quarterly in advance.

You must grant us full administrator access to the Computer System, including the right to preset any applications necessary for the operation of the School and full rights to change the configuration of the Computer System. You will grant unrestricted remote access to the Computer System to us subject to applicable local laws and regulations. Any changes to the Computer System must be approved by us in writing. You may use the Computer System only for the School.

If you purchase the Computer System from us, we will provide remote monitoring, troubleshooting and maintenance of the Computer System for you. Any IT support provided by us will be done remotely and no on-site support will be provided.

We may periodically require you to update or upgrade the Computer System. We will advise you in writing of any required upgrades.

We estimate that the costs incurred by you for any optional or required maintenance updating, upgrading or support contracts for the computer hardware systems will be approximately \$800 - \$1,200 a month, but this may vary from year to year.

The contractual limits on required upgrades are described below.

Remodeling and Upgrades

In addition to your obligation to maintain the School, you must also undertake all periodic and ongoing remodeling, renovation and upgrading as we require in the Manual or otherwise in writing. For example, you must make, from time to time, the upgrades and other changes to the Computer System and related equipment as we may request in writing. We have the right to require any equipment upgrades we deem necessary for your School. Other than as stated in this paragraph there are no other limitations on our ability to require you to remodel and upgrade the School or the equipment.

Manual

Attached as **Exhibit D** to the Disclosure Document is the table of contents for the Manual as of the date of this Disclosure Document. The Manual currently includes approximately 4,820 pages.

Training

Your Key Person and one (1) Owner must complete our initial training program to our satisfaction. The Initial Training Fee covers the costs for your Key Person and one (1) Owner to attend initial training. We may permit additional individuals to attend initial training, at our option, but may charge a fee for those additional attendees to attend initial training.

The following table identifies the topics covered in the initial training:

TRAINING PROGRAM

Subject	Hours of Classroom/ eLearning/ Remote Learning	Hours of On-the-Job Training	Location
MindChamps Way	40	0	Online
Specialization Programme: Core (English)	46	0	Online
Specialization Programme: Enrichment (English)	28	0	Online
MindChamps Reading and Writing	41	0	Online
MindChamps Onboarding	3	0	Online
TOTAL	158	0	

The Initial Training Fee is \$30,000 for one (1) Owner and one (1) Key Person, payable upon execution of the Franchise Agreement. We charge a training fee of \$10,000 per additional Owner or Key Person. Please see Item 5 for more details.

During the Term of the Franchise Agreement, you will be required to attend the following training events:

<u>Additional Training Events</u>			
Quarterly Community of Practice (4 x annually)	6	0	Online
Annual Global Teachers Development and Training Day (Mar)	8	0	Online
Annual Global Teachers Development and Training Day (Sep)	8	0	Online
School-based Teachers Development and Training Day	8	0	Online
TOTAL	30	0	

Initial training is offered 4 times per year and is held online. The additional training events described in this Disclosure Document are offered at least 4 times per year and are also held online. Please refer to the fees for Educator Training & Development Day in Item 6 for more details of the fees payable by you. Every educator must attend the Additional Training Events.

Your Owner and Key Person must attend the initial training no later than 12 months after signing

the Franchise Agreement. Any replacement Owner or Key Person must complete training to our satisfaction. Your Owner and Key Person must attend our additional training events and may be required to pay the fees. Please refer to Items 6 and 7 for more details.

Our training programs are overseen by our Vice-Dean of Training and Engagement Paulene Smith (13 years as a trainer with MPL). She is supported by King Yong, Director, Champion Mindset Academy (9 years as a trainer with MPL). Collectively, the team holds 15 – 20 years of professional experience in the space of preschool education, leadership, curriculum design and pedagogy. The training materials include our Manual and other written materials that will be provided. You are solely responsible for all travel, meals, lodging, and payroll expenses associated with sending attendees to our training programs.

Convention and Additional Programs

You, your Owners, officers or employees we designate must attend a biannual business leaders conference (“**Annual Business Leaders Conference**”) and such other conferences, educator training and development day, franchisee meetings, or other seminars, workshops, or events (the “**Additional Programs**”) we designate. We may require you to pay a registration fee to attend the Additional Programs. Our current fee per attendee per conference is \$500. You will also be responsible for your and your additional attendees’ costs and expenses to attend these conventions, conferences and programs, including transportation, meals and lodging. The Annual Business Leaders Conference and Additional Programs will be hosted at a location we designate.

ITEM 12 TERRITORY

Designated Area

You must operate the School in the assigned Designated Area as agreed in the Franchise Agreement.

You may not relocate your School within the Designated Area without our approval. Any such relocation, if approved by us, will be at your cost and expense and you must pay our fees and expenses to review your request to relocate the School. For a relocation, you will incur similar development costs and expenses to those you incur developing your original School.

There is no minimum size for a Designated Area. We and/or our Affiliates will or will engage the services of third-party service providers to, analyze the relevant area and establish the size of the Designated Area for your Franchise. Factors may include but are not limited to, population demographics, population growth forecast, estimated number of households, number of schools in the area, marital status, age of children, workplace population, family data and household ownership. Additional factors to determine the Designated Area may include major and restricting topographical features that 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 that we deem relevant in our sole discretion.

During the 6-months period from the date of the Franchise Agreement, if we or any of our franchisees desires to operate a School within the Designated Area, we will give you a notice in writing of such desire and of your right of first refusal to operate a School within the Designated Area. Upon receiving the notice, you must reply in writing to us within 14 days of the date of the notice to accept the offer along with the full payment of the then current initial franchise fee. After 14 days, if we have not received any response in writing from you, we have the right to operate or permit any of our franchisees to operate a MindChamps® International PreSchool within the

Designated Area.

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.

There are no geographical restrictions on soliciting or accepting customers, however, all marketing, advertising and promotional activities undertaken by you must comply with guidelines and directions we specify and must be approved by us in writing.

Your right to operate within the Designated Area is not conditioned upon any sales quotas or the opening of additional Schools. However, we can modify the Designated Area if you are in breach of the Franchise Agreement.

Reserved Rights

Other than the 6-months right of first refusal described above, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your School. For example, without limitation:

- a) We and our affiliates have the right to operate, or license any other party to operate, a School anywhere, including the Designated Area;
- b) We or our affiliates may establish, or license any other party to establish, other franchises or company-owned outlets selling or offering services similar to those provided in a School under a trademark or service mark different than the Marks anywhere, including in the Designated Area;
- c) We or our affiliates may, or may license any other party to, advertise, promote, market, or sell goods or services identified by the Marks that are similar to those provided in a School anywhere, including in the Designated Area via any other channels of distribution, including, without limitation, the Internet, other electronic networks, retail or wholesale channels, telemarketing, or catalogs.

You will not have any marketing or advertising protection or exclusivity in the Designated Area and other franchisees may market or advertise in the Designated Area. We and our affiliates are not required to compensate you for soliciting, selling products or services to, or enrolling individuals who reside inside of your Designated Area.

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. Currently, the Affiliated Programs are not direct competitors because they are not offered in the U.S. The Affiliated Programs operate and/or offer services and programs that are substantially similar to the School. Neither we nor our Affiliates currently plan to offer the Affiliated Programs here in the U.S. Because the Affiliated Programs are not currently offered in the U.S. and we do not offer or sell any other programs or services, we do not expect any conflicts between us and franchisees and between the franchisees of MindChamps and Affiliated Programs regarding territory, customers, and franchisor support.

ITEM 13 TRADEMARKS

The following Marks are owned by MHPL and are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"):

	Registration Number	Registration Date
	3733123	January 5, 2010
MINDCHAMPS	4024355	September 13, 2011

MHPL has granted a license to MPL to use and sublicense the Marks. We and MPL are parties to a license agreement that grants us the right to use the Marks and to sublicense the use of the Marks to you during the term of the Franchise Agreement.

MPL has licensed to us the right to use the Marks and the System, and to sublicense the use of the Marks and the System to operate Schools under a trademark and system license agreement (the "**Trademark License Agreement**") effective as of July 25, 2022, as amended by an addendum effective as of March 30, 2023 and an addendum effective as of September 29, 2023. The term of the Trademark License Agreement is indefinite. The parties may terminate the Trademark License Agreement by mutual written agreement at any time. MPL may terminate the Trademark License Agreement by written notice to us if we breach the Trademark License Agreement in any material aspect any of our material obligations under the Trademark License Agreement. If the Trademark License Agreement is terminated, any then-existing Franchise Agreements will continue for the duration of their terms provided that the franchisees comply with all other terms of their Franchise Agreements. The Trademark License Agreement contains no other material limitations.

You cannot use the Marks as part of a corporate, limited liability company, or partnership name or with modifying words, designs or symbols without our approval. You may not use the Marks in connection with the sale of any unauthorized products or services or in any manner not authorized by us. You must operate the School only as "MindChamps"® or "MindChamps International PreSchool"™ and you may not use any other name in connection with the operation of the School.

All required renewals and affidavits of use have been filed for these Marks (if required to be filed as of the date of this Disclosure Document).

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, nor any pending infringement, opposition or cancellation proceedings involving the Marks. There are no pending material federal or state court litigation regarding our use or ownership rights in the Marks. We do not know of any superior rights or infringing uses that could materially affect your use of the Marks.

You shall promptly notify us of any and all circumstances coming to your attention which may constitute an infringement of the Marks or passing off or unfair competition by any unauthorized person and shall take such reasonable action as we may direct provided that any expenses reasonably incurred by you in connection with such action shall be borne by us.

You shall under no circumstances settle or compromise any claim or action against third parties

unless our prior written approval has been obtained. You shall also not take any action against third parties on your own accord for infringing the Marks unless specifically authorized by us to do so.

You shall immediately inform us of any threat, action, proceedings, claim or demand taken up or made by third parties in respect of the Marks and you shall not make any admissions with regard to such threat, action, proceedings, claim or demand.

Any damages or monies recovered from third parties in any action or proceedings regarding the Marks shall belong to us.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion. We will have no obligation or liability to you to bear the costs of conforming to our new Marks as a result of this substitution. We also have the right at any time to modify, discontinue, add to, or substitute the Marks that you are licensed to use under the Franchise Agreement.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights. MPL's subsidiary, MindChamps Music Pte Limited has a registered patent in the United States (United States of America Patent Application No. 11790800) for a Combined Music Literacy Matrix Manipulative System ("**MLMMS**") and Integrated Multiple Musical Instrument Learning System ("**IMMILS**"). The patent relates broadly to a kit for facilitating music learning.

We claim copyright protection in our Manual and related materials, although neither we nor our affiliates have registered those copyrights with the United States Copyright Office.

Neither the United States Copyright Office nor any court has made any currently effective determinations regarding any of our copyrighted materials. We have no agreements in effect that significantly limit our right to use or license the use of our copyrighted materials. Finally, we know of no infringing uses that could materially affect your use of our copyrighted materials in any state. We have no obligation to protect or defend our copyrights or confidential information, although we intend to do so when in the best interest of our System.

Proprietary Information. We may disclose to you information, data, specifications, drawings, reports, accounts, training content, the Manual or other documents or things supplied or made available by us pursuant to the franchise agreement (the "**Confidential Information**"). We consider the Confidential Information our and our affiliate's property. You may use the Confidential Information only in the operation of your School as provided in the Franchise Agreement. Your right to use those materials continues as long as the Franchise Agreement remains in effect.

During the term of the Franchise Agreement and after its expiration or termination, you must keep secret and confidential and shall not disclose to any third parties the Confidential Information without our prior written approval.

You must take or cause to be taken such reasonable precautions as may be necessary to maintain secrecy and confidentiality and to prevent disclosure of any Confidential Information, including obtaining confidentiality agreements from your employees, agents and sub-contractors as may be required by us in a form specified by us from time to time. You must at your own expense take such steps as we may reasonably direct in order to enforce or restrain any breach of such confidentiality agreement.

Such Confidential Information may be disclosed by you if and only if you are required to do so in compliance with the law, an order of court, or the rules or regulations of any relevant regulatory or governing body with jurisdiction over you, provided that you give us reasonable notice prior to the impending disclosure, and shall only disclose such Confidential Information to such extent as is necessary for such compliance, and subject in each case to you using your best efforts to ensure that the recipient of the Confidential Information keeps such information confidential and does not use it except for the purpose for which the disclosure is made.

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

Throughout the term of the Franchise Agreement, at least one Owner or one Key Person must devote their full time, energy and effort to the management and supervision of the School to comply with your obligations under the Franchise Agreement. The School must be at all times under the supervision of a designated On-Site School Director/Principal who must be qualified and trained. Any change or replacement of the Key Person must be subject to our approval and once approved, the Key Person must undergo training at your cost.

You will disclose to the School's employees including the Key Person and School Director/Principal only the information needed to fulfil their duties, and you will advise them that any confidential information is our trade secret. You must, subject to applicable law, require all school employees to sign employment contracts containing confidentiality clause(s) in a form that is satisfactory to us.

The Owners will be personally named as guarantors in the Franchise Agreement and must personally guarantee the Franchisee's obligations under the Franchise Agreement and be bound to the non-infringement, confidentiality and non-compete provisions in the Franchise Agreement. We do not require Owners' spouses to sign any agreements unless they too are an Owner.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may use your School only to provide preschool and childcare services and activities in accordance with the System, and to sell merchandise that is approved by us in advance. You may offer in the School to customers only the courses and programs primarily taught in the English language used or developed by us or our affiliates for preschoolers ("**Programs**") that we have approved in writing. You must offer all Programs that we design for our School. You may sell Programs only in the forms that we have approved in accordance with our standards, including by implementing, at your expense, any new curriculum, programs, or systems that we require.

You are not restricted in the customers to whom you may sell products or services from your School, however, you may only provide services that are approved by us and that cater to preschoolers. You may advertise, promote, or market your School anywhere, including outside of your Designated Area, in accordance with the Franchise Agreement.

ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

FRANCHISE AGREEMENT

This table lists certain important provisions of the Franchise Agreement. You should read

these provisions in the form of the Franchise Agreement attached as Exhibit B to this Disclosure Document.

Provision	Section in Agreement	Summary
A. Length of the franchise term	Section 2(A) and Table 3 of Schedule A	10 years from the Operation Commencement Date, which is the issuance date of the child care license issued, as applicable, by the relevant government body to the School.
B. Renewal or extension of the term	Section 4(A) Table 5 of Schedule A	If you have complied with the franchise agreement, pay a renewal fee and meet other conditions, you may obtain a further term of 10 years.
C. Requirements for you to receive a Successor Term	Section 4(A)(1)(7)	<p>The conditions are:</p> <ol style="list-style-type: none"> (1) you have given notice in writing to us not less than 18 months prior to the expiry of the Initial Term requesting a renewal and, at least 9 months prior to the expiration of the Initial Term, the parties shall enter into a new franchise agreement in relation to your operation of the Business during the Renewal Term. The renewal agreement will be in the form of the then-current franchise agreement, but may not contain additional renewal terms or options (for a subsequent term) and may contain commercial and other provisions that materially differ from those contained in this Agreement; (2) you must have duly observed and performed all your obligations under this Agreement to our satisfaction and not be in default of any provisions whatsoever at the date of the request for renewal and in the period up to the date of expiry of the Initial Term; (3) all monies outstanding and due and payable to us have been paid by you; (4) you agree to comply with our then current System, including all relevant franchise fees (5) you agree to undertake and complete any reasonable upgrade to the School or equipment used in the School in accordance with our then-applicable renewal standard prior to the commencement of the Renewal Term; and (6) you have paid the renewal fee to us.
D. Termination by you	Section 28(A)	You have the option to terminate with cause upon the occurrence of certain events.
E. Termination by us without cause	N/A	N/A
F. Termination by us with	Section 28(B)	We may terminate the franchise agreement

cause		immediately upon the occurrence of certain events.
G. "Cause" defined – curable defaults	Section 28(B)	<p>The curable defaults are:</p> <ol style="list-style-type: none"> (1) you have breached any one or more of the terms or conditions of the franchise agreement and where such breach is capable of remedy, have failed to do so within 14 days of you being informed by us of such breach. (2) you are in default of payment of any monies due under the franchise agreement and have failed to make good the default within 14 days of a written demand by us requiring you to do so.
H. "Cause" defined – non-curable defaults	Section 28(B)	<p>The non-curable defaults are:</p> <ol style="list-style-type: none"> (1) the Franchisee has breached the same obligation three (3) times or more in a period of twelve (12) months, regardless of whether earlier breaches have been remedied; (2) any account, record or statement required to be maintained or rendered by the Franchisee under this Agreement is found to be untrue or misleading in any material respect unless it is through no fault of the Franchisee; (3) the Franchisee ceases or threatens to cease to carry on Business except for the bona fide purpose of amalgamation, merger or reconstruction; (4) any change occurs in the management, ownership or control of the Franchisee without the Franchisor's prior written approval; (5) the Franchisee or any partner, officer or employee of the Franchisee has (i) been charged with, convicted of, or plead no contest to a felony or a crime involving fraud or moral turpitude or any other crime that the Franchisor (x) deems likely to have an adverse effect on the good name, business, goodwill, image or reputation of the Franchisor, its affiliates, the Business, the System, or the Trade Marks, whether on a local, regional, or national scale, or (y) deems relevant to the operation of the Business; or (ii) engaged in fraudulent, deceptive, unethical or other conduct that the Franchisor (xx) deems likely to have an adverse effect on the good name, business, goodwill, image, or reputation of the Franchisor, its affiliates, the Business, the System, or the Trade Marks, whether on a local, regional, or national scale, or (yy) deems relevant to the

		<p>operation of the Business; or (iii) continued to employ any person whom the Franchisee knows or has reason to know has been involved in any of the actions or events described in (i) and (ii). If the Owner that breaches this Section 28 is a trustee of the trust that owns an interests in the Franchisee (a "Trustee"), the Franchisor shall provide the Franchisee with written notice of such default and such default may be cured by removing and replacing such Trustee with a new Trustee (subject to the approval of the Franchisor in its sole and absolute discretion) within 15 days of the Franchisee's receipt of such default notice;</p> <p>(6) the Franchisee or any partner, officer or employee of the Franchisee gives to the Franchisor any false or misleading information or makes any misrepresentation in connection with the obtaining of this franchise or at any time during the Term in connection with the Business;</p> <p>(7) the Franchisee compounds with its creditors or has a receiver appointed in respect of the whole or any part of its assets;</p> <p>(8) a writ of distress or execution or other process of any court is levied or issued against any of the property of the Franchisee and is not withdrawn within three (3) months;</p> <p>(9) the Key Person (including any substitute appointed in accordance with this Agreement) of the Franchisee dies or becomes incapable of managing or operating the Business for a continuous period of two (2) months;</p> <p>(10) the Franchisee offers preferential commission structure or other benefits-in-kind with similar effects to any licensed education advisor or other similar sales staff or sales agents operating under any corporation or business entity related to the Franchisor</p> <p>(11) the Franchisee has breached any terms or conditions as set out in Section 11.2;</p> <p>(12) the Franchisee has breached any terms or conditions as set out in Section 11.3;</p> <p>(13) the Franchisee denies the Franchisor or its authorized representative from carrying out the activities as set out in Section 11.9;</p> <p>(14) the Franchisee operates the Business in a</p>
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		<p>way that endangers the health or safety of any person;</p> <p>(15) the Franchisee no longer holds the permits, approvals and licenses required in the relevant Territory that the Franchisee must hold to carry on the Business;</p> <p>(16) the Franchisee abandons the Business or the franchise relationship;</p> <p>(17) the Franchisor and the Franchisee do not agree upon a substitute site within 90 days after the Lease expires or is terminated or the Accepted Location is rendered unusable, in connection with Section 11.1(J)</p>
I. Your obligations on termination/non-renewal	Section 29(A)	Obligations include giving us the right to purchase the business and assets of the School, ceasing to carry on the Business or any other businesses involving preschoolers at the School, ceasing to use our Intellectual Property, returning the Manual and all other information and documents belonging to us, destroying all Course Materials and Education Resources and Furnishing and settle all outstanding accounts and obligations.
J. Assignment of contract by us	Section 26(E)	We have the discretion at any time to transfer our obligations under the franchise agreement to a related corporation.
K. "Transfer" by you – definition	Section 26(B)	"Transfer", "assign" and/or similar expressions mean any transaction where an interest, whether legal or beneficial, in the Franchisee, in the School, or in any part of the Franchise Agreement may be sold, granted, conveyed, leased, assigned, exchanged, transferred, disposed of, encumbered, pledged, charged, mortgaged, hypothecated, given, devised, bequeathed or otherwise dealt with, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, and includes the creation of or an assignment by a fixed, specific or floating charge whereby the interest of the Franchisee is mortgaged or pledged as security for, or otherwise secured against in respect of any indebtedness or other obligation.
L. Our approval of the transfer by you	Section 29(A)	Our prior written approval is required if you wish to assign, transfer, pledge, delegate, sub-contract or sub-license your rights and obligations under the franchise agreement.
M. Conditions for our approval of transfer	Section 26(C)	You are not permitted to exercise a Control Transfer until one year after starting operations and subject to the transfer conditions.

		<p>You may only assign the rights and obligations under the franchise agreement after 1 year from the Operation Commencement Date and subject to the following conditions:</p> <ol style="list-style-type: none"> (1) you shall notify us and give full details of the proposed assignment (2) we have the right of first refusal (but not the obligation) to buy back the franchise from you at terms no less favorable to us than the terms offered by you to the potential assignee (3) in the event that we decide not to buy back the franchise rights from you, you shall arrange for a meeting between us and the potential assignee for us to assess the suitability of the potential assignee (4) you must pay to us, at the time the proposed assignment is completed, all reasonable costs incurred by us or reasonably anticipated to be incurred by us for the evaluation of the proposed assignee, supervision, administrative costs, overhead, attorneys' fees, accounting and other costs and expenses of us incurred in connection with the transfer (collectively the "Transfer Costs"). You shall be required to reimburse us promptly on demand for all Transfer Costs in the event the proposed assignment is not completed for any reason whatsoever (5) the assignee must pay to us, at the time the proposed assignment is completed, a non-refundable initial franchise fee equal to the then current initial franchise fee charged to existing franchisees (6) any assignment shall only be effective after we have approved of the assignment in writing (7) the assignee shall, at its own cost, undergo a training program conducted by us in connection with the operation of the Business and such other related matters as may be determined by us.
N. Our right of first refusal to acquire your business	Section 26(C)(2)	We have the right of first refusal (but not the obligation) to buy back the Franchise from you at terms no less favorable to us than the terms offered by you to the potential assignee.
O. Our option to purchase/lease your business	Section 29(A)	We have the right but not the obligation to purchase the business and assets of the School after the franchise agreement terminates or expires.
P. Your death or disability	Sections 11(B)	We have the right to terminate the franchise

	and 28(B)(11)	agreement if the Key Person dies or becomes incapable of managing or operating the Business for a continuous period of 2 months.
Q. Non-competition covenants during the term of the franchise	Section 24	You will not without the prior written approval of the Franchisor engage, directly or indirectly, in any capacity in any business venture or undertaking that may be in competition with (i) the Business or (ii) any other business under any brand name operated by the Franchisor or any of its franchisees/licensees, associates and/or related companies, including but not limited to education, performing arts, music, early intervention services, enrichment services.
R. Non-competition covenants after the franchise is terminated or expires	Section 24(A) - (C)	You will not without the prior written approval of the Franchisor engage, directly or indirectly, in any capacity in any business venture or undertaking that may be in competition with (i) the Business or (ii) any other business under any brand name operated by the Franchisor or any of its franchisees/licensees, associates and/or related companies, including but not limited to education, performing arts, music, early intervention services, enrichment services for a period of 2 years.
S. Modification of the Franchise Agreement	Section 41(C)	We may modify the Franchise Agreement to assist in achieving the purpose of the franchise agreement.
T. Integration/merger clause	Section 40(A)	Only the written terms of the Franchise Agreement and exhibits bind the parties (subject to applicable state law). Any representations or promises outside of this Disclosure Document and Franchise Agreement may not be enforceable.
U. Dispute resolution by arbitration or mediation	Section 30(A) - (E)	The parties must arbitrate any controversy or claim, except that either party may file for preliminary injunctive relief, a restraining order, or an order of specific performance, including, without limitation, injunctive relief pertaining to the use of the System and Marks.
V. Choice of forum	Section 30(D)	Any litigation or arbitration must take place in Dover, Delaware or our-then current principal place of business, subject to applicable state law.
W. Choice of law	Section 39	Delaware law applies, subject to applicable state law.

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 the Disclosure Statement. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

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 Mr. Ben Ang (Email: benang@mindchamps.org; Telephone number: +1-786 401 0880; address: 8 The Green, STE A, Dover, DE 19901, US), the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide School Summary
For Years 2021 to 2023

School Type	Year	Schools at the Start of the Year	Schools at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Schools	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

Table No. 2
Transfers of Schools from Franchisees to New Owners (other than us or our affiliates)
For Years 2021 to 2023

State	Year	Number of Transfers
All States	2021	0
	2022	0
	2023	0

Totals	2021	0
	2022	0
	2023	0

**Table No. 3
Status of Franchised Schools
For Years 2021 to 2023**

State	Year	Schools at Start of Year	Schools Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Schools at End of Year
All States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

**Table No. 4
Status of Company-Owned Schools
For Years 2021 to 2023**

State	Year	Schools at Start of Year	Schools Opened	Schools Reacquired from Franchisee	Schools Closed	Schools Sold to Franchisee	Schools at End of Year
All States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

**Table No. 5
Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed But School Not Opened	Projected New Franchised Schools In The Next Fiscal Year	Projected New Company-Owned Schools In The Next Fiscal Year
Florida	2	2	0
Texas	0	1	0
California	0	1	0
New York	0	1	0
TOTAL	2	5	0

Our fiscal year ends on December 31st of each year.

Lists of Current and Former Franchisees

Please see Exhibit E for a list of our current franchisees. As of the date of this Disclosure Document, we do not have any former franchisees.

If you buy a School, we may disclose your contact information to other buyers when you leave the MindChamps system.

Purchase of Previously-Owned Franchise

If you are purchasing a previously owned franchised outlet, we will provide you additional information on the previously owned franchised outlet in an addendum to this Disclosure Document.

Confidentiality Clauses

As of the date of this Disclosure Document, we do not have any franchisees. In some instances in the future, current and former franchisees may sign provisions restricting their ability to speak only about their experience with MindChamps. You may wish to speak with current and former franchisees, as applicable but be aware that not all such franchisees will be able to communicate with you.

Trademark-Specific Franchisee Organizations

There is no active franchisee organization associated with the System.

ITEM 21 FINANCIAL STATEMENTS

Exhibit C to this Disclosure Document contains our audited financial statements as of December 31, 2023, and for the period from July 21, 2022 (inception) through December 31, 2023. We have not been in business for three or more years, and therefore cannot provide all of the financial statements otherwise required to be disclosed in this Item. In addition, we have included unaudited financial statements for the period beginning January 1, 2024 through July 31, 2024. Our fiscal year end is December 31st.

ITEM 22 CONTRACTS EXHIBITS

- A. State Specific Addenda to Franchise Disclosure Document
- B. Franchise Agreement (including form of SBA Addendum and other exhibits to Franchise Agreement)
- C. Financial Statements
- D. Operations Manual Table of Contents
- E. List of Franchisees
- F. List of State Administrators and Agents for Service of Process

ITEM 23 RECEIPTS

The last two pages of this Disclosure Document are identical pages acknowledging receipt of this entire document (including its exhibits). Please sign and return one copy to us and retain the other copy for your records.

**Exhibit A
to
Franchise Disclosure Document**

STATE SPECIFIC ADDENDA

(attached)

State Specific Addendum to Franchise Disclosure Document (California)

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20443, the Disclosure Document in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

ITEM 5 INITIAL FEES

1. The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

1. California Business and Professions Code §§ 20000 through 20443 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement contains provisions requiring application of the laws of Georgia. These provisions may not be enforceable under California law.
3. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.
4. Neither we nor any person in Item 2 of the Disclosure Document is subject to any currently-effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling us or that person from membership in these associations or exchanges.
5. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document in a form and containing all information as the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise. 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.*).
6. The California Franchise Investment Law requires that we deliver a copy of all proposed agreements related to the sale of the franchise, together with the Disclosure Document.
7. Regarding our website, www.mindchamps.org, please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

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

State Specific Addendum to Franchise Disclosure Document
(Hawaii)

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FDD CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

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

The State of Hawaii has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Hawaii franchisees until we have completed all of our pre-opening obligations and you are open for business.

State Specific Addendum to Franchise Disclosure Document
(Illinois)

This Addendum modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the State of Illinois or a non-resident who will be operating a franchise in the State of Illinois as follows:

1. Illinois law governs the Franchise Agreement(s).
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.
5. We have no obligation to resolve any conflicts that arise between MindChamps® franchisees or between franchisees of our affiliated.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

State Specific Addendum to Franchise Disclosure Document
(Indiana)

The following addendum modifies and supersedes the Franchise Disclosure Document with respect to franchises offered or sold to either a resident of the State of Indiana or a non- resident who will be operating a franchise in the State of Indiana as follows:

1. Item 3 is amended by adding the following:

“We are not involved in any pending arbitration and have not, during the ten-year period immediately preceding the date of this Disclosure Document, been a party to any arbitration proceeding.”

2. Item 17 is modified by adding to the end of such Item the following:

“The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement conflict with this law, this law will control.”

“Indiana franchise laws will govern the Franchise Agreement and any and all other related documents.”

The provisions of this Addendum only apply if the jurisdictional requirements of the Indiana Franchise Law or the Indiana Deceptive Franchise Practices Law, as applicable, are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

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

State Specific Addendum to Franchise Disclosure Document
(Maryland)

This Addendum modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a franchise in the State of Maryland as follows:

1. Item 17, under the subheading “Termination by us with cause,” is modified by the addition of the following language:

“Our right to terminate the Franchise Agreement for the reasons stated in this paragraph may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. §101, et seq.)”

2. Item 17, under the subheading “Dispute resolution by arbitration or mediation,” is modified by the addition of the following language:

“Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of a franchise.”

3. Item 17, under the subheading “Choice of forum,” is modified by the addition of *the following language*:

“You may bring a lawsuit in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.”

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

State Specific Addendum to Franchise Disclosure Document
(Minnesota)

This Addendum to the Franchise Disclosure Document modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the state of Minnesota or a non-resident who will be operating a franchise in the state of Minnesota as follows:

1. Item 17 which designates jurisdiction or venue in a forum outside the State of Minnesota is deleted. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition nothing in the Disclosure Document or the Franchise Agreement can abrogate or reduce (i) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (ii) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
2. Item 17 of the Franchise Disclosure Document titled, "Conditions for our approval of Transfer" is hereby modified by the addition of the following to the end of the paragraph therein:

"The general release shall exclude only such claims as the Franchisee or its owner(s) may have under the Minnesota Franchises Law, Minn. Stat. 80C.1-80C.22, and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."
3. The Franchise Disclosure Document is hereby modified by the addition of the following statement:

"According to Minnesota law, you cannot waive any rights under the Minnesota Franchises Law. As provided in Minn. Rules 2860.4400J, you cannot consent to our obtaining injunctive relief. We may seek injunctive relief.

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5."
4. The Franchise Disclosure Document is hereby modified by the addition of the following statement:

"With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 and (2) that consent to the transfer of the franchise will not be unreasonably withheld."
5. The Franchise Disclosure Document is hereby modified by the addition of the following statement:

"The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the

franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g)."

6. The State of Minnesota has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from Minnesota franchisees until we have completed all of our pre-opening obligations and you are open for business.

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law and the rules promulgated thereunder are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

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

State Specific Addendum to Franchise Disclosure Document
(New York)

In recognition of the requirements of the General Business Law of the State of New York, Article 33, §§ 680 through 695, the Disclosure Document for use in the State of New York is amended as follows:

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

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 of the Disclosure Document:

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 the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

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

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by franchisee":

You may terminate the Franchise Agreement on any grounds available by law.

5. 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 State of New York.

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

State Specific Addendum to Franchise Disclosure Document
(North Dakota)

The Securities Commissioner of North Dakota 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 the arbitration of the disputes at a location that is remote from the site of the franchisees' 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 they are to 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 & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the Franchise Agreement.
- I. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

State Specific Addendum to Franchise Disclosure Document
(Rhode Island)

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Disclosure Document for use in the State of Rhode Island is amended as follows by adding the following language at the end of Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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

State Specific Addendum to Franchise Disclosure Document
(Virginia)

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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.

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

State Specific Addendum to Franchise Disclosure Document
(Washington)

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. RCW 19.100.180 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.
3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights 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.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Exhibit B
to
Franchise Disclosure Document

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made on _____ by and between:

- (1) **MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.**, a company formed and operating under the laws of the State of Delaware and having its principal place of business located at 8 The Green, STE A, Dover, DE 19901, United States of America (the “**Franchisor**”);
 - (2) **THE FRANCHISEE**, whose business name and information are set out in Table 1 of Schedule A (the “**Franchisee**”); and
 - (3) **THE GUARANTOR(S)**, the person(s) whose name(s) and information are set out in Table 2 of Schedule A (the “**Guarantor(s)**”),
- (each of the Franchisor, the Franchisee and the Guarantor(s) shall be referred to as a “**Party**” and jointly as the “**Parties**”).

RECITALS

- (A) The Franchisor and its Affiliates over a period of time and as a result of the expenditure of time, skill, effort and money, have developed and operate a business of providing educational services for preschoolers between the ages of six (6) weeks to five (5) years old under the Trademarks MindChamps® and MindChamps International PreSchool™, using a distinct System (as hereinafter defined) which may be changed, improved or further developed by the Franchisor from time to time.
- (B) The Franchisee and the Guarantor(s) have requested that the Franchisor grant franchise rights to the Franchisee to operate one (1) School from a physical premise in the Designated Area under the Trademarks including MindChamps International PreSchool™ to utilize the System developed by the Franchisor for such School.
- (C) The Franchisor has agreed to grant the Franchisee the rights to operate one (1) School under the Trademarks upon the terms and subject to the conditions set out below.
- (D) The Guarantor(s) has agreed to give to the Franchisor a guarantee and indemnity for the performance of the obligations of the Franchisee under this Agreement.

IT IS AGREED as follows: -

1. DEFINITIONS

- (A) In this Agreement, the following words shall have the following meanings unless the context otherwise requires: -

“\$”, “US\$” or “USD”	Refers to the lawful currency of the United States of America in existence at the relevant time.
“Accepted Location”	Means the site of the physical premises for the School agreed upon by the Franchisor and the Franchisee.
“Additional Programs”	Refers to the periodic business leaders conference, educator training and development day trainings and such seminars or workshops the Franchisor or a third-party offers.
“Affiliate”	Means any business entity that controls, is controlled by, or is under common control with the Franchisor or the Franchisee, as the case may be.
“Business”	Means the business of operating a School providing educational services and delivering courses and programs for preschoolers under the tradename MindChamps International PreSchool™ and using the Intellectual Property in accordance with the System and this Agreement. For the avoidance of doubt, the business of providing educational services and delivering courses and programs under the brand names of, amongst others, MindChamps PreSchool™, MindChamps Performing Arts PreSchool™ or MindChamps Reading & Writing™ are granted under a separate franchising system operated by the Franchisor and are explicitly excluded from this grant.
“Certified Auditor”	Means an independent certified public accountant approved by the Franchisor.
“Computer System”	Means the IT services, hardware and enrollment and other software programs, including the Mandatory Computer System and Computer System Add-on Items as determined and approved by the Franchisor in its discretion.
“Computer System Add-on Items”	Means the Computer System Add-on items (which may be modified from time to time by the Franchisor) which the Franchisee must obtain from the Franchisor, the Franchisor’s Affiliates or third-party suppliers, as set out in Table 2 of Schedule F .
“Course Materials”	Means the materials used by teachers and/or students for Programs offered as part of the Business.
“Designated Area”	Means the designated area around the School as described in Schedule E.
“Education Resources and Furnishings”	Refers to the list of proprietary Education Resources and Furnishings (which may be amended from time to time by the Franchisor) which the Franchisee is required to purchase from the Franchisor or suppliers approved by the Franchisor.
“Effective Date”	Means the date on which this Agreement is made and entered by the Parties as evidenced by the Franchisor’s signature.
“Entity”	Means a corporation, partnership, trust, limited liability company, or any other legal entity.
“Expansion Fee”	Means the expansion fee payable by the Franchisee to the Franchisor as set out in Table 9 of Schedule A .

“Franchise Services”	Means the services described in Sections 7(A) and 9(A).
“Gross Sales”	Means the total sales of all goods or services whether on or off School premises, including any subsidies received from the government and/or other organizations, prior to any reductions of any kind such as discounts, comps, coupons, voucher credits, trade for product or services but excluding any sales and equivalent taxes actually collected and paid to the appropriate government taxing authority.
“Initial Franchise Fee”	Means the initial franchise fee payable by the Franchisee to the Franchisor as set out in Table 4 of <u>Schedule A</u> .
“Initial Term”	Means the initial term period set out in Table 3 of <u>Schedule A</u> .
“Initial Training Fee”	Means the initial training fee payable by the Franchisee to the Franchisor as set out in Table 8 of <u>Schedule A</u> .
“Intellectual Property”	Means the Trademarks, copyrights, patents, trade secrets, designs, know-how, information, data, drawings, plans, shop layout and decoration, color schemes, lighting and sound system, trade dress, uniforms, materials, and all other intangible property owned by or licensed to the Franchisor at any time for use in connection with the Business, including but not limited to, the Programs, Course Materials and Pedagogical Methods.
“Key Person”	Means the person(s) whose name(s) are set out in Table 1 of <u>Schedule A</u> , and includes any substitute(s) for such person(s) appointed in accordance with this Agreement. A “Key Person” is an individual that the Franchisee has authorized and the Franchisor has approved to operate the School.
“Lease”	Means the lease document for the School entered into by the Franchisee in relation to the lease of the premises to be used to operate the School.
“Mandatory Computer System Items”	Means the mandatory Computer System items (which may be modified from time to time by the Franchisor) that must be purchased by the Franchisee from the Franchisor, its Affiliates or approved suppliers, as set out in Table 1 of <u>Schedule F</u> .
“Manual”	Means the standard operating manual in the English language documenting the System and used for the operation of the Business as updated from time to time including all amendments and revisions.
“Operation Commencement Date”	Means the date of commencement of Initial Term as set out in Table 3 of <u>Schedule A</u> .
“Owner”	Means an Entity, or an individual (such as a partner, shareholder, trustee, or member) with a direct or indirect legal or beneficial ownership interest in Franchisee, as set out in Table 1 of <u>Schedule A</u> .
“Pedagogical Methods”	Means the <i>MindChamps Way of Teaching Methodology</i> used or developed by the Franchisor or its licensors or their respective Affiliates in relation to the Programs.

"Programs"	Means the courses and programs used or developed by the Franchisor or its licensors for preschoolers, which the Franchisee is allowed to offer at the School in accordance with this Agreement.
"Proprietary Product"	Means any product, including but not limited to equipment, software, Course Materials and Education Resources and Furnishings, and brand positioning collaterals, that: (i) has been produced in accordance with the Franchisor's specifications; (ii) has been packaged or labeled with the Trademarks; or (iii) is designated a proprietary product by the Franchisor or its Affiliates.
"Renewal Fee"	Means the renewal fee set out in Table 5 of <u>Schedule A</u> .
"Renewal Term"	Means the renewal term period set out in Table 5 of <u>Schedule A</u> .
"Royalty"	Means the royalty rate payable by the Franchisee to the Franchisor as set out in Table 6 of <u>Schedule A</u> .
"School"	Means the premises of the School, within which the Business is operated pursuant to this Agreement. The School address, which may be modified by mutual written agreement of the Parties, is set out in <u>Schedule B</u> .
"School Set-up Fee"	Means the school set-up fee payable by the Franchisee to the Franchisor as set out in Table 13 of <u>Schedule A</u> .
"Site Assessment Fee"	Means the site assessment fee payable by the Franchisee to the Franchisor if the Franchisor does not source the School sites as set out in Table 12 of <u>Schedule A</u> .
"Site Selection Fee"	Means the site selection fee payable by the Franchisee to the Franchisor if the Franchisor sources the School sites as set out in Table 12 of <u>Schedule A</u> .
"Suitable Site"	Means a site sourced by the Franchisor as suitable for the development of one (1) School based on criteria evaluated by the Franchisor.
System	Means the distinctive business format and method, including but not limited to, policies, standards operational procedures, policies and procedures, handbooks, plans, directions, training methods, Pedagogical Methods, retailing, marketing and advertising strategies and techniques and the ChampionGold Standard developed by the Franchisor or its Affiliates for implementation in connection with the operation of the Business.
"Term"	Means the Initial Term and Renewal Term (as the case may be).
"Trademark(s)"	Means the MindChamps® and MindChamps International PreSchool™ trademarks, trade names and logos and all other trademarks, tradenames, logos, designs, symbols, emblems, insignia, fascia and slogans, whether or not registered or capable of registration owned by or licensed to the Franchisor now or at any time subsequently and made available to the Franchisee for use in connection with the Business. The

Trademarks set out in Schedule C may be amended or modified from time to time by the Franchisor.

- (B) Unless there is something in the subject or context inconsistent with that construction or unless it is otherwise expressly provided: -
- (1) a reference to a statutory provision includes a reference to any modification, consolidation or re-enactment of it for the time being in force, and all statutory instruments or orders made pursuant to it;
 - (2) words denoting one gender include all other genders; words denoting the singular include the plural, and *vice versa*; words denoting persons include firms and corporations, and *vice versa*, and also include their respective heirs, personal representatives, successors in title or permitted assigns (as the case may be); and
 - (3) if any period of time is specified from a given day, or the day of a given act or event, it is to be calculated exclusive of that day; if any time limit pursuant to the provisions of this Agreement falls on a day which is not a business day in the country in which the act is to be performed, then that time limit is deemed to only expire on the next business day.
- (C) The Schedules shall have effect and be construed as an integral part of this Agreement.
- (D) The headings in this Agreement are inserted for convenience of reference and shall be ignored in the interpretation and construction of this Agreement.

2. GRANT

- (A) Subject to the terms of this Agreement, the Franchisor grants to the Franchisee the non-exclusive right and license and the Franchisee accepts the right and obligation to develop and operate the Business at a School Site in the Designated Area using the System and the Trademark(s) and Intellectual Property during the Initial Term.
- (B) The Franchisee shall only operate the Business at and from the School unless both Parties agree in writing that the Business may be operated elsewhere.
- (C) If a site for the School has not yet been specified in Schedule B as of the Effective Date, the Franchisee must locate an acceptable site for the School within the Designated Area.
- (D) If the Franchisee
- (1) fails to secure or maintain a Lease for the School within twelve (12) months from the Effective Date; or
 - (2) fails to commence operation of the Business within twenty-four (24) months from the Effective Date,

(provided that, if Section 10(A) applies and the Franchisee has paid the Site Selection Fee, the Franchisee has been presented with (i) a Suitable Site which it accepts; or (ii) at least two (2) Suitable Sites) unless the Franchisee has submitted a written request to the Franchisor and is granted an extension in writing (which

shall not be unreasonably withheld by the Franchisor and, if granted, will not in any event exceed a further twelve (12) months), the Franchisor may give the Franchisee a notice in writing of the breach and if the Franchisee fails to remedy the breach in the time frame and in the manner specified in the notice of breach, the Franchisor shall be entitled to terminate this Agreement by notice in writing to the Franchisee without refund of the Initial Franchise Fee pursuant to Section 28.

(E) If the Franchisor or any of its other franchisees/licensees desires to operate a MindChamps International Preschool within the Designated Area, and only within a period of six (6) months from the Effective Date, subject to the Franchisee's compliance with all terms and conditions of this Agreement:-

- (1) the Franchisor shall give to the Franchisee a notice in writing, granting the Franchisee a right of first refusal to operate a separate MindChamps International PreSchool school at the proposed location in the Designated Area;
- (2) upon receiving the notice, the Franchisee shall reply in writing to the Franchisor within fourteen (14) days of the date of the notice to accept the offer and shall transmit with such notice full payment of the then-current initial franchise fee payable under Franchisor's then-current form of Franchise Agreement;
- (3) after fourteen (14) days following the date of the notice, if the Franchisor has not received any reply in writing from the Franchisee, the Franchisor may operate or have right to operate or permit any of its other franchisees/licensees to operate a MindChamps Preschool school at the proposed location.

For the avoidance of doubt, if the Franchisee is in breach of any one or more of the terms or conditions of this Agreement or is in default of payment of any monies due under this Agreement, the Franchisor shall not be liable for any failure to perform its obligations under this Section.

(F) All rights not expressly granted to the Franchisee are for all purposes reserved to the Franchisor. Other than the 6-months right of first refusal described in Section 2(E) above, the Franchisor and its Affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on the School, including, without limitation:

- (1) The Franchisor and its Affiliates have the right to operate, or license any other party to operate, a School anywhere outside of the Designated Area;
- (2) The Franchisor and its Affiliates may establish, or license any other party to establish, other franchises or company-owned outlets selling or offering services similar to those provided in a School under a trademark or service mark different than the Trademarks anywhere, including in the Designated Area; and
- (3) The Franchisor and its Affiliates may, or may license any other party to, advertise, promote, market, or sell goods or services identified by the Trademarks that are similar to those provided in a School anywhere, including in the Designated Area via any other channels of distribution,

including, without limitation, the Internet, other electronic networks, retail or wholesale channels, telemarketing, or catalogs.

For the avoidance of doubt, except as otherwise provided in this Agreement, the Franchisor and its Affiliates have the right to establish and operate, and license others to establish and operate, any schools or other businesses under any marks that the Franchisor and/or its Affiliates may operate or license as the result of any acquisition, consolidation or merger, whether or not located within the Designated Area and despite the proximity of such schools or other businesses to the Designated Area or their actual or threatened impact on revenue at the School.

3. COMMENCEMENT AND TERM

This Agreement is effective on the Effective Date and will continue to be in force up to the expiration of the Term unless terminated earlier or renewed in accordance with Section 4. The franchise rights are granted to the Franchisee from the Effective Date, and the Initial Term will commence from the Operation Commencement Date and end on the date that is ten (10) years after the Operation Commencement Date.

4. RENEWAL OF THE AGREEMENT

(A) Subject to the conditions set out in this Section 4, upon the expiration of the Initial Term, this Agreement will be renewed for the Renewal Term on the following conditions: -

- (1) the Franchisee has given notice in writing to the Franchisor not less than eighteen (18) months prior to the expiration of the Initial Term requesting a renewal of this Agreement for the Renewal Term and, at least nine (9) months prior to the expiration of the Initial Term, the Parties shall enter into a new franchise agreement in relation to the Franchisee's operation of the Business during the Renewal Term. The renewal agreement will be in the form of the then-current franchise agreement, but may not contain additional renewal terms or options (for a subsequent term) and may contain commercial and other provisions that materially differ from those contained in this Agreement;
- (2) the Franchisee must have duly observed and performed all its obligations under this Agreement to the full satisfaction of the Franchisor and not be in default of any provisions whatsoever at the date of the request for renewal and during and up to the date of expiration of the Initial Term;
- (3) all monies outstanding and due and payable to the Franchisor have been paid by the Franchisee;
- (4) the Franchisee agrees to comply with the then-current standards of the Franchisor, including all relevant franchise fees;
- (5) the Franchisee agrees to undertake and complete any reasonable upgrade and/or remodeling to the School or equipment used in the School in accordance with the then-applicable renewal standard of the Franchisor prior to the commencement of the Renewal Term; and
- (6) the Franchisee has paid the Renewal Fee to the Franchisor as specified in Table 5 of Schedule A without refund or prorate upon the execution of a new franchise agreement.

5. FEES AND ROYALTIES

- (A) The Franchisee shall pay the Franchisor: -
- (1) the Initial Franchise Fee at the time of signing this Agreement as specified in Table 4 of Schedule A;
 - (2) the Royalty as specified in Table 6 of Schedule A;
 - (3) Initial Training Fee at the time of signing this Agreement as specified in Table 8 of Schedule A;
 - (4) the Document Preparation Fee at the time of signing this Agreement as specified in Table 11 of Schedule A;
 - (5) the School Set-up Fee at the time of signing this Agreement as specified in Table 13 of Schedule A;
 - (6) the Marketing Starter Pack fee as specified in Table 10 of Schedule A;
 - (7) the teachers training fee as specified in Table 8 of Schedule A; and
 - (8) the Site Selection Fee or Site Assessment Fee at the time of signing this Agreement as specified in Table 12 of Schedule A.
- (B) For the avoidance of doubt:
- (1) the Initial Franchise Fee constitutes consideration for the Franchise Services rendered and is deemed fully earned by the Franchisor upon execution of this Agreement; and
 - (2) the Royalty constitutes consideration for the Franchisee's ongoing right during the Initial Term to operate the Business in the Designated Area and to use the Trade Mark(s) and Intellectual Property under this Agreement and the Franchisor's ongoing support of the Franchisee under this Agreement, including Sections 7(B) and 10(D) of this Agreement.
- (C) The Initial Franchise Fee is non-refundable even if the Franchisee fails to secure the premises for the School and/or commence operation of Business at the School. For the avoidance of doubt, the Franchisee's payments for Royalty under this Agreement are not refundable.

6. PAYMENTS

- (A) Payment of all monies by the Franchisee to the Franchisor shall be received in United States Dollars (or such other currency as the Franchisor shall direct) in accordance with such reasonable directions issued by the Franchisor in writing from time to time. The Franchisee shall bear all fees, charges and payments relating to all payments, including but not limited to recipient bank charges.
- (B) The time for payment of any sum due to the Franchisor /under this Agreement shall be of the essence. All amounts which are not paid by the Franchisee to the Franchisor when they are due under this Agreement shall bear interest until they are finally paid, at the rate of lesser of one and a half percent (1.5%) per month or the maximum interest that may be charged under applicable law. In addition to any interest charged with respect to any late payment, the Franchisor reserves the right, to the extent permitted by applicable law, to charge a late fee of up to 5% on each late payment.

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- (C) All payments to be made by the Franchisee to the Franchisor under this Agreement shall be made without any demand, set-off, counterclaim or deduction of any nature whatsoever.
 - (D) Unless this Agreement specifically provides otherwise, all fees payable by the Franchisee to the Franchisor shall be paid to the Franchisor in full prior to (i) the delivery of any goods (such as the Education Resources and Furnishings) and/or (ii) the provision of any services (such as training and marketing activities), by the Franchisor.

7. MANUAL

- (A) In consideration of the Initial Franchise Fee paid by the Franchisee, the Franchisor shall provide the Franchisee with a copy of the Manual which the Franchisor may update from time to time at its sole option. The Manual will be provided in a non-editable format and the Franchisee shall not be permitted to download, make any copies of or make any amendments to the Manual. All documents provided by the Franchisor pursuant to this Section 7(A) are the property of the Franchisor and are on loan to the Franchisee during the Term. Upon the termination or expiration of this Agreement, should the Franchisee have any copies of the Manual in its possession, the Manual must be returned by the Franchisee to the Franchisor without any demand or, in the case of an electronic copy of the Manual, shall be permanently deleted by the Franchisee.
- (B) In consideration of the Royalty paid by the Franchisee, the Franchisor may amend or revise the Manual and if any material changes are made, the Franchisor shall provide the Franchisee a minimum of fourteen (14) days' written notice of any such updates, amendments or revisions of the Manual before such updates, amendments and revisions take effect. Should the Franchisee have any copies of the Manual in its possession, the Franchisee shall return all outdated versions of the Manual to the Franchisor.
- (C) All updates, amendments and revisions to the Manual shall come into effect on the date reasonably specified by the Franchisor.
- (D) The Manual and any updates, amendments or revisions are an integral part of this Agreement and the Franchisee must comply with all the obligations set out in the Manual.
- (E) The Franchisee shall keep its copies of the Manual and any updates, amendments or revisions secure and only those members of its staff who have a reasonable need to know of the contents shall be given access and the Franchisee shall ensure that they do not disclose the contents to unauthorized staff or any third parties.

8. SUPPLIES, BRAND POSITIONING COLLATERALS, AND COMPUTER SYSTEM

- (A) The Franchisee shall ensure that the School is always equipped and replenished with the quantity of Education Resources and Furnishings and brand positioning collaterals as are required by the Franchisor and as specified in the Manual. The Franchisee shall, at the reasonable request of the Franchisor, purchase and/or replace any Education Resources and Furnishings and brand positioning collaterals that have been

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- misplaced or, in the reasonable opinion of the Franchisor, are damaged or not in reasonable working condition.
- (B) The Franchisee shall purchase the Proprietary Products only from the Franchisor or suppliers approved by the Franchisor. The sale of the Proprietary Products by the Franchisor shall be subject to the Franchisor's terms and conditions which shall be provided in the Manual or otherwise in writing. The Franchisee shall pay the full purchase price of any Proprietary Products that the Franchisee purchase plus an additional twenty percent (20%) (of the Franchisor's costs) licensing fee payable to the Franchisor and the actual cost of any shipping, freight, insurance and applicable sales or use tax, as specified by the Franchisor and in accordance with the applicable law, with each order of the Proprietary Products.
- (C) The Franchisor shall use all reasonable commercial efforts to source the Proprietary Products ordered by the Franchisee. The Franchisor may in its reasonable discretion source substitute Proprietary Products if all or part of the original order is not available due to supply chain shortages or other issues.
- (D) Unless the terms of sale specify otherwise, all goods sold and delivered to the Franchisee shall remain the sole and absolute property of the seller (including where applicable, the Franchisor) as legal and equitable owner until the Franchisee has paid all monies due to the seller (the "**Full Payment**"). The goods shall be at the Franchisee's risk from the time of delivery to it. Notwithstanding that the goods remain the property of the Franchisor, the Franchisee may sell or deal with the goods as part of the Franchisee's Business. Any proceeds from such sale of the goods (the "**Proceeds**") shall belong to the Franchisor until the Franchisor receives the Full Payment. The Franchisee shall keep the Proceeds separate and clearly identified as belonging to the Franchisor, and shall not commingle the Proceeds with any other funds or deposit them into any overdrawn bank account.
- (E) The Franchisee shall not create a security, interest, or lien in any of the assets of the School without the Franchisor's prior written consent. shall not pledge, encumber or in any way charge by way of security: -
- (1) any of the goods which are the property of the Franchisor without obtaining the prior written approval of the Franchisor; and
 - (2) any bank accounts where the proceeds of the sale of the goods are kept by the Franchisee for and on behalf of the Franchisor prior to being paid to the Franchisor.
- (F) Until such time as title in the goods passes from the Franchisor to the Franchisee, the Franchisor may enter upon any premises owned, occupied or controlled by the Franchisee where they are situated for the purpose of recovering and repossessing them.
- (G) The Franchisee's right to possession of the goods shall cease if it does anything or fails to do anything which would entitle a receiver to take possession of any assets or which would entitle any person to present a petition for the winding up of the Franchisee.
- (H) The Franchisor shall not be liable for any losses incurred or damages suffered by the Franchisee due to the non-availability or late delivery of the goods, except where such losses or damages were the result of the

Franchisor's negligent act or omission and under no circumstance will the Franchisor be liable for any consequential or indirect loss of the franchisee.

- (I) At the Franchisee's expense and subject to Sections 8(J) and 8(K), the Franchisee shall procure the Computer System from the Franchisor, the Franchisor's associates or suppliers approved by Franchisor.
- (J) The Franchisee must obtain from the Franchisor the Mandatory Computer System Items for a monthly fee as set out in Table 1 of Schedule F (the "**Computer System Fee**") which the Franchisor may update from time to time. The Computer System Fee shall be paid quarterly in advance. The Franchisee agrees to procure the Mandatory Computer System Items from the Franchisor throughout the Term of the Agreement. The Franchisee hereby grants unrestricted remote access and exclusive administrative rights to the Mandatory Computer System Items to the Franchisor subject to applicable local laws and regulations. The Franchisee shall not make any changes to the Computer System without the prior written approval of the Franchisor.
- (K) At the Franchisee's expense, the Franchisee must procure the Computer System Add-on Items from the Franchisor, the Franchisor's Affiliates (the costs of which are provided to the Franchisee and are to be paid quarterly in advance) and/or third party suppliers (subject to adherence to the Franchisor's specifications). For the avoidance of doubt, the fees chargeable are not inclusive of usage charges for telephone and printer services which will be separately charged to the Franchisee. The Franchisee shall grant remote access and exclusive administrative rights to the Computer System Add-on Items to the Franchisor subject to applicable laws and regulations. In the event that the Franchisee procures the Computer System Add-on Items from the Franchisor and/or its Affiliates, the Franchisee shall procure the Computer System Add-on Items for a minimum period of three (3) years.

9. TRAINING

- (A) To facilitate the opening of the School by the Franchisee, the Franchisor agrees to provide to the Franchisee the training programs as specified in Table 7 of Schedule A. The Franchisee shall bear all travel, accommodation and food and beverage costs of the trainees, and shall ensure that all the trainees have the requisite visas, permits, passes and/or authorizations during the period of training to attend and participate in training and must pay the Franchisee's own personnel expenses for training. The Franchisee shall also bear the travel, accommodation and subsistence costs of the Franchisor's training personnel, which shall be capped at US\$3,000.00 per training session.
- (B) In consideration of the Initial Training Fee paid to the Franchisor, the Franchisor shall provide the Key Person and one (1) Owner (as shall be nominated by the Franchisee) training in the *MindChamps Way of Business Leaders Training* and the standards, procedures, techniques and methods comprising the System set out in the Manual at a venue and time to be determined by the Franchisor. The Franchisee shall bear all travel, accommodation and subsistence costs of the trainees, and shall ensure that all the trainees have the requisite visas, permits, passes and/or authorizations during the period of training to attend and participate in training and must pay the Franchisee's own personnel expenses for training. The Franchisee shall also bear the travel,

accommodation and subsistence costs of the Franchisor's training personnel, which shall be capped at US\$3,000.00 per training session.

- (C) In addition to the initial training pursuant to Section 9(A) above, if (i) the Franchisor requires the Franchisee (if the Franchisor so determines at its sole discretion); or (ii) at the request of the Franchisee (as may be approved by the Franchisor provided always that the Franchisor may, acting reasonably, refuse to accept any of the persons nominated by the Franchisee without stating its reasons), to send any staff for training, the Franchisee shall pay additional training fees as specified in Table 8 of Schedule A. The location, duration and costs of such training shall be specified by the Franchisor. The Franchisee shall bear all travel, accommodation or subsistence costs reasonably incurred by the Franchisor's trainer in connection with the training (which shall be capped at US\$3,000.00 per training session), and shall ensure that all the trainees have the requisite visas, permits, passes and/or authorizations for the duration of the training to attend and participate in training and must pay the Franchisee's own personnel expenses for training.
- (D) The Franchisor may provide reasonable guidance to the Franchisee on the staffing level ranges to be maintained at the School.
- (E) From time to time, the Franchisor may, in its sole discretion, provide and may require one or more of the Franchisee's Owners, officers or employees to attend the Additional Programs which may be conducted in-person or via teleconference at such venues and time to be determined by the Franchisor. The Franchisor may require the Franchisee to pay a registration fee for each attendee to attend the Additional Programs. For required attendees, the Franchisee must pay the applicable registration fee whether or not such individual actually attends the Additional Programs.

10. SUPPORT BY THE FRANCHISOR

(A) Site Selection [to be deleted if Franchisee elects for Site Assessment service]

- (1) In consideration of the Site Selection Fee, the Franchisor will assist the Franchisee to source for (i) a Suitable Site which is accepted by the Franchisee; or (ii) at least two (2) Suitable Sites.
- (2) Upon the execution of this Agreement, and in consideration of the Site Selection Fee paid by the Franchisee, the Franchisor shall present to the Franchisee for its review and approval a Suitable Site for the development and operation of the School. When the Franchisee is presented with a Suitable Site, it must decide at that time whether to accept or reject it before the Franchisee will be presented with another Suitable Site. If the Franchisee fails to accept a Suitable Site within fourteen (14) days after the Franchisor presents a Suitable Site to the Franchisee, the Franchisee shall be deemed to have rejected the Suitable Site and the Franchisor shall be at liberty from henceforth to operate or permit any of its other franchisees/licensees to operate a MindChamps International Preschool at the proposed site.
- (3) The Site Selection Fee is deemed earned upon the Franchisor presenting the Franchisee with (i) a Suitable Site which is accepted by the Franchisee; or (ii) at least two (2) Suitable Sites.

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- (4) If the Franchisee fails to accept either of the two (2) Suitable Sites presented by the Franchisor to the Franchisee under Section 10(A)(1), then the Franchisor may, at its election, continue to present locations to the Franchisee. Alternatively, the Franchisor may notify the Franchisee that the Franchisee must locate a site for the School which is acceptable to / approved by the Franchisor ("**Accepted Site**") and obtain possession of such Accepted Site in accordance with this Agreement. The Franchisee shall submit to the Franchisor, in the form specified by the Franchisor, such site approval forms and data that the Franchisor may specify, which may include a copy of the site plan, financial information, and such other information or materials as the Franchisor may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to the Franchisor which confirms the Franchisee's favorable prospects for obtaining the site. The Franchisee shall submit such site approval forms and data to the Franchisor in sufficient time to permit the Franchisor to evaluate the plans, and if necessary visit the proposed site, so that the Franchisor may approve or disapprove the site, and so that the Franchisee may, if necessary locate an alternate site and have it approved by the Franchisor, and secure the approved site, by the expiration of the period set out in Section 2(D). The Franchisor shall have 30 days after receipt of a complete site sourcing package and request for approval and such information and materials as the Franchisor may request to approve or disapprove, in its sole discretion, the proposed site as the location for the School. If the Franchisor does not approve a proposed site by written notice to the Franchisee within 30 days, such site shall be deemed disapproved by Franchisor.
- (5) Presentation or approval by the Franchisor of a Suitable Site or Accepted Site indicates only that the Franchisor believes the site complies with acceptable minimum criteria established by the Franchisor solely for its purposes as of the time of the evaluation and for the avoidance of doubt, shall not constitute a representation, warranty or guarantee that the Franchisee will succeed at the Accepted Location.
- (6) The Franchisee acknowledges and accepts that (i) demographic and/or other factors included in or excluded from the Franchisor's criteria could change, altering the Accepted Location's potential; and (ii) the uncertainty and instability of these criteria are beyond the Franchisor's control and that the Franchisor is not responsible if the Accepted Location fails to meet the Franchisee's expectations.
- (B) **Site Assessment [to be deleted if Franchisee elects for Site Selection service]**
- (1) In consideration of the Site Assessment Fee, the Franchisor agrees to evaluate sites proposed by the Franchisee within the Designated Area and to approve the site if, in the Franchisor's sole and absolute discretion, the site is suitable for the development of the School based on criteria that the Franchisor determines appropriate. The Franchisee shall submit to the Franchisor in the form that the Franchisor requires a description of the location and any other information or materials as the Franchisor may reasonably require. In addition to the Site Assessment Fee, the Franchisee shall

reimburse the Franchisor for the costs and expenses incurred by the Franchisor in assessing the proposed sites (up to a maximum of \$20,000).

(C) **School Set-up**

(1) In consideration of the School Set-up Fee paid by the Franchisee, the Franchisor shall provide the following guidance before the opening of the School: -

- (a) on renovation to meet the interior and exterior look of the premise determined by the Franchisor;
- (b) on School set-up, involving classroom look and feel, education resources, furniture and wall decorations display in accordance with the ChampionGold Standard; and
- (c) on administrative and operations set-up.

(D) **Post-Opening and Continuing Support**

(1) Post-opening of the School, in consideration of the Royalty paid by the Franchisee, the Franchisor may:

- (a) provide reasonable guidance on matters relevant to the operation of the Business to facilitate the Franchisee's compliance with the Manual;
- (b) provide reasonable guidance to the Franchisee in procuring and sourcing suppliers for the Education Resources and Furnishings as may be reasonably required by the Franchisee to operate the Business;
- (c) provide to the Franchisee advice, know-how and guidance relating to management, methods of operation to be employed in connection with the System, including business development and other services which the Franchisee may offer as part of the Business, marketing (in relation to promotional materials only), and any other matters relating to the System from time to time arising with a view to assisting and enabling the Franchisee to operate and maintain the System and to effectively operate the Business and to achieve the Purpose of this Agreement;
- (d) make available to the Franchisee for the Franchisee's use any improvements in the System during the Term of this Agreement;
- (e) update the Course Materials, Programs and Pedagogical Methods from time to time and the Franchisee shall at its cost have its representatives attend such training courses relating to the same as shall be deemed necessary by the Franchisor acting reasonably; and
- (f) at the Franchisee's costs, meet with the Franchisee for the purposes of reviewing the performance of the Franchisee, rendering of assistance and introduction of new Programs, curriculum, materials or Pedagogical Methods. The place and time of such meeting shall be at a location as decided by the Franchisor.

(E) For the purposes of this Agreement, except otherwise specifically provided, any assistance or advice to be provided by the Franchisor to the Franchisee shall be rendered by the Franchisor primarily through the

telephone or by video conference. Alternatively, the Franchisor may elect to render such assistance or advice by mail, e-mail or on-site attendance. Any training to be rendered or documents to be supplied by the Franchisor shall be in the English language. The costs of translation into other languages, if required, shall be borne by the Franchisee.

- (F) Subject to applicable law, the Franchisor will recommend pricing for the sale or supply of goods and services in the Business. The Franchisor also reserves the right to set maximum prices and recommended prices for the sale or supply of goods and services in the Business subject to applicable law.

11. OBLIGATIONS OF THE FRANCHISEE

11.1 Premises of the School

- (A) After the designation of the Accepted Location, the Franchisee shall provide the Franchisor with a copy of the draft Lease for the Accepted Location. The Franchisee shall only execute the Lease after the Franchisor has approved the terms of the Lease in writing (such approval shall not be unreasonably withheld).
- (B) The Franchisor's review of the Lease, or any advice or recommendation offered by the Franchisor, shall not constitute a representation, warranty or guarantee that Franchisee will succeed at the Accepted Location nor constitute an expression of the Franchisor's opinion regarding the terms of such Lease. The Franchisee acknowledges and agrees that the Franchisee shall solely rely on its review of any such Lease.
- (C) The Franchisor reserves the right to require that nothing contained in the Lease is contradictory to, or likely to interfere with, the Franchisor's rights or the Franchisee's obligations under this Agreement.
- (D) The Franchisee shall use reasonable efforts to ensure that: -
- (1) the Lease contains a provision, in a form acceptable to the Franchisor, giving the Franchisor the option to obtain an assignment or transfer of the Lease in the event that the Franchisee should for whatever reason decide that it wants to terminate the Lease or should this Agreement be terminated;
 - (2) the Lease permits the Franchisee to disclose the terms of the Lease to the Franchisor, and to furnish the Franchisor with a copy of the Lease;
 - (3) the Franchisee shall not amend the provisions of or surrender the Lease without the prior written approval of the Franchisor, which will not be unreasonably withheld by the Franchisor; and
 - (4) upon request by the Franchisor, the Franchisee shall facilitate the Franchisor meeting with the landlord or lessor for the purpose of discussing the provisions in the Lease and any other matters which the Franchisor may reasonably require.
- (E) The Franchisee shall register the Lease with the relevant regulatory or governing body with jurisdiction over the Lease and furnish the Franchisor with a copy of the Lease within fourteen (14) days after the registration of the Lease (including any renewal of the Lease).

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- (F) The 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. The Franchisor has the right to require that the Lease for the Accepted Location be collaterally assigned by the Franchisee to the Franchisor to secure performance by the Franchisee of its obligation under this Agreement. The Franchisor's approval of a Lease shall be conditioned upon inclusion of terms in the Lease acceptable to the Franchisor and, at the Franchisor's option, the Lease shall contain such provisions as the Franchisor may reasonably require.
- (G) **Ownership and Financing**
- (1) Instead of leasing an Accepted Location, the Franchisee may propose to purchase, construct, own and operate the School on real property owned by the Franchisee or an Affiliate. The Franchisee must meet certain conditions if the Franchisee or its Affiliates own an Accepted Location or at any time prior to acquisition, or subsequently, the Franchisee or its Affiliates propose to obtain any financing with respect to the Accepted Location or for the School 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 the Franchisor before the Franchisee or its Affiliates sign them. The 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 the Franchisor with a copy of any written notice of deficiency or default under the terms of the loan or mortgage sent to the Franchisee or its Affiliates or the purchaser;
 - (b) a provision granting the Franchisor, at its option, the right (but not the obligation) to cure any deficiency or default under the loan or mortgage (should the Franchisee fail to do so) within fourteen (14) days after the expiration of a period in which the Franchisee may cure such default or deficiency;
 - (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; and
 - (d) the Franchisee's delivery to the Franchisor of its standard form of Agreement to Lease which requires the Franchisee, at the Franchisor's option, to lease the Accepted Location to the Franchisor if this Agreement is terminated, assigned or transferred pursuant to the Franchisor's form of Agreement to Lease.

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- (H) The Franchisee shall, at its sole cost and expense (including attorney's fees), be responsible for securing the Lease of the School, in a form acceptable to the Franchisor. In the event of relocation, the Franchisee shall provide details of the intended premises to the Franchisor as soon as practically possible.
- (I) **Renovation** For the avoidance of doubt, the Franchisee shall not commence renovation or Business at the School until the Franchisor has approved the Lease of the School in writing and the Franchisor makes no representations, warranties or guarantees with respect to the terms of the Lease and the suitability or potential of the location it approves.
- (J) **Relocation** The Franchisee shall not relocate the School without the prior written consent of the Franchisor. If the Lease for the Accepted Location is rendered substantially unusable, expires or terminates through no fault of the Franchisee or if the School is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by the Franchisor and the Franchisee, the Franchisor may allow the Franchisee to relocate the School. Any such relocation shall be at the Franchisee's sole expense, and shall proceed in accordance with the requirements set forth in this Section 11. The Franchisor has the right to charge the Franchisee for any costs incurred by the Franchisor in providing assistance to the Franchisee, including, but not limited to, legal and accounting fees and incidental costs. Notwithstanding the foregoing, the Franchisor has no obligation to provide relocation assistance. If the Franchisor and the Franchisee do not agree upon a substitute site within 90 days after the Lease expires or is terminated or the Accepted Location is rendered unusable, this Agreement may be terminated as provided in Section 28(B)(19).
- (K) Choice of new relocation address after the expiration or termination of the Lease is subject to approval by the Franchisor and Section 11.1(I) shall apply.
- (L) **Expansion** If the Franchisee wishes to expand the size of the School, it must (i) submit to the Franchisor any proposed plans and other information that the Franchisor requests, (ii) obtain the Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by the Franchisor, and (iv) after receiving approval, pay the Franchisor the Expansion Fee.

11.2 Commencement of the Business

- (A) The Franchisee shall not commence the Business at the School until: -
- (1) the Key Person and/or other key employees have undergone training by the Franchisor and have completed the training to the Franchisor's satisfaction;
 - (2) at the Franchisee's expense, the Franchisee has procured the Computer System;
 - (3) the School has installed a CCTV system approved by the Franchisor in writing and the Franchisee has granted and issued unrestricted access to the CCTV system to the Franchisor to the fullest extent permitted by and in compliance with all federal and state privacy and data protection laws and regulations. Requirements of the CCTV system, include but are not limited to, installation and maintenance of high-definition video camera at each entrance and in each classroom and gym, remote accessibility and two (2) weeks' video recording and playback capabilities;

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- (4) the Franchisor has approved of the layout and design of the School in writing;
 - (5) the School has been altered, refurbished, equipped and fitted out in accordance with the designs and specifications set by the Franchisor and the Franchisor or its authorized representative has inspected the School and approved in writing of its CCTV system, equipment, layout, décor and signage unless the Franchisor has waived the need for inspection in writing;
 - (6) the Franchisee has successfully registered the business name in such form as stipulated by the Franchisor with the relevant regulatory or governing body and has provided the Franchisor with the details of any key or code issued by such regulatory or governing body or provided such authorization as reasonably required by the Franchisor within twenty-four (24) hours from the successful registration of the business name; and
 - (7) paid in full all amounts due to Franchisor at the material time.

11.3 Staff

- (A) The Franchisee will hire, train, and supervise qualified and trained personnel sufficient to meet Franchisee's obligations under this Agreement in accordance with the standards as set forth in the Manuals or otherwise in writing by the Franchisor. The Franchisee will maintain a competent, conscientious, trained staff and take such steps as are necessary to ensure that its employees preserve good customer relations and meet every requirement imposed by applicable law.
- (B) The Franchisee must, in the conduct of the Business, ensure that:
 - (1) no employee is paid in cash;
 - (2) any employment agreement meets the obligations under this Agreement and all requirements under all applicable governmental and labor laws; and
 - (3) any independent contractor arrangement it wishes to enter into in connection with the operation of the Business is a genuine independent contractor arrangement.
- (C) Under no circumstances may the Franchisee hold out to its employees or prospective employees that they will be employed by the Franchisor or that their employment will be other than with the Franchisee.
- (D) The Franchisee must, without delay, deduct and remit all relevant employment related taxes.
- (E) The Franchisee must meet all current workplace and occupational and safety laws and agrees that it will maintain certificates and registrations (if required under federal and/or state laws and regulations) under the relevant occupational health and safety and workers compensation laws in respect of all of its employees.
- (F) The Franchisee must provide a safe workplace for all its employees or any independent contractors.
- (G) The Franchisee acknowledges and agrees that:
 - (1) the Franchisor is not responsible for any claims or damages arising out of any matters related to the employment, engagement or performance of obligations by employees or independent contractors of the Franchisee or the Business;

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- (2) the employees or contractors of the Franchisee or of the Business are the Franchisee's own responsibility and the Franchisor is not liable in relation to any matter relating to the Franchisee's employees (including but not limited to those specified in this Section 11.3); and
- (3) it fully indemnifies and holds harmless the Franchisor from any claim, proceeding, order, investigation, cost, fine, penalty or other charge imposed on the Franchisor which arises as a result of any matter relating to any employees of the Franchisee or the Franchisee's failure to comply with any of the requirements specified in this Section 11.3).
- (H) The Franchisee acknowledges that each staff shall be entitled to share with the Franchisor full details of any information which may come into his possession in his capacity as a staff at the School, subject to applicable local laws and regulations.
- (I) The Franchisee shall cooperate with the Franchisor to ensure that all staff receive adequate training to enable the Franchisee to operate the Business according to the System and the Franchisee agrees that it shall not demand for any payment or deduction from the Franchisor for any staff's absence from attending training not due to any default of the Franchisor.
- (J) The Franchisee shall ensure that all teachers undergo and complete mandatory training as required by the Franchisor in its sole discretion (the "**Mandatory Training**") and attain accreditation in the Pedagogical Methods and all other relevant training programs as required by the Franchisor in its sole discretion (the "**Accreditation**"). In the event that any of the Franchisee's staff has not commenced the Mandatory Training within three (3) months from the commencement of the staff's employment and/or has not obtained Accreditation within six (6) months from the commencement of the staff's employment, the Franchisee shall ensure that such staff shall not be deployed to deliver any Programs at the School.
- (K) The Franchisee shall ensure that each teacher it deploys to deliver any Programs at the School shall only be deployed after Accreditation or with the prior written approval from the Franchisor. The Franchisor shall, acting reasonably, approve suitable teachers after the teachers have received mandatory training and signed any training agreement that may be reasonably required by the Franchisor.
- (L) The Franchisee shall ensure that all its staff and any replacements for such staff receive adequate training to enable them to operate the Business to the standard set by the Franchisor. If necessary, or in the event that the Franchisee fails the annual audit on the Business provided for in Section 11.9, the Franchisee shall comply with the recommendation of the Franchisor acting reasonably to send such staff for further training by the Franchisor at the Franchisee's costs.
- (M) The Franchisee shall require all its staff to maintain high standards of service, conduct, hygiene, courtesy and acceptable standards of attire as based on the Franchisor's standards as set out in the Manual and in accordance with the System. The Franchisee's staff will be required to be attired in uniforms as shall be specified by the Franchisor at the Franchisee's costs and the Franchisee shall ensure that all its staff present a neat and clean appearance and render competent, sober and courteous service to customers at all times.

11.4 Performance Target

The Franchisee shall achieve the performance target set out in Schedule D. The Franchisee acknowledges that it has reviewed the performance target and agrees that it is reasonable in all the circumstances.

11.5 Services

- (A) The Franchisee shall only offer at the School those Programs which are authorized by the Franchisor and shall use only the Course Materials and Pedagogical Methods supplied and/or approved by the Franchisor. The Programs and other services which the Franchisee may offer as part of the Business shall be provided at prices recommended and approved by the Franchisor in order to achieve the Purpose of this Agreement and in accordance with applicable legislation. The Franchisee shall not offer any other services within the Business without the prior written approval of the Franchisor.
- (B) The Course Materials shall be used exclusively for the purposes of the Business. The Franchisee shall not supply, sell or deliver the Course Materials to any person whom it has reasonable grounds to believe will re-sell or otherwise deal in the course of trade with such Course Materials.
- (C) The Franchisee shall not alter the maximum or recommended prices of the Programs and other services which the Franchisee may offer as part of the Business without the prior written approval of the Franchisor.
- (D) The Franchisee shall maintain sufficient staffing levels as reasonably required by the Franchisor from time to time to permit the Business to operate at its optimal efficiency and effectiveness at all times so as to meet the demand from customers of the Business and achieve the Purpose of this Agreement.
- (E) The Franchisee shall not tamper with the Course Materials nor alter, remove or add any markings or indications of the source of origin on them or any packaging supplied together with the Course Materials unless the prior written approval of the Franchisor is obtained.
- (F) All transactions in relation to the Business and all services provided by the Franchisee shall be at arm's length. In the event that the Franchisee offers services at a price other than the price approved by the Franchisor or for no consideration, the Royalty shall nevertheless be payable on such sales or distribution based upon the stipulated retail price applicable unless the Franchisor agrees in writing otherwise.
- (G) All transactions in relation to the Business and all services provided by the Franchisee, including but not limited to, all student enrollments and sale of any services and products shall be reported to the Franchisor.

11.6 Compliance with the System

- (A) The Franchisee shall set up and operate the Business strictly in accordance with the System and shall not deviate from the System. The Franchisee shall comply with all guidance and instructions given by the Franchisor in connection with the operation of the Business.
- (B) The Franchisee shall not introduce any modifications to the Business, which are inconsistent with this Agreement or the System.

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- (C) The Franchisee shall accept and adopt any improvements or modifications made by the Franchisor to the System and/or the Manual without any payment by the Franchisor.
 - (D) The Franchisee shall at all times and as its highest priority conform to the quality and standards of operation set by the Franchisor in connection with the operation of the Business.
 - (E) The Franchisee and/or any staff as required by the Franchisor shall attend all franchisees meetings, trainings and events as determined and set by the Franchisor on a periodic basis.

11.7 School

- (A) The Franchisee shall at all times maintain the standards of decoration, repair and cleanliness of the interior and exterior of the School as approved by the Franchisor.
- (B) If at any time, in the Franchisor's sole judgment, the general state of repair or the appearance of the School or its equipment, fixtures or signs does not meet the Franchisor's standards, the Franchisor shall so notify the Franchisee, specifying the action to be taken by the Franchisee to correct such deficiency. If the Franchisee fails or refuses to initiate within thirty (30) days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, the Franchisor shall have the right, in addition to all other remedies, to enter the School and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of the Franchisee, and in which event, the Franchisee shall pay promptly on demand the entire costs thereof plus (i) an additional eighteen percent (18%) of the entire costs, and (ii) any additional expenses incurred by Franchisor to implement such changes.
- (C) The Franchisee shall engage its own architects, designers and contractors and bear all costs of such architects, designers and contractors to assist on the layout, design, construction and renovation of the School (which must be completed in accordance with the Franchisor's plans and specifications, and is subject to Franchisor's final approval) and shall obtain the Franchisor's prior written approval before engaging such architects, designers and contractors.
- (D) The Franchisee is responsible for developing the Accepted Location in accordance with the Franchisor's standard plans and specifications for the development of a MindChamps International PreSchool. The Franchisor shall provide reasonable guidance to the Franchisee on the specifications for the development of a MindChamps International PreSchool, including specifications for the exterior and interior design and layout, fixtures, equipment, décor and signs. Such specifications are subject to alteration as the Franchisor deems necessary. The Franchisee shall cause the Accepted Location to be developed, equipped and improved in accordance with such specifications within not more than 24 months after the execution of this Agreement.
- (E) In connection with the development of the Accepted Location, the Franchisee shall, at the Franchisee's own expense:

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- (1) employ an approved competent licensed architect, engineer or general contractor to prepare, for the Franchisor's approval, preliminary specifications for improvement of the Accepted Location adapted from the specifications furnished by the Franchisor;
 - (2) obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations, and submit to the Franchisor, for the Franchisor's approval, final plans for construction based upon the preliminary plans and specifications;
 - (3) 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 School and certify in writing and provide evidence to the Franchisor that all such permits have been obtained;
 - (4) employ a qualified, licensed general contractor approved by the Franchisor to complete construction of all required improvements to the Accepted Location;
 - (5) purchase any supplies or inventory necessary for the operation of the School;
 - (6) purchase and install all equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment, required by the Franchisor for the operation of the School;
 - (7) give the Franchisor notice of commencement of construction within ten (10) days of the date it began, with progress reports including digital photographs of the construction supporting the findings at least every two (2) weeks if such digital photographs are reasonably requested by the Franchisor;
 - (8) provide on-site inspections to ensure the Accepted Location is built out in compliance with plan specifications. If a change was made without the Franchisor's approval, corrective action shall be required and all costs incurred must be paid by the Franchisee; and
 - (9) prior to the issuance of a certificate of occupancy, the Franchisor or its nominee reserves the right to a final walk-through of the School to ensure that the Franchisor's standards have been met. If any area is not in compliance with the Franchisor's specifications, the Franchisor may require that such issue(s) be remedied prior to the opening of the School.
- (F) The Franchisee shall not alter or convert the School, its internal layout or the fixtures and fittings in the School, nor install any equipment nor alter, erect or display any sign or other medium of advertisement whether inside or outside the School which may, in the reasonable opinion of the Franchisor, adversely affect the high standard and/or image of the Business and/or the Trademark(s).
- (G) The Franchisee shall, at the reasonable request of the Franchisor, renovate and upgrade the School and/or equipment used in the Business. On the third anniversary of the Operation Commencement Date, the Franchisee shall be required to spend, and prove to the Franchisor that the Franchisee has spent, an amount equivalent to at least two percent (2%) of the Franchisee's annual Gross Sales (calculated based on the Gross Sales of the prior twelve (12) month period) to renovate and upgrade the School and/or equipment used in the Business. Thereafter, the Franchisee shall be required to spend every two (2) years, and prove to the

Franchisor that the Franchisee has spent, an amount equivalent to at least three percent (3%) of the Franchisee's annual Gross Sales (calculated based on the Gross Sales of the prior twelve (12) month period) renovate and upgrade the School and/or equipment used in the Business.

- (H) The Franchisee shall continuously operate the Business at the School on such days and between such hours as the Franchisor shall, acting reasonably, specify in light of the local market conditions and/or the location of the School and the operating hours as stipulated per the service approval.
- (I) The Franchisee shall not carry on or permit to be carried on any other business at the School, or offer or conduct any programs or courses not authorized by the Franchisor.

11.8 Cooperation

The Franchisee shall diligently carry on the Business and use its best efforts to promote the Business and shall cooperate with the Franchisor and the other franchisees/licensees of the Franchisor.

11.9 Inspection and Operation Audit

- (A) The Franchisee shall permit the Franchisor or its authorized representative to visit and inspect the School for the purpose of ascertaining whether the provisions of this Agreement are being complied with without the need for any notice to be given by the Franchisor. After an inspection by the Franchisor, if the Franchisor so requires, the Franchisee will, within the time limits specified by Franchisor, submit a written plan of action, comply with and fully implement any corrective steps designated therein as mandatory or required, and will consider in good faith any other recommendations or suggestions. If the Franchisor determines, in its sole discretion, that it must make follow-up inspection to review the Franchisee's corrective actions, the Franchisor may require the Franchisee to reimburse the Franchisor for the costs and expenses incurred by the Franchisor in making such follow-up consultations, including the travel and living expenses of the Franchisor's representatives.
- (B) The Franchisee shall permit the Franchisor or its authorized representative to visit and inspect the School once a year during opening hours for the purpose of conducting an annual audit on the Business for compliance with the Franchisor's System. The Franchisee shall pay a nominal sum of US\$3,000.00 as reimbursement of the expenses incurred by the Franchisor in relation to the annual compliance audit.
- (C) The Franchisee shall permit the Franchisor or its authorized representative once a year during opening hours to visit and inspect the School without the need for any notice to be given by the Franchisor for the purpose of verifying the accuracy of the accounts, records and/or statements submitted by the Franchisee, and the Franchisee shall allow the Franchisor or its authorised representatives access to its books, accounts, and records, and to take copies thereof. The Franchisee shall pay a nominal sum of US\$3,000.00 as reimbursement of the expenses incurred by the Franchisor in relation to the annual records audit under this Section 11.9(C).

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- (D) The Franchisee shall also permit the Franchisor or its authorized representative to visit and inspect the School during opening hours for the purpose of conducting additional inspections or audit(s) on the Business and pay all reasonable costs incurred by the Franchisor in relation to such inspections or audit(s), including auditor's fees and disbursements, travel, accommodation, time costs and other relevant out-of-pocket expenses, if an inspection or audit:
- (1) is required as a result of a prior non-compliance by the Franchisee of the System and/or the Manual;
 - (2) is required as a result of the Franchisee failing to provide records and reports when requested;
 - (3) discloses that the Franchisee has under or over stated any figures by more than two percent (2%) or that the Franchisee has been fraudulent or engaged in any illegal or unapproved activity; or
 - (4) shows that the Franchisee has breached its obligations under any governmental, licensing or labor laws or is conducted further to a notice or investigation by any authority or governmental agency alleging that the Franchisee is in breach of such obligations during the conduct of the Business.
- (E) For the purposes of this Section 11.9, each authorized representative shall be entitled to pass to the Franchisor full details of any information which may come into his possession during the inspection and/or operation audit.

11.10 Feedback

The Franchisor reserves the right to communicate with any of the Franchisee's students and their parents at any time during and after the Term to ascertain the quality of the Programs and services provided by the Franchisee and the Franchisee shall, subject to any applicable law, upon request furnish the Franchisor with such particulars as the Franchisor shall reasonably require and provide such reasonable assistance as may be necessary for this purpose.

11.11 Prompt payment of suppliers

The Franchisee shall promptly pay all suppliers of goods and services sold or provided to the Franchisee for the purpose of the Business, and shall pay the rent for the School and all other expenses of and incidental to the carrying on of the Business when they are due.

11.12 No representation

The Franchisee shall make no statements, representations or claims nor give any warranties relating to this franchise, the Business, Course Materials, Programs, Pedagogical Methods or any services which the Franchisee is permitted to offer as part of the Business unless it is authorized to do so by the Franchisor in writing.

11.13 Key Person and Management

- (A) The Franchisee and the Key Person hereby jointly and severally covenants and agrees that the Key Person shall:
- (1) be a director and shareholder of the Franchisee at all times during the Term of this Agreement;
 - (2) exert real and effective control over the Franchisee;
 - (3) be responsible for the strategic and executive management of the Franchisee;
 - (4) devote his full time, attention and effort to develop and operate the Business, except to the extent and in the manner expressly agreed by the Franchisor in writing; and
 - (5) attend the initial training (as specified in Section 9(A)) and all training sessions as required by the Franchisor.
- (B) In the event that any Key Person dies or is not able to manage and/or operate the Business due to illness or any physical condition, the Franchisee shall nominate another person as a substitute within seven (7) days but the Franchisor's prior written approval must be obtained before the substitution takes effect. If a new Key Person is appointed pursuant to this Section 11.13, the Franchisee shall pay the Franchisor a non-refundable Key Person Training Fee (as indicated in Table 8 of Schedule A) which the Franchisor may revise from time to time, to procure a training program for the new Key Person in the MindChamps Way of Business Leaders Training and the standards, procedures, techniques and methods comprising the System set out in the Manual at a venue and time to be determined by the Franchisor. The Franchisee shall bear all travel, accommodation and subsistence costs of the trainees, and shall ensure that all trainees have the requisite visas, permits, passes and/or authorisations during the period of training. The Franchisee shall also bear the travel, accommodation and subsistence costs reasonably incurred by the Franchisor's training personnel.
- (C) The Franchisee shall inform the Franchisor in writing as soon as practically possible of any proposed changes in the management, ownership or control of the Franchisee and seek the Franchisor's written approval which shall not be unreasonably withheld before the proposed changes take effect.

11.14 Notification

- (A) The Franchisee shall, in relation to the School, inform the Franchisor immediately in writing of (i) any circumstances coming to the attention of the Franchisee which may lead to a Crisis Situation; or (ii) any Crisis Situation upon the occurrence of such Crisis Situation. For the purposes of this Agreement, "Crisis Situation" includes but is not limited to:
- (1) any allegation or occurrence of abuse, neglect, or mistreatment of a child;
 - (2) any allegation or discovery that a child has been released to an unauthorized person;
 - (3) any occurrence of a major accident involving any person at the School;
 - (4) any allegation or occurrence of unlawful conduct at the School, by the Franchisee or any partner, staff member, officer, Key Person of the Franchisee;
 - (5) any allegation or discovery of any hazardous or unlawful substance at the School;

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- (6) any (i) investigations or notice of contravention of laws/regulations by governmental agencies; or (ii) complaints, directed at the School, the Franchisee or any partner, staff member, officer, Key Person of the Franchisee;
 - (7) any outbreak of contagious serious illness at the School; or
 - (8) any allegation or discovery of any breach of computer or camera systems, loss of data, files or personal data (as defined in Section 22).
- (B) Because of the potential damage to the System and the goodwill associated with the Franchisor and/or its Affiliates and/or the Trade Mark(s), if the Franchisee does not provide notification to the Franchisor in accordance with the above or when the Franchisee should reasonably know of the existence of the Crisis Situation, the Franchisor may impose on the Franchisee a late crisis notification fee of \$10,000 for each non-compliance plus \$500 per day beginning on the second day from the date notification is due, through and including the day the default is cured, to compensate for the Franchisor's added crisis-management efforts resulting from the late notification.
- (C) Neither the Franchisee's obligation to pay nor the Franchisor's receipt of any late crisis notification fee shall be deemed to waive or restrict the Franchisor's right to declare a default and terminate this Agreement for the Franchisee's failure and shall otherwise be in addition to any other remedies the Franchisor may have under this Agreement or otherwise.

12. ACCOUNTS AND RECORDS

- (A) The Franchisee shall during the Term of this Agreement, maintain and keep accurate and clear records and accounts (including but not limited to the employee and salary records) in respect of the operation of the Business in accordance with the guidelines set out in the Manual and the applicable federal and state laws and regulations.
- (B) The Franchisor and/or its authorized representative shall, during the Term of this Agreement and for a further period of three (3) years after its termination or expiration, be entitled to inspect, examine and audit such accounts and records together with such other related documents as they may reasonably request for such purpose (including but not limited to the employee and salary records), without prior notice to the Franchisee and the Franchisee shall allow the Franchisor and/or its authorized representative access to the premises in which such accounts and records are kept during office hours. The Franchisor and/or its authorized representative shall be entitled to take copies of or extracts from such agreements (legal or otherwise), accounts, records, or related documents.
- (C) The Franchisee shall keep all records and accounts (including but not limited to the employee and salary records) in respect of the operation of the Business, and make available to the Franchisor for at least seven (7) years or such longer period as allowed by applicable federal and state laws and regulations.

13. REPORTS

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- (A) The Franchisee shall provide to the Franchisor monthly reports for the School containing details of the Gross Sales for the School for the calendar month, profit and loss figures and all information concerning the Business (including information regarding enrollment) as may be requested by the Franchisor (“**Monthly Report**”).
- (B) The Monthly Report shall be in such form as stipulated by the Franchisor and shall be submitted by the Franchisee to the Franchisor within five (5) working days after the last working day of each calendar month.
- (C) The Franchisee shall provide to the Franchisor annual audited financial statements and such other accounting records (including but not limited to tax computation assessments, audited reports and bank statements) as stipulated by the Franchisor, and which must be prepared in accordance with GAAP, within three (3) months after the end of the financial period reported on, without the need for any notice or reminder to be given by the Franchisor. The Franchisee shall ensure that the audited financial statements or audited revenue and other audited reports are audited by a Certified Auditor specified by the Franchisor, at the Franchisee’s cost. The audited financial statements or audited revenue shall be in such form as stipulated by the Franchisor. The Franchisee shall provide the Franchisor with such financial information as the Franchisor may periodically request from the Franchisee.
- (D) The Franchisee shall submit all other reports, records, information as specified in the Manual or as otherwise reasonably required by the Franchisor from time to time, including but not limited to, audited government subsidy statements, income tax notices of assessment, detailed employee and salary records, staff rosters, customer information, and leads and statistics generated from marketing activities.
- (E) If any of the required reports as set out in this Section 13 are submitted to the Franchisor after the date they are due, the Franchisee will be required to pay a late report fee of One Hundred Dollars (\$100) per day for each day past the deadline that the report is not submitted, up to and including the date the report is finally submitted to the Franchisor.

14. MARKETING ACTIVITIES

- (A) The Franchisee shall pay the Franchisor a one-off non-refundable payment (as indicated in Table 10 of Schedule A) for the marketing campaign package fee for the purposes of promoting the opening of the Business (the “**Marketing Starter Pack**”) with full payment made to the Franchisor upon the signing of the Lease. Franchisor will use the Marketing Starter Pack Fee in connection with pre-opening marketing, advertising and promotional activities and will have the sole right to determine how the money is spent for pre-opening. The Franchisee authorizes the Franchisor to act on its behalf in the execution of the deliverables as stipulated in the Marketing Starter Pack and irrevocably submits to the Franchisor’s decision in determining the marketing, advertising and promotional activities, materials, channels, budget and/or spending as long as the outcomes of the marketing, advertising and promotional activities accrue to the direct benefit of the Business.

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- (B) If requested by the Franchisor, the Franchisor and the Franchisee will meet together to prepare a plan of all marketing collaterals, advertising and promotional activities planned for the upcoming calendar quarter to the Franchisor by the end of April for Q1, July for Q2, October for Q3 and January for Q4 (Q1: Jul-Sep, Q2: Oct-Dec, Q3: Jan-Mar, Q4: Apr-Jun). The Franchisee shall also submit to the Franchisor a report on all marketing, advertising and promotional activities conducted for the Business on its own initiative or at the request of the Franchisor, every calendar quarter. Such reports shall be submitted within five (5) working days after the end of each calendar quarter in respect of the activities undertaken in that quarter and shall be accompanied by copies of the marketing, advertising and promotional materials.
- (C) The Franchisee must market, advertise and promote the Business at all times including for the launch of the School. The Franchisee shall spend a minimum of the greater of two percent (2%) of gross sales or \$4,000 each month on local advertising and such marketing and promotional activities in the local area, and all marketing, advertising and promotional activities undertaken by the Franchisee shall comply with guidelines and directions which the Franchisor may specify from time to time acting reasonably and must be approved by the Franchisor in writing. In the event that the Franchisor reasonably objects to any marketing, advertising or promotional activity undertaken or proposed to be undertaken by the Franchisee, the Franchisee shall immediately cease or refrain from taking out such marketing activity.
- (D) The Franchisor may periodically furnish the Franchisee with samples of advertising, marketing and promotional formats and materials at no cost. Multiple copies of such materials may be purchased by the Franchisee from approved vendors at the direct cost of producing them, plus any related licensing fees (up to twenty percent (20%)) payable to the Franchisor, shipping, handling and storage charges.
- (E) All marketing, advertising and promotional activities undertaken by the Franchisee on its own accord that require the Franchisor's participation of any kind are subject to payment by the Franchisee to the Franchisor, on terms that shall be mutually agreed prior to the commencement of such marketing, advertising and promotional activities.
- (F) The Franchisee shall pay to the MindChamps[®] brand fund (the "**Brand Fund**") an amount determined by the Franchisor in its sole discretion from time to time, but not greater than 3% of the Gross Sales (the "**Brand Fund Fee**"). The current rate for the Brand Fund Fee is 2%, but such rate may be changed at any time, at the Franchisor's sole discretion, upon ninety (90) days' prior written notice. The Brand Fund Fee shall be paid at the same time and in the same manner as, and in addition to, the Royalty. Such payments shall be made in addition to and exclusive of any sums that the Franchisee is required to spend on marketing, advertising and promotional activities in the local area pursuant to Section 14(C). The Brand Fund shall be maintained and administered by the Franchisor or its Affiliates as follows:
- (1) The Franchisee agrees that contributions to the Brand Fund may be used to meet any and all costs of brand/consumer research, and conducting, carrying out, preparing, maintaining, administering and directing advertising, including, but not limited to, preparing and conducting advertising campaigns whether digital or social media, on the internet, television, radio, and

print advertising campaigns and other promotional and advertising activities; and all other activities which (in the Franchisor's opinion) will directly or indirectly to promote the brand, franchisees, and/or increase enrollment. All sums paid by the Franchisee to the Brand Fund shall be maintained by the Franchisor or its Affiliates in a separate account and shall not be used to defray any of the Franchisor's or its Affiliates' general operating expenses, except for such reasonable administrative costs and overhead, if any, as the Franchisor or its Affiliates may incur in activities reasonably related to the administration or direction of the Brand Fund and advertising programs.

- (2) Although the Franchisor intends the Brand Fund to be of perpetual duration, the Franchisor maintains the right to terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for advertising and promotional purposes or distributed to franchisees in a manner deemed appropriate by the Franchisor in its sole discretion. The Franchisor reserves the right to reinstate the Brand Fund if it has previously been terminated.
- (3) Once contributions to the Brand Fund are made by the Franchisee, all such funds shall be used as herein required and shall not be returned to the Franchisee.

15. STATIONERY AND MARKETING

- (A) The Franchisee shall ensure that all its stationery, quotations, invoices, promotional materials and advertisements include a statement that the Business is operated under license from the Franchisor and/or such other information as the Franchisor may deem necessary to inform third parties that the Franchisor does not accept liability for the acts, debts or defaults of the Franchisee.
- (B) The Franchisee shall use only such letter headings, invoices, signs, display materials, promotional literature, equipment and other items in connection with the Business approved in writing by the Franchisor and shall immediately desist from the use or display of any signs, materials or objects as the Franchisor shall direct.
- (C) The Franchisee shall use only email account(s) with the domain *@mindchamps.org approved by the Franchisor for communication with its students and their parents or guardians at all times during the Term. The use of email account(s) not approved by the Franchisor is prohibited in the operation of the Business.

16. INSURANCES

- (A) Prior to the commencement of the Business at the School, the Franchisee shall at its own expense obtain and maintain with an insurance company that the Franchisor accepts from a carrier rated A+ by AM Best. In addition to any other insurance that may be required by applicable law, the Franchisee shall procure:
 - (1) A commercial general liability policy in the amount of not less than \$3,000,000 aggregate and \$1,000,000 per occurrence, including operations, products and completed operations, broad form contractual liability, personal injury, public liability and advertising liability. This coverage

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- part will also include sexual misconduct liability coverage for not less than \$1,000,000 per occurrence and \$3,000,000 aggregate sublimit;
- (2) Statutory workers' compensation insurance and employer's liability insurance as well as such other disability benefits type insurance as may be required by statute or rule of the state in which the School is located. The Franchisee must have and maintain this insurance for all of the Franchisee's employees prior to any employee commencing any training with us;
 - (3) Commercial umbrella liability insurance with limits which bring the total of all primary underlying coverages to not less than \$10,000,000 per occurrence and \$10,000,000 in aggregate;
 - (4) Cyber liability insurance in an amount not less than \$1,000,000 in the aggregate and with such minimum coverages and sublimits as the Franchisor may require;
 - (5) Professional liability insurance in the amount of not less than \$1,000,000 per occurrence and \$3,000,000 aggregate; and
 - (6) All other insurance coverage that is required by federal, state, or municipal law.
- (B) The Franchisor makes no representations or warranties with respect to the adequacy of the insurances it requires. The Franchisee shall submit a copy of the policies and other reports, records, information as reasonably required by the Franchisor from time to time.
- (C) All insurance policies must contain such types and minimum amounts of coverage, exclusions and maximum deductibles as the Franchisor prescribes from time to time; name Franchisor and Franchisor's Affiliates as additional insureds; contain a standard separation of insureds provision; include a waiver of subrogation provision or endorsement in favor of Franchisor and Franchisor's Affiliates; provide that coverage for Franchisor and Franchisor's Affiliates will be primary to and not contributory to any policies carried by Franchisor or Franchisor's Affiliates; provide for thirty (30) days prior written Notice to Franchisor of any material modification, cancellation, or expiration of such policy; and include such other provisions as Franchisor may require from time to time.
- (D) At Franchisor's request, Franchisee must furnish Franchisor with such evidence of insurance coverage, including all schedules and endorsements thereto that evidence coverage of Franchisor and Franchisor's Affiliates. In the event that the insurance coverage is cancelled or reduced for any reason whatsoever, the Franchisee shall obtain replacement insurance coverage and furnish the Franchisor with such evidence of replacement insurance coverage to the Franchisor's satisfaction. If the Franchisee fails or refuses to maintain any required insurance coverage, or to furnish satisfactory evidence thereof, Franchisor, at Franchisor's sole option and in addition to Franchisor's other rights and remedies hereunder, may obtain such insurance coverage on Franchisee's behalf. If Franchisor does so, Franchisee must fully cooperate with Franchisor in Franchisor's effort to obtain such insurance policies and pay Franchisor any costs and premiums that Franchisor incurs.
- (E) Franchisee's obligation to maintain insurance coverage is not diminished in any manner by reason of any separate insurance Franchisor may choose to maintain, nor does it relieve Franchisee of Franchisee's

obligations under this Section 16. Franchisee's obligation to obtain and maintain insurance coverage under this Section 16 is separate and distinct from, and does not substitute for, Franchisee's indemnification obligations under this Agreement.

- (F) The Franchisee shall notify the insurers of the Franchisor's interest and use its best efforts to procure the entry of a note on all such policies that the insurers shall notify the Franchisor in the event of late payment of any premium or any breach by the Franchisee.
- (G) The Franchisee shall not cause or permit any breach of any insurance policy maintained under the provisions of this Agreement.

17. RECORDAL OF LICENCE

The Franchisee shall, as and when required by and at no cost to the Franchisor, render all such assistance to the Franchisor and sign any documents, forms or authorization required for the purpose of recording the license granted to the Franchisee under this Agreement with the relevant authorities.

18. GRANT BACK

- (A) If at any time during the Term, the Franchisee makes or discovers any improvements to the System or the Pedagogical Methods, it shall provide the Franchisor with all necessary details but shall not introduce any such improvements into the Business unless the prior written approval of the Franchisor has been obtained.
- (B) The Franchisee agrees that it shall not demand any payment for disclosing to and providing the Franchisor with the details of any such improvements and the Franchisor and its franchisees/licensees (now existing or which may be appointed in the future) shall be entitled to use and implement the improvements free of charge.
- (C) Any improvements to the System or the Pedagogical Methods invented by the Franchisee which are used and implemented by the Franchisor will become the property of the Franchisor.

19. EXPENSES

The Franchisee shall be solely responsible for all expenses of and incidental to its carrying on of the Business at the School.

20. LAWS AND REGULATIONS

- (A) Prior to the commencement of the Business at the School, the Franchisee must obtain all necessary permits, approvals and licenses.
- (B) During the Term, the Franchisee shall comply with all laws, by-laws, regulations, orders and other statutory requirements in force in the relevant Designated Area and do everything necessary to keep in force any permits, approvals and licenses required in the relevant Designated Area in connection with the operation of the Business and the marketing and advertisement of the Business.

21. INTELLECTUAL PROPERTY AND INFRINGEMENT

- (A) The Franchisee and the Guarantor(s) acknowledge that the Franchisor and/or its licensors are the owner and rightful owner of the Intellectual Property and the Franchisee shall have no right, title or interest and will claim no right, title or interest to the Intellectual Property other than what has been granted by the Franchisor to the Franchisee under this Agreement during the Term. The Franchisee and the Guarantor(s) must not, at any time whether during the Term of this Agreement or after its termination or expiration, challenge the validity of the Intellectual Property.
- (B) The Franchisee shall not use the Intellectual Property otherwise than as permitted by this Agreement.
- (C) The Franchisee and the Guarantor(s) acknowledge that any goodwill generated by the performance of the Franchisee of its obligations under this Agreement and the operation of the Business by the Franchisee shall accrue to the benefit of the Franchisor and/or its licensors.
- (D) The Franchisee shall not use any Trademark as part of any Entity name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos licensed to Franchisee hereunder or as a dba designation) or in any modified form without the Franchisor's consent, or as its domain name or in its URL address for its web-site on the global communications network unless the prior written approval of the Franchisor has been obtained.
- (E) The Franchisee shall not use the Trademark(s) except in relation to the Business, or as directed by the Franchisor.
- (F) The Franchisee shall not use any name, mark, logo, design, symbol, emblem, insignia or slogan which is similar to or a colorable imitation of the Trademark(s).
- (G) The Franchisee and the Guarantor(s) shall not do or omit to do anything, which may adversely affect the goodwill associated with the Franchisor, the Intellectual Property, the System or the Business or damage or conflict with the Business or other franchisees/licensees of the Franchisor.
- (H) The Franchisee and the Guarantor(s) shall promptly notify the Franchisor of any and all circumstances coming to its attention which may constitute an infringement of the Intellectual Property or passing off or unfair competition by any unauthorized person and shall take such reasonable action as the Franchisor shall direct provided that any expenses reasonably incurred by the Franchisee in connection with such action shall be borne by the Franchisor.
- (I) The Franchisee and the Guarantor(s) shall under no circumstances settle or compromise any claim or action against third parties unless the prior written approval of the Franchisor has been obtained. The Franchisee and the Guarantor(s) shall also not take any action against third parties on its own accord for infringing the Intellectual Property unless specifically authorized by the Franchisor to do so.
- (J) The Franchisee and the Guarantor(s) shall immediately inform the Franchisor of any threat, action, proceedings, claim or demand taken up or made by third parties in respect of the Intellectual Property and

the Franchisee and the Guarantor(s) shall not make any admissions with regard to such threat, action, proceedings, claim or demand.

- (K) Any damages or monies recovered from third parties in any action or proceedings regarding the Intellectual Property shall belong to the Franchisor.
- (L) The Franchisor and/or its licensors do not make any warranty in relation to the Intellectual Property and, in particular, do not warrant that the Intellectual Property does not infringe on the rights of any third party. The Franchisee shall use the Intellectual Property at its own risk, and as provided under this Agreement.
- (M) The Franchisee and the Guarantor(s) shall not apply for registration of the Intellectual Property in its own name but it shall render all necessary assistance to the Franchisor, at the Franchisor's expense, as may be necessary to enable the Franchisor to register the Intellectual Property in any part of the world.

22. DATA PROTECTION

- (A) The Franchisee warrants that where it discloses the personal data of third parties to the Franchisor and its Affiliates, service providers and agents in connection with this Agreement, it has obtained the prior consent of such third parties for the Franchisor and its Affiliates as joint owners of the personal data, service providers and agents to collect, use and disclose their personal data for all purposes relevant in the context of this Agreement, and in accordance with any applicable data protection and privacy laws, regulations and/or guidelines, such that the Franchisor and its Affiliates, service providers and agents need not take any further action, carry out any further activity, or change any of its procedures or processes, to enable the Franchisor and its Affiliates, service providers and agents to use such personal data for all purposes relevant in the context of this Agreement in compliance with the local data protection or privacy laws, any other applicable laws, regulations and/or guidelines. The Franchisee shall indemnify the Franchisor and its Affiliates, service providers and agents in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Franchisee's breach of this warranty. For the purposes of this Section, "**personal data**" shall mean any data, whether true or not, about an individual who can be identified from that data, or from that data and other information to which the organization has or is likely to have access.

23. CONFIDENTIALITY

- (A) The Franchisee and the Guarantor(s) shall during the Term of this Agreement and after its termination or expiration, keep secret and confidential and shall not disclose to any third parties, unless the prior written approval of the Franchisor has been obtained, any and all information, data, specifications, drawings, reports, accounts, training content, Manual or other documents or things supplied or made available by the Franchisor pursuant to this Agreement ("**Confidential Information**").
- (B) The Franchisee and the Guarantor(s) shall take or cause to be taken such reasonable precautions as may be necessary to maintain secrecy and confidentiality and to prevent disclosure of any Confidential Information, including obtaining confidentiality agreements from its employees, agents and sub-contractors as may be

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- required by the Franchisor in a form specified by the Franchisor from time to time. The Franchisee shall at its own expense take such steps as the Franchisor may reasonably direct in order to enforce or restrain any breach of such confidentiality agreements.
- (C) Such Confidential Information may be disclosed by the Franchisee or the Guarantor(s) if and only if the Franchisee and the Guarantor(s) is required to do so in compliance with the law, an order of court, or the rules or regulations of any relevant regulatory or governing body with jurisdiction over the Franchisee or the Guarantor(s), provided that the Franchisee and the Guarantor(s) shall give the Franchisor reasonable notice prior to the impending disclosure, and shall only disclose such Confidential Information to such extent as is necessary for such compliance, and subject in each case to the Franchisee and the Guarantor(s) using its best efforts to ensure that the recipient of the Confidential Information keeps such information confidential and does not use it except for the purpose for which the disclosure is made.
- (D) The foregoing obligations of confidentiality shall not apply to information which the Franchisee and the Guarantor(s) proves, is information which: -
- (1) was at the time of disclosure, or thereafter falls, in the public domain without willfulness or misconduct of the Franchisee;
 - (2) prior to disclosure, was already in the Franchisee's possession either without limitation on disclosure to others or subsequently becoming free of such limitation; or
 - (3) is independently developed by the Franchisee or the Guarantor(s).
- (E) The obligations under this Section 23 shall survive the expiration or termination of this Agreement.

24. NON-COMPETITION

- (A) During the Term of this Agreement and for a period of: -
- (1) two (2) years;
 - (2) or if sub-section (1) is held to be unenforceable, one (1) year;
 - (3) or if sub-sections (1) and (2) are held to be unenforceable, nine (9) months;
 - (4) or if sub-sections (1), (2) and (3) are held to be unenforceable, six (6) months,
- after its termination or expiration, the Franchisee and the Owners shall not without the prior written approval of the Franchisor engage, directly or indirectly, in any capacity in any business venture or undertaking which may be in competition with (i) the Business or (ii) any other business under any brand name operated by the Franchisor or any of its franchisees/licensees, associates and/or related companies, including but not limited to education, performing arts, music, early intervention services, enrichment services (the "**Other Businesses**"): -
- (a) in the countries of Singapore, Malaysia, Indonesia, Philippines, China, Myanmar, Vietnam, Australia, the United Arab Emirates, the United States, and any other country in which the Franchisor or its Affiliates is operating at the relevant time;
 - (b) or if sub-section (a) is held to be unenforceable, in the United States;

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- (c) or if sub-sections (a) and (b) are held to be unenforceable, in the same state as any Business operated by the Franchisor or any of its franchisees/licensees;
 - (d) or if sub-sections (a), (b), and (c) are held to be unenforceable, within a fifteen (15) kilometer radius of any Business or any other business involving preschoolers under any brand name operated by the Franchisor or any of its other franchisees/licensees;
 - (e) or if sub-sections (a), (b), (c), and (d) are held to be unenforceable, within a five (5) kilometer radius of any Business or Other Businesses.
- (B) During the Term of this Agreement and for a period of: -
- (1) two (2) years;
 - (2) or if sub-sections (1) is held to be unenforceable, one (1) year;
 - (3) or if sub-sections (1) and (2) are held to be unenforceable, nine (9) months;
 - (4) or if sub-sections (1), (2) and (3) are held to be unenforceable, six (6) months,
- after its termination or expiration, the Franchisee and the Guarantor(s) shall not without the prior written approval of the Franchisor either directly or indirectly, for itself or for (or in conjunction with) any other person or entity solicit the customer of any person or entity that is or has been a customer of the Franchisee, the Franchisor or any of its other franchisees/licensees at any time; or otherwise disparage the System.
- (C) The undertaking of the prohibited activities set out in Sections 24(A) and 24(B) directly or indirectly by: -
- (1) any Entity related to the Franchisee or the Guarantor(s);
 - (2) the Guarantor(s) or any of the Franchisee's shareholders, directors or partners or any person connected with the aforementioned persons (as the case may be); or
 - (3) any Entity in which any of the Guarantor(s) or any of the Franchisee's shareholders, directors, partners, or relatives or any person connected with the aforementioned persons (as the case may be) have any interest, commercial or otherwise,
- shall be deemed to be undertaken by the Franchisee and/or the Guarantor(s), which shall accordingly, be in breach of this Section 24. For the purpose of this Section 24, the spouse, ex-spouse, children (natural or adopted), siblings, parents and relatives of a person shall be deemed to be a Franchisee and/or Guarantor.
- (D) The Franchisee and the Guarantor(s) agree that the restrictive covenants in this Section 24 are essential elements of this Agreement and without these, the Franchisor would not have entered into this Agreement. The Franchisee and the Guarantor(s) acknowledge that each of the terms, including the restrictive covenants, is fair and reasonable for the protection of the Franchisor, the System and its copyright materials.
- (E) Each provision of this Section 24 constitutes a separate provision operating concurrently and independently.
- (F) If any provision of this Section 24 is held to be invalid or unenforceable, such invalidity or unenforceability shall not prejudice or affect the validity and enforceability of the other provisions of this Section 24 which shall remain binding on the Franchisee and the Guarantor(s).

25. TAXES

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- (A) All payments payable by the Franchisee to the Franchisor under this Agreement are net of any taxes, levies or duties or any other sums, which may be levied the United States or elsewhere. Any taxes, levies or duties on any monies payable under this Agreement are subject to the payment of any tax, levy or duty imposed by any applicable law, the United States or elsewhere whether by withholding, deduction or otherwise, the Franchisee undertakes to be responsible for the payment of such tax, levy or duty and the amount of monies due under this Agreement shall be increased by such amounts as would entitle the Franchisor to receive the original amounts agreed in this Agreement.
 - (B) In the event that any tax, levy or duties on the monies due are paid by the Franchisor, it shall be recoverable by the Franchisor from the Franchisee.
 - (C) The Franchisor shall be entitled to call for and the Franchisee shall be required to produce such invoices or any other document or evidence showing the payment by the Franchisee of any tax, levy or duty imposed on the monies due and the amounts on which such tax, levy or duty is calculated.
 - (D) With respect to any withholding tax that is imposed, as the Franchisor's withholding agent, the Franchisee undertakes to apply for any tax treaty relief for the time being in force which the Franchisor may be entitled to. The Franchisee shall bear all expenses (including legal and professional costs) in connection with such tax treaty relief application.

26. TRANSFERABILITY OF RIGHTS AND OBLIGATIONS

- (A) Unless otherwise specifically provided for and subject to the conditions set out in this Section 26, the Franchisee and/or its shareholders may not make a transfer or permit any transfer to occur without the prior written consent of the Franchisor. In addition, the rights and obligations under this Agreement may not be assigned, transferred, pledged, delegated, sub-contracted or sub-licensed by the Franchisee unless the prior written approval of the Franchisor has been obtained.
- (B) For the purposes of this Section 26, "transfer", "assign" and/or similar expressions mean any transaction whereby an interest, whether legal or beneficial, in the Franchisee, in the School, or in any part of this Agreement may be sold, granted, conveyed, leased, assigned, exchanged, transferred, disposed of, encumbered, pledged, charged, mortgaged, hypothecated, given, devised, bequeathed or otherwise dealt with, voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, and includes the creation of or an assignment by a fixed, specific or floating charge whereby the interest of the Franchisee is mortgaged or pledged as security for, or otherwise secured against in respect of any indebtedness or other obligation.
- (C) The Franchisee may only assign or transfer the rights and obligations granted to it under this Agreement and/or the Franchisee and/or its shareholders may only make a transfer or permit any transfer to occur which results in the grant of power (whether directly or indirectly) to direct, or cause the direction of, management and policies of the Franchisee or the School to any person or entity that did not have that power before that

transfer (the “**Control Transfer**”), after the expiration of one (1) year from the Operation Commencement Date, subject to the following conditions: -

- (1) the Franchisee shall notify the Franchisor and give full details of the proposed assignment (the “**Proposed Assignment**”);
- (2) the Franchisor has the right of first refusal (but not the obligation) to buy back the franchise and/or the legal or beneficial interest in the Franchisee from the Franchisee at terms no less favorable to the Franchisor than the terms offered by the Franchisee to the potential assignee, and the Franchisor shall notify the Franchisee of its decision whether it will exercise such right within one (1) month of the notice in sub-section (1), and if the Franchisor decides to exercise such right, the Parties shall execute a joint statement confirming the termination of this Agreement and the Parties shall complete the sale and purchase within one (1) month (or such longer period as the Parties may mutually agree) of the Franchisor’s notification of its decision to exercise such right;
- (3) in the event that the Franchisor decides not to exercise its right under Section 26(C)(2), the Franchisee shall arrange for a meeting between the Franchisor and the potential assignee for the Franchisor to assess the suitability of the potential assignee;
- (4) any assignment shall only be effective after the Franchisor has approved of the assignment in writing and the conditions set out in this Section 26 are fulfilled;
- (5) upon the completion of the proposed assignment, the Franchisor and the assignee shall enter into a new franchise agreement in relation to the assignee’s operation of the Business and the assignee must pay to the Franchisor, upon execution of the new franchise agreement, a non-refundable initial franchise fee equal to the then-current initial franchise fee charged to franchisees for a ten (10) year term commencing from the date of termination of this Agreement or execution of the new agreement, whichever is the earlier provided that the assignee shall be entitled to use the Credit from this Agreement to offset against the new initial franchise fee. This new agreement will be in the form of the then-current franchise agreement and may contain financial or any other provisions that differ from those contained in this Agreement. For the purposes of this Section 26(C)(5), “**Credit**” shall mean the pro-rated Initial Franchise Fee (or the Renewal Fee, as the case may be during the Renewal Term) based on the remaining days under the Initial Term (or the Renewal Term, as the case may be) of this Agreement (for example, if there are five (5) years of the Initial Term remaining under this Agreement, the Credit shall be half of the Initial Franchise Fee);
- (6) in the event that the Proposed Assignment does not occur for any reason whatsoever, the Franchisee must pay to the Franchisor all reasonable costs incurred by the Franchisor or reasonably anticipated to be incurred by the Franchisor for the evaluation of the proposed assignee, supervision, administrative costs, overhead, attorneys’ fees, accounting and other costs and expenses of the Franchisor incurred in connection with the transfer (collectively, the “**Transfer Costs**”). Notwithstanding anything to the contrary in this Agreement, the Franchisee shall be

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- required to reimburse the Franchisor promptly on demand for all Transfer Costs in the event the proposed assignment is not completed for any reason whatsoever; and
- (7) the assignee shall, at its own cost, undergo a training program conducted by the Franchisor in connection with the operation of the Business and such other related matters as may be determined by the Franchisor.
- (D) For any transfer of any direct or indirect legal or beneficial interest in the ownership of Franchisee which does not result in a Control Transfer, subject to the written approval of the Franchisor and in addition to any other conditions that the Franchisor may reasonably specify, the Franchisee shall:
- (1) pay the Franchisor the sum of \$5,000 (subject to applicable taxes) for each additional new Owner; and
 - (2) reimburse the Franchisor for the costs and expenses incurred by the Franchisor in conducting background checks on the new Owner(s).
- (E) The Franchisor may in its discretion at any time transfer its rights to the Intellectual Property to a third party and/or its obligations under this Agreement to an Affiliate.

27. INDEMNITY

- (A) The Franchisee shall indemnify and keep indemnified the Franchisor from and against any and all losses, damages, expenses (including legal costs on a full indemnity basis or costs incurred in relation to settling a dispute under this Agreement, which are dealt with in Section 30), or liabilities (whether criminal or civil) and costs of settlement suffered or incurred by the Franchisor due to: -
- (1) any neglect or default of the Franchisee or its agents, employees, partners, directors or licensees in connection with the Business;
 - (2) the use of the Intellectual Property by the Franchisee or its agents, employees, partners, directors or licensees otherwise than in accordance with this Agreement; and
 - (3) any other reason so long as such losses, expenses, damages, fees or costs resulted from the operation of the Business by the Franchisee and was not due to any default of the Franchisor.
- (B) The indemnity provided by the Franchisee pursuant to this Section 27 shall survive the termination of this Agreement and is in addition to any other remedy which the Franchisor is entitled to under the law.

28. TERMINATION

- (A) This Agreement shall terminate immediately by notice in writing from one Party to the other upon the happening of any of the following events: -
- (1) if this Agreement or any part of it ceases to be in conformance with the laws of the Country resulting in the impossibility of performance of the obligations of either Party to this Agreement, save that if it is possible to amend this Agreement so as to bring it into conformance with the laws of the

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- Country without affecting the rights of either Party substantially, the Parties shall use their best efforts to negotiate for an amendment of this Agreement; or
- (2) if any proceedings are commenced for the liquidation, dissolution or bankruptcy of the other Party and are not discharged or discontinued within three (3) months of its commencement, or if the other Party becomes bankrupt or goes into liquidation either voluntarily or compulsorily except for the *bona fide* purpose of merger or reconstruction.
- (B) The Franchisor may terminate this Agreement immediately by notice in writing to the Franchisee in the event that:
- (1) the Franchisee has breached any one or more of the terms or conditions of this Agreement and where such breach is capable of remedy, has failed to do so within fourteen (14) days of its being informed by the Franchisor of such breach;
 - (2) the Franchisee has breached the same obligation three (3) times or more in a period of twelve (12) months, regardless of whether earlier breaches have been remedied;
 - (3) the Franchisee is in default of payment of any monies due under this Agreement and has failed to make good the default within fourteen (14) days of a written demand by the Franchisor requiring it to do so;
 - (4) any account, record or statement required to be maintained or rendered by the Franchisee under this Agreement is found to be untrue or misleading in any material respect unless it is through no fault of the Franchisee;
 - (5) the Franchisee ceases or threatens to cease to carry on Business except for an event of *Force Majeure*;
 - (6) any change occurs in the management, ownership or control of the Franchisee without the Franchisor's prior written approval;
 - (7) the Franchisee or any partner, officer or employee of the Franchisee has (i) been charged with, convicted of, or plead no contest to a felony or a crime involving fraud or moral turpitude or any other crime that the Franchisor (x) deems likely to have an adverse effect on the good name, business, goodwill, image or reputation of the Franchisor, its Affiliates, the Business, the System, or the Trademarks, whether on a local, regional, or national scale, or (y) has an adverse effect on the operation of the Business; or (ii) engaged in fraudulent, deceptive, unethical or other conduct that the Franchisor (xx) deems likely to have an adverse effect on the good name, business, goodwill, image, or reputation of the Franchisor, its Affiliates, the Business, the System, or the Trademarks, whether on a local, regional, or national scale, or (yy) deems relevant to the operation of the Business; or (iii) continued to employ any person whom the Franchisee knows or has reason to know has been involved in any of the actions or events described in (i) and (ii). If the Owner that breaches this Section 28 is a trustee of the trust that owns an interests in the Franchisee (a "**Trustee**"), the Franchisor shall provide the Franchisee with written notice of such default and such default may be

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- cured by removing and replacing such Trustee with a new Trustee (subject to the approval of the Franchisor at its option) within 15 days of the Franchisee's receipt of such default notice;
- (8) the Franchisee or any partner, officer or employee of the Franchisee gives to the Franchisor any false or misleading information or makes any misrepresentation in connection with the obtaining of this franchise or at any time during the Term in connection with the Business;
 - (9) the Franchisee compounds with its creditors or has a receiver appointed in respect of the whole or any part of its assets;
 - (10) a writ of distress or execution or other process of any court is levied or issued against any of the property of the Franchisee and is not withdrawn within three (3) months;
 - (11) the Key Person (including any substitute appointed in accordance with this Agreement) of the Franchisee dies or becomes incapable of managing or operating the Business for a continuous period of two (2) months;
 - (12) the Franchisee offers preferential commission structure or other benefits-in-kind with similar effects to any licensed education advisor or other similar sales staff or sales agents operating under any Entity related to the Franchisor;
 - (13) the Franchisee has breached any terms or conditions as set out in Section 11.2;
 - (14) the Franchisee has breached any terms or conditions as set out in Section 11.3;
 - (15) the Franchisee denies the Franchisor or its authorised representative from carrying out the activities as set out in Section 11.9;
 - (16) the Franchisee operates the Business in a way that endangers the health or safety of any person;
 - (17) the Franchisee no longer holds the permits, approvals and licenses required in the relevant Designated Area that the Franchisee must hold to carry on the Business;
 - (18) the Franchisee abandons the Business or the franchise relationship; or
 - (19) the Franchisor and the Franchisee do not agree upon a substitute site within 90 days after the Lease expires or is terminated or the Accepted Location is rendered unusable, in connection with Section 11.1(J).
- (C) The Franchisor may terminate this Agreement without complying with Section 28(A) or 28(B) if at the time of termination, all Parties mutually agree to a termination of this Agreement.
 - (D) The Franchisee shall not be entitled to any refund (including but not limited to the Initial Franchise Fee, Site Selection Fee and School Set-up Fee, Marketing Starter Pack Fee, Royalty and Document Preparation Fee) or any compensation from the Franchisor in the event that this Agreement is terminated.
 - (E) The rights of termination provided herein are without derogation from the rights of termination provided elsewhere in this Agreement or by law.

29. EFFECT OF TERMINATION

- (A) Upon the expiration or termination of this Agreement: -

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- (1) the Franchisor shall have the right (but not the obligation) to purchase from the Franchisee and (where the Franchisor exercises such right) the Franchisee shall have the obligation to: -
- (a) sell and transfer to the Franchisor such Course Materials in the Franchisee's possession and such Education Resources and Furnishing, fixtures, fittings, items of equipment, CCTV system, implements of trade and other chattels used for the Business or by the Franchisee that are selected by the Franchisor in its discretion (together the "**Franchisee Assets**"); and
 - (b) transfer to the Franchisor all student enrollments (now existing or which may be enrolled in the future) procured for the Business, along with a cash sum equal to all advance fees and fee deposits owed by the Business or by the Franchisee to such students (the "**Student Accounts**"). For the avoidance of doubt, save for the obligations attached to the advance fees and fee deposits paid by such students, all other liabilities owed by the Business or by the Franchisee to the students shall remain with the Business or the Franchisee respectively
(the "**Purchase Right**");
- (2) the Purchase Right shall be exercised as follows: -
- (a) the Franchisor may notify in writing the Franchisee of its interest to exercise the Purchase Right at any time within one (1) month of the expiration or termination of this Agreement (the "**Notice of Interest**");
 - (b) within seven (7) days of the date of the Franchisor's Notice of Interest, the Franchisee must deliver to the Franchisor: -
 - i. a complete list of the Franchisee Assets, along with their respective cost prices and book values (determined in accordance with the generally accepted accounting standards in the relevant Designated Area), and supporting documents evidencing the same;
 - ii. a complete list of the Student Accounts, along with their enrollment forms, the bank statement(s) evidencing the corresponding cash values of the advance fees and fee deposits, and supporting documents evidencing the same; and
 - (c) the Franchisor may exercise its Purchase Right at any time within two (2) months of the date of the Notice of Interest by issuing a written notice (the "**Purchase Right Exercise Notice**") to that effect to the Franchisee, upon which the Franchisor shall purchase from the Franchisee, and the Franchisee shall sell and transfer to the Franchisor the Franchisee Assets, transfer the Student Accounts and promptly perform its obligations specified in Section 29(A)(2)(c), for an aggregate sum equal to the book value of the Franchisee Assets (determined in accordance with the generally accepted accounting standards in the relevant Designated Area) or fair market price, whichever is the lower;

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- (d) the Franchisee acknowledges that its delivery of documents pursuant to Section 29(A)(2)(b) must be accompanied by all information that the Franchisor would reasonably require and expect to be given to make an informed decision for the transactions set out in Section 29(A)(1);
- (e) if the Franchisee and the Franchisor fail to agree on the purchase price specified in the Purchase Right Exercise Notice within thirty (30) days of the Franchisor issuing such notice, the price shall be determined by an independent chartered accountant agreed between the parties or in default of such agreement, within seven (7) days after the expiration of such thirty (30) day period, appointed by the Franchisor on the basis of the market value of the Franchisee Assets less twenty percent (20%). The valuer must act as an expert and the valuer's decision shall be binding upon both parties. The costs of the independent valuation shall be borne equally by the Franchisee and the Franchisor;
- (f) notwithstanding any other provision of this Agreement, the Franchisor may set-off any payments to be made by the Franchisor to the Franchisee under Section 29(A)(2)(c) against any monies due from the Franchisee to the Franchisor under this Agreement;
- (g) the Parties shall complete the sale and purchase of the Franchisee Assets and transfer of the Student Accounts within fourteen (14) days of the date the Franchisor issues the Purchase Right Exercise Notice. In the event that the Franchisee fails to execute any document required for the sale and purchase of the Franchisee Assets and the transfer of the Student Accounts, then the Franchisor shall, by virtue of this Agreement, be deemed to be irrevocably appointed by the Franchisee as its attorney to execute such documents for and on behalf of the Franchisee; and
- (h) in the event that the Franchisor is required by laws, by-laws, regulations, orders or other statutory requirements in force in the relevant Designated Area to obtain any licenses and permits required in the relevant Designated Area for the continuation of educational services provision to the students in connection with the Student Accounts, the Franchisee undertakes to the Franchisor that it shall render all necessary assistance to the Franchisor, at the Franchisor's expense, as may be necessary to enable the Franchisor to obtain such licenses and permits. The Franchisee further undertakes to the Franchisor that, until such licenses and permits are obtained, all monies in relation to the students in connection with the Student Accounts that may be authorized by the Franchisor to be collected by the Franchisee, shall be held on trust for and on behalf of the Franchisor in a bank account operated by bank signatories wholly appointed by the Franchisor and shall at all material times be identified as the Franchisor's monies;
- (3) the Franchisee agrees that the terms in Section 29(A)(1) are essential elements of this Agreement and without these, the Franchisor would not have entered into this Agreement. The Franchisee

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- acknowledges that each of such terms, is fair and reasonable, for the continuation of educational services provision to the students of the Business to mitigate and/or avoid any potential adverse effect on the students, image of the Business, Trade Mark(s) and the Franchisor's name and goodwill;
- (4) the Franchisee, Owner(s), Guarantor(s) and persons connected with the Owner(s)/Guarantor(s) shall cease to carry on the Business, or any other business involving preschoolers at the location for the School;
 - (5) the Franchisee shall cease to have the right to use the Intellectual Property and shall forthwith remove all representations of or references to the Trade Mark(s) from its stationery, advertisements, brochures, premises, vehicles or any other things used or maintained by the Franchisee and the Franchisee shall not hold out in any manner whatsoever that it has any connection with the Franchisor, the Business or the Intellectual Property;
 - (6) the Franchisee shall immediately deliver to the Franchisor all copies of the Manual, and other information and documents belonging to the Franchisor, and all items of equipment, display materials and things held on loan or hire from the Franchisor;
 - (7) the Franchisee shall destroy at its own expense all of the Course Materials and Education Resources and Furnishings which have not been purchased by the Franchisor pursuant to Section 29(A)(1)(a);
 - (8) the Franchisee shall settle all outstanding accounts, and perform all outstanding obligations within fourteen (14) days from the date of service of the notice of the termination of the Agreement;
 - (9) the Parties shall execute a joint statement confirming the termination of the Agreement, as well as all documents reasonably required by the Franchisor relating to discontinuation of the Franchisee's use of the Intellectual Property and the cancellation of any license or service provider approval with any authority. In the event that the Franchisee fails to execute such statement or documents, then the Franchisor shall, by virtue of this Agreement, be deemed to be irrevocably appointed by the Franchisee as its attorney to execute such statement or documents for and on behalf of the Franchisee; and
 - (10) the Franchisor shall have the right of first refusal (but not the obligation) to take a transfer or assignment of the Lease in relation to the premises for the School and to take over the telephone numbers of the premises from the Franchisee so as to continue the Business or any other business venture or undertaking that may be engaged by the Franchisor at the premises (whether by the Franchisor itself or through its nominee) and the Franchisee shall have the obligation to:
 - (a) if it owns the premises of the School, grant a lease to the Franchisor or its nominee at market price and subject to such terms and conditions as are usual in leases of the same nature; or
 - (b) if the premises of the School are leased from another party, use its best efforts to procure from the landlord a transfer or assignment of the Lease for the premises of the School to the Franchisor or its nominee,

in accordance with the provisions set out in this Section 29(A)(10). The Franchisor shall notify the Franchisee of its interest in obtaining the premises within one (1) month of the expiration or termination of this Agreement. If the premises are owned by the Franchisee, the Franchisor and the Franchisee shall negotiate the rental for the premises and the Franchisor and the Franchisee shall enter into the lease for the premises within one (1) month of the Franchisor's indication of interest in obtaining the premises to the Franchisee or the date of completion of the sale and purchase of the Franchisee Assets and transfer of the Student Accounts, as agreed by the Franchisor and the Franchisee mutually. If the premises are leased by the Franchisee from another party, the Franchisor shall be entitled to approach the lessor directly for a transfer or assignment of the Lease along with the rental deposit and obligation to reinstate the premises, and if the lessor agrees, the Franchisor and the Franchisee shall expeditiously sign the documents for the transfer or assignment of the Lease, and use best efforts to complete the transfer or assignment of the Lease within two (2) months from the expiration or termination of this Agreement or the date of completion of the sale and purchase of the Franchisee Assets and the transfer of the Student Accounts, as agreed by the Franchisor and the Franchisee mutually, provided always that, unless the Franchisor and the Franchisee mutually agree otherwise, the Franchisee shall be responsible for the rent for the School until such time as the Lease is transferred or assigned to the Franchisor.

- (B) The termination of this Agreement howsoever caused shall be: -
- (1) without prejudice to the rights of any Party against the other subsisting at the date of termination; and
 - (2) without prejudice to any section set out in this Agreement which by operation of law survives or is specifically stated to survive the termination of this Agreement.

30. RESOLUTION OF DISPUTES

- (A) Except for actions by the Franchisor or the Franchisee for injunctive or other equitable relief or to enforce a final judgment or arbitral award, and for claims to the extent that they relate to the protection or enforcement of the Franchisor's or its Affiliates' rights in and to intellectual property (including the Trademarks), the parties agree that any and all disputes between them or any of their Affiliates, and any claim by either party or any of their Affiliates, that cannot be amicably settled, shall be determined solely and exclusively by arbitration in accordance with the then-current commercial rules established by the American Arbitration Association or any successor thereof ("**AAA**"). Arbitration shall take place at an appointed time and place at the Franchisor's principal place of business at the time such proceeding is filed. The arbitrators shall not have the right to alter the locale of the arbitration as set forth in the preceding sentence. Each Party shall cause its Affiliates to abide by the provisions of this Section 30.
- (B) There shall be one (1) arbitrator as appointed by mutual agreement between the Parties, failing which if the Parties fail to mutually agree within fourteen (14) days, the arbitrator shall be appointed by the AAA.

Judgment upon any award of the arbitrator shall be binding and shall be entered in any court of competent jurisdiction. The award of the arbitrator may grant any relief which might be granted by a court of general jurisdiction, including, without limitation, by reason of enumeration, award of damages and/or injunctive relief, but excluding punitive or exemplary damages, and may, in the discretion of the arbitrator, assess, in addition, the costs of the arbitration, including the reasonable fees of the arbitrator and reasonable attorneys' fees, against either or both parties, in such proportions as the arbitrator shall determine. The arbitration proceedings shall be confidential.

- (C) Notwithstanding anything to the contrary in this Agreement, nothing contained in this Agreement shall bar the Franchisor, the Franchisee, or the Franchisor's Affiliates' right at any time to (i) seek in a court of competent jurisdiction and obtain temporary or permanent injunctive or other equitable relief (including relief against threatened conduct that will cause it loss or damages) under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions; or (ii) enforce in a court of competent jurisdiction a final judgment or arbitral award.
- (D) The Parties agree that any actions permitted to be brought under this Agreement by either Party in any court, whether federal or state, shall be brought within the United States District Court for the district where Franchisor's principal place of business is located at the time such action is filed, or the Superior (or any comparable) Court where the Franchisor's principal place of business is located at the time such action is filed.
- (E) It is the intent of the Parties that any arbitration between the Franchisor or any of its Affiliates and the Franchisee or any of its Affiliates shall be of any individual claim and that the claim subject to arbitration shall not be arbitrated on a class-wide basis.

31. GUARANTEE AND INDEMNITY OBLIGATIONS

(A) Obligation to guarantee performance

In consideration of the Franchisor entering into this Agreement with the Franchisee at the request of the Guarantor(s), the Guarantor(s) jointly and severally guarantee to the Franchisor:

- (1) the due and punctual payment of all monies payable by the Franchisee to the Franchisor; and
- (2) the due and punctual performance by the Franchisee of each and all of the Franchisee's obligations under this Agreement.

(B) Obligation to indemnify the Franchisor

- (1) The Franchisee and its Guarantor(s) agrees to indemnify the Franchisor and its Affiliates and their respective authorized representatives, employees and agents against all claims, loss, damage, costs, liability or expense sustained or incurred by the Franchisor as a direct or indirect consequence of any failure on the part of the Franchisee to punctually discharge or perform any obligation under this Agreement, except to the extent that such claims, loss, damage, costs, liability or expense is incurred as a direct consequence of the Franchisor's gross negligence or willful misconduct.

(a) .

(C) **Obligations of Guarantor(s) that continue**

The Guarantor(s) acknowledges that the Franchisee's obligations to the Franchisor which it has guaranteed include obligations which continue and which may arise during any extension or renewal of this Agreement and notwithstanding any transfer or assignment or other dealing with the Business or the Franchisee's interests in this Agreement or any ownership interest in the Franchisee.

(D) **Obligation as principal debtor**

Notwithstanding that as between the Franchisee and the Guarantor(s), the Guarantor(s) may be a surety only, nevertheless in any proceedings in which the liability of the Guarantor(s) to the Franchisor is in issue:

- (1) the Guarantor(s) will be deemed to be principal debtor and jointly and severally liable with the Franchisee to discharge the Franchisee's obligations under this Agreement; and
- (2) the Guarantor(s) is not entitled to raise any defense based upon an allegation (whether express or implied) that its position as against the Franchisor is that of a guarantor or surety.

(E) **Obligation to pay upon demand**

Without in any way limiting or affecting the Franchisee's liability under the terms of this Agreement, the Guarantor(s) jointly and each of them individually undertake to pay to the Franchisor on demand all monies due and payable under the terms of this Agreement in the event that the Franchisee fails to punctually discharge or perform the Franchisee's obligations under this Agreement.

(F) **Continuing Obligations**

The obligations of the Guarantor(s) under this Agreement will remain in full force and effect until all of the Franchisee's obligations under this Agreement (including the Obligation to pay money and to indemnify the Franchisor) have been fully discharged and satisfied and will not be abated, suspended, abrogated, varied or affected by:

- (1) the termination of this Agreement;
- (2) the granting to the Franchisee (or the Guarantor(s)) of any time or other indulgence or the granting of any concession or the waiver of or any failure to observe or perform any of its obligations under this Agreement or the postponing for any time of the exercise of any power or remedy conferred upon the Franchisor by this Agreement;
- (3) any variation in the respective obligations and liabilities of the Franchisee, the Guarantor(s) or the Franchisor to this Agreement (including any variation in the fees payable under this Agreement) whether made with or without the knowledge or consent of the Guarantor(s);
- (4) any change in the position between the Franchisor and the Guarantor(s) whether or not notice of that change is given to the Franchisor or any assignment or purported assignment of its interests by the Franchisee;
- (5) the Franchisee filing bankruptcy, entering into liquidation or suffering a winding up order to be made or an official manager or provisional liquidator to be appointed or being subjected to any

other order or statutory provision having the effect of restricting or deferring claims by its creditors;
and

(6) any disclaimer of this Agreement purporting to be effected in the course of the Franchisee's liquidation.

(G) **Obligations not affected**

The obligations of the Guarantor(s) under this guarantee will not be affected by any negligence or delay on the part of the Franchisor in enforcing its rights or by the release or loss of any security held by the Franchisor discharging or releasing any other Guarantor(s).

(H) **Waiver**

The Guarantor(s) waives all of their rights as surety (legal, equitable, statutory or otherwise) which may at any time be inconsistent with any of the provisions of this guarantee and indemnity.

(I) **Invalidity**

If any obligation on the Franchisee's part under this Agreement for any reason is wholly or partly invalid, illegal or unenforceable as against the Franchisee, that circumstance will not affect the obligations of the Guarantor(s) under this Agreement and the Guarantor(s) undertakes to pay such sums to the Franchisor as would otherwise be payable were there no such invalidity, illegality or unenforceability.

(J) **No merger**

Each obligation of the Guarantor(s) under this Agreement will not merge or be deemed to have merged in any judgment obtained by the Franchisor against the Franchisee and the Guarantor(s) will remain liable to the Franchisor under this Agreement, notwithstanding that the Franchisor may in the meantime obtain any judgment against the Franchisee.

(K) **Assignment of assets for benefit of creditors**

If the Franchisee files bankruptcy, enters into any assignment of the Franchisee's assets for the benefit of the Franchisee's creditors or into liquidation or official management or any other situation which the Franchisee's creditors are entitled to or required to lodge a proof of their claims, then the following provisions will apply until such time as the Franchisor has received payment in full of all monies which are or may become due to the Franchisor under this Agreement:

(1) the Guarantor(s) must not (nor if more than one (1), must any of them) without the Franchisor's prior written consent lodge any proof of debt or similar claim whether in respect of its obligations under this Agreement or any other liability, contingent or otherwise;

(2) the Guarantor(s) must not (nor if more than one (1), must any of them) without the Franchisor's prior written consent enforce or attempt to enforce any security held by the Guarantor(s) (or if more than one of them, by any of them) in respect of the Franchisee's obligations but must hold in trust for the Franchisor any rights or benefits arising from that security;

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- (3) the Guarantor(s) (and if more than one (1), each of them) must if required by the Franchisor lodge a proof of debt or enforce any security and do all such acts and things as the Franchisor may reasonably require to obtain the benefits of any proof, claim or security for the Franchisor;
 - (4) the Guarantor(s) must not (nor if more than one (1), must any of them) claim the benefit or seek to require the transfer of any guarantee or security which may be held by the Franchisor in respect of the monies or obligations which are guaranteed by this Agreement; and
 - (5) the Guarantor(s) must pay to the Franchisor all monies that have been received by the Franchisor for the credit of the Franchisee which the Franchisor may otherwise be obliged by law to remit to any trustee, official manager, liquidator or any other person.

(L) **Void payment**

- (1) Any payment made by the Franchisee to the Franchisor under this Agreement which is void, avoided or required to be repaid by any statutory provision shall be deemed not to have discharged any of the Guarantor(s)' liability in respect of that payment.
- (2) In that event, the Franchisor will be restored to its rights which the Franchisor would have had, if the payment had not been made.

(M) **Warranty**

- (1) The Guarantor(s) warrants to the Franchisor that it has full and unrestricted power, capacity and authority to enter into and execute this Agreement and that it is not necessary to obtain the prior license or authority of any person to execute this Agreement.
- (2) The Guarantor(s) acknowledges that it has had the opportunity of obtaining independent legal, accounting and business advice on the terms of this Agreement and has been provided with a copy of the Franchisor's disclosure document before signing this Agreement.

(N) **Death or permanent incapacity of the Guarantor(s)**

If a Guarantor(s) dies or suffers permanent incapacity, the Franchisee must within thirty (30) days of such Guarantor's death or incapacity nominate a natural person who is acceptable to the Franchisor to provide a replacement guarantee and indemnity (on the same terms as in this Agreement). The Franchisor must approve the individual as a guarantor and will not unreasonably withhold its consent. If within thirty (30) days of such event the Franchisee is unable or unwilling to do so, the Franchisee must offer the Business for sale to the Franchisor upon the same terms and conditions set out in Section 29.

32. ACKNOWLEDGEMENT

The Franchisee acknowledges that: -

- (A) Franchisee acknowledges and represents that it and its Owners have retained legal counsel (i) to review with them the franchise disclosure document and the exhibits thereto, including without limitation this Agreement, and such legal counsel has done so, and (ii) to represent them in connection with the offer and sale of a MindChamps International PreSchool™ franchise.

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- (B) The Franchisee acknowledges that it and its Owners have received a copy of this Agreement and the attachments hereto fully completed at least seven (7) calendar days prior to the date on which this Agreement was executed. The Franchisee further acknowledges that Franchisee received the franchise disclosure document at least fourteen (14) calendar days prior to the date on which this Agreement was executed. The Franchisee and its Owners represent and acknowledge that they have read and understand this Agreement and the franchise disclosure document, and that the Franchisor has accorded the Franchisee and its Owners ample time and opportunity to consult with advisors of its and their own choosing about the potential benefits and risks of entering into this Agreement. The Franchisee and its Owners acknowledge that they have no knowledge of, and are not relying on, any representation, warranty, or guarantee by the Franchisor or its officers, directors, shareholders, employees, or agents that is contrary to the statements made in the franchise disclosure document or to the terms of this Agreement.

33. INDEPENDENCE OF ACTION

- (A) The relationship established between the Franchisor and the Franchisee shall be that of a licensor and licensee respectively and not that of principal and agent, partnership, joint venture or any other association.
- (B) Nothing in this Agreement shall constitute the Franchisee as the agent or legal representative of the Franchisor for any purposes whatsoever.

34. FORCE MAJEURE

- (A) Except for the payment of money, no Party shall be liable for any failure to perform or delay in performance of its obligations hereunder caused by an act of God, an outbreak of hostilities, riot, civil disturbance, acts of terrorism, acts of any government or authority, fire, explosion, flood, fog or bad weather, strike, lock out or industrial action of any kind or any other cause or circumstances beyond its reasonable control ("**Force Majeure**"). Where the Franchisee has not made payment for any goods to be sold by the Franchisor to the Franchisee, in addition to other rights which the Franchisor may have, the Franchisor may withhold the delivery of any orders that are outstanding. In no event will the Franchisee's inability to pay amounts due under this Agreement constitute an event of Force Majeure.
- (B) In the event that any delay in the performance of any Party's obligations under this Agreement due to *Force Majeure* exceeds six (6) months, the Parties shall negotiate in good faith with a view to reaching an amicable solution. In the event that an amicable solution is not reached within one (1) month, any Party may terminate this Agreement by written notice to the other parties.

35. WAIVER

- (A) None of the Franchisor's rights under this Agreement shall be deemed to be waived unless the Franchisor confirms the waiver by notice in writing to the Franchisee.

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- (B) The waiver by any Party of any of the terms or conditions of this Agreement shall not prejudice any remedy accruing to or the insistence of the strict rights of the waiving Party in respect of other breaches of the same or other terms and conditions.

36. SEVERABILITY

- (A) Except as expressly provided to the contrary in this Agreement, each section, paragraph, term and provision of this Agreement, and any portion, will be considered severable, and if, for any reason, any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling will not impair the operation of, or have any other effect upon, such other portions of this Agreement as may remain otherwise intelligible, which will continue to be given full force and effect and bind the Parties, although any portion held to be invalid will be deemed not to be a part of this Agreement from the date the time for appeal expires, if the Franchisee is a party, otherwise upon the Franchisee's receipt of a notice of non-enforcement from the Franchisor.
- (B) While the Parties consider that the restrictions and sections set out in this Agreement are reasonable as between themselves, their respective interests and the public interest in all the circumstances in which this Agreement will operate, it is agreed that if any such restrictions or sections shall be adjudged by a court of competent jurisdiction to go beyond what is reasonable for the protection of the interests respectively of each of the Parties or any of them or unfairly hinders the legitimate activities of each or any of them, or is unreasonable in the public interest, but would be reasonable and enforceable if certain words were deleted, the said restrictions and sections shall apply with such words deleted.
- (C) If any applicable law requires a greater prior notice than is required under this Agreement for the termination or nonrenewal of this Agreement, or the taking of some other action not required under this Agreement, or if, under any applicable law, any provision of this Agreement is invalid or unenforceable, the prior notice and/or other action required by applicable law will be substituted for the comparable provisions of this Agreement. If any provision of this Agreement or any specification, standard, or operating procedure prescribed by the Franchisor is invalid or unenforceable under applicable law, the Franchisor will have the right, at the Franchisor's sole option, to modify such invalid or unenforceable provision, specification, standard, or operating procedure to the extent required to make it valid and enforceable under applicable law.

37. NOTICES

- (A) All notices, communications, demands, requests, approvals or consents required to be given or made under this Agreement by any Party must be in writing and shall be effective only if either personally delivered, sent by pre-paid mail, or e-mail to the addresses and attention to the Franchisor or to the persons designated by the Franchisee indicated in Table 1 of Schedule A, as the case may be.

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- (B) Any notices, communications, demands, requests, approvals or consents shall be deemed to be duly given and received: -
- (1) if personally delivered, on the day of delivery;
 - (2) if sent by pre-paid mail from and to addresses within the same country, six (6) days after the same is sent;
 - (3) if sent by pre-paid mail from and to addresses in different countries, ten (10) days after the same is sent; or
 - (4) if sent by e-mail, on the day of sending.
- (C) Any Party may from time to time by written notice to the other Party designate a different address applicable or designate a different person to which or to whom the notices, communications, demands, requests, approvals or consents must be addressed.

38. LIMITATION OF THE FRANCHISOR'S LIABILITY

- (A) To the fullest extent permitted by law, and notwithstanding any other provision of this Agreement, the total liability, in the aggregate, of the Franchisor and its officers, directors, partners, employees and consultants, and any of them ("**Franchisor Group**"), to the Franchisee and anyone claiming by or through the Franchisee, for any and all claims, losses, costs or damages, including legal fees and costs and expert-witness fees and costs of any nature whatsoever or claims expenses resulting from or in any way related to all circumstances in which this Agreement operates, shall not exceed the Initial Franchise Fee for the Initial Term or the Renewal Fee for the Renewal Term (as the case may be). It is intended that this limitation applies to any and all liability or cause of action however alleged or arising, unless otherwise prohibited by law. For the avoidance of doubt, the Franchisor Group shall not be liable for any losses consequential to any breach of this Agreement, including but not limited to, loss of future economic gains, opportunities or other losses as a result of the breach.
- (B) The limitation of the Franchisor Group's liability agreed by the Franchisee pursuant to this Section 38 shall survive the expiration or earlier termination of this Agreement.

39. GOVERNING LAW

The terms and conditions of this Agreement shall be interpreted and construed under the laws of Delaware, which laws shall prevail in the event of any conflict of law. If, however, any provision of this Agreement would not be enforceable under the laws of Delaware, and if the School is located outside of Delaware and such provision would be enforceable under the laws of the state in which the School is located, then such provision shall be interpreted and construed under the laws of that state.

40. GENERAL PROVISIONS

- (A) This Agreement sets out and shall constitute the entire agreement between the Parties and shall supersede any and all promises, representations, warranties or any other statements whether written or oral made by or on behalf of one Party to the other Parties provided always that any variations made under and in accordance with the terms of this Agreement shall constitute part of this Agreement. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.
- (B) This Agreement may be signed in any number of counterparts and by the Parties hereto on separate counterparts, each of which, when so executed, shall be an original, but all counterparts shall together constitute one and the same document.
- (C) The Franchisee shall bear the stamp duty or any other duty payable on this Agreement pursuant to the laws of the relevant Designated Area, and shall be responsible for ensuring that such duties are paid in a timely manner.
- (D) This Agreement shall inure for the benefit of and be binding upon the Parties and their successors in title or permitted assigns (as the case may be).
- (E) The acceptance by the Franchisor of any report or account submitted by the Franchisee pursuant to this Agreement does not preclude the Franchisor from subsequently querying their accuracy.
- (F) No right or remedy conferred upon or reserved to the Parties 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 shall each be cumulative of every right or remedy.
- (G) In the event of any inconsistency between the provisions of the Schedules, the Manual and the terms of this Agreement, priority shall be given in the order as follows: -
 - (1) the terms of this Agreement;
 - (2) the Schedules; and
 - (3) the Manual.
- (H) Save as expressly provided otherwise, a person who is not a party to this Agreement has no right under any applicable law to enforce any term of this Agreement.

41. PURPOSE

- (A) The purpose of this Agreement ("**Purpose**") is to:
 - (1) grant to the Franchisee the right to operate the Business using the Intellectual Property and System during the Term;
 - (2) specify the terms and conditions that must be complied with by the Franchisee in the operation of the Business, including the Franchisee's payment obligations and use of the Intellectual Property and System; and

-
- (3) further commercialize the Intellectual Property to enhance the business interests and goodwill of the Franchisor and to benefit the Franchisor and its network of franchisees.
- (B) In order to achieve the Purpose, the Franchisee must strictly comply with the terms of this Agreement, and act in a way that enhances the goodwill associated with the Franchisor and the Franchisor's network of franchisees and the Intellectual Property and System.
- (C) To assist achieving the Purpose, the Franchisee acknowledges that this Agreement provides flexibility for and gives the power to the Franchisor to vary some contractual obligations to protect or enhance the goodwill associated with the Franchisor, the Franchisor's network of franchisees and the Intellectual Property and System.

MindChamps International PreSchool Franchising Inc.
8 The Green, STE A
Dover, DE 19901
United States
Tel: +17864010880



IN WITNESS OF WHICH two (2) original copies of this Agreement have been executed by the Parties

EXECUTED for and on behalf of **MINDCHAMPS**)
INTERNATIONAL PRESCHOOL FRANCHISING INC.)
by its authorized officer in the presence of:)

.....
Authorized Officer Signature

.....
Print Name of Authorized Officer

.....
Position of Authorized Officer

.....
Date of Signature

EXECUTED for and on behalf of [xx] (Co. Reg No.: xx))
as Franchisee)
)

.....
Witness Signature

.....
*Director/*Secretary Signature

.....
Print Name of Witness

.....
Print Name of *Director/*Secretary
*Please mark which capacity signing

.....
Date of Signature

.....
Date of Signature

I/ We, as Guarantor(s) of this Agreement, accept and acknowledge that I am/we are jointly and severally liable personally to the Franchisor for the performance of all the terms and obligations in this Agreement, including Clause 31, which I/we have read, understood and accepted. The Franchisor has advised that independent legal advice be sought by me/us.

EXECUTED by _____ as a guarantor:)

)

)

.....

Signature of **[name of guarantor]**

.....

Print Name of **[name of guarantor]**

EXECUTED by _____ as a guarantor:)

)

)

.....

Signature of **[name of guarantor]**

.....

Print Name of **[name of guarantor]**

SCHEDULE A **Details of Franchise**

Table 1: Particulars of the Franchisee

Name of Company:	Key Person:													
Co Reg No.:	Passport No.:													
Address:	Designation:													
	Handphone No.:													
	Email:													
<p>Ownership of Franchisee: the following persons constitutes all Owners of the Franchisee and their percentage ownership interest in the Franchisee:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;"><u>Name</u></th> <th style="text-align: left; border-bottom: 1px solid black;"><u>Percentage Ownership</u></th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">_____</td> <td style="border-bottom: 1px solid black;">_____ %</td> </tr> <tr> <td style="border-bottom: 1px solid black;">_____</td> <td style="border-bottom: 1px solid black;">_____ %</td> </tr> <tr> <td style="border-bottom: 1px solid black;">_____</td> <td style="border-bottom: 1px solid black;">_____ %</td> </tr> <tr> <td style="border-bottom: 1px solid black;">_____</td> <td style="border-bottom: 1px solid black;">_____ %</td> </tr> <tr> <td style="border-bottom: 1px solid black;">_____</td> <td style="border-bottom: 1px solid black;">_____ %</td> </tr> </tbody> </table>			<u>Name</u>	<u>Percentage Ownership</u>	_____	_____ %	_____	_____ %	_____	_____ %	_____	_____ %	_____	_____ %
<u>Name</u>	<u>Percentage Ownership</u>													
_____	_____ %													
_____	_____ %													
_____	_____ %													
_____	_____ %													
_____	_____ %													

Table 2: Particulars of the Guarantor(s)

Name of Guarantor:	Passport No.:	
Address:	Designation:	
	Handphone No.:	
	Email:	
Name of Guarantor:	Passport No.:	
Address:	Designation:	
	Handphone No.:	
	Email:	

Table 3: Operation Commencement Date and the Initial Term

<p>Operation Commencement Date:</p> <p>The Operation Commencement Date is the issue date of the child care license issued by the [name of government body] to the School which is _____.</p>	<p>Initial Term:</p> <p>The period of ten (10) years commencing from the Operation Commencement Date.</p>
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Table 4: Initial Franchise Fee (subject to applicable state sales tax) – Non-refundable

<p>\$100,000</p>

Table 5: Renewal Term Renewal Fee (subject to applicable state sales tax) – Non-refundable

<p>Renewal Fee: \$50,000</p>	<p>Renewal Term:</p> <p>The period of ten (10) years commencing from the end of the Initial Term.</p>
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Table 6: Royalty Rate (subject to applicable state sales tax) – Non-refundable

<p>Royalty Rate:</p> <p>Seven percent (7%) of Gross Sales of each calendar month.</p>	<p>Payable by the fourteenth (14th) day of the following calendar month without the need for an invoice from the Franchisor.</p>
--	---

Table 7: Training Entitlements

<p>FOC Teacher Training (classroom teacher and enrichment teacher): 10 teachers in aggregate.</p> <p>Training entitlement quota shall be depleted irrevocably in the Franchisor's sole discretion by one (1) count upon the commencement of training, notwithstanding the duration, content or completion status of the training or the profile of the trainee. The Franchisor may in its sole discretion accept, reject or expel any trainee without any compensation to the Franchisee.</p>

Table 8: Training Fee (subject to applicable state sales tax) – Revision is determined and approved by the Franchisor in its sole discretion

<p>Training Category:</p> <ol style="list-style-type: none"> 1. School director: \$3,500 each 2. Classroom teacher: \$2,500 each 3. Enrichment teacher: \$1,000 each 	<p>Training fee shall be billed accordingly notwithstanding the duration, content or profile of the trainee, and is payable in advance without refund or prorate in the event of incomplete training not due to any default of the Franchisor.</p>
--	--

	The Franchisor may, at its option, accept, reject or expel any trainee without any compensation to the Franchisee.
Key Person Training Fee: \$10,000 each for new or replacement Key Person. Waived for Key Persons who have undergone Key Person Training before. To be paid upon signing of this Agreement if the Franchisee’s Key Persons have not undergone Key Person Training before.	
Initial Training Fee: \$30,000	

Table 9: Expansion Fee (subject to applicable state sales tax) – Non-refundable

Expansion Fee	\$5,000
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Table 10: Marketing Starter Pack (subject to applicable state sales tax)- Non-refundable

Marketing Starter Pack	\$40,000
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Table 11: Document Preparation Fee (subject to applicable state sales tax) – Non-refundable

Document Preparation Fee	\$3,000
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Table 12: Site Selection Fee / Site Assessment Fee (subject to applicable state sales tax) – Non-refundable

Site Selection Fee	\$35,000
Site Assessment Fee	\$5,000

Table 13: School Set-up Fee (subject to applicable state sales tax) – Non-refundable

School Set-up Fee	\$3,000 per classroom
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SCHEDULE B

School Address

Address:

Telephone:

Fax:

SCHEDULE C

Trade Mark(s)

MINDCHAMPS®

MINDCHAMPS INTERNATIONAL PRESCHOOL™



SCHEDULE D

Performance Target

After the second anniversary of the Operation Commencement Date and onwards for the remaining duration of the Term, the Franchisee shall use all reasonable commercial endeavors to maintain at least seventy-five percent (75%) enrollment rate of the maximum enrollment capacity for the School.

SCHEDULE E

Designated Area

The Designated Area is set forth on the map attached to this Schedule F and the Designated Area shall be within the boundaries described below. Unless otherwise specified below, where streets or roads are used as boundaries for the Designated Area, the Designated Area shall include only the area which is within a boundary line which is deemed to run continuously inside the interior side of any such streets or roads and shall not include any area which falls on the exterior of such deemed boundary line.

SCHEDULE F

Computer System

S/n	Item	Details	Fees
1	Email & Document system	Email subscription	US\$6 per staff/account per month. The subscription of each Email account shall have a minimum subscription period of six (6) months, regardless of whether the account is in use and/or whether the staff is no longer employed by the franchisee for any reason whatsoever.
2	Customer Relationship Management system	Leads Tracking , Customer Journey, Managed mass email, Campaign, Activity capture	US\$62 per month for one (1) licence.
3	Student Management System	Registration, Enrollment, Invoice, Receipt, Portfolio, Temperature taking & Attendance, Report Card, Parents App	US\$325 per month for one (1) licence.

S/n	Item	Details
1	Finance software	AR, AP, GL, Bank, Fixed Assets, Inventory
2	HRMS	Recruitment, Employee Profile, Leave, Appraisal, Payroll
3	Cloud Phone System	Cloud PABX with caller ID, call hold, Call transfer, Voice mail
4	Document System	Microsoft Office Application (Word, PowerPoint, Excel and Outlook)
5	Phone hardware	Phone Hardware
6	IT infrastructure	Network Switch, Wifi access point, CCTV, Firewall
7	Laptop	Laptop - 14", Windows Pro, i7 processor, 16GB RAM
8	Smartboard	Smart board TV Panel 65"
9	Door Access – Face	Face Recognition device
10	Printer	MFC printer

Exhibit B-1

State Required Addenda to Franchise Agreement

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this ____ day of _____, 20____, between MindChamps International PreSchool Franchising Inc. and _____
_____ to amend and revise the said Franchise Agreement as follows:

1. Illinois law governs the Franchise Agreement.
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, 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.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Clause 40(A) of the Franchise Agreement is amended by inserting the following at the end of Clause 40(A): “ Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document”.

Exhibit C
to
Franchise Disclosure Document

Financial Statements

**MINDCHAMPS INTERNATIONAL PRESCHOOL
FRANCHISING INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023 AND
PERIOD FROM JULY 21, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022**

**MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD FROM JULY 21, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022**

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Balance sheets	3
Statements of operations	4
Statements of changes in stockholders' equity	5
Statements of cash flows	6
Notes to financial statements	7 - 15

INDEPENDENT AUDITOR'S REPORT

To the Stockholders
MindChamps International PreSchool Franchising Inc.

Opinion

We have audited the accompanying financial statements of MindChamps International PreSchool Franchising Inc. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in stockholders' equity and cash flows for the year ended December 31, 2023 and for the period from July 21, 2022 (inception) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023 and for the period from July 21, 2022 (inception) through December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 MindChamps International PreSchool Franchising 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

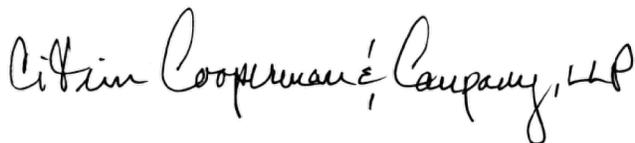
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



New York, New York
August 22, 2024

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 960	\$ 2,260
Due from Licensor	<u>-</u>	<u>189,490</u>
Total current assets	<u>960</u>	<u>191,750</u>
Intangible asset, net	<u>6,801,388</u>	<u>-</u>
Other assets:		
Deferred charges	60,000	30,000
Deferred tax asset	<u>-</u>	<u>4,643</u>
Total other assets	<u>60,000</u>	<u>34,643</u>
TOTAL ASSETS	<u>\$ 6,862,348</u>	<u>\$ 226,393</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accrued expenses	\$ <u>-</u>	\$ <u>10,858</u>
Long-term liabilities:		
Deferred revenues	266,000	183,000
Due to Licensor	<u>273,288</u>	<u>-</u>
Total long-term liabilities	<u>539,288</u>	<u>183,000</u>
Total liabilities	<u>539,288</u>	<u>193,858</u>
Commitments and contingencies (Notes 8 and 9)		
Stockholders' equity:		
Common stock - \$1,000 par value; 7,000 shares authorized, issued and outstanding	7,000,000	50,000
Accumulated deficit	<u>(676,940)</u>	<u>(17,465)</u>
Total stockholders' equity	<u>6,323,060</u>	<u>32,535</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 6,862,348</u>	<u>\$ 226,393</u>

See accompanying notes to financial statements.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD FROM JULY 21, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
Revenues	\$ -	\$ -
Selling, general and administrative expenses	<u>654,832</u>	<u>22,108</u>
Loss before income taxes	(654,832)	(22,108)
Provision for (benefit from) income taxes	<u>4,643</u>	<u>(4,643)</u>
NET LOSS	<u><u>\$ (659,475)</u></u>	<u><u>\$ (17,465)</u></u>

See accompanying notes to financial statements.

**MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD FROM JULY 21, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022**

	<u>Common Stock</u>		<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity</u>
	<u>Shares</u>	<u>Amount</u>		
Balance - July 21, 2022 (inception)	-	\$ -	\$ -	\$ -
Contributions	50	50,000	-	50,000
Net loss	<u>-</u>	<u>-</u>	<u>(17,465)</u>	<u>(17,465)</u>
Balance - December 31, 2022	50	50,000	(17,465)	32,535
Contributions	6,950	6,950,000	-	6,950,000
Net loss	<u>-</u>	<u>-</u>	<u>(659,475)</u>	<u>(659,475)</u>
BALANCE - DECEMBER 31, 2023	<u>7,000</u>	<u>\$ 7,000,000</u>	<u>\$ (676,940)</u>	<u>\$ 6,323,060</u>

See accompanying notes to financial statements.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD FROM JULY 21, 2022 (INCEPTION)
THROUGH DECEMBER 31, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Net loss	\$ (659,475)	\$ (17,465)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization	198,612	-
Deferred income taxes	4,643	(4,643)
Changes in operating assets and liabilities:		
Deferred charges	(30,000)	(30,000)
Accrued expenses	(10,858)	10,858
Deferred revenues	83,000	183,000
Due to Licensor	<u>273,288</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>(140,790)</u>	<u>141,750</u>
Cash flows from investing activities:		
Due from Licensor	189,490	(189,490)
Acquisition of intangible asset	<u>(50,000)</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>139,490</u>	<u>(189,490)</u>
Cash provided by financing activity:		
Stockholders' contributions	<u>-</u>	<u>50,000</u>
Net increase (decrease) in cash	(1,300)	2,260
Cash - beginning	<u>2,260</u>	<u>-</u>
CASH - ENDING	<u>\$ 960</u>	<u>\$ 2,260</u>
Supplemental schedules for non-cash transactions:		
Acquisition of intangible asset through stockholders' contribution and due to Licensor	<u>\$ 6,950,000</u>	<u>\$ -</u>

See accompanying notes to financial statements.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

MindChamps International Preschool Inc. is a major stockholder of MindChamps International PreSchool Franchising Inc. (the "Company"). MindChamps International Preschool Inc. (the "Parent") is a wholly-owned subsidiary of MindChamps Preschool Limited, a public limited company incorporated under the laws of the Republic of Singapore. The Company was formed on July 21, 2022, as a Delaware corporation to sell franchises pursuant to a license agreement dated July 25, 2022, between the Company and MindChamps Preschool Limited (the "Licensor"). Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "MindChamps" and "MindChamps International Preschool" names and system that will operate preschools for the establishment and development of educational childcare services.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP 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 expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

The Company derives its revenues from franchise fees, royalties and brand fund fees.

Franchise fees, other initial fees and royalties

Contract consideration from franchisees primarily consists of initial or renewal franchise fees, development fees, site selection fees, school set-up fees, initial training fees, teacher training fees, marketing starter pack fee, document preparation fee, sales-based royalties, sales-based brand fund fees and transfer fees. The initial franchise fees and other up-front fees are nonrefundable and collected when the underlying franchise agreement is signed by the franchisee. Sales-based royalties and brand fund fees are payable monthly. Transfer fees are payable by a franchisee for the transfer of its franchise unit to another franchisee and are due when a transfer to a third party occurs.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to the Company's intellectual property in addition to a variety of activities relating to opening a franchise unit. Those services include training and other such activities commonly referred to collectively as "pre-opening activities." The Company determines if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of pre-opening activities that is not brand specific is deemed to be distinct, as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property, and therefore is accounted for as a separate performance obligation. All other pre-opening activities are expected to be highly interrelated to the use of the Company's intellectual property and are therefore

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Franchise fees, other initial fees and royalties (continued)

accounted for as a single-performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company estimates the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company first allocates the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities that are not brand specific will be recognized when those performance obligations are satisfied.

Initial franchise fees, renewal franchise fees, and other up-front fees allocated to the right to access the Company's intellectual property are recognized as revenue on a straight-line basis over the term of the respective franchise agreement.

Royalties are earned based on a percentage of a franchisee's gross revenues over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties represent sales-based royalties that are related entirely to the use of the Company's intellectual property and are recognized as franchisee sales occur and the royalty is deemed collectible.

Brand fund

The Company reserves the right to establish a brand fund to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees are collected from franchisees based on a percentage of franchisee gross revenues. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore recognizes the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and, therefore, are accounted for as a single performance obligation. As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's licensed intellectual property, which are recognized as franchisee sales occur. When brand fund fees exceed the related brand fund expenses in a reporting period, advertising costs are accrued up to the amount of brand fund revenues recognized.

Incremental costs of obtaining a contract

The Company capitalizes direct and incremental costs, principally consisting of commissions, associated with the sale of franchises which are amortized over the term of the franchise agreements.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets are carried at cost, less accumulated amortization. Intangible assets with finite lives are amortized over their estimated useful lives and are reviewed for impairment if indicators of impairment arise.

The evaluation of impairment is based upon a comparison of the carrying amount of the intangible assets to the estimated future undiscounted net cash flows expected to be generated by the asset. If the estimated future undiscounted net cash flows are less than the carrying amount of the asset, the asset is considered impaired. The impairment charge is determined by comparing the estimated fair value of the intangible asset to its carrying value, with any shortfall from fair value recognized as an expense in the current period. There was no impairment loss recognized for the year ended December 31, 2023.

Income taxes

The Company uses the asset and liability method of accounting for income taxes pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under the asset and liability method of FASB ASC 740, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets, including tax loss and credit carryforwards, and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred income tax expense represents the change during the period in the deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company files income tax returns in the U.S. federal jurisdiction.

Advertising

Advertising costs are expensed as incurred and amounted to \$35,066 and \$3,700 for the year ended December 31, 2023 and the period from July 21, 2022 (inception) through December 31, 2022, respectively.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through August 22, 2024, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 3. LIQUIDITY

The Company has sustained net loss and negative cash flows from operations of \$659,475 and \$140,790, respectively, for the year ended December 31, 2023. Since inception, the Company has sustained recurring net losses and negative cash flows from operations and the Company's operations have been funded through a series of capital contributions. The Company is growing and, as such, is incurring expenditures in the near term to benefit the future as it looks to grow the franchisee base and expand into new markets. Such expenses could be reduced or eliminated in order to improve operating cash flows as needed in the future.

Subsequent to the year ended December 31, 2023, management has taken several actions to improve operating cash flows, mainly through the reduction of operating expenses. Management of the Company has been advised that the Parent and the Licensor will continue to provide any financial assistance needed by the Company should its cash flows from operations combined with its available cash balances not be sufficient to meet its working capital needs. Management believes that the Parent and the Licensor have the intent and ability to provide the funds needed, if any, to continue to fund the operations of the Company for at least one year from the date these financial statements were available to be issued.

NOTE 4. FRANCHISED OUTLETS

The following data reflects the status of the Company's franchised outlets as of December 31, 2023 and 2022 and for the year ended December 31, 2023 and for the period from July 21, 2022 (inception) through December 31, 2022:

	<u>2023</u>	<u>2022</u>
Franchises sold	-	2
Franchises purchased	-	-
Franchised outlets in operation	-	-
Franchisor-owned outlets in operation	-	-

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES

Contract liabilities are comprised of unamortized initial franchise fees received from franchisees, which are presented as "Deferred revenues" in the accompanying balance sheets. A summary of significant changes in deferred revenues is as follows:

	<u>2023</u>	<u>2022</u>
Deferred revenues - beginning of year	\$ 183,000	\$ -
Additions for initial fees received	83,000	183,000
Revenue recognized during the year	<u>-</u>	<u>-</u>
Deferred revenues - end of year	<u>\$ 266,000</u>	<u>\$ 183,000</u>

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5. REVENUES AND RELATED CONTRACT BALANCES (CONTINUED)

At December 31, 2023, deferred revenues expected to be recognized as revenue over the remaining term of the associated franchise agreements are as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ -
2025	19,950
2026	26,600
2027	26,600
2028	26,600
Thereafter	<u>166,250</u>
Total	<u>\$ 266,000</u>

Deferred revenues consisted of the following:

	<u>2023</u>	<u>2022</u>
Franchise units not yet opened	\$ 266,000	\$ 183,000
Opened franchise units	<u>-</u>	<u>-</u>
Total	<u>\$ 266,000</u>	<u>\$ 183,000</u>

The direct and incremental costs, principally consisting of commissions, are included in "Deferred charges" in the accompanying balance sheets, and are expected to be recognized over the remaining term of the associated franchise agreements at December 31, 2023, as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ -
2025	4,500
2026	6,000
2027	6,000
2028	6,000
Thereafter	<u>37,500</u>
Total	<u>\$ 60,000</u>

NOTE 6. CONCENTRATIONS OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7. INTANGIBLE ASSET

Intangible asset is summarized as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Exclusive territory business license (Note 9)	\$ 7,000,000	\$ -
Less: accumulated amortization	<u>198,612</u>	<u>-</u>
Intangible asset, net	<u>\$ 6,801,388</u>	<u>\$ -</u>

Amortization of intangible asset totaled \$198,612 for the year ended December 31, 2023. There was no amortization expense for the period from July 21, 2022 (inception) through December 31, 2022.

At December 31, 2023, estimated amortization expense related to intangible asset for the next five years and thereafter is as follows:

<u>Year ending December 31:</u>	<u>Amount</u>
2024	\$ 400,082
2025	400,082
2026	400,082
2027	400,082
2028	400,082
Thereafter	<u>4,800,978</u>
Total	<u>\$ 6,801,388</u>

NOTE 8. BRAND FUND

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect brand fund fees up to 3% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. There have been no contributions to the franchisee brand fund as of the date these financial statements were available to be issued.

NOTE 9. RELATED-PARTY TRANSACTIONS

Administrative service arrangement

During the year ended December 31, 2023, the Company entered into an administrative service arrangement with the Licensor. Pursuant to the administrative service arrangement, the Company has agreed to pay a fee for employee cost allocation and expenses paid by the Licensor on behalf of the Company. For the year ended December 31, 2023, the fees charged by the Licensor to the Company amounted to \$455,906, which is included in "Selling, general and administrative expenses" in the accompanying statements of operations.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 9. RELATED-PARTY TRANSACTIONS (CONTINUED)

Exclusive territory business license agreement

On July 25, 2022, the Company entered into a perpetual license agreement with the Licensor for the use of the registered names "MindChamps" and "MindChamps International Preschool" in the United States of America (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to sell "MindChamps" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company was required to pay the Licensor a monthly license fee, as defined. There were no license fees charged for the year ended December 31, 2023 and for the period from July 21, 2022 (inception) through December 31, 2022.

On March 30, 2023, the Company and the Licensor mutually agreed to and entered into an addendum to the license agreement, which limited the license rights to a maximum of 50 licenses, under special terms as further defined in the agreement (the "March Addendum"). Concurrent with the March Addendum, the Company entered into an Exclusive Business Sale Agreement which was intended as a clarification of the March Addendum and details the specific operating rights in the territory and the know-how, in operating "MindChamps" preschool centers, that are to be provided by the Licensor. Pursuant to the March Addendum, the Company agreed to pay a consideration equal to \$3,500,000.

On September 28, 2023, the Company and the Licensor mutually agreed to and entered into an addendum to the March Addendum, granting the Company rights to an additional 50 licenses, under special terms as further defined in the agreement (the "September Addendum"). Concurrent with the September Addendum, the Company entered into an Exclusive Business Sale Agreement which was intended as a clarification of the September Addendum and details the specific operating rights in the territory and the know-how, in operating "Mindchamps" preschool centers, that are to be provided by the Licensor. Pursuant to the September Addendum, the Company agreed to pay additional consideration equal to \$3,500,000. Pursuant to the March Addendum and the September Addendum, the term of the license agreement has been modified to end on the 10th anniversary of the 100th unit franchise license sold by the Company, and in any event, no later than January 1, 2041.

Due to/from Licensor

In the ordinary course of business, the Company advances funds to and from the Licensor. No interest is charged on these advances. Advances to and from the Licensor are unsecured and do not have specific repayment terms. At December 31, 2022, the amount due from the Licensor amounted to \$189,490. At December 31, 2023, the amount due to the Licensor amounted to \$273,288, and the Licensor does not intend to demand repayment within the next year.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10. INCOME TAXES

Deferred income taxes have been recorded to account for the differences between the Company's financial statements prepared in accordance with U.S. GAAP and the tax amounts reflected in accordance with Internal Revenue Service regulations.

The deferred tax assets and deferred tax liabilities comprised the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred tax assets:		
Deferred revenues	\$ 46,381	\$ -
Net operating loss	<u>147,261</u>	<u>4,643</u>
Total deferred tax assets	<u>193,642</u>	<u>4,643</u>
Deferred tax liabilities:		
Intangible asset	8,800	-
Deferred charges	<u>15,207</u>	<u>-</u>
Total deferred tax liabilities	<u>24,007</u>	<u>-</u>
Net deferred tax assets	169,635	4,643
Valuation allowance	<u>(169,635)</u>	<u>-</u>
Deferred tax assets	<u>\$ -</u>	<u>\$ 4,643</u>

At December 31, 2023 and 2022, the Company had federal tax net operating loss ("NOL") carryforward of approximately \$584,019 and \$17,000, respectively. The NOL carryforwards are available indefinitely until they are used to offset taxable income in future periods.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Management considers projected future taxable income and tax planning strategies in making its assessment and has recorded a valuation allowance against its deferred tax assets of \$169,635 as of December 31, 2023. There was no valuation allowance recorded as of December 31, 2022.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 10. INCOME TAXES (CONTINUED)

The provision for (benefit from) income taxes for the year ended December 31, 2023 and for the period from July 21, 2022 (inception) through December 31, 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Current:		
Federal	\$ -	\$ -
State and local	-	-
	<u>-</u>	<u>-</u>
Deferred:		
Federal	4,643	(4,643)
State and local	-	-
	<u>4,643</u>	<u>(4,643)</u>
Provision for (benefit from) income taxes	<u>\$ 4,643</u>	<u>\$ (4,643)</u>

The Company's effective income tax rate is lower than what would be expected if the federal statutory rate were applied primarily due to state income taxes offset by change in valuation allowance.

NOTE 11. STOCKHOLDERS' EQUITY

During the year ended December 31, 2023, through series of stock issuance and Amended Certificate of Incorporations dated March 29, 2023 and August 31, 2023, the Company has authorized to issue up to 7,000 shares of common common stock at a \$1,000 per share par value. In conjunction with the common stock issuance, the Company recorded \$6,950,000 of subscription receivable from the investors. The investors paid \$6,950,000 to the Licensor with the understanding that the Licensor will remit the payment to the Company. The Licensor and the Company mutually agreed that the Licensor will assume the liability to the Company and the Company recategorized the subscription receivable as being due from the Licensor. As a result of this transaction, the Licensor and the Company mutually agreed to offset \$6,950,000 of considerations due to the Licensor from March Addendum and September Addendum (see Note 9), and the \$6,950,000 due from the Licensor.

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS 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.

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
BALANCE SHEETS
JULY 31, 2024 AND DECEMBER 31, 2023

	<u>July 31, 2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash	\$ 960	\$ 960
Due from Licensor	<u>\$ -</u>	<u>\$ -</u>
Total current assets	<u>\$ 960</u>	<u>\$ 960</u>
Intangible asset, net	<u>\$ 6,568,007</u>	<u>\$ 6,801,388</u>
Other assets:		
Deferred charges	\$ 60,000	\$ 60,000
Deferred tax asset	<u>\$ -</u>	<u>\$ -</u>
Total other assets	<u>\$ 60,000</u>	<u>\$ 60,000</u>
TOTAL ASSETS	<u><u>\$ 6,628,967</u></u>	<u><u>\$ 6,862,348</u></u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accrued expenses	<u>\$ -</u>	<u>\$ -</u>
Long-term liabilities:		
Deferred revenues	\$ 266,000	\$ 266,000
Due to Licensor	<u>\$ 283,176</u>	<u>\$ 273,288</u>
Total long-term liabilities	<u>\$ 549,176</u>	<u>\$ 539,288</u>
Total liabilities		
Stockholders' equity:		
Common stock - \$1,000 par value; 7,000 shares authorized, issued and outstanding	\$ 7,000,000	\$ 7,000,000
Accumulated deficit	<u>\$ (920,208)</u>	<u>\$ (676,940)</u>
Total stockholders' equity	<u>\$ 6,079,792</u>	<u>\$ 6,323,060</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u><u>\$ 6,628,967</u></u>	<u><u>\$ 6,862,348</u></u>

MINDCHAMPS INTERNATIONAL PRESCHOOL FRANCHISING INC.
STATEMENTS OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 2024 THROUGH JULY 31, 2024
AND FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>July 31, 2024</u>	<u>2023</u>
Revenues	\$ -	\$ -
Other income	\$ 36,842	\$ -
Selling, general and administrative expenses	<u>\$ (280,110)</u>	<u>\$ (654,832)</u>
Loss before income taxes	\$ (243,268)	\$ (654,832)
Provision for (benefit from) income taxes	<u>\$ -</u>	<u>\$ 4,643</u>
NET LOSS	<u><u>\$ (243,268)</u></u>	<u><u>\$ (650,189)</u></u>

Exhibit D
to
Franchise Disclosure Document

Operations Manual Table of Contents

The MindChamps Story

(Approximately 20 pages)

Message from Founder CEO
Our Philosophy, Corporate DNA
Mission, Vision, Values
Our World Advisory, Research and Education Teams

Operations & Business Services

(Approximately 700 pages)

Scope and Purpose
Governance and Compliance Management
Legal Obligations
Site Identification and pre-opening set up
Renovation and Set-Up Requirements
Quality Environment Resources and Furnishings
Licensing
Insurance and Coverage
Parents Handbook and Communications
Nutrition and meals preparation
Human Resource – Recruitment, Management and Development
The MindChamps Way Culture and Pedagogy
Programme Philosophy and Overview
Information Technology, Data Management and Security
Security, Safety, Hygiene and Health
Standard Operating Procedures (SOPs) and Policies
Finance policies, analysis and procedures
Book keeping, accounting and reporting polices
IT and CRM
Appendices – templates and forms

ChampionGold Standard and Quality Assurance

(Approximately 200 pages)

Philosophy and Blueprint Document
Quality Assurance (QA) guide and checklists
The MindChamps Curriculum Leadership

Curriculum and Programming

(Approximately 3800 pages)

Infant Care Programme
MindChamps Enquiry Approach to Teaching and Learning
Term based curriculum materials and resources
Fun With Language
Gourmet Moments
Champion Mindset Theatre
MindSport
Neuromooves

MindChamps Reading and Writing
Chinese Enquiry Teaching and Learning
MindChamps Music
MindChamps E learning books

Marketing and publicity

(Approximately 100 pages)

Public Relations and video content
Marketing
Overview
Our Brand
Our Presence Online
Social Media Guidelines
Marketing Plan
National Activities
Local Area Marketing
Digital Marketing
Franchise Marketing Guidelines
Advertising Guidelines
Marketing Assets and Resources
Communication Guidelines with Families
Marketing policy
Marketing collateral
Welcome day campaigns
Direct marketing activities
Video library content for publicity and training
Parenting workshops

Exhibit E
to
Franchise Disclosure Document

**LIST OF CURRENT FRANCHISEES
AS OF DECEMBER 31, 2023**

None.

**FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED
AS OF DECEMBER 31, 2023**

FRANCHISEE	LOCATION	PHONE
Jyoti Kulhari Choudhary, Sudhir Kumar Choudhary, Avani Choudhary & Karan Choudhary	Pembroke Pines, FL	1-954-559-3494
Muhammad S Saeed	Daytona Beach, FL	1-706-248-3443

**LIST OF FORMER FRANCHISEES
AS OF DECEMBER 31, 2023**

None.

**TRANSFERS
AS OF DECEMBER 31, 2023**

None.

Exhibit F
to
Franchise Disclosure Document

List of State Administrators and Agents for Service of Process

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Secretary of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501-3185
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703

State Effective Dates

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

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

STATE	EFFECTIVE DATE
California	January 7, 2025
Hawaii	November 19, 2024
Illinois	September 16, 2024
Indiana	August 30, 2024
Maryland	Pending
Michigan	September 10, 2024
Minnesota	Pending
New York	November 12, 2024
North Dakota	November 22, 2024
Rhode Island	September 10, 2024
South Dakota	September 11, 2024
Virginia	October 31, 2024
Washington	Pending
Wisconsin	August 28, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If MindChamps International PreSchool Franchising Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If MindChamps International PreSchool Franchising 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 F to this Disclosure Document).

The name, principal business address, and telephone number of each franchise seller offering the franchise:

Issuance Date: August 23, 2024

Our registered agents authorized to receive service of process are set forth on Exhibit F.

I received a disclosure document dated August 23, 2024 that included the following Exhibits:

EXHIBITS

- A. State Specific Addenda to Franchise Disclosure Document
- B. Franchise Agreement
- C. Financial Statements
- D. Operations Manual Table of Contents
- E. List of Franchisees
- F. List of State Administrators and Agents for Service of Process

.....
Signature on behalf of the prospective franchisee

.....
Signature on behalf of the prospective franchisee

.....
Print name

.....
Print name

.....
Date

.....
Date

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If MindChamps International PreSchool Franchising 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 F to this Disclosure Document).

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.....
Signature on behalf of the prospective franchisee

.....
Signature on behalf of the prospective franchisee

.....
Print name

.....
Print name

.....
Date

.....
Date