FRANCHISE DISCLOSURE DOCUMENT

CEFA Systems, LLC
A Delaware Limited Liability Company
1930 Pandora St #308,
Vancouver, BC V5L 0C7, Canada
(604) 655-4498
arno.krug@cefa.ca
paul.dean@cefa.ca
https://cefa.ca

As a CEFA Early Years School franchisee, you will operate an early learning private school offering core education and fine arts. Our proprietary and award-winning curriculum is designed to educate and develop children academically, emotionally, physically and socially so they're ready for kindergarten and for life. The business model incorporates a distinctive format, system and plan for the establishment, development and operation of children's and young persons' education curriculum, programs and schools. Franchisees will operate the business under the brand "CEFA Early Years School." Franchisees may enter into a single unit franchise agreement or multiunit development agreement. There is a two-unit minimum number of CEFA Early Years School units that you are required to develop under the multi-unit development agreement.

The total initial investment necessary to begin operation of an individual CEFA Early Years School single unit franchise will depend on the size of the facility. For the smaller footprint of up to 10,000 square feet, the range of investment is from $1,895,300 to $2,635,200. This includes the $89,000 to $105,000 that must be paid to the franchisor or affiliate. For a larger footprint up to 15,000 square feet, the range of investment is from $2,391,200 to $3,899,600. This includes the $101,000 to $126,000 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of a CEFA Early Years School two to five unit development franchise (including the first unit) is $1,956,300 to $4,144,600. This includes $149,000 to $246,000 that must be paid to the franchisor or 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, please contact Paul Dean at paul.dean@cefa.ca or 604-655-4498.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC- HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW. Washington, 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.

Date of Issuance: April 22, 2026

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

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 current and former franchisees. You can find their names and contact information in Item 20.
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 D 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 CEFA Early Years School 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 CEFA Early Years School franchisee?	Item 20 or Exhibit H lists 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 operational 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 E.

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 mediation, arbitration and/or litigation only in Delaware. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Delaware than in your own state.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) in Exhibit A to see whether your state requires other risks to be highlighted.

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term 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.

(d) 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.

(e) 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.

(f) 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.

(g) 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 qualifications 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.

(h) 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).

(i) 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General
G. Mennen Williams Building, 7th Floor
525 W. Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373 7117

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

TABLE OF CONTENTS

Item 1
The franchisor and any parents, predecessors, and affiliates

In this Disclosure Document, “we”, “us,” or “our” refers to CEFA Systems, LLC “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

<u>The Franchised Business</u>

CEFA Early Years School is a global leader in early childhood education for children ages one (1) through five (5).

CEFA Systems and its affiliate CEFA Systems ULC, have developed and own a system (the “System”) for developing and operating private early learning schools that offer core academic education and fine arts programming. Our proprietary and award-winning curriculum is designed to support children’s academic, emotional, physical, and social development so they are well prepared for kindergarten and for life.

If you become a CEFA Early Years School franchisee, you will operate a business under the name “CEFA Early Years School” along with the associated trade names, trademarks, service marks, logos and proprietary materials that form part of the System. Franchisees may enter into either a single-unit Franchise Agreement or a Multi-Unit Development Agreement. Under the Multi-Unit Development Agreement, franchisees are required to develop a minimum of two (2) outlets.

Each CEFA Early Years School location must be designed and operated in accordance with the System’s prescribed standards, including distinctive design elements, trade dress, graphic standards, color schemes and quality requirements, in order to maintain uniformity of image and brand identity under the trade name “CEFA Early Years School”.

If you sign a Franchise Agreement with CEFA Early Years School, you will be granted: (i) the right to operate a CEFA Early Years School and carry on the Franchised Business at the Location to be described in Attachment 2 to the Franchise Agreement and included in this Disclosure Document; and (ii) a non-exclusive license to use the System and Marks solely and exclusively in connection with the operation of the Franchised Business.

If you sign a Multi-Unit Development Agreement, attached as Exhibit C to this Disclosure Document, you will agree to develop multiple CEFA Early Years School outlets according to an agreed development schedule. For each additional unit developed under the Multi-Unit Development Agreement, you will be required to sign our then-current form of Franchise Agreement, which may differ from the form of Franchise Agreement included in this Disclosure Document.

<u>The Franchisor</u>

The name of the Franchisor is CEFA Systems, LLC. We are a Delaware limited liability company with a principal business address at 308 – 1930 Pandora Street Vancouver, British Columbia V5L 0C7 Canada. We were formed on July 22, 2025.

We use the names "CEFA Systems, LLC" and "CEFA Early Years School". We do not intend to use any other names to conduct business. We do not have any business activities other than franchising the System.

Parents, Predecessors and Affiliates

Our parent entities are Riverarch Equity Partners ("**Riverarch**") which is a private equity firm affiliated with The PNC Financial Services Group, Inc., Owl Management Aggregator, LLC ("**Aggregator**") and Natacha Beim Boserup Holdings Inc. ("**NBBHI**"). Riverarch holds its equity interests through PNC Riverarch IV, LP. ("**PNC Riverarch**"). PNC Riverarch, Aggregator and NBBHI hold their equity interests through Owl Ultimate Holdings, LLC ("**Owl Topco**") and Owl Midco Holdings, LLC ("**Owl Midco**")

Owl Midco, Owl Topco, PNC Riverarch, Aggregator and Riverarch share a principal business address at 225 Fifth Avenue, 9th Floor, Pittsburgh, PA, 15222, United States. NBBHI has a principal business address at 1930 Pandora St #308, Vancouver, BC V5L 0C7, Canada.

Aggregator and NBBHI are investment holding companies. Riverarch specializes in acquiring and growing middle-market companies across various sectors, including specialty manufacturing, business and consumer services, value-added distribution and food and beverage. The following is a list of franchise systems that are directly or indirectly owned or affiliated with Riverarch (none of which operate a CEFA school):

Company Name	City	State/Prov	Industry
APA Industries	Simi Valley	CA	Industrial Manufacturing
Ascend Bakery Brands	Buffalo	NY	Food Production / Bakery
Authority Brands	Columbia	MD	Business and Consumer Services
Barr GeoSpatial Solutions	Houston	TX	Geospatial & Engineering Services
Clayton Kendall	Monroeville	PA	Marketing Services / Branding
Custom Molded Products	Newnan	GA	Pool & Spa Components
Environmental Express	Charleston	SC	Environmental Testing Supplies
Feeders Supply Company	Louisville	KY	Value-Added Distribution
Fire & Life Safety America	Richmond	VA	Business and Consumer Services
Five Star Food Service	Chattanooga	TN	Value-Added Distribution
Forta	Grove City	PA	Construction Materials
Fresh Direct Produce	Vancouver	BC	Produce Distribution
Global Claims Services	Jacksonville	FL	Business and Consumer Services
Goldco	Fort Lauderdale	FL	Precious Metals / Wealth Management
Grupo Chilero	Van Nuys	CA	Hispanic Food Products
Hill Country Dairies	Austin	TX	Dairy Distribution
LawLogix Group	Phoenix	AZ	Legal & HR Compliance Software
Messenger	Auburn	IN	Funeral Vehicles / Specialty Automotive
Metal Supermarkets	Mississauga	ON	Metal Distribution

Company Name	City	State/Prov	Industry
Midway Dental Supply	Livonia	MI	Business and Consumer Services
MTA	Pinellas Park	FL	Industrial Components & Assemblies
North American Breaker Company (NABCO)	Burbank	CA	Value-Added Distribution
New Carbon Company	South Bend	IN	Waffle & Pancake Mixes
PAG	Taylor	MI	Automotive Aftermarket Products
Painters Supply & Equipment Co (PSE)	Taylor	MI	Value-Added Distribution
Pirtec Europe	London	UK	Value-Added Distribution & Business and Consumer Services
Radiance Holdings	Denver	CO	Business and Consumer Services
Safco	Buffalo Grove	IL	Office Furniture & Supplies
Sequent Foodservice Solutions	Raleigh	NC	Foodservice Equipment & Services
Shearer Supply	Farmers Branch	TX	HVAC Distribution
Steelite International	New Castle	PA	Value-Added Distribution & Specialized Manufacturing
TCP Analytical	Pittsburgh	PA	Value-Added Distribution & Specialized Manufacturing
The Perfect Purée	Napa	CA	Gourmet Fruit Purées
Tranzonic	Cleveland	OH	Value-Added Distribution
TSS	Warren	MI	Value-Added Distribution & Specialized Manufacturing
Women's Marketing	Westport	CT	Business and Consumer Services

Other than as disclosed above, we and our parents do not offer franchises in other lines of business. We and our parents do not conduct the type of business to be operated by you.

We do not have any predecessors.

Our affiliate CEFA Systems ULC is a British Columbia unlimited liability company ("CEFA Systems ULC"). Its principal business address is 308 – 1930 Pandora Street, Vancouver, British Columbia V5L 0C7 Canada.

CEFA Systems ULC, through its predecessors, has engaged in the line of business associated with the franchise offered in this Disclosure Document in Canada since 1998 and has been offering franchises in this line of business in Canada since 2003. From June 2017 to September 2025, CEFA Systems ULC's predecessor, CEFA Systems Inc., a British Columbia corporation, ("**CSI**") engaged in the line of business associated with the franchise offered in this Disclosure Document in Canada and offered franchises in this line of business in Canada.

Agent for Service of Process

Our agent for service of process in Delaware is Corporation Service Company, and the agent's principal business address is 251 Little Falls Drive, Wilmington, Delaware 19808. Our agents for service of process in other states are disclosed in Exhibit E.

Laws and Regulations

Operation of a CEFA Early Years School will require you to be aware of federal, state and local regulations that are common to all businesses including federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements.

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 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 Facility. You also must comply with all applicable laws, rules, and orders of any governmental authority concerning any pandemic or public health crisis, which may require businesses in the child care industry to materially modify, limit, or cease operations for an indeterminate period. Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state, and local governmental requirements.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

General Description of the Market and Competition

We operate in the Early Childhood Education market that is well developed. Our products and services are offered year-round. You will compete for customers with independent owners, national chains, regional chains, and franchised businesses, offering an early learning private school program.

Prior Business Experience

We have offered franchises in the United States, with respect to non-franchise registration states, since March 2026. Our affiliate CEFA Systems ULC (through its predecessor and affiliate) has explored franchise opportunities in the U.S. since 2024, with respect to non-franchise registration states, but did not transact any sales during 2024 and 2025. Our affiliate CEFA Systems ULC has offered franchises in Canada since 2003 and sells uniforms to Canadian schools.

Item 2
Business experience

Natacha Veronika Beim Boserup - Director. Natacha Veronika Beim Boserup is our founder and has served as our CEO in Vancouver, BC, since July 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC	Founder, Executive Chair, Director and CEO[1]	6/1998	Present	Vancouver, BC

Arno Krug Jr.- President. Arno Krug Jr. has been our President in Vancouver, BC, since July 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC	Director, President, Treasurer and Secretary	1/2024	Present	Vancouver, BC
Maple Bear	CEO	5/2017	12/2023	Toronto, ON

Andrew Barza. Andrew Barza has been a Director in Vancouver, BC, since September 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC	Director	9/2025	Present	Vancouver, BC
PNC Capital Finance, LLC	Managing Director	7/2014	Present	Pittsburgh, PA

Paul Dean- VP, Business Development & Real Estate. Paul Dean has been our VP, Business Development & Real Estate in Vancouver, BC, since July 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC	VP Business Development & Real Estate	11/2020	Present	Vancouver, BC
Nando's Restaurants Canada	VP Real Estate & Franchising	5/2009	2/2020	Vancouver, BC/ Toronto, ON

[1] Ms. Beim was not the CEO between 2022 and 2024, but re-assumed that role in June 2024.

Laxmi Gopalkrishnan- Director, Finance. Laxmi Gopalkrishnan has been our Director, Finance in Vancouver, BC, since December 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC.	Director, Finance	12/2025	Present	Vancouver, BC
Laser Clinics Canada	Financial Controller	12/2021	12/2025	Toronto, ON

Tatiane Vita – Vice President of Marketing. Tatiane Vita has been our Vice President of Marketing in Vancouver, BC, since July 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC	Vice President of Marketing	8/2024	Present	Vancouver, BC
ChopValue	Vice President of Global Sales and Marketing	3/2019	8/2024	Vancouver, BC

Wileste Potgieter – Director of Education and Development. Wileste Potgieter has been our Director of Education and Development in Vancouver, BC, since July 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC	Director of Education and Development	8/2020	Present	Vancouver, BC

Jane Kleisinger – Senior Director of Operations. Jane Kleisinger has been our Senior Director of Operations in Vancouver, BC, since July 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems ULC	Senior Director of Operations	01/2021	Present	Vancouver, BC

Keith Fogel – National Director, Franchise Development (U.S.). Keith Fogel has been our National Director, Franchise Development in Lancaster, PA, since December 2025.

Employer	Title	Start Date (month/year)	End Date (month/year)	City, State
CEFA Systems, LLC	National Director, Franchise Development (U.S.)	12/2025	Present	Lancaster, PA
Celebree Schools	Director of Franchise Development	04/2024	11/2025	Lancaster, PA
Maple Bear USA	Franchise Recruitment Manager/U.S. Expansion Manager	06/2023	03/2024	Lancaster, PA
Franchise Performance Group	Franchise Sales Manager	01/2023	06/2023	Lancaster, PA
ManageMowed Franchising	Franchise Business Consultant	08/2022	01/2023	Seattle, WA (Remote)
Fogel Enterprises dba Soccer Shots	Owner/Multi-Unit Franchisee	01/2017	01/2022	Lancaster, Lebanon & Berks Counties, PA

Item 3
Litigation

CEFA Burlington

In December 2025, a Statement of Claim was issued in the Ontario Superior Court of Justice in Milton by 1000115563 Ontario Inc. as Plaintiff, against the Franchisor. The claim was never served on the Franchisor, but was identified in the context of a pending motion by the Plaintiff to amend the claim and appoint its principal as its representative for the litigation. The claim makes allegations pertaining to a terminated franchise agreement signed by the Plaintiff in April 2022 for a location in Burlington, Ontario. The franchise agreement was terminated in December 2023. The Plaintiff is seeking, among other things, an order requiring CEFA to return to it full possession, management and operation control of the Burlington school as well as general and special damages and a declaration of unjust enrichment and breach of the duty of good faith. The Plaintiff purports to seek damages exceeding $3 million. The Plaintiff also alleges that CEFA made misrepresentations and conducted itself in bad-faith, among other allegations. CEFA denies all of the allegations in the Statement of Claim and intends to zealously defend the allegations either in Court or in arbitration. The Plaintiff's motion to amend the claim is pending and is expected to be heard before May 1, 2026.

CEFA South Trail Crossing

In October 2024, a Third Party Claim in the Alberta Court of King's Bench (Edmonton Judicial Centre), commenced by Graceful Bliss Investments Inc., Adebayo Adeyinka and Aramide Adeyinka, as Third Party Plaintiffs, against CEFA and South Trail Crossing Early Education Inc. as Third Party Defendants. The Third Party Claim has been brought by the former franchisee and guarantors of a CEFA school located in South Trail, Alberta against CEFA and the current franchisee operating that school. The Third Party Plaintiffs are defendants to a claim brought against them by BMO for default and arrears of financing and loan agreements made with BMO. The Third Party Plaintiffs seek contribution and indemnity against the Third Party Defendants, as well as damages for unjust enrichment and breach of fiduciary duty and a declaration that they hold equity of an unclear nature in the South Trail school. They allege that CEFA promised to provide them with equity in the school after the termination of the franchise agreement, among other allegations. CEFA and the new franchisee deny all of the allegations in the Third Party Claim and intend to defend the allegations. This matter is now inactive. By Order dated August 20, 2025, the Court stayed the Third Party Claim in favor of arbitration. The former franchisee and guarantors have not taken any steps to move the arbitration process forward.

Item 4
Bankruptcy

No bankruptcy information is required to be disclosed in this Item.

Item 5
Initial fees

<u>Franchise Fee</u>

When you sign the franchise agreement, you must pay us USD $70,000 in a lump sum as the initial franchise fee. This is not refundable under any circumstances.

<u>Multi-Unit Development</u>

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement ("MUDA") in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to USD $60,000 for each additional franchise after the first franchise. You will pay all franchise fees in a lump sum upon signing the MUDA. They are not refundable.

<u>Project Management Support</u>

When you sign the Franchise Agreement, you will be required to pay us a project management fee for the oversight and opening of the new location. This fee is USD $1 per square foot for each location, with franchisees generally paying USD $6,000 to USD $10,000 for the smaller footprint location and USD $10,000 to USD $20,000 for the larger footprint location. While we provide project management support to facilitate communication and meeting deadlines with your contractors, architects, and other third parties, we are not architects or contractors and cannot give advice or counsel regarding construction or the design of your school.

This fee is payable in a lump sum upon signing the Franchise Agreement and is non-refundable.

<u>Additional Teacher Training Support</u>

When you sign the franchise agreement, you have the option of paying an additional training support fee of USD $1,000 to $3,000 for the smaller footprint location and USD $3,000 to $6,000 for the larger footprint location. This fee pays for training of teachers who are already certified, but would like to attend refresher classes. You will also pay us a teacher CEFA Certification training fee of USD $12,000 to $22,000 for the smaller footprint location and USD $18,000 to $30,000 for the larger footprint location. This fee pays for the training of teachers who are uncertified in the CEFA methodology.

These fees are payable in a lump sum upon the teachers' registration for training and are non-refundable, subject to the registration terms and conditions relating to replacement teachers.

Item 6
OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	7% of your gross sales	Monthly, by the 15th day of the following month	See Note 1 and Note 2.
Brand Fund Contribution	2.5% of your gross sales	Monthly, by the 15th day of the following month	See Item 11 for a detailed discussion about these funds. See Note 2.
Market Cooperative Contribution	As determined by co-op. Currently, none.	Monthly, by the 10th day of the following month	We have the right to establish local or regional advertising cooperatives. The maximum contribution that a co-op may require is 5% of gross sales. Any location owned by us or any affiliate will have the same voting rights as our franchisees and may not have to contribute to, or pay dues for, the Market Cooperative. Dues will be imposed by a majority vote and will not be less than 1% of gross sales. If any locations owned by us or any affiliates have a majority vote, the maximum fees imposed will not exceed 3% of gross sales.
Local Marketing/Required Spending	1% of your gross sales annually, subject to a $3,000 per month minimum for the first 12 months of operation.	Monthly	You may only use promotional materials you have either purchased from us, we have otherwise provided to you or we have approved in writing.

Column 1 Type of Fee	**Column 2 Amount**	**Column 3 Due Date**	**Column 4 Remarks**
Replacement / Additional Training fee	Currently, $200-$500 per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Mandatory Teacher CEFA Certification Training Program	$800 plus applicable taxes per teacher, plus teacher's expenses, including travel costs for attending training.	As scheduled	Your Initial Training Program is covered by your Initial Franchise Fee. However, each teacher must thereafter complete our Mandatory Teacher CEFA Certification Training Program.
Non-compliance fee	$500	On demand	We may charge you $500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you $250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	$30 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual expenses.	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Special support fee	Our then-current fee, plus our expenses. Currently, $600 per day.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our actual expenses	On demand	We may take any action we deem appropriate to resolve a customer complaint about your business that you have failed to resolve. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual expenses	On demand	Payable only if we audit you and (1) you have failed to submit required reports or other non-compliance, and/or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently $600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.
Transfer fee	$10,000 plus any broker fees and other out-of-pocket costs we incur	When transfer occurs	Payable if you sell your business.
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.
Software Subscription	Maximum $2 per child per month	Monthly	We use Kindertales and the fee paid is up to $2 per child per month for processing, although we cover the subscription fees. We are re-evaluating use of this program, it may change in the future.

All fees are payable only to us (other than local marketing spend and software subscription charges). All fees are imposed by us and collected by us (other than local marketing spend and software subscription charges). All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, (iv) proceeds from business interruption insurance that exceeds the costs of your labor, rent, and other operating fees, including fees to us.

2. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft. However, we can require an alternative payment method.

Item 7

YOUR ESTIMATED INITIAL INVESTMENT

(8,000-10,000 Square Foot Space)

Column 1 Type of expenditure	Column 2 Amount (Low to High)	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee (see Note 1)	USD $70,000 - $70,000	Check or wire transfer	Upon signing the franchise agreement	Us
Lease Security Deposit (see Note 2)	USD $40,000 - $60,000	Check	Upon signing lease	Lessor
Real Estate/Rent (see Note 3)	USD $20,000 - $35,000	Check, debit, and/or credit	As incurred or when billed	Lessor
Lease Instrument Review Costs (see Note 4)	USD $5,000 - $10,000	Check, debit, and/or credit	As incurred or when billed	Lawyer
Utility Deposit (see Note 5)	USD $500 - $1,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Design, Drawings & Professional Services/Contract Administration (see Note 7)	USD $40,000 - $120,000	Check, debit, and/or credit	As incurred or when billed	Architect, Designer, Contractor/others
Project Management Support (see Note 8)	USD $6,000 - $10,000	Check, debit, and/or credit	As incurred or when billed	Us
Leasehold Improvements (see Note 6)	USD$1,400,000 - $1,800,000	Check, debit, and/or credit	As incurred or when billed	Contractors

Column 1 **Type of expenditure**	**Column 2** **Amount** **(Low to High)**			**Column 3** **Method of payment**	**Column 4** **When due**	**Column 5** **To whom payment is to be made**
Market Introduction Program(see Note 9)	USD $30,000	-	$30,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment (see Note 10)	USD $120,000	-	$160,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance (see Note 11)	USD $7,000	-	$10,000	Check	Upon ordering	Insurance company
Vehicle (see Note 12)	USD $10,000	-	$40,000	Check, debit, and/or credit	Upon purchase	Vendor
Additional Training (see Note 13)	USD $1,000	-	$3,000	Check, debit, and/or credit	As incurred	Us
Teacher CEFA Certification Training (see Note 14)	USD $12,000	-	$22,000	Check, debit, and/or credit	As incurred	Us
Principal and Vice Principal Leadership and Management Training (see Note 15)	USD $800	-	$1,200	Check, debit, and/or credit	As incurred	Us
Outdoor Playground Equipment (see Note 16)	USD $20,000	-	$40,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Licenses and Permits (see Note 17)	USD $3,000	-	$8,000	Check	Upon application	Government

Column 1 **Type of expenditure**	**Column 2** **Amount** **(Low to High)**	**Column 3** **Method of payment**	**Column 4** **When due**	**Column 5** **To whom payment is to be made**
Professional Fees (lawyer, accountant, etc.) (see Note 18)	USD $10,000 - $15,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Additional working capital (for first 12 months) (see Note 19)	USD $100,000 - $200,000	Varies	Varies	Employees, suppliers, utilities
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none	Varies	Varies	Vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors along with a reasonable markup or charge for administering the payment program.
Total	USD$1,895,300 - $2,635,200			This is the total estimated initial investment to open and commence operating your initial location for the first three months.

YOUR ESTIMATED INITIAL INVESTMENT

(12,000-15,000 Square Foot Space)

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee (see Note 1)	USD $70,000 - $70,000	Check or wire transfer	Upon signing the franchise agreement	Us
Lease Security Deposit (see Note 2)	USD $60,000 - $150,000	Check	Upon signing lease	Lessor
Real Estate/Rent (see Note 3)	USD $35,000 - $60,000	Check, debit, and/or credit	As incurred or when billed	Lessor
Lease Instrument Review Costs (see Note 4)	USD $5,000 - $10,000	Check, debit, and/or credit	As incurred or when billed	Lawyer
Utility Deposit (see Note 5)	USD $1,000 - $2,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Design, Drawings & Professional Services/Contract Administration (see Note 7)	USD $120,000 - $200,000	Check, debit, and/or credit	As incurred or when billed	Architect, Designer, Contractor/others
Project Management Support (see Note 8)	USD $10,000 - $20,000	Check, debit, and/or credit	As incurred or when billed	Us
Leasehold Improvements (see Note 6)	USD$1,600,000 - $2,600,000	Check, debit, and/or credit	As incurred or when billed	Contractors
Market Introduction Program (see Note 9)	USD $30,000 - $30,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment (see Note 10)	USD $160,000 - $250,000	Check, debit, and/or credit	As incurred	Vendors and suppliers

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Insurance (see Note 11)	USD $10,000 - $15,000	Check	Upon ordering	Insurance company
Vehicle (see Note 12)	USD $10,000 - $40,000	Check, debit, and/or credit	Upon purchase	Vendor
Additional Training (see Note 13)	USD $3,000 - $6,000	Check, debit, and/or credit	As incurred	Us
Teacher CEFA Certification Training (see Note 14)	USD $18,000 - $30,000	Check, debit, and/or credit	As incurred	Us
Principal and Vice Principal Leadership and Management training (see Note 15)	USD $1,200 - $1,600	Check, debit, and/or credit	As incurred	Us
Outdoor Playground Equipment (see Note 16)	USD $40,000 - $80,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Licenses and Permits (see Note 17)	USD $8,000 - $20,000	Check	Upon application	Government
Professional Fees (lawyer, accountant, etc.) (see Note 18)	USD $10,000 - $15,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms
Additional Working Capital (for first 12 months) (see Note 18)	USD $200,000 - $300,000	Varies	Varies	Employees, suppliers, utilities
Third party vendors	Pass-through of costs, plus reasonable administrative charge. Currently, none.	Varies	Varies	Vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors along with a reasonable markup or charge for administering the payment program.

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Total	USD$2,391,200 - $3,899,600			This is the total estimated initial investment to open and commence operating your initial location for the first three months.

YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
First franchise (see tables above)	USD$1,895,300 - $3,899,600	Varies	Varies	Varies
Additional initial franchise fees (see Note 19)	USD $60,000 - $240,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	USD $1,000 - $5,000	Check	As incurred	Vendors and suppliers
Total	USD$1,956,300 - $4,144,600			This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total of 2 or 5 locations.

Notes

1. Initial Franchise Fee. The Initial Franchise Fee is due and payable at the time of executing the Franchise Agreement.

2. Lease Security Deposit. Your lease security deposit and utility deposits may be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

3. Real Estate/Rent. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a "free rent" period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.

4. Lease Instrument Review Costs. If you propose to lease a site for the Franchised Business, we may require you to submit the lease, sublease, letter of intent, or other occupancy agreement (each, a "Lease Instrument") to our nominated real estate counsel for review prior to your execution in order for them to provide advice regarding terms of the lease and how such terms may affect your operation. For such a review you may be charged a Lease Instrument Review Fee of $5,000 to $10,000 to review and comment on the Lease Instrument to confirm that it complies with the requirements of the System. The Lease Instrument Review Fee is due at the time you submit the Lease Instrument for review. This fee is non-refundable and payable whether or not we approve the Lease Instrument or you open the Franchised Business. We may waive or reduce this fee in our sole discretion.

   Upon our written approval you may, instead, have the Lease Instrument reviewed by experienced commercial real estate counsel. We reserve the right to approve the retention of such commercial real estate counsel. You are solely responsible for all legal, professional, and negotiation costs you incur in connection with the Lease Instrument.

5. Utility Deposit. Your utility deposit will depend on your market, credit score and other factors related to your location. This range accounts for your opening payment to the gas, water and electric company.

6. Leasehold Improvements. The leasehold improvements are the cost of construction to build out a leased unit in your market. This range of investment will vary greatly depending on your location and the cost of construction in your market. The locations are based on an estimate of 8,000-10,000 square feet in size for the smaller footprint location and 12,000- 15,000 square feet in size for the larger footprint location. The leasehold improvements expense accounts for the cost of construction or renovations associated with the build out of the location. The cost will vary depending on your market and the size of the location. For the smaller location, which is 8,000 square feet in size, we assume your cost of construction will be $1,400,000 to $1,800,000. For the larger location, which is 12,000-15,000 square feet in size, we assume your cost of construction will be $1,600,000 to $2,600,000.

7. Design, Drawings & Professional Services/Contract Administration. Design, drawings and professional services and contract administration includes the cost to hire an architect and professional resources for the location design, permitting and location opening specific to your market.

8. Project Management Support. The project management support fee is paid to us for the oversight of the project including construction, build out and management of the new location opening.

9. Market Introduction Program. The market introduction program is the advertising and expenses associated with advertising and promoting the new business launch and opening. These costs are primarily advertising costs, but may include costs paid to a marketing agency to execute the advertising campaign.

10. Furniture, Fixtures, and Equipment. The furniture, fixtures and equipment includes the necessary furniture and fixtures, design elements and the equipment needed to operate the Franchised Business.

11. Insurance. Insurance includes the cost of insurance necessary to operate the business. The Insurance coverage amounts of types of insurance are included in Item 8.

12. Vehicle. The vehicle may be used for pickups and drop offs for the students, this range of investment on the low end assumes you will finance the vehicle and this is the low end of the investment. The high end assumes you will pay cash for the vehicle.

13. Additional Training. Additional training is an additional fee for add on training if you choose to have us provide this additional training service. This fee is paid to us.

14. The Teacher CEFA Certification Training Fee. The teacher CEFA Certification training fee is for training services we will provide to your teachers upon opening. This fee is paid to us.

15. Principal and Vice Principal Leadership and Management Training. The Principal and Vice Principal leadership and management training fee is for mandatory training services we will provide to your principals and vice principal upon opening. This fee is paid to us.

16. Outdoor Playground Equipment. The outdoor playground equipment cost will vary depending on your location and market and the size of your location, this range of investment accounts for this expense.

17. Licenses and Permits. Licenses and permits includes the cost of the licensing and permitting needed to operate the business in your market.

18. Professional Fees. Professional fees include the cost of your attorney and CPA and any other professional service providers who will help support you in opening and establishing your business. We also recommend that you have a Franchise Attorney review the Franchise Agreement prior to making your investment and these costs are all included in this investment range.

19. Additional Working Capital. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. In formulating the amount required for additional funds, we relied on the following factors,

basis, and experience: the development of a CEFA business by our affiliate, and our general knowledge of the industry.

20. Additional initial franchise fees. This estimate assumes you sign a Multi-Unit Development Agreement for two to five franchises. The franchise fee for your first unit is counted in the "Estimated Initial Investment – Franchise Agreement" table. Your initial franchise fees are reduced to $60,000 for the second and each additional franchise. You will pay all franchise fees upon signing the MUDA.

Item 8
Restrictions on sources of products and services

Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Franchised Business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Rider to Lease Agreement (attached to this disclosure document as Attachment 4 to Exhibit C).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Operations Manual (the "Manual"), which includes (i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000, and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days' prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Products, inventory and equipment. You must follow our pre-approved master list and purchase required items as detailed in our Manual. Such items include classroom furniture, toys and games, and other essential materials such as cribs, cots, strollers, and carpets for your Franchised Business. Our Operations Manual contains further details on approved vendors. In an instance where a vendor is not provided for an item, CEFA reserves the right to reasonably approve your vendor choice.

Us or our Affiliates as Supplier

Our affiliate, CEFA Systems ULC, is currently a supplier of uniforms that your students are required to purchase. We reserve the right to be a supplier (or the sole supplier) of goods or services in the future.

Ownership of Suppliers

Our officers own an interest in the uniform supplier, CEFA Systems ULC.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability, inspections, product testing, and performance reviews. We permit you to contract with alternative suppliers who meet our criteria only if you have requested our approval in writing, and we grant approval. Our current fee for us to review or approve an alternate supplier is $5,000. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request, accompanied by any information required as outlined in our Operations Manual. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Operations Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We will derive revenue from the required purchases and leases by franchisees. Because we are a new franchisor, our total revenue in the prior fiscal year was $0. Our revenue from all required purchases and leases of products and services by franchisees in the prior fiscal year was $0. The percentage of our total revenues that were from required purchases or leases in the prior fiscal year was 0%.

We have earned $0 from the sale of uniforms by our affiliate CEFA Systems ULC.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 70% to 90% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 70% to 90% of your total purchases and leases of goods and services to operate your business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the franchise agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We do negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. However, this is subject to change in the future.

Benefits Provided to You for Purchases

While we do not provide any material benefit to you from your use of particularized suppliers, you may recognize reduced prices, uninterrupted supply chain, superior quality, and superior reliability of products.

Item 9
Franchisee's Obligations

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Franchise Agreement (FA): §§ 6.1, 6.2 Multi-Unit Development Agreement (MUDA): Not Applicable	Item 7, 11, and 12
b. Pre-opening purchase/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8, and 11
c. Site development and other pre-opening requirements	FA: Article 6	Items 5, 7, 8, and 11

Obligation	Section in agreement	Disclosure document item
	MUDA: §§1(a), 3	
d. Initial and ongoing training	FA: §§ 5.4, 6.4, 7.6 MUDA: Not Applicable	Items 5, 6, 8 and 11
e. Opening	FA: §§ 6.5, 6.6 MUDA: §1(a)	Items 7, 8 and 11
f. Fees	FA: Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6 MUDA: §1(a)	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA: §§ 6.3, 7.1, 7.3, 7.5, 7.9 –7.13, 7.15, 10.1, 10.4, 11.1 MUDA: Article 1	Items 8, 11 and 14
h. Trademarks and proprietary information	FA: Article 12, § 13.1 MUDA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	FA: §§ 7.3, 7.8, 7.9 MUDA: Not Applicable	Item 8
k. Territorial development and sales quotas	FA: Not applicable MUDA: §1(a), 4(ii)	Item 12
l. Ongoing product/service purchases	FA: Article 8 MUDA: Not Applicable	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA: §§ 7.12, 7.13 MUDA: Not Applicable	Items 6, 7 and 8
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Article 9 MUDA: Not Applicable	Items 6, 7, 8 and 11
p. Indemnification	FA: Article 16 MUDA: Not Applicable	Items 6 and 8

Obligation	Section in agreement	Disclosure document item
q. Owner's participation/management/staffing	FA: § 2.4 MUDA: Not Applicable	Items 15
r. Records and reports	FA: Article 10 MUDA: Not Applicable	Item 11
s. Inspections and audits	FA: §§ 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Article 15 MUDA: Article 7	Items 6 and 17
u. Renewal	FA: § 3.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Article 13, § 14.3 MUDA: Not Applicable	Item 17
w. Non-competition covenants	FA: § 13.2 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Article 17 MUDA: Article 7	Items 6 and 17
y. Other (describe)		

Item 10
Financing

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

Item 11
Franchisor's assistance, advertising, computer systems, and training

Except as listed below, CEFA is not required to provide you with any assistance.

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

(i) We generally do not own your premises.

(ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require.

(iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing/proposed buildings, and lease terms.

(iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.

(v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises*. We will provide you with a set of our standard specifications and/or standard recommended floor plans, and our specifications for required finishes. (Section 5.4)

C. *Hiring and training employees*. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), operational instructions in the Operations Manual which you can use as part of training new employees (Section 5.3), and our initial training program described below. Our opening support (as described below) includes assisting you in training of employees. All hiring decisions and conditions of employment are your sole responsibility. More details on training are provided in the tables below.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and, where possible, approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of any approved suppliers. We do not deliver or install these items.

E. *Operations Manual*. We will give you access to our Operations Manual (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

G. *Market introduction plan*. We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4)

H. *On-site opening support.* We will have a representative provide on-site support for up to one week in connection with your business opening. (Section 5.4)

Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is approximately 9 to18 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers*. Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so.

B. *Hiring and training employees*. We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Operations Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility. More details are provided in the Training Program Table below.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently $600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5)

D. *Establishing prices*. (Section 5.5). We have the right to determine prices charged by our franchisees for goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you with our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Brand Fund*. We will administer the Brand Fund (Section 5.5). We will prepare an unaudited annual financial statement of the Brand Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request (Section 9.3).

G. *Website*. We will maintain a website for the CEFA Early Years School brand, which will include your business information and telephone number. (Section 5.5)

Advertising

Our obligation. We will use the Brand Fund only for marketing and related purposes and costs. Social media coverage is primarily local although as the volume of contribution to the Brand Fund increases, we will have more national or regional opportunities to market the brand. We use various platforms for electronic advertising such as Google Ads (including YouTube), Meta, and LinkedIn. We utilize an in-house agency that purchases advertising and handles public relations. We are not required to spend any amount of advertising in the area or territory where any particular franchise is located. We will maintain the brand website (which may be paid for by the Brand Fund). We have no other obligation to conduct advertising.

Your own advertising material. You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees.

Local or Regional Advertising Cooperatives. We do not currently have any local franchise advertising cooperatives, but we may have one in the future. We have the right to require you to participate in a local or regional advertising cooperative. We will define the area of the cooperative based on media markets, or other geographic criteria that we deem appropriate. Each franchisee in the area would have one vote per outlet (unless the franchisee is in default under its Franchise Agreement). The amount you would contribute to the cooperative will be determined by vote of the members, but not less than 1% and not more than 5% of gross sales. If our own outlets are members of a cooperative, they must contribute to the cooperative on the same basis as franchisees, and they will vote on the same basis as other members. We would administer the cooperative, but we have the right to delegate responsibility for administration to an outside company such as an advertising agency or accounting firm, or to the franchisee members of the cooperative. We have the right to require the cooperative to operate from written bylaws or other governing documents that we determine. The documents are not currently available for you to review. Cooperatives will prepare annual financial statements which will be made available for review only by us and by the members of cooperative. We have the power to require cooperatives to be formed, changed, dissolved, or merged.

Brand Fund. You and all other franchisees must contribute to our Brand Fund. Your contribution is 2.5% of gross sales per month. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are also obligated to contribute to the Brand Fund. We administer the fund. The fund is not audited. We will make unaudited annual financial statements available to you upon request.

Because we are a new franchisor, we did not spend any money from the Brand Fund in our most recently concluded fiscal year.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Brand Fund to be spent in the next year.

No money from the Brand Fund is spent principally to solicit new franchise sales.

Market introduction plan. You must develop a market introduction plan and obtain our approval of the plan at least 90 days before the projected opening date of your business.

Required spending. After you open, you must spend at least 1% of gross sales annually, subject to a minimum of $3,000 per month for the first 12 months of operation, on marketing your business.

<u>Point of Sale and Computer Systems</u>

We require you to buy (or lease) and use our enrollment/Contact Resource Management (CRM) system and computer system as follows:

The system will include one notebook or desktop computer, which will be a PC and Windows compatible, Kindertales enrollment/CRM and Microsoft Office applications including Outlook, Word, Excel, high-speed internet access, and our approved accounting software. These systems will generate or store data such as client and employee contact/details, scheduling, invoicing and financial information.

We estimate that these systems will cost between USD $20,000 to USD $30,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do not require you enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be USD $3,600 to USD $7,200 per year.

You must give us full, independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

<u>Operations Manual</u>

See Exhibit G for the table of contents of our Operations Manual as of the date of this Disclosure Document, with the number of pages devoted to each subject. The Operations Manual has 1,118 pages.

<u>Training Program</u>

Our training program consists of the following:

Item 11 Table

TRAINING PROGRAM

Column 1 **Subject**	**Column 2** **Hours of Classroom Training**	**Column 3** **Hours of on-the-job training**	**Column 4** **Location**
Phase 1 - Business Development Team Training			
CEFA Business Model Overview • CEFA brand philosophy & positioning • Revenue streams (core program, add-ons, innovation programs) • Capacity planning & classroom utilization • Long-term value creation model	2 hours	-	Franchisor HQ or Live Virtual
Market Analysis & Feasibility • Demographic analysis framework • Competitive positioning strategy • Territory mapping	3 hours	2 hours	Live Virtual
Location & Facility Development • Site selection criteria • Lease negotiation considerations • Build-out timelines & milestone planning • Classroom layout optimization aligned to curriculum	3 hours	3 hours	Live Virtual + Franchise Location
Strategic Growth Planning & Multi-Unit Development • When to expand to a second location • Ownership structure planning • Capital reinvestment strategy • Scaling leadership structure • Risk assessment before expansion	2 hours	-	Live virtual
Partnership Alignment & Governance • Franchise agreement overview (conceptual, not legal) • Roles & Responsibilities between franchisor and franchisee • Communication cadence expectations • Decision-making framework • Brand protection responsibilities	2 hours	-	Live virtual
Business Development Team Training			
Total Commitment – 17 hours	12	5	

<table>
<tr><th colspan="2">Column 1 - Phase 2 - Operations Team Training</th><th>Column 2 Hours of Classroom Training</th><th>Column 3 Hours of on the job training</th><th>Column 4 Location</th></tr>
<tr><td colspan="2">Administrator/Director Leadership Training
• Administrator regulator accountability
• Licensing compliance oversight
• Staff supervision & ratio management
• Performance management & corrective action
• Audit preparation & response protocols
• Parent escalation management
Operational decision-making standards</td><td>4 hours</td><td>4 hours</td><td>Live virtual + Franchise Location</td></tr>
<tr><td colspan="2">Operational Standards & Compliance
• Opening/closing procedures
• Classroom readiness expectations
• Kitchen Training/Food/Health and Safety
• Health & safety framework (adaptable per region)
• Licensing overview (localized addendum model)
• Audit Process and Compliance
• Emergency protocol structure</td><td>4 hours</td><td>6 hours</td><td>Franchise location</td></tr>
<tr><td colspan="2">Human Resource & Staffing
• Organizational structure
• Hiring profile standards
• Onboarding framework
• Performance review structure
• Retention strategies</td><td>2 hours</td><td>3 hours</td><td>Live virtual + Franchise location</td></tr>
<tr><td colspan="2">Enrollment Growth Strategy</td><td rowspan="2">3 hours</td><td rowspan="2">6 hours</td><td rowspan="2">Live virtual + Franchise location</td></tr>
<tr><td>• Pre-scale campaigns
• Tour excellence & conversation scripting
• Lead follow-up cadence</td><td>• Referral programs
• Community partnerships
• Enrollment retention strategy
• Seasonal enrollment planning</td></tr>
<tr><td colspan="2">KPI Dashboard Training</td><td rowspan="2">2 hours</td><td rowspan="2">4 hours</td><td rowspan="2">Live virtual + Franchise location</td></tr>
<tr><td>• Enrollment targets by classroom
• Conversion ratios
• Lead-to-tour-to-enrollment tracking</td><td>• Labor % vs enrollment
• Monthly operational dashboard review
• Early warning indicators</td></tr>
<tr><td colspan="2">SOP Implementation & System Controls
• Communication systems
• Documentation protocols
• Procurement standards</td><td>2 hours</td><td>3 hours</td><td>Live virtual + Franchise location</td></tr>
</table>

• Vendor management • Quality assurance visits			
Parent Experience Management • Parent onboarding framework • Communication standards • Handling concerns • Building community • Retention strategy	1 hour	4 hours	Franchise location
Operational Systems Training • Employee policies • CEFA Menu • Emergency procedures • Kindertales Training	4 hours	2 hours	Live virtual + Franchise location
Operations Team Training			
Total Commitment – 54 hours	22	32	

Phase 3 - Marketing Team Training	**Column 2 Hours of Classroom Training**	**Column 3 Hours of on the job training**	**Column 4 Location**
Introduction to Marketing & Sales • Overview of marketing at CEFA (corporate vs. local) • Team Structure • Strategy at CEFA • Corporate vs Local Marketing • Importance of Brand Consistency • Introduction to In House Agency • Intro to Directory	2 hours		Live virtual
Countdown to Launch (Marketing) • Introduction to CTL • Initial Setup • Pre-Opening • Ads, Budget + Planning • Partnerships and Community Events • Grand Opening • Open Houses	3 hours		Live virtual
Local Marketing • Digital Marketing Overview • Post Opening Expectations and Planning • INOE vs New School	3 hours		Live virtual
Sales, Enrollment & KPIs • Supporting the Sales Manager • Understanding the parent journey and sales pipeline	2 hours		Live virtual

• Tracking conversion rates and optimizing marketing efforts • KPR's to Watch For • Kindertales Data • Ensuring a Strong First Impression • Partner Oversight Cadence			
Platform Training – Kindertales (Owner Level Access) • Intro to Kindertales + CEFA CRM • Lead Management • Tours + Events • Applications + Enrollment • CEFA CRM Analytics • Sales Manager Training	4 - 6 hours		Live virtual
Compliance & Branding Guidelines • Ensuring Marketing Aligns with Brand Guidelines • Legal considerations in advertising and promotions • Intro to Approved Vendors	2 hours		Live virtual
Ongoing Support & Resources • Continuous learning opportunities • Corporate Support Structure • Intro to PR Firm (National) • Appendix • FAQ	1 hour		Live virtual
Marketing Team Training			
Total Commitment – 19 hours	19	0	

Phase 4 - Finance Team Training	**Column 2 Hours of Classroom Training**	**Column 3 Hours of on the job training**	**Column 4 Location**
Startup Investment Framework • Capital planning • Cash flow forecasting • Working capital considerations	3 hours	2 hours	Live virtual
Budgeting & Expense Control • Labor cost percentage targets • Fixed vs variable costs • Supply management benchmarks	2 hours	2 hours	Live virtual
Break-Even & Profitability Modeling • Enrollment thresholds • Tuition structure logic • Margin expectations	3 hours	2 hours	Live virtual

Financial Reporting Standards • Monthly reporting expectations • P&L literacy training • Royalty structure overview • Financial dashboard review	3 hours	2 hours	Live virtual
Regulatory & Tax Awareness (Generic Framework) • Local tax planning awareness • Payroll considerations • Compliance structure	2 hours	1 hour	Live virtual
Finance Team Training			
Total Commitment – 22 hours	13	9	
Phase 5 - Academic Team Intensive Training	**Column 2 Hours of Classroom Training**	**Column 3 Hours of on the job training**	**Column 4 Location**
Academic Philosophy & Pedagogy • CEFA Philosophy & Inquiry-Based Learning Model • Academic-play integration framework • Non-negotiables of the CEFA educational model	4 hours	1 hour	Live virtual + Franchise location
Curriculum Implementation Modules • Reading • Writing • Math • Science • STEM Engineering • Coding & Technology • Culture Immersion & Global Citizenship • Second Languages • Visual Arts Integration • Music, Dance and Drama • Yoga • Little Chefs	30 hours	6 hours	Virtual + Franchise location
Classroom Environment & Structure • Classroom set-up (Mandatory and Rotating areas) • Cross-curricular planning framework • Documentation & Lesson planning expectations	3 hours	5 hours	Franchise location
Academic Quality Assurance • Observation standards & evaluation rubrics • Academic consistency benchmarks • Continuous improvement & Feedback cycles	3 hours	2 hours	Live virtual + Franchise location
Training Pathways & Leadership Development • Teacher certification pathway overview • Senior Teacher leadership development • Principal Academic Leadership framework	3 hours	1 hour	Live virtual

Localization without dilution • Aligning curriculum to local regulations • Cultural adaptation while preserving CEFA philosophy	2 hours	1 hour	Live virtual + Franchise location
Technology Integration • CEFA Central system navigation • LMS utilization for curriculum delivery and professional development	2 hours	1 hour	Live virtual
Academic Team Intensive Training			
Total Commitment – 64 hours	47	17	

Ongoing Professional Development & System Advancement	**Column 2 Hours of Classroom Training**	**Column 3 Hours of on the job training**	**Column 4 Location**
Academics Best Practice Workshops • Monthly leadership workshops • Curriculum enhancement & updates • Leadership development • Academic quality assurance training • Technology System Updates • Remedial / Performance Improvement Training (if required)	15 hours	-	Live virtual
Marketing & brand advancement • Brand standards • Lead management systems • Reputation management	6 – 8 hours		Virtual
Area Manager Operational Support • Scheduled performance reviews • Enrollment analysis & strategy refinement • Staffing structure review • KPI alignment coaching	2 hours	6 hours	Franchise location + Virtual
Operational Audits • Classroom readiness checks • Health & Safety compliance review • SOP adherence verification • Documentation audits	-	8 hours	Franchise location
Operational Best Practices Workshops • System updates • Process improvements • Peer benchmarking • Operational innovation	4 hours	-	Live virtual
Annual Total			
Total Commitment – 43 hours	27-29	14	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes in advance of the opening of the franchisee's location, doing so online, and at the franchisee's location once sufficient build-out has been completed and close to being open, as elaborated on in the additional questions below. This may change as we open more franchises.

The instruction materials consist primarily of our Onboarding Checklist which contains links organized by section for all applicable written procedures, training videos, learning checks referred to as Knowledge Reviews (automatically graded with correct answers provided, with a structure in place requiring successful completion via a minimum score threshold), and a shadowing/coaching checklist and approval process all required to successfully and fully complete the necessary training.

Training classes will be led by the franchisor and/or its delegate(s), such as a corporate-employed, tenured individual who has been delegated to lead some or all aspects of training (i.e. a manager, assistant manager, or a senior employee who works at a corporate (franchisor) location). Some aspects of training classes will be self-directed and led by the franchisee themselves as they follow the training structure in place which will include video training and the aforementioned instructional materials created by the franchisor/corporate and/or by pre-recorded materials listed in the Onboarding/Training materials.

Franchisor's delegate(s) may have various levels of experience depending on the individual delegate, but they would typically have minimally one year of experience, if not more, and have had successfully completed both their own training and facilitation of others' training in the past; the delegate(s) would typically be in a management role at a corporate location or be a "senior," tenured employee if not in a formal management position.

There is no fee for a minimum of 4 people to attend training. You must pay the travel and living expenses of your employees or managers attending training.

You must attend training. You may send any additional persons to training that you want. You must complete training to our satisfaction at least four weeks before opening your business. You will be required to pass a test which evaluates your understanding for the content and franchise operating content as covered in the training program. Should you fail to pass the test or complete the initial training, we have the right to terminate the franchise agreement with no refund of the initial franchise fee.

Your business must always be under your on-site supervision or under the on-site supervision of a general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently USD $200 to $500 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Item 12
Territory

Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a Franchise Agreement, then your location is subject to our approval.

If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

Grant of Territory

Your Franchise Agreement will specify a protected territory, which will be determined by us. Your territory will have a population of approximately 50,000-75,000 people per school. Your territory will usually be specified as a radius around your location; however, we may use other boundaries (such as county lines, zip codes, or other boundaries such as streets or geographical features).

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this Disclosure Document. If you and we sign a MUDA, then you will have the right to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional CEFA Early Years School business, (3) you must be in compliance with all brand requirements at your open CEFA Early Years School business(es), and (4) you must not be in default under any other agreement with us. We have the right to approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets.

Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

Territory Protection

In your Franchise Agreement, we grant you a protected territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a CEFA Early Years School outlet.

If you sign a MUDA, you will receive an exclusive territory as an area developer. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a CEFA Early Years School outlet. The continuation of your territorial exclusivity depends on your adherence to the development schedule stated in the MUDA. If you fail to adhere to the development schedule, we will have the right to terminate your MUDA, but not any executed Franchise Agreements. We reserve the right to modify your territory if you have committed to opening two schools in your territory and you then sell one outlet in the territory.

Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your Franchise Agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory.

Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting or accepting orders from consumers outside of your territory, except that all marketing and advertising is subject to our approval.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operate, franchise, nor have current plans to operate or franchise a business under a different trademark selling goods or services similar to those you will offer. The Franchise Agreement, however, does not prohibit us from doing so.

Item 13
Trademarks

Principal Trademark

The following are the principal trademarks that we license to you. These trademarks are owned by our affiliate, CEFA Systems ULC. They are registered on the Principal Register of the United States Patent and Trademark Office.

Trademark	Registration or Filing Date	Registration or Application Number
cefa early learning	Dec. 06, 2022	6915403
CEFA	Nov. 19, 2019	5912699
cefa early years school	March 30, 2026	99733160 (Pending application number)
cefa early years school	March 30, 2026	99733282 (Pending application number)

All required affidavits have been filed. No registrations have been renewed.

Determinations

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in a trademark.

Agreements

CEFA Systems ULC, our affiliate, owns the trademarks described in this Item. Under an Intercompany License Agreement between us and CEFA Systems ULC we have been granted the exclusive right to sublicense the trademarks to franchisees throughout the United States. The agreement is of perpetual duration. It may be modified only by mutual consent of the parties. It may be canceled by our affiliate only if (1) we materially misuse the trademarks and fail to correct the misuse, or (2) we discontinue commercial use of the trademarks for a continuous period of more than one year. The Intercompany License Agreement specifies that if it is ever terminated, your franchise rights will remain unaffected.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The Franchise Agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

If you use our trademarks in accordance with the Franchise Agreement, then (1) we will defend you (at our expense) against any legal action by a third-party alleging infringement by your use of the trademark, and (2) we will indemnify you for expenses and damages if the legal action is resolved unfavorably to you.

Under the Franchise Agreement, we may require you to modify or discontinue using a trademark, at your expense.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

Item 14
Patents, copyrights and proprietary information

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operations Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your Franchised Business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The Franchise Agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operations Manual and related materials that include guidelines, standards and policies for the development and operation of your Franchised Business. We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Operations Manual and other proprietary information, and you must use our confidential information only for your Franchised Business. We may require your managers and all key employees to sign confidentiality agreements.

As part of our Franchise Agreement (Section 13.1) our confidentiality clause prohibits you (and your owners) from uploading or providing to Artificial Intelligence programs our Operations Manual and related materials, the Franchise Agreement and any amendments or addenda.

Item 15
Obligation to Participate in the Actual Operation of the Franchise Business

Your Participation

You are not required to participate personally in the direct operation of your business. However, we recommend that you participate.

You must designate one person as your "Designated Executive". The Designated Executive is the executive primarily responsible for your Franchised Business and has decision-making authority on behalf of the business and must be approved by us. The Designated Executive must own at least 10% of the business unless otherwise approved by us. The Designated Executive must complete our initial training program. The Designated Executive must complete any post-opening training programs that we develop in the future. The Designated Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Designated Executive cannot fail to attend more than three consecutive required meetings.

We require that your Franchised Business be under the direct supervision at all times of one full-time "Designated Executive" and a full-time "Administrator", who must be approved by us. Most CEFA Early Years Schools will also have a Principal or an Education Coordinator who also must be approved by us. The Guarantor will generally be the person who acts as Designated Executive, but the Designated Executive can be any person so long as they have been trained and approved by us.

If you acquire additional territory, then we may require you to sign a separate franchise agreement for that territory, in which case it would be treated as a separate franchise requiring its own Designated Executive. All Designated Executives must successfully complete our initial training program, work full time, and be personally approved by us.

If your business is owned by an entity, all owners of the entity must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

If you own more than one school and the locations are within 30 miles of one another, you may have the same primary executive for the locations. You must, however, have a principal and administrator for each school.

"On-Premises" Supervision

You are not required to personally conduct "on-premises" supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. You may hire, in addition to a Designated Executive and Administrator, a general manager. The general manager of your business (whether that is you or a hired person) must successfully complete our educational certification training program whereas your Designated Executive must complete our franchisee operations training.

If the Franchise Business is owned by an entity, we do not require that the general manager own any equity in the entity.

Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

Item 16
Restrictions on what the franchisee may sell

You must offer for sale only goods and services that we have approved.

You must offer all goods and services that we require for sale. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that you are not permitted to advertise directly into another Territory that is franchised or corporately owned without our written permission.

Item 17
The Franchise Relationship

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

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): none	10 years from commencement date of the Franchise Agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for an additional term. We agree to maintain the same terms and conditions for your renewal Franchise Agreement as you have in your original Franchise Agreement.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	For our franchise system, "renewal" means that at the end of your term, you sign our successor franchise agreement for an additional term. We agree to maintain the same terms and conditions for your renewal Franchise Agreement as you have in your original Franchise Agreement. To renew, you must give advance written notice to us; be in compliance with all

Provision	Section in franchise or other agreement	Summary
		contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement (with consistent terms and conditions to first Franchise Agreement) and related documents (including personal guaranty); sign general release (unless prohibited by applicable law). If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for an additional term.
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	If we violate a material provision of the Franchise Agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. If you sign a MUDA, you may terminate it at any time.
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	We may terminate your Franchise Agreement for cause, subject to any applicable notice and cure opportunity. If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your Franchise Agreement. However, if your Franchise Agreement is terminated, we have the right to terminate your MUDA.
g. "Cause" defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate Franchise Agreement other than non-curable default (30 days to cure); operate in a manner dangerous to health or safety (48 hours to cure).
h. "Cause" defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or

Provision	Section in franchise or other agreement	Summary
		libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; any other breach of the Franchise Agreement which by its nature cannot be cured. MUDA: failure to meet development schedule; violation of Franchise Agreement or other agreement which gives us the right to terminate it.
i. Franchisee's obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Operations Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of contract by franchisor	FA: § 15.1 MUDA: § 7	Unlimited
k. "Transfer" by franchisee - defined	FA: Article 1 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the Franchise Agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.
m. Conditions for franchisor approval of transfer	FA: § 15.2 MUDA: none	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you've made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable).

Provision	Section in franchise or other agreement	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor's option to purchase franchisee's business	Not Applicable	
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new Designated Executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, guarantee, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, guarantee, provide services to, or be employed by a competitor located within ten miles of your former territory or the territory of any other CEFA Early Years School business operating on the date of termination.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Operations Manual or system specifications.
t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of this Disclosure Document and Franchise Agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.

Provision	Section in franchise or other agreement	Summary
u. Dispute resolution by arbitration or mediation	FA: § 17.1 MUDA: § 7	All disputes are resolved by arbitration (except for injunctive relief) (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Arbitration will take place in Delaware. (subject to applicable state law). Any legal proceedings not subject to arbitration will take place in the District Court of the United States, in Delaware, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Delaware (subject to applicable state law).

Item 18
Public figures

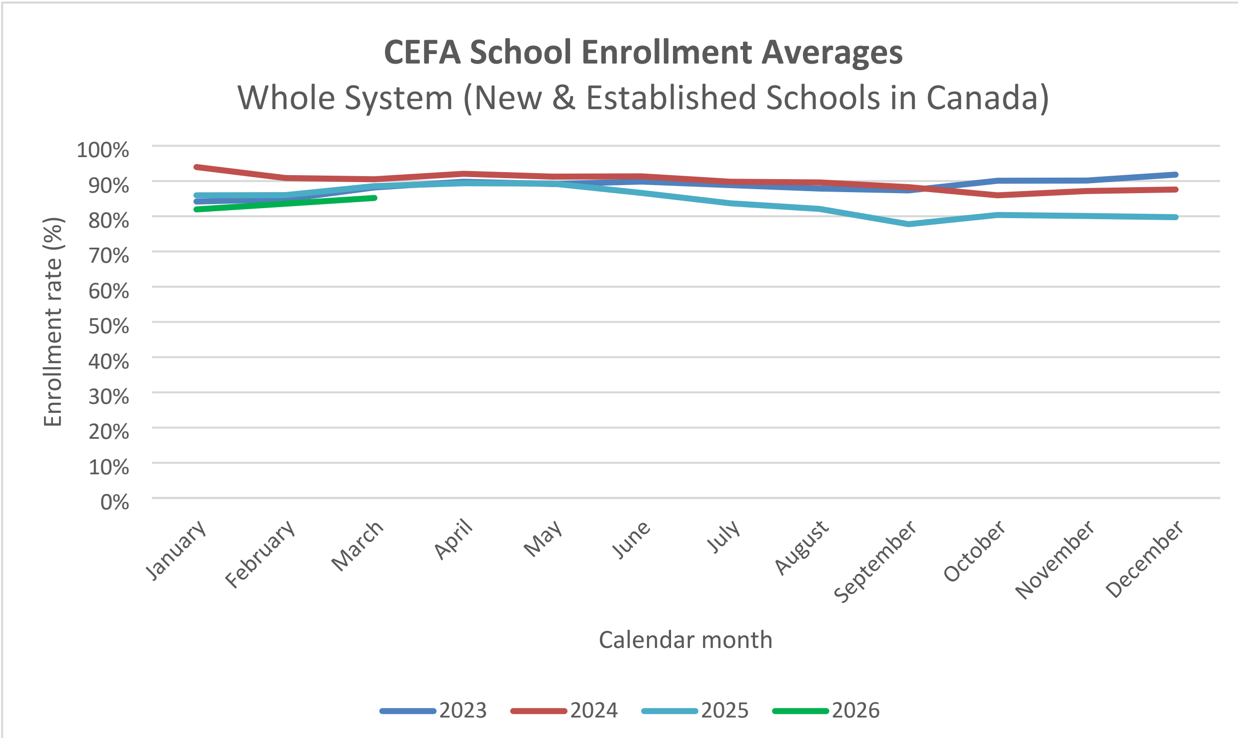
We do not use any public figure to promote our franchise.

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 document. 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, Paul Dean, (604) 655-4498, 1930 Pandora St #308, Vancouver, BC V5L 0C7, Canada, the Federal Trade Commission, and the appropriate state regulatory agencies.

Below is information about our franchise locations in Canada and their student enrollment figures between 2023 and 2026.



CEFA Average Enrollment By Province – New Schools By Month of Operation

Table 1 – Schools opened since 2005

Average of Occupancy	Column Labels			
Row Labels	Alberta	British Columbia	Ontario	Grand Total
1	18.79%	62.71%	3.82%	53.42%
2	31.01%	66.99%	5.36%	58.28%
3	40.45%	69.96%	6.23%	61.74%
4	50.11%	71.55%	8.63%	64.23%
5	61.23%	73.99%	11.63%	67.60%
6	69.73%	74.93%	13.60%	69.39%
7	75.16%	76.34%	15.38%	71.03%
8	77.83%	77.10%	17.69%	72.02%
9	80.62%	76.68%	18.59%	72.06%
10	86.83%	76.88%	22.42%	73.14%
11	85.36%	79.57%	25.68%	76.48%
12	87.45%	80.35%	26.44%	77.42%
13	87.59%	82.58%	30.48%	79.53%
14	92.54%	84.92%	32.42%	82.14%
15	87.43%	87.51%	31.81%	83.52%
16	90.81%	89.02%	32.62%	85.20%
17	92.72%	90.26%	39.53%	88.09%
18	93.37%	91.13%	44.56%	89.13%
Grand Total	72.73%	78.00%	19.35%	72.96%

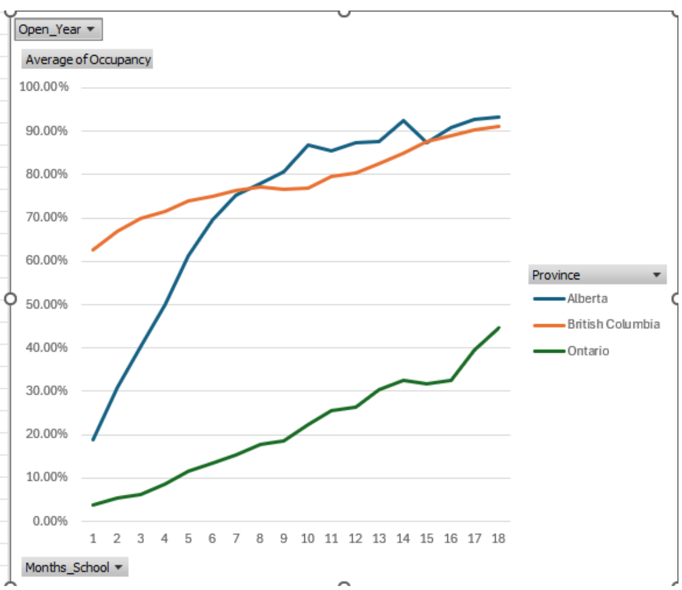
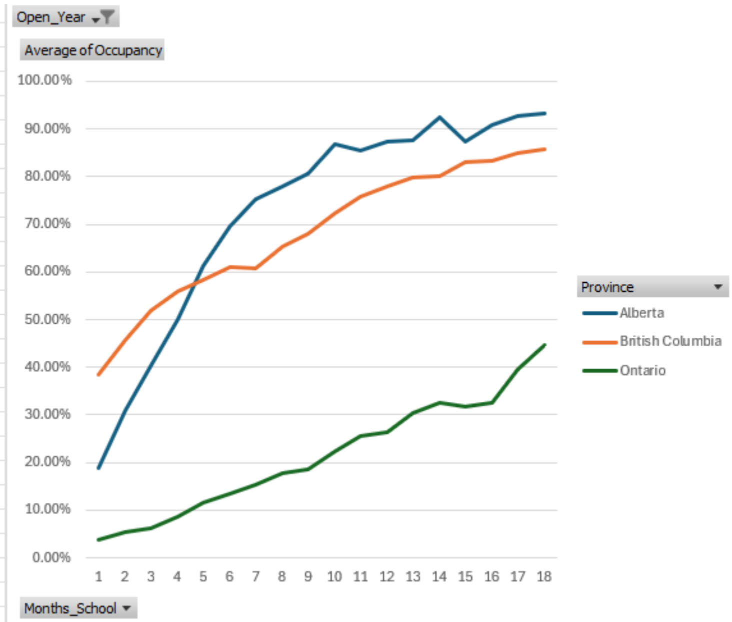


Table 2 – Schools opened in 2021-2025

Average of Occupancy	Column Labels			
Row Labels	**Alberta**	**British (**	**Ontario**	**Grand Total**
1	18.79%	38.44%	3.82%	29.68%
2	31.01%	45.74%	5.36%	37.03%
3	40.45%	51.94%	6.23%	43.04%
4	50.11%	55.91%	8.63%	47.84%
5	61.23%	58.45%	11.63%	52.03%
6	69.73%	60.92%	13.60%	55.54%
7	75.16%	60.81%	15.38%	56.41%
8	77.83%	65.33%	17.69%	59.99%
9	80.62%	68.12%	18.59%	62.47%
10	86.83%	72.34%	22.42%	66.81%
11	85.36%	75.87%	25.68%	70.96%
12	87.45%	77.98%	26.44%	72.87%
13	87.59%	79.81%	30.48%	74.62%
14	92.54%	79.97%	32.42%	76.17%
15	87.43%	83.17%	31.81%	76.53%
16	90.81%	83.38%	32.62%	77.62%
17	92.72%	84.95%	39.53%	82.21%
18	93.37%	85.84%	44.56%	83.48%
Grand Total	**72.73%**	**66.11%**	**19.35%**	**60.63%**



Notes to Tables

CEFA School Enrollment Averages (Whole System – New & Established)

1. This chart represents system-wide, average enrollment for all schools in operation across all Provinces in Canada during the periods indicated, regardless of their opening date;

2. The operating period pre-2023 is considered non-comparable with post-COVID performance, so has been disregarded to provide a more realistic, current-market indication;

3. The number of schools in operation at the start of each period are as follows:

    a. 2023: 35

    b. 2024: 38

    c. 2025: 45

    d. 2026: 50

CEFA Average Enrollment By Province – New Schools By Month of Operation

1. The tables and charts labelled Table 1 and Table 2 reflect average enrollment achieved by new schools in each Province in Canada by month of operation following their opening date;

2. The following information is considered relevant to interpretation of the data reflected:

a. Alberta

   i. The first CEFA school opened in Alberta in June 2020 amid the challenges of the COVID pandemic;

   ii. Subsequent schools were opened in Alberta during the following calendar years:

      1. 2023 – 1

      2. 2024 – 3

      3. 2026 – 1

   iii. In April 2025 the Government of Alberta implemented a Province-wide childcare subsidy program for participating schools that effectively reduced the fees payable by parents to approximately $15/day. All schools operating the Province of Alberta are currently participating in this subsidy program.

b. British Columbia

   i. The first CEFA school opened in British Columbia in 2005;

   ii. Enrollment data included in the table and chart labelled "Table 1" above relates to schools opened between 2005 and 2025. The number of schools opened during each 5-year period in the Province of British Columbia are as follows:

      1. 2010 – 7

      2. 2015 – 8

      3. 2020 – 10

      4. 2025 – 15

   iii. Enrollment data included in the table and chart labelled "Table 2" above relates to schools opened during the calendar years 2021-2025. At the start of 2021, there were 25 CEFA schools operating in the Province of British Columbia. As at the end of the calendar year 2025 there were 40 schools operating in the Province.

   iv. In April 2021 the Government of British Columbia implemented a Province-wide income-based childcare subsidy program for qualifying schools. The subsidy value is determined based on income, and all CEFA schools in the Province are currently subscribed to the program.

c. Ontario

i. The first CEFA school opened in the Province of Ontario in May 2024, followed by another 2 schools later in the same year. One additional school opened in Ontario in 2025;

ii. In April 2021 The Government of Ontario implemented a childcare subsidy program for facilities operating under a not-for-profit corporate structure. While a majority of facilities elected to opt into the program, a large number, including CEFA, elected to operate under a for-profit structure to alleviate the risk of having operations and service delivered financially hampered by external impactors. CEFA continues to operate a for-profit structure, intentionally focused on educational development and targeting families seeking more advanced programming than can be delivered under the Government-funded program.

Item 20
Outlets and franchisee information

We have not been in business for three years or more.

Table 1
Systemwide Outlet Summary
For Years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	0	0	0
	2024	0	0	0
	2025	0	0	0

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
N/A	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table 3
Status of Franchised Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Termi-Nations	Column 6 Non-Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations – Other Reasons	Column 9 Outlets at End of the Year
N/A	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Totals	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0

Table 4
Status of Company-Owned Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
N/A	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Totals	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
	2025	0	0	0	0	0	0

Table 5
Projected Openings for 2026 As Of July 1, 2025

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	0	0	0
Florida	0	0	0
Georgia	0	0	0
North Carolina	0	0	0
South Carolina	0	0	0
Illinois	0	0	0
Texas	0	0	0
Washington	0	0	0
Totals	0	0	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

List of Current Franchisees

The following is a list of the current franchisees who as of the end of our last fiscal year were open and operating in our system:

None.

The following is a list of the current franchisees who had signed a Franchise Agreement as of the end of our last fiscal year but are not yet open:

None

The following is a list of the current franchisees who have signed a Multi-Unit Agreement:

None.

List of Terminated Franchisees

The following is a list of the franchisees who have had a unit terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with Franchisor within 10 weeks of the application date:

None.

Confidentiality Clauses

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

Item 21
Financial statements

We have not been in business for three years or more. Attached to this Disclosure Document and designated Exhibit D is our audited balance sheet dated February 28, 2026. Our fiscal year end is June 30th.

Item 22
Contracts

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

B. Franchise Agreement with:
Attachment 1 - State Amendments to Franchise Agreement
Attachment 2 - Location Acceptance Letter
Attachment 3 - Guaranty and Non-Compete Agreement
Attachment 4 - Rider to Lease Agreement
Attachment 5 - Form of General Release

C. Multi-Unit Development Agreement

F. Deposit Agreement

Item 23
Receipts

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT A

STATE ADDENDA TO DISCLOSURE DOCUMENT

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. BUS. & PROF. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq (collectively the "Acts"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The following language is added to the Cover Page:

Our website, cefa.ca, 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.

The following language is added to Item 17:

"THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR."

Neither the Franchisor, any person or franchise broker in Item 2 of the FDD 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 such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 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.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur in Delaware. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section

20040.4 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of Delaware. This may not be enforceable in the State of California.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 3100 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the franchise Relations Act (Business and Professions Code Sections 20000 through 20043).California limited liability companies Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, 14 days prior to the execution of an agreement or the solicitation of a proposed material modification of an existing agreement.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular 14 days prior to execution of agreement.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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.

Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

   Neither franchisor nor any person or franchise broker in Item 2 of this 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 such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

   With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

   The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

   California Business and Professions Code Sections 20000 through 20043 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.

   The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

   The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

   The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

   The Franchise Agreement requires mediation. The mediation will occur in Delaware, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Mediation Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

   The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

HAWAII ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT 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
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: ___________________

2. A proposed registration or filing is or will be shortly on file in the following states: _____________________________

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the Agreement(s).

The Franchise Agreement does not provide you with any rights to terminate it. The term of the Franchise Agreement is 5 years.

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.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

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.

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following language is added to Item 17:

The Franchise Agreement provides that if negotiation fails, any dispute between us or claim arising out of or relating to the Franchise Agreement or any other franchise related agreement will be mediated in Toronto, Ontario, Canada, under Delaware law, arbitrated in Wilmington, Delaware under Delaware law, except that we may seek an injunction and other remedies to prohibit infringement of our intellectual property rights, disclosure of our confidential information and a breach of non-compete covenants in any court of competent jurisdiction. The Franchise Agreement also provides that if a court determines that our agreement to arbitrate a particular dispute is not enforceable, then the dispute must be litigated in Wilmington, Delaware under Delaware law. These provisions to the extent they dictate the location and governing law for court proceedings are not permitted under the Illinois Franchise Disclosure Act. For Illinois franchisees, all court proceedings must be in Illinois under Illinois law.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the "Act"), this Disclosure Document is amended as follows:

> Illinois law governs the agreements between the parties to this franchise.
>
> Section 4 of the Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

INDIANA ADDENDUM TO DISCLOSURE DOCUMENT

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. " 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. ' 23-2-2.7 (1985) (collectively the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Indiana Deceptive Franchise Practices Act provides rights to You concerning non-renewal and termination of this Agreement. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

a. If the franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgments shall be void with respect to claims under the Acts.

b. If the Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

c. The Indiana Deceptive Franchises Practices Act provides that substantial modification of the Agreement by CEFA Systems LLC. requires written consent of the franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

d. If the Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10).

IF THE AGREEMENT REQUIRES THAT IT BE GOVERNED BY A STATE'S LAW, OTHER THAN THE STATE OF INDIANA, TO THE EXTENT THAT SUCH LAW CONFLICTS WITH THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT AND THE INDIANA FRANCHISES ACT, THE ACTS WILL CONTROL.MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 ET SEQ. (2010 Repl. Vol. and Supp. 2011) and the rules and regulations promulgated thereunder (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If the franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release will exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

b. Any limitation of claims provisions in the Agreement will not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim under the Act. Claims under the Act must be brought within 3 years after the grant of the franchise to the franchisee.

c. If the Agreement requires litigation to be conducted in a forum other than the State of Maryland, the requirement will not be interpreted to limit any rights franchisee may have under the Act to bring suit in the State of Maryland.

The following language is added to Item 17:

(1) Any limitation of claims shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law (the "Law"). Claims under the Law must be brought within 3 years after the grant of the franchise to you.

(2) Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Law.

Any provision of the Disclosure Document or in the Franchising Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, to the extent required by this law.

Any representation requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement is amended accordingly to the extent required by law.

Any provision of the Disclosure Document or in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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.

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement and Disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

The following language is added to Item 13:

For Minnesota franchisees, if the indemnification provision concerning your use of the Marks is inconsistent with Minnesota Department of Commerce requirements, it shall be superseded by these requirements and shall have no force or effect.

2. The following language is added to Item 17:

Section 80C.14, Subd. 4. of the Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and the Rules and Regulations promulgated under it (collectively the "Minnesota Franchise Act") requires, except in certain specified cases, that a Minnesota franchisee be given written notice of a franchisor's intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. These Minnesota Franchise Act requirements are in addition to and may supersede the renewal provisions described in Item 17(b).

Minnesota considers it unfair to not protect your right to use the trademarks. Refer to Minn. Stat. 80C.12 Subd. 1(G). We will protect your rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name, as required under Minn. Stat. 80C.12 Subd. 1(G).

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rules 2860.4400(D) prohibits us from requiring you to assent to a general release.

You cannot consent us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

For Minnesota franchisees, to the extent the Franchise Agreement requires it to be governed by a state's law, other than the State of Minnesota or provides for arbitration or mediation, these provisions shall not in any way abrogate or reduce any rights of the franchisee as provided for in the Minnesota Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. These requirements are in addition to and may supersede the provisions described in Item 17(u), (v) and (w).

The Limitations of Claims section must comply with Minnesota Status 80C.17 Subd. 5. Section 80C17, Subd.5. of the Minnesota Franchise Act states that no civil action may be commenced for violation of the Minnesota Franchise Act more than 3 years after the cause of action accrues. Section 21(26)(f) of the Franchise Agreement contains certain time limits on commencing actions. For Minnesota franchisees, to the extent that these limitations are inconsistent with those under the Minnesota Franchise Act, the provisions of the Franchise Agreement are superseded by the Minnesota Franchise Act's requirements and shall have no force or effect.

Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce (1) any of your rights as provided for in Minnesota Statute 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

No statement, questionnaire, or acknowledgement 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 with the franchise.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER

WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

The New York Department of Law required that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989) (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

If the franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or any regulation, rule or order under the Act, such release shall exclude claims arising under the Act or any regulation, rule or order under the Act, and such acknowledgement shall be void. It is the intent of this provision that the non-waiver provisions of Sections 687.4 and 687.5 of the Act be satisfied.

In the State of New York only, this Disclosure Document is amended as follows:

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

> **INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies 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 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 the State of New York.

6. Franchise Questionnaires and Acknowledgements--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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO NORTH DAKOTA FRANCHISE LAW

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51 19, Sections 51 19 01 through 51 19 17 (1993) (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The State of North Dakota has determined that requiring a franchisee to sign a general release upon renewal of a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee sign a general release as a condition of renewing the franchise agreement is deleted.

The State of North Dakota has determined that requiring a franchisee to consent to termination or liquidated damages in a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee consent to termination or liquidated damages is deleted.

The State of North Dakota has determined that certain covenants restricting competition may be contrary to Section 9-08-06 of the North Dakota Century Code. Any covenants against competition shall be subject to this section of the North Dakota Century Code. Covenants not to compete are generally considered unenforceable in North Dakota.

The State of North Dakota has determined that parties agreeing to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.

The State of North Dakota has determined that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is deleted.

The State of North Dakota has determined that a Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that specify they are governed by the laws of a state other than North Dakota, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements.

The State of North Dakota has determined that a Franchise Disclosure Document, Franchise Agreement, and/or the Supplemental Agreement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee waive a jury trial is deleted.

The State of North Dakota has determined that a Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements requiring a franchisee to consent to a waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to a waiver of exemplary and punitive damages is deleted.

The State of North Dakota has determined that requiring a franchisee to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

The State of North Dakota has determined that requiring a franchisee pay all costs and expenses incurred by the franchisor in enforcing the agreement to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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.

OHIO ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Ohio only, this Disclosure Document is amended by adding the following two cover pages to this Disclosure Document:

READ THIS DISCLOSURE DOCUMENT CAREFULLY

The state of Ohio has not reviewed and does not approve, recommend, endorse, or sponsor this or any franchise. If you have any questions about this franchise, the information contained in this disclosure document should be reviewed with an attorney or financial advisor before you sign any agreement.

The following disclosure document contains the disclosures required by Ohio law.

In the State of Ohio only, this Disclosure Document is further amended as follows:
The following is added to Item 19:

CAUTION

Some business opportunity plans have earned this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT

The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 - 19-28.1-34 (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement may be void under the Act.

b. If the Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with the Act it may be void under the Act.

c. If the franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the Cover Page:

THIS DISCLOSURE DOCUMENT IS PROVIDED FOR YOUR OWN PROTECTION AND CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THIS DISCLOSURE DOCUMENT AND ALL CONTRACTS AND AGREEMENTS SHOULD BE READ CAREFULLY IN THEIR ENTIRETY FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

A FEDERAL TRADE COMMISSION RULE REQUIRES FRANCHISORS TO FURNISH THEIR DISCLOSURE DOCUMENT TO PROSPECTIVE FRANCHISEES FOURTEEN CALENDAR DAYS BEFORE THE PROSPECTIVE FRANCHISEE SIGNS A BINDING AGREEMENT WITH OR MAKE ANY PAYMENT TO, THE FRANCHISOR OR AN AFFILIATES.

ALTHOUGH THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE VIRGINIA RETAIL FRANCHISING ACT AS AMENDED, REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING OF THE VIRGINIA STATE CORPORATION COMMISSION OR A FINDING BY THE DIVISION OF SECURITIES AND RETAIL FRANCHISING THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, ACCURATE OR NOT MISLEADING.

IF THIS DISCLOSURE DOCUMENT IS NOT DELIVERED ON TIME, OR IF IT CONTAINS A FALSE, INCOMPLETE, INACCURATE OR MISLEADING STATEMENT, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE VIRGINIA DIVISION OF SECURITIES AND RETAIL FRANCHISING, 1300 EAST MAIN STREET, RICHMOND, VIRGINIA 23219.

The name and address of the Franchisor's Virginia agent authorized to receive service of process:

Clerk of the State Corporation Commission
1300 E. Main Street, 9th Floor
Richmond, Virginia 23219

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

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 grounds for default or termination stated in the Franchise Agreement do 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.
>
> Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

> Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement 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.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the Franchised Business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements

concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

WISCONSIN ADDENDUM TO DISCLOSURE DOCUMENT

The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

d. The Act, among other things, grants You the right, in most circumstances, to 90 days' prior written notice of nonrenewal and 60 days within which to remedy any claimed deficiencies. If the Agreement contains a provision that is inconsistent with the Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

e. If the Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provisions of the Agreement conflicts with the Act such provision shall be superseded by the Act's requirements.

EXHIBIT B

FRANCHISE AGREEMENT

EXHIBIT B

FRANCHISE AGREEMENT

SUMMARY PAGE	
Franchisee	
Initial Franchise Fee	$
Premises Selection Area	
Opening Deadline	
Designated Executive	
Franchisee's Address	

FRANCHISE AGREEMENT
TABLE OF CONTENTS

This Agreement made between CEFA Systems, LLC, a Delaware limited liability company ("CEFA Systems"), and the Franchisee, _____________(NAME), located in _____________(CITY, STATE) effective as of the date signed by CEFA Systems (the "Effective Date").

Background Statement:

A. CEFA Systems and its affiliate CEFA Systems ULC, have created and own a system (the "System") for developing and operating an early learning private school offering core education and fine arts. Their proprietary and award-winning curriculum is designed to educate and develop children academically, emotionally, physically and socially so they're ready for kindergarten and for life, under the trade name "CEFA EARLY LEARNING". We have a license agreement with these entities that provides us with the rights to offer franchises in the USA.

B. The System includes (1) methods, procedures, and standards for developing and operating a CEFA Early Years School business, (2) plans, specifications, equipment, signage and trade dress for CEFA Early Years School business, (3) particular products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by CEFA Systems from time to time.

C. The parties desire that CEFA Systems license the Marks and the System to Franchisee for Franchisee to develop and operate a CEFA Early Years School business on the terms and conditions of this Agreement.

ARTICLE 1. DEFINITIONS

"**Action**" means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

"**Approved Vendor**" means a supplier, vendor, or distributor of Inputs which has been approved by CEFA Systems.

"**Business**" means the CEFA Early Years School business owned by Franchisee and operated under this Agreement.

"**Competitor**" means any business which offers products or services the same or similar as the franchise brand.

"**Confidential Information**" means all non-public information of or about the System, CEFA Systems, and any CEFA Early Years School business, including all methods for developing and operating the Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

"**Designated Executive**" means the is the executive primarily responsible for your Franchised Business and has decision-making authority on behalf of the business and must be approved by

CEFA Systems. The Designated Executive must own at least 10% of the business unless otherwise approved by CEFA Systems.

"**Gross Sales**" means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

"**Input**" means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

"**Location**" means the location stated on the Location Acceptance Letter.

"**Losses**" includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys' fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of CEFA System's reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

"**Manual**" means CEFA System's confidential Operations Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

"**Brand Fund**" means the fund established (or which may be established) by CEFA Systems into which Brand Fund Contributions are deposited.

"**Marks**" means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by CEFA Systems from time to time for use in a CEFA Early Years School business.

"**Market Cooperative**" shall mean the definition as provided in Section 9.4.

"**Owner**" means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then "Owner" means Franchisee.

"**Premises Selection Area**" is defined on the Summary Page and is the region from which you may chose a Location.

"**Remodel**" means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new CEFA Early Years School business.

"**Required Vendor**" means a supplier, vendor, or distributor of Inputs which CEFA Systems requires franchisees to use.

"**System Standards**" means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by CEFA Systems, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

"**Territory**" means the territory stated on the Location Acceptance Letter.

"**Transfer**" means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

ARTICLE 2. GRANT OF LICENSE

2.1 Grant. CEFA Systems grants to Franchisee the right to operate a CEFA Early Years School business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a CEFA Early Years School business at the Location for the entire term of this Agreement.

2.2 Protected Territory. CEFA Systems shall not establish, nor license the establishment of, another business within the Territory selling the same or similar goods or services under the same or similar trademarks or service marks as a CEFA Early Years School business. CEFA Systems retains the right to:

(i) establish and license others to establish and operate CEFA Early Years School businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;

(ii) operate and license others to operate businesses anywhere that do not operate under the CEFA Early Years School brand name; and

(iii) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than CEFA Early Years School outlets.

2.3 Franchisee Control. Franchisee represents that it will identify each owner, officer and director of Franchisee, and describes the nature and extent of each owner's interest in Franchisee. If any of this information changes, Franchisee shall notify Franchisor within 10 days.

2.4 Designated Executive. Franchisee agrees that the person designated as the "Designated Executive" on the Summary Page is the executive primarily responsible for the Business and has decision-making authority on behalf of Franchisee. The Designated Executive must have at least 10% ownership interest in Franchisee. The Designated Executive does not have to serve as a day-to-day general manager of the Business, but the Designated Executive must devote substantial time and attention to the Business. If the Designated Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Designated Executive, subject to CEFA System's reasonable approval.

2.5 Guaranty. If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to CEFA Systems, in the form of Attachment 3.

2.6 No Conflict. Franchisee represents to CEFA Systems that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

ARTICLE 3. TERM

3.1 Term. This Agreement commences on the Effective Date and continues for 10 years.

3.2 Successor Agreement. When the term of this Agreement expires, Franchisee may enter into a successor agreement subject to the following conditions prior to each expiration:

(i) Franchisee notifies CEFA Systems of the election to renew between 90 and 180 days prior to the end of the term;

(ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with CEFA Systems (or any of its affiliates) at the time of election and at the time of renewal;

(iii) Franchisee has made or agrees to make (within a period of time acceptable to CEFA Systems) renovations and changes to the Business as CEFA Systems requires (including a Remodel, if applicable) to conform to the then-current System Standards;

(iv) Franchisee and its Owners execute CEFA System's then-current standard form of franchise agreement and related documents (including personal guaranty). The renewal Franchise Agreement will be the same terms and conditions as the original Franchise Agreement. Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;

(v) Franchisee and each Owner executes a general release (on CEFA System's then-standard form) of any and all claims against CEFA Systems, its affiliates, and their respective owners, officers, directors, agents and employees.

ARTICLE 4. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

4.2 Royalty Fee. Franchisee shall pay CEFA Systems a monthly royalty fee (the "Royalty Fee") equal to 7% of Gross Sales. The Royalty Fee for any given month is due by the 15th day of the following month.

4.3 Marketing Contributions.

(a) Brand Fund Contribution. Franchisee shall pay CEFA Systems a contribution to the Brand Fund (the "Brand Fund Contribution") equal to 1% of Franchisee's Gross Sales (or such lesser amount as CEFA Systems determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Gross Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.4 Replacement / Additional Training Fee. If Franchisee sends an employee to CEFA System's training program after opening, CEFA Systems may charge its then-current training fee. As of the date of this Agreement, the training fee is $200-$500 per day, plus expenses if training is not conducted at CEFA System's offices.

4.5 Non-Compliance Fee. CEFA Systems may charge Franchisee $500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee's non-payment of a fee owed to CEFA Systems) which Franchisee fails to cure after 30 days' notice. Thereafter, CEFA Systems may charge Franchisee $250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of CEFA System's internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee's breach. The non-compliance fee is in addition to all of CEFA System's other rights and remedies (including default and termination under Section 14.2).

4.6 Reimbursement. CEFA Systems may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If CEFA Systems does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to CEFA Systems within 15 days after invoice by CEFA Systems accompanied by reasonable documentation.

4.7 Payment Terms.

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Brand Fund Contribution, and any other amounts owed to CEFA Systems by pre-authorized bank draft or in such other manner as CEFA Systems may require. Franchisee shall comply with CEFA System's payment instructions.

(b) Calculation of Fees. Franchisee shall report monthly Gross Sales to CEFA Systems by the 10th day of the following month. If Franchisee fails to report monthly Gross Sales, then CEFA Systems may withdraw estimated Royalty Fees and Brand Fund Contributions equal to 125% of the last Gross Sales reported to CEFA Systems, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that CEFA Systems has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a $100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. CEFA Systems may charge $30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by CEFA Systems (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. CEFA Systems may apply any payment received from Franchisee to any obligation and in any order as CEFA Systems may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to CEFA Systems any fees or amounts described in this Agreement are not dependent on CEFA System's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

(h) Taxes. Franchisee will be responsible for all sales taxes, use taxes, and other taxes imposed on the fees payable by Franchisee to CEFA Systems or its affiliates and on services or goods furnished to Franchisee by CEFA Systems or its affiliates, unless the tax is an income tax assessed on CEFA Systems or its affiliates for doing business in the state where the Business is located.

ARTICLE 5. ASSISTANCE

5.1 Manual. CEFA Systems shall make its Manual available to Franchisee.

5.2 Assistance in Hiring Employees. CEFA Systems shall provide its suggested staffing levels to Franchisee. CEFA Systems shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.3 Assistance in Training Employees. CEFA Systems shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.4 Pre-Opening Assistance.

(a) Selecting Location. CEFA Systems shall provide its criteria for CEFA Early Years School locations to Franchisee. CEFA Systems will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, CEFA Systems shall provide Franchisee with (i) CEFA System's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as CEFA Systems deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) CEFA System's lists of Approved Vendors and/or Required Vendors.

(c) Pre-Opening Training. CEFA Systems shall make available its standard pre-opening training to the Designated Executive and up to two additional team members, at CEFA System's headquarters and/or at a CEFA Early Years School business designated by CEFA Systems. CEFA Systems shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. CEFA Systems reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(d) Market Introduction Plan. CEFA Systems shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

(e) On-Site Opening Assistance. CEFA Systems shall have a representative support Franchisee's business opening with up to one week of onsite opening training and assistance.

5.5 Post-Opening Assistance.

(a) Advice, Consulting, and Support. If Franchisee requests, CEFA Systems will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent CEFA Systems deems reasonable. If CEFA Systems provides in-person support in response to Franchisee's request, CEFA Systems may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. CEFA Systems will provide approved prices for products and services offered by franchisees of the System.

(c) Procedures. CEFA Systems will provide Franchisee with CEFA System's recommended administrative, bookkeeping, accounting, and inventory control procedures. CEFA Systems may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. CEFA Systems shall manage the Brand Fund.

(e) Internet. CEFA Systems shall maintain a website for CEFA EARLY LEARNING, which will include Franchisee's location (or territory) and telephone number.

ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 Determining Location and Territory.

(i) Franchisee shall find a potential Location within the Premises Selection Area described on the Summary Page. Franchisee shall submit its proposed Location to CEFA Systems for acceptance, with all related information CEFA Systems may request. If CEFA Systems does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When CEFA Systems accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. CEFA Systems shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document. If CEFA Systems fails to state the Territory in writing within 60 days after Franchisee opens the Business to the public, the Territory will be deemed to be the zip code where the Franchised Business is located and the immediately surrounding zip codes where together, the total population is 100,000 or more.

6.2 Lease. In connection with any lease between Franchisee and the landlord of the Location: (i) if requested by CEFA Systems, Franchisee must submit the proposed lease to CEFA Systems for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, (iii) CEFA may require review of the lease by CEFA's preferred commercial real estate counsel, or, CEFA may allow for, upon the Franchisee's written request, the review by Franchisee's choice of experienced commercial real estate counsel; and, (iv) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by CEFA Systems.

6.3 Development. Franchisee shall construct (or remodel) and finish the Location in conformity with CEFA System's System Standards. If required by CEFA Systems, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining CEFA System's approval of Franchisee's plans. CEFA Systems may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by CEFA Systems or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and CEFA Systems assumes no liability with respect thereto. CEFA System's inspection and/or approval to open the Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

6.4 New Franchisee Training. Franchisee's Designated Executive must complete CEFA System's training program for new franchisees to CEFA System's satisfaction at least four weeks before opening the Business. For Designated Executive hired after the Business's opening, the new Designated Executive shall complete CEFA System's training program within 30-days of the Designated Executive's start date.

6.5 Conditions to Opening. Franchisee shall notify CEFA Systems at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) the Franchise has fully completed the pre-opening requirements and operations in accordance with its implementation process and to the satisfaction of CEFA Systems, (5) CEFA Systems has inspected and approved the Business, (6) Franchisee has hired sufficient employees, (7) Franchisee's officers and employees have completed all of CEFA System's required pre-opening training; and (8) CEFA Systems has given its written approval to open, which will not be unreasonably withheld.

6.6 Opening Date. Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

ARTICLE 7. OPERATIONS

7.1 Compliance with Manual and System Standards. Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 Compliance with Law. Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

7.3 Products, Services, and Methods of Sale. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by CEFA Systems in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by CEFA Systems, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

7.4 Prices. Franchisee acknowledges that the System Standards determined by CEFA Systems may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

7.5 Personnel.

(a) Management. The Business must at all times be under the on-site supervision of the Designated Executive or a general manager who has completed CEFA System's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) Qualifications. CEFA Systems may set minimum qualifications for categories of employees employed by Franchisee.

(e) Sole Responsibility. Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and CEFA Systems are not joint employers, and no employee of Franchisee will be an agent or employee of CEFA Systems. Within seven days of CEFA System's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not CEFA Systems) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

7.6 Post-Opening Training. CEFA Systems may at any time require that the Designated Executive and/or any other employees complete training programs, in any format and in any location determined by CEFA Systems. CEFA Systems may charge a reasonable fee based on staff time and expenditures for training programs. CEFA Systems may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Designated Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

7.7 Software. Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by CEFA Systems. Franchisee shall enter into any subscription and support agreements that CEFA Systems may require. Franchisee shall upgrade, update, or replace any software from time to time as CEFA Systems may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give CEFA Systems unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by CEFA Systems.

7.8 Customer Complaints. Franchisee shall use its best efforts to promptly resolve any customer complaints. CEFA Systems may take any action it deems appropriate to resolve a customer complaint regarding the Business, and CEFA Systems may require Franchisee to reimburse CEFA Systems for any expenses.

7.9 Evaluation and Compliance Programs. Franchisee shall participate at its own expense in programs required from time to time by CEFA Systems for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. CEFA Systems shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by CEFA Systems for such programs. CEFA Systems may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

7.10 Payment Systems. Franchisee shall accept payment from customers in any form or manner designated by CEFA Systems (which may include, for example, cash, specific credit and/or debit cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by CEFA Systems. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

7.11 Maintenance and Repair. Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as CEFA Systems may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.12 Remodeling. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, CEFA Systems may require Franchisee to undertake and complete a Remodel of the Location to CEFA System's satisfaction. Franchisee must complete the Remodel in the time frame specified by CEFA Systems. CEFA Systems may require the Franchisee to submit plans for CEFA System's reasonable approval prior to commencing a required Remodel. CEFA System's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

7.13 Meetings. The Designated Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that CEFA Systems requires, including any national or regional brand conventions. Franchisee shall not permit the Designated Executive to fail to attend more than three consecutive required meetings.

7.14 Insurance.

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by CEFA Systems in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

(i) "Special" causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);

(ii) Business interruption insurance covering at least 12 months of income;

(iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an "occurrence" policy form in an amount of not less than $1,000,000 single limit per occurrence and $2,000,000 aggregate limit;

(iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than $1,000,000; and

(v) Workers Compensation coverage as required by state law.

(b) Franchisee's policies (other than Workers Compensation) must (1) list CEFA Systems and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of CEFA Systems and its affiliates, (3) be primary and non-contributing with any insurance carried by CEFA Systems or its affiliates, and (4) stipulate that CEFA Systems shall receive 30 days' prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to CEFA Systems prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of CEFA Systems.

(d) In the future we may implement an insurance program with a designated broker. If we do so you must purchase insurance from our designated insurance broker unless you have our written permission to remain with another insurance broker. We will provide you with at least 30-days' notice of the program's commencement prior to initiating the program.

7.15 Payments to Third Parties. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

7.16 Public Relations. Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding CEFA EARLY LEARNING, the Business, or any particular incident or occurrence related to the Business, without CEFA System's prior written approval, which will not be unreasonably withheld.

7.17 Association with Causes. Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without CEFA System's prior written approval, which will not be unreasonably withheld.

7.18 No Other Activity Associated with the Business. Franchisee shall not engage in any business or other activity at the Location other than operation of the CEFA Early Years School Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except CEFA Early Years School businesses.

7.19 No Third-Party Management. Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of CEFA Systems, which will not be unreasonably withheld.

7.20 Identification. Franchisee must identify itself as the independent owner of the Business in the manner prescribed by CEFA Systems. Franchisee must display at the Business signage prescribed by CEFA Systems identifying the Location as an independently owned franchise.

7.21 Business Practices. Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from CEFA Systems. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

ARTICLE 8. SUPPLIERS AND VENDORS

8.1 Generally. Franchisee shall acquire all Inputs required by CEFA Systems from time to time in accordance with System Standards. CEFA Systems may require Franchisee to purchase or lease any Inputs from CEFA Systems, CEFA System's designee, Required Vendors, Approved Vendors, and/or under CEFA System's specifications. CEFA Systems may change any such requirement or change the status of any vendor. To make such requirement or change effective, CEFA Systems shall issue the appropriate System Standards. If we do not have a vendor listed for an item needed at a location you shall request in writing our permission to use the vendor, which we shall reasonably provide.

8.2 Alternate Vendor Approval. If CEFA Systems requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by CEFA Systems. CEFA Systems may condition its approval on such criteria as CEFA Systems deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. CEFA Systems will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

8.3 Alternate Input Approval. If CEFA Systems requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by CEFA Systems. CEFA Systems will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

8.4 Purchasing. CEFA Systems may negotiate prices and terms with vendors on behalf of the System. CEFA Systems may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. CEFA Systems has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. CEFA Systems may implement a centralized purchasing system. CEFA Systems may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as CEFA Systems may determine.

8.5 No Liability of Franchisor. CEFA Systems shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 Product Recalls. If CEFA Systems or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from CEFA Systems or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

ARTICLE 9. MARKETING

9.1 Approval and Implementation. Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by CEFA Systems. CEFA Systems may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, include any social media policy that CEFA Systems may prescribe. Franchisee must provide CEFA Systems with administrative rights and/or passwords and log in access to all social media accounts opened for the Franchised Business. Franchisee shall implement any marketing plans or campaigns determined by CEFA Systems.

9.2 Use by CEFA Systems. CEFA Systems may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to CEFA Systems for such purpose.

9.3 Brand Fund. CEFA Systems may establish a Brand Fund to promote the System on a local, regional, national, and/or international level. If CEFA Systems has established a Brand Fund:

(a) Separate Account. CEFA Systems shall hold the Brand Fund Contributions from all franchisees in one or more bank accounts separate from CEFA System's other accounts.

(b) Use. CEFA Systems shall use the Brand Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as CEFA Systems reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Brand Fund (including the compensation of CEFA System's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Brand Fund).

(c) Discretion. Franchisee agrees that expenditures from the Brand Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to

Franchisee. The Brand Fund will be spent at CEFA System's sole discretion, and CEFA Systems has no fiduciary duty with regard to the Brand Fund.

(d) Contribution by Other Outlets. CEFA Systems is not obligated to (i) have all other CEFA Early Years School businesses (whether owned by other franchisees or by CEFA Systems or its affiliates) contribute to the Brand Fund, or (ii) have other CEFA Early Years School businesses that do contribute to the Brand Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. CEFA Systems may accumulate funds in the Brand Fund and carry the balance over to subsequent years. If the Brand Fund operates at a deficit or requires additional funds at any time, CEFA Systems may loan such funds to the Brand Fund on reasonable terms.

(f) Financial Statement. CEFA Systems will prepare an unaudited annual financial statement of the Brand Fund within 120 days of the close of CEFA System's fiscal year and will provide the financial statement to Franchisee upon request.

9.4 Market Cooperatives. CEFA Systems may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. CEFA Systems shall not require Franchisee to be a member of more than one Market Cooperative. If CEFA Systems establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by CEFA Systems. CEFA Systems may require the Market Cooperative to adopt bylaws or regulations prepared by CEFA Systems. Unless otherwise specified by CEFA Systems, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. CEFA Systems will be entitled to attend and participate in any meeting of a Market Cooperative. Any CEFA Early Years School business owned by CEFA Systems in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, CEFA Systems may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to CEFA System's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of CEFA Systems pursuant to Section 9.1. CEFA Systems may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only CEFA Systems will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. CEFA Systems may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Brand Fund.

9.5 Required Spending. Franchisee shall spend at least 1% of Gross Sales each month on marketing the Business. Upon request of CEFA Systems, Franchisee shall furnish proof of its compliance with this Section. CEFA Systems has the sole discretion to determine what activities constitute "marketing" under this Section. CEFA Systems may, in its discretion, determine that if Franchisee contributes to a Market Cooperative, the amount of the contribution will be counted towards Franchisee's required spending under this Section.

9.6 Market Introduction Plan. Franchisee must develop a market introduction plan and obtain CEFA System's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

ARTICLE 10. RECORDS AND REPORTS

10.1 Systems. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as CEFA Systems may specify in the Manual or otherwise in writing.

10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as CEFA Systems may require in the Manual or otherwise in writing, including:

(i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;

(ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of CEFA System's fiscal year; and

(iii) any information CEFA Systems requests in order to prepare a financial performance representation for CEFA System's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify CEFA Systems of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business.

Franchisee shall provide such documents and information related to any such Action as CEFA Systems may request.

(c) Government Inspections. Franchisee shall give CEFA Systems copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to CEFA Systems such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that CEFA Systems may reasonably request.

10.3 Initial Investment Report. Within 120 days after opening for business, Franchisee shall submit to CEFA Systems a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of CEFA System's Franchise Disclosure Document and with such other information as CEFA Systems may request.

10.4 Business Records. Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as CEFA Systems may specify in the Manual or otherwise in writing.

10.5 Records Audit. CEFA Systems may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. CEFA Systems may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by CEFA Systems. Franchisee shall also reimburse CEFA Systems for all costs and expenses of the examination or audit if (i) CEFA Systems conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

ARTICLE 11. FRANCHISOR RIGHTS

11.1 Manual; Modification. The Manual, and any part of the Manual, may be in any form or media determined by CEFA Systems. CEFA Systems may supplement, revise, or modify the Manual, and CEFA Systems may change, add or delete System Standards at any time in its discretion. CEFA Systems may inform Franchisee thereof by any method that CEFA Systems deems appropriate (which need not qualify as "notice" under Section 18.9). In the event of any dispute as to the contents of the Manual, CEFA System's master copy will control.

11.2 Inspections. CEFA Systems may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with CEFA System's inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. CEFA Systems may videotape and/or take photographs of the inspection and the Business. CEFA Systems may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting CEFA System's other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If CEFA Systems conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then CEFA Systems may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 CEFA System's Right to Cure. If Franchisee breaches or defaults under any provision of this Agreement, CEFA Systems may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse CEFA Systems for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

11.4 Right to Discontinue Supplies Upon Default. While Franchisee is in default or breach of this Agreement, CEFA Systems may (i) require that Franchisee pay cash on delivery for products or services supplied by CEFA Systems, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by CEFA Systems shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of CEFA Systems are in addition to any other right or remedy available to CEFA Systems.

11.5 Business Data. All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by CEFA Systems. CEFA Systems hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

11.6 Innovations. Franchisee shall disclose to CEFA Systems all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. CEFA Systems will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by CEFA Systems to document CEFA System's ownership of Innovations.

11.7 Communication Systems. If CEFA Systems provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes CEFA Systems to access such communications.

11.8 Delegation. CEFA Systems may delegate any duty or obligation of CEFA Systems under this Agreement to an affiliate or to a third party.

11.9 System Variations. CEFA Systems may vary or waive any System Standard for any one or more CEFA Early Years School franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 Temporary Public Safety Closure. If CEFA Systems discovers or becomes aware of any aspect of the Business which, in CEFA System's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon CEFA System's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. CEFA Systems shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

ARTICLE 12. MARKS

12.1 Authorized Marks. Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by CEFA Systems, and only in the manner as CEFA Systems may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of CEFA Systems.

12.2 Change of Marks. CEFA Systems may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after CEFA Systems makes any such change, Franchisee must comply with the change, at Franchisee's expense.

12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) CEFA Systems shall defend Franchisee (at CEFA System's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) CEFA Systems will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify CEFA Systems if Franchisee becomes aware of any possible infringement of a Mark by a third party. CEFA Systems may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. CEFA Systems shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

12.4 Name. If Franchisee is an entity, it shall not use the word[s] "CEFA EARLY LEARNING" or any confusingly similar words in its legal name.

ARTICLE 13. COVENANTS

13.1 Confidential Information. With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by CEFA Systems for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by CEFA Systems, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by CEFA Systems (except for Confidential Information which CEFA Systems licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

This section prohibits the Franchisee, its employees, or the Designated Executive from uploading, posting, or sharing any Confidential Information with Artificial Intelligence (A.I.) programs, apps, and websites or any Language Learning Models (LLM). This prohibition upon the sharing of Confidential Information with A.I. or LLM programs extends to CEFA Systems' trademarks, Manual, customer data, and training curricula or materials.

13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within ten miles of Franchisee's Territory or the territory of any other CEFA Early Years School business operating on the date of termination or transfer, as applicable. If this Agreement is terminated before the Territory is determined, then the area of non-competition will the Development Area and the territory of any other CEFA Early Years School business operating on the date of termination.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of CEFA Systems. Franchisee agrees that the existence of any claim it may have against CEFA Systems shall not constitute a defense to the enforcement by CEFA Systems of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

13.3 General Manager and Key Employees. If requested by CEFA Systems, Franchisee will cause its general manager and other key employees to sign CEFA System's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

ARTICLE 14. DEFAULT AND TERMINATION

14.1 Termination by Franchisee. Franchisee may terminate this Agreement only if CEFA Systems violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after CEFA Systems receives written notice of termination.

14.2 Termination by CEFA Systems.

(a) Subject to 10-Day Cure Period. CEFA Systems may terminate this Agreement if Franchisee does not make any payment to CEFA Systems when due, or if Franchisee does not have sufficient funds in its account when CEFA Systems attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after CEFA Systems gives notice to Franchisee of such breach.

(b) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a) or (c), and Franchisee fails to cure such breach to CEFA System's satisfaction within 30 days after CEFA Systems gives notice to Franchisee of such breach, then CEFA Systems may terminate this Agreement.

(c) Without Cure Period. CEFA Systems may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;

(ii) Franchisee knowingly submits any false report or knowingly provides any other false information to CEFA Systems;

(iii) a receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;

(iv) Franchisee fails to open for business by the date specified on the Summary Page;

(v) Franchisee loses possession of the Location;

(vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;

(vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;

(viii) Franchisee or any Owner slanders or libels CEFA Systems or any of its employees, directors, or officers;

(ix) Franchisee refuses to cooperate with or permit any audit or inspection by CEFA Systems or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;

(x) the Business is operated in a manner which, in CEFA System's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within 48 hours after becoming aware of the danger (due to notice from CEFA Systems or otherwise);

(xi) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;

(xii) CEFA Systems (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit Development Agreement with Franchisee or its affiliate shall not give CEFA Systems the right to terminate this Agreement);

(xiii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony; or

(xiv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in CEFA System's opinion is reasonably likely to materially and unfavorably affect the CEFA Early Years School brand.

14.3 Effect of Termination. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

(i) pay all amounts owed to CEFA Systems based on the operation of the Business through the effective date of termination or expiration;

(ii) return to CEFA Systems all copies of the Manual, Confidential Information and any and all other materials provided by CEFA Systems to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;

(iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to CEFA Systems or any new franchisee as may be directed by CEFA Systems, and Franchisee hereby irrevocably appoints CEFA Systems, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

(iv) cease doing business under any of the Marks.

14.4 Remove Identification. Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a CEFA Early Years School business, to the reasonable satisfaction of CEFA Systems. Franchisee shall comply with any reasonable instructions and procedures of CEFA Systems for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, CEFA Systems may enter the Location to remove the Marks and de-identify the Location. In this event, CEFA Systems will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by CEFA Systems.

14.5 Liquidated Damages. If CEFA Systems terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to CEFA Systems a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Brand Fund Contributions that Franchisee owed to CEFA Systems under this Agreement for the 12-month period preceding the date on which Franchisee ceased operating the Business; multiplied by (y) the lesser of (1) 24 or (2) the number of months remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 12 months, then (x) will equal the average Royalty Fees and Brand Fund Contributions that Franchisee owed to CEFA Systems during the period that Franchisee operated the Business. The "average Royalty Fees and Brand Fund Contributions that Franchisee owed to CEFA Systems" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Brand Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of CEFA System's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to CEFA Systems under this Section will be in lieu of any direct monetary damages that CEFA Systems may incur as a result of CEFA System's loss of Royalty Fees and Brand Fund Contributions that would have been owed to CEFA Systems after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, CEFA System's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which CEFA Systems is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that CEFA Systems may have under this Agreement or otherwise.

14.6 Purchase Option. When this Agreement expires or is terminated, CEFA Systems will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to CEFA Systems. To exercise this option, CEFA Systems must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that CEFA Systems elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. CEFA System's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible assets, or any goodwill or "going concern" value for the Business. CEFA Systems may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by CEFA Systems. If CEFA Systems exercises the purchase option, CEFA Systems may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee's portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by CEFA Systems to cure defaults under Franchisee's lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, CEFA Systems may pay a portion of the purchase price directly to the lienholder to pay off such lien. CEFA Systems may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee's taxes and other liabilities are paid. CEFA Systems may assign this purchase option to another party.

ARTICLE 15. TRANSFERS

15.1 By CEFA Systems. CEFA Systems may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and CEFA Systems may undergo a change in ownership and/or control, without the consent of Franchisee.

15.2 By Franchisee. Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that CEFA Systems entered into this Agreement in reliance on Franchisee's business skill, financial capacity, personal character, experience, and business ability. Accordingly, Franchisee shall not conduct or undergo a Transfer without providing CEFA Systems at least 60 days prior notice of the proposed Transfer, and without obtaining CEFA System's consent. In granting any such consent, CEFA Systems may impose conditions, including, without limitation, the following:

(i) CEFA Systems receives a transfer fee equal to $10,000 plus any broker fees and other out-of-pocket costs incurred by CEFA Systems;

(ii) the proposed assignee and its owners have completed CEFA System's franchise application processes, meet CEFA System's then-applicable standards for new franchisees, and have been approved by CEFA Systems as franchisees;

(iii) the proposed assignee is not a Competitor;

(iv) the proposed assignee executes CEFA System's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);

(v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;

(vi) Franchisee has paid all monetary obligations to CEFA Systems and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to CEFA Systems or its affiliates;

(vii) the proposed assignee and its owners and employees undergo such training as CEFA Systems may require;

(viii) Franchisee, its Owners, and the transferee and its owners execute a general release of CEFA Systems in a form satisfactory to CEFA Systems; and

(ix) the Business fully complies with all of CEFA System's most recent System Standards.

15.3 Transfer for Convenience of Ownership. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to CEFA Systems, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by CEFA Systems, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

15.4 Transfer upon Death or Incapacity. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by CEFA Systems (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

15.5 CEFA System's Right of First Refusal. Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), CEFA Systems will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to CEFA Systems a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of CEFA System's receipt of such copy, CEFA Systems will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that CEFA Systems may substitute cash for any other form of payment). If CEFA Systems does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

15.6 No Sublicense. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 No Lien on Agreement. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

ARTICLE 16. INDEMNITY

16.1 Indemnity. Franchisee shall indemnify and defend (with counsel reasonably acceptable to CEFA Systems) CEFA Systems, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against CEFA Systems and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

16.2 Assumption. An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

ARTICLE 17. DISPUTE RESOLUTION

17.1 Arbitration.

(a) Disputes Subject to Arbitration. Except as expressly provided in subsection (c) and (d), any controversy or claim between the parties (including any controversy or claim arising out of or relating to this Agreement or its formation and including any question of arbitrability) shall be resolved by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, including the Optional Rules for Emergency Measures of Protection. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction.

The seat of the arbitration shall be Wilmington, Delaware, and Delaware law shall govern the dispute and all claims or defenses asserted or raised in arbitration.

This Agreement evidences a transaction involving interstate commerce. Notwithstanding the choice of substantive law under this Agreement, the Federal Arbitration Act will apply to the arbitration of all disputes, including the breach of this Agreement and any alleged pre-contractual representations or conduct, violations of the Racketeering Influenced or Corrupt Organizations Act (RICO), applicable federal or state franchise disclosure or franchise relationship laws, unfair trade practice laws or similar laws, as well as the scope, validity, and enforceability of the arbitration clause. The Dispute shall be determined by one arbitrator. The arbitrator shall be mutually agreed upon by the Franchisor and the Franchise Partner and must declare himself or herself to be generally conversant with respect to franchising in the United States. The parties expressly agree to confer upon the arbitrator the powers to fill gaps, cure contractual omissions and to perform all other activities which he or she may deem necessary and/or opportune.

Except for the injunctive and appeal rights set forth below, the arbitrator's award shall be the sole and exclusive remedy among the parties regarding any claims and counterclaims presented to the arbitrator. The parties undertake to fully and punctually abide by the award rendered by the arbitrator, failing which judgment upon the award or any other appropriate procedures may be entered or sought in any court having jurisdiction thereof to secure enforcement of said award. The final award will be payable in the lawful currency of the United States without deduction or offset and costs, fees or taxes incidental to the enforcement of the arbitration award shall be charged in accordance with the decision of the arbitrator against a party resisting enforcement. Payment of the award including interest from the date of breach and violation shall be made in accordance with the relevant provisions of this Agreement. This Section constitutes an arbitration agreement between the parties. The arbitrator may not modify the terms of this Agreement.

The costs of the arbitrator shall be shared equally by the parties. A transcription of the hearing will be made and the arbitrator will provide a reasoned decision in writing. The parties will keep confidential all matters relating to the arbitration, the arbitration award and any challenge or appeal, except as may be necessary (1) to prepare for or conduct the arbitration hearing on the merits, (2) in connection with a court application for a preliminary remedy, (3) in connection with a judicial challenge to an arbitration award or its enforcement, (4) in connection with an appeal of the arbitration award, as permitted under this Agreement, or its enforcement, (5) to comply with applicable law or judicial decision, or (6) as permitted under any settlement agreement, mediation agreement or arbitration award.

Notwithstanding anything in this agreement to the contrary, the Franchisor may seek a preliminary or final remedy, including, but without limitation, injunctive relief, an order for payment of any monies due and owing by the Franchise Partner, an order for recovery or delivery up of possession, or for specific performance, or similar relief, from any court of competent jurisdiction, as may be necessary in the Franchisor's sole judgment to protect its trademarks or other property rights, or to enforce the restrictive covenants herein, or to enforce its contractual rights hereunder in the event of any breach hereof, or in order to protect against actual or threatened conduct that on balance would cause or be likely to cause loss or damage if allowed to continue pending completion of a mediation or arbitration proceeding. Any litigation initiated by the Franchisor to seek such relief may be brought in any court having competent jurisdiction no matter where located. If a court of competent jurisdiction decides the requirement to arbitrate is unenforceable, and after any and all final appeals the decision is upheld, the parties shall litigate in a court of competent jurisdiction situated in Wilmington, Delaware. All other matters must be arbitrated. WITH RESPECT TO ANY PERMITTED LITIGATION, THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY, EXCEPT WHERE WAIVER IS PROHIBITED BY APPLICABLE FEDERAL OR STATE LAW.

The Franchise Partner, its Affiliates and their representatives will not consolidate a dispute in any arbitration or litigation with a claim by any other licensee, franchisee, or other individual, or entity. THE FRANCHISE PARTNER, ITS AFFILIATES AND THEIR REPRESENTATIVES KNOWINGLY AND VOLUNTARILY AGREE TO WAIVE THEIR RIGHT TO PARTICIPATE IN ANY CLASS ACTION OR MASS ACTION PROCEEDINGS.

The arbitration provisions shall survive the termination, expiration, or transfer of this Agreement.

(b) Location. The place of arbitration shall be the city and state where CEFA System's headquarters are located.

(c) Injunctive Relief. Either party may apply to the arbitrator seeking emergency or injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy or right to arbitrate under this Agreement, seek from any Delaware state court having jurisdiction for any interim, emergency, or provisional injunctive relief. For any emergency, injunctive, or temporary relief sought, Delaware law shall govern the interpretation of this Agreement and any claims or defenses brought in connection with or relating to this Agreement or the parties performance under it.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of CEFA System's intellectual property rights in a U.S. court authorized to hear such claims under Section 17.5 of this Agreement.

(e) Appeal. The parties adopt and shall implement the AAA Optional Arbitration Appeal Procedures with respect to a final award in an arbitration arising out of or relating to this Agreement, if that award requires the payment of monetary damages in excess of $750,000 (with this dollar value to be indexed from the date of this Agreement based on the annual rate of inflation in the United States) or would otherwise have an adverse material effect on the Franchisor or the System. The AAA appeal panel shall determine whether either of these appeal thresholds has been met. If the appeal panel consists of three arbitrators, the Chair shall be a retired judge from a federal court and one member shall be a lawyer with at least 10 years' active practice in franchise law. Judgment on any revised award may be entered in any court having jurisdiction. The same confidentiality provision governing the original arbitration shall apply to the appeal.

(f) Improper Actions. If a party (1) commences action in any court, except to compel mediation or arbitration, or except as specifically permitted under this Agreement, prior to an arbitrator's final decision, or (2) commences any arbitration or litigation in any forum except where permitted under this Agreement, then that party is in default of this Agreement. The defaulting party must commence arbitration (or litigation, if permitted under this Agreement), in a permitted forum prior to any award or final judgment. The defaulting party will be responsible for all expenses incurred by the other party as a result of this default, including legal fees. If a party defaults under any other provision of this Article 17.01, or the Franchise Partner names anyone in any arbitration, or legal proceedings other than the Franchisor, the defaulting party must correct its claim. The defaulting party will be responsible for all expenses incurred by the other party, or the improperly named parties, as a result of this default including legal fees, and will be liable for abuse of process.

(g) Performance During Arbitration or Litigation. Unless this Agreement has been terminated, CEFA Systems and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 Damages. In any controversy or claim arising out of or relating to this Agreement, each party waives any right to punitive or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

17.4 Time Limitation. Any arbitration or other legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the arbitration or other legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

17.5 Venue Other Than Arbitration. For any legal proceeding not required to be submitted to arbitration, the parties agree that any such legal proceeding will be brought in the United States District Court where CEFA System's headquarters is then located. If there is no federal jurisdiction over the dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where CEFA System's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts. Each party waives its respective right to a jury trial for the legal proceedings discussed within this clause.

17.6 Legal Costs. In any legal proceeding (including arbitration) related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

ARTICLE 18. MISCELLANEOUS

18.1 Relationship of the Parties. The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. CEFA Systems is not a fiduciary of Franchisee. CEFA Systems does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect CEFA System's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. CEFA Systems has no liability for Franchisee's obligations to any third party whatsoever.

18.2 No Third-Party Beneficiaries. This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, CEFA Systems, and CEFA System's affiliates.

18.3 Entire Agreement. This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by CEFA Systems in its franchise disclosure document.

18.4 Modification. No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit CEFA System's rights to modify the Manual or System Standards.

18.5 Consent; Waiver. No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

18.6 Cumulative Remedies. Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

18.7 Severability. The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

18.8 Notices. Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to CEFA Systems, addressed to 1930 Pandora St #308, Vancouver, BC V5L 0C7, Canada. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, CEFA Systems may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

18.9 Holdover. If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in accordance with <u>Section 3.2</u>, then at any time (regardless of any course of dealing by the parties), CEFA Systems may by giving written notice to Franchisee (the "<u>Holdover Notice</u>") either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as CEFA Systems specifies, or (ii) bind Franchisee to a renewal term of 5 years, and deem Franchisee and its Owners to have made the general release of liability described in <u>Section 3.2(vi)</u>.

18.10 Joint and Several Liability. If two or more people sign this Agreement as "Franchisee", each will have joint and several liability.

18.11 No Offer and Acceptance. Delivery of a draft of this Agreement to Franchisee by CEFA Systems does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and CEFA Systems.

18.12 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware (without giving effect to its principles of conflicts of law). The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.12.

Agreed to by:

FRANCHISOR:

CEFA SYSTEMS, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISEE:

____

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

Attachment 1 to Franchise Agreement

STATE AMENDMENTS TO FRANCHISE AGREEMENT

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. BUS. & PROF. CODE Section 31000 et seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et seq (collectively the "Acts"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The following language is added to the Cover Page:

Our website, cefa.ca, 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.

The following language is added to Item 17:

"THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR."

Neither the Franchisor, any person or franchise broker in Item 2 of the FDD 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 such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 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.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).

The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement requires binding arbitration. The arbitration will occur in Delaware. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.4 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of Delaware. This may not be enforceable in the State of California.

Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your franchise agreement.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 3100 Through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the franchise Relations Act (Business and Professions Code Sections 20000 through 20043).California limited liability companies Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, 14 days prior to the execution of an agreement or the solicitation of a proposed material modification of an existing agreement.

The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the offering circular 14 days prior to execution of agreement.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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.

Franchisee owners must sign a personal guaranty, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guaranty will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this 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 such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 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.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires mediation. The mediation will occur in Delaware, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Mediation Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Delaware. This provision may not be enforceable under California law.

Agreed to by:

FRANCHISOR:	FRANCHISEE:

By: _____________________________	By: _____________________________
Name: __________________________	Name: __________________________
Title: ___________________________	Title: ___________________________
Date: ___________________________	Date: ___________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

HAWAII

In the State of Hawaii only, this Disclosure Document is amended as follows:

THESE FRANCHISES WILL BE/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 DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT 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
335 Merchant Street
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: ____________________

2. A proposed registration or filing is or will be shortly on file in the following states: ______________________________

3. No states have refused, by order or otherwise to register these franchises.

4. No states have revoked or suspended the right to offer these franchises.

5. The proposed registration of these franchises has not been withdrawn in any state.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

ILLINOIS

Illinois law governs the Agreement(s).

The Franchise Agreement does not provide you with any rights to terminate it. The term of the Franchise Agreement is 5 years.

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.

Section 19 of the Illinois Franchise Disclosure Act sets forth the conditions and notice requirements for termination of a franchise agreement.

Section 20 of the Illinois Franchise Disclosure Act sets forth the conditions of non-renewal of a franchise agreement, along with the compensation requirements.

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.

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: __________________________	By: __________________________
Name: ________________________	Name: ________________________
Title: _________________________	Title: _________________________
Date: _________________________	Date: _________________________

INDIANA

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. " 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. ' 23-2-2.7 (1985) (collectively the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Indiana Deceptive Franchise Practices Act provides rights to You concerning non-renewal and termination of this Agreement. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgments shall be void with respect to claims under the Acts.

c. If the Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

d. The Indiana Deceptive Franchises Practices Act provides that substantial modification of the Agreement by CEFA Systems LLC requires written consent of the franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

e. If the Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10).

f. If the Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Acts will control.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

MARYLAND

The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 ET SEQ. (2010 Repl. Vol. and Supp. 2011) and the rules and regulations promulgated thereunder (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

g. If the franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release will exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

h. Any limitation of claims provisions in the Agreement will not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim under the Act. Claims under the Act must be brought within 3 years after the grant of the franchise to the franchisee.

i. If the Agreement requires litigation to be conducted in a forum other than the State of Maryland, the requirement will not be interpreted to limit any rights franchisee may have under the Act to bring suit in the State of Maryland.

Any provision of the Disclosure Document or in the Franchising Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law, to the extent required by this law.

Any representation requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchise Agreement is amended accordingly to the extent required by law.

Any provision of the Disclosure Document or in the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

MINNESOTA

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the "Franchise Act"). To the extent that the Agreement and Disclosure document contains provisions that are inconsistent with the following, such provisions are hereby amended:

The following language is added to Item 13:

For Minnesota franchisees, if the indemnification provision concerning your use of the Marks is inconsistent with Minnesota Department of Commerce requirements, it shall be superseded by these requirements and shall have no force or effect.

2. The following language is added to Item 17:

Section 80C.14, Subd. 4. of the Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and the Rules and Regulations promulgated under it (collectively the "Minnesota Franchise Act") requires, except in certain specified cases, that a Minnesota franchisee be given written notice of a franchisor's intention not to renew 180 days prior to expiration of the franchise and that the franchisee be given sufficient opportunity to operate the franchise in order to enable the franchisee the opportunity to recover the fair market value of the franchise as a going concern. These Minnesota Franchise Act requirements are in addition to and may supersede the renewal provisions described in Item 17(b).

Minnesota considers it unfair to not protect your right to use the trademarks. Refer to Minn. Stat. 80C.12 Subd. 1(G). We will protect your rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name, as required under Minn. Stat. 80C.12 Subd. 1(G).

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rules 2860.4400(D) prohibits us from requiring you to assent to a general release.

You cannot consent us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

For Minnesota franchisees, to the extent the Franchise Agreement requires it to be governed by a state's law, other than the State of Minnesota or provides for arbitration or mediation, these provisions shall not in any way abrogate or reduce any rights of the franchisee as provided for in the Minnesota Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota. These requirements are in addition to and may supersede the provisions described in Item 17(u), (v) and (w).

The Limitations of Claims section must comply with Minnesota Status 80C.17 Subd. 5. Section 80C17, Subd.5. of the Minnesota Franchise Act states that no civil action may be commenced for violation of the Minnesota Franchise Act more than 3 years after the cause of action accrues. Section 21(26)(f) of the Franchise Agreement contains certain time limits on commencing actions. For Minnesota franchisees, to the extent that these limitations are inconsistent with those under the Minnesota Franchise Act, the provisions of the Franchise Agreement are superseded by the Minnesota Franchise Act's requirements and shall have no force or effect.

Minn. Stat. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document or agreements can abrogate or reduce (1) any of your rights as provided for in Minnesota Statute 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

No statement, questionnaire, or acknowledgement 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 with the franchise.

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

  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.

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 Statues, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

REMINDER OF THIS PAGE LEFT BLANK INENTIONALLY

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

NEW YORK

The New York Department of Law required that certain provisions contained in franchise documents be amended to be consistent with New York law, including the General Business Law, Article 33, Sections 680 through 695 (1989) (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

If the franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act or any regulation, rule or order under the Act, such release shall exclude claims arising under the Act or any regulation, rule or order under the Act, and such acknowledgement shall be void. It is the intent of this provision that the non-waiver provisions of Sections 687.4 and 687.5 of the Act be satisfied.
Franchise Questionnaires and Acknowledgements--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.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

NORTH DAKOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, North Dakota Century Code Annotated Chapter 51 19, Sections 51 19 01 through 51 19 17 (1993) (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The State of North Dakota has determined that requiring a franchisee to sign a general release upon renewal of a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee sign a general release as a condition of renewing the franchise agreement is deleted.

The State of North Dakota has determined that requiring a franchisee to consent to termination or liquidated damages in a franchise agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement that a franchisee consent to termination or liquidated damages is deleted.

The State of North Dakota has determined that certain covenants restricting competition may be contrary to Section 9-08-06 of the North Dakota Century Code. Any covenants against competition shall be subject to this section of the North Dakota Century Code. Covenants not to compete are generally considered unenforceable in North Dakota.

The State of North Dakota has determined that parties agreeing to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation will be agreeable to all parties and may not be remote from the franchisee's place of business.

The State of North Dakota has determined that requiring franchisees to consent to the jurisdiction of courts outside of North Dakota is unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to the jurisdiction of courts outside North Dakota is deleted.

The State of North Dakota has determined that a Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that specify they are governed by the laws of a state other than North Dakota, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The laws of the State of North Dakota will govern the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements.

The State of North Dakota has determined that a Franchise Disclosure Document, Franchise Agreement, and/or the Supplemental Agreement requiring the waiver of a trial by jury to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise

Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee waive a jury trial is deleted.

The State of North Dakota has determined that a Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements requiring a franchisee to consent to a waiver of exemplary and punitive damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Any reference or requirement in the Franchise Disclosure Document, Franchise Agreement, and/or Supplemental Agreements that a franchisee consent to a waiver of exemplary and punitive damages is deleted.

The State of North Dakota has determined that requiring a franchisee to consent to a limitation of claims to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The limitation of claims period is governed by North Dakota law.

The State of North Dakota has determined that requiring a franchisee pay all costs and expenses incurred by the franchisor in enforcing the agreement to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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.

.

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

RHODE ISLAND

The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. ch. 395 Sec. 19-28.1-1 - 19-28.1-34 (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

j. If this Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement may be void under the Act.

k. If the Agreement requires that it be governed by a state's law, other than the State of Rhode Island, to the extent that such law conflicts with the Act it may be void under the Act.

l. If the franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule or order under the Act, such release shall exclude claims arising under the Act, and such acknowledgments shall be void with respect to claims under the Act.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

VIRGINIA

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.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the Franchise Agreement, and all related agreements regardless of anything to the contrary contained therein.

This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the Franchised Business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** 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 provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

16. **Questionnaires and Acknowledgments.** 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.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Section 14.13 of the Franchise Agreement.** The following language contained in Section 14.13 of the Franchise Agreement does not apply in Washington:

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

"It is expressly understood and agreed that the Franchisor has made no representations, inducements, warranties or promises, whether direct, indirect or collateral, expressed or implied, oral or otherwise, concerning this Agreement, the matters herein, the Franchised Business or concerning any other matters which are not embodied herein, except as set forth in the franchise disclosure document provided by the Franchisor to the Franchisee."

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

WISCONSIN

The Securities Commissioner of the State of Wisconsin requires that certain provisions contained in franchise documents be amended to be consistent with Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135 (the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

a. The Act, among other things, grants You the right, in most circumstances, to 90 days' prior written notice of nonrenewal and 60 days within which to remedy any claimed deficiencies. If the Agreement contains a provision that is inconsistent with the Act, the provisions of the Agreement shall be superseded by the Act's requirements and shall have no force or effect.

b. If the Agreement requires that it be governed by a state's law, other than the State of Wisconsin, to the extent that any provisions of the Agreement conflicts with the Act such provision shall be superseded by the Act's requirements.

Agreed to by:

FRANCHISOR:	FRANCHISEE:
CEFA SYSTEMS, LLC	______________________________
By: ___________________________	By: ___________________________
Name: _________________________	Name: _________________________
Title: __________________________	Title: __________________________
Date: __________________________	Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Attachment 2 to Franchise Agreement

LOCATION ACCEPTANCE LETTER

To: ______________________________

This Location Acceptance Letter is issued by CEFA Systems, LLC for your CEFA Early Years School franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

   ____

2. The Territory of the Business is:

   ____

CEFA SYSTEMS, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Attachment 3 to Franchise Agreement

GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this "Guaranty") is executed by the undersigned person(s) (each, a "Guarantor") in favor of CEFA Systems, LLC, a Delaware limited liability company ("CEFA Systems").

Background Statement: ______________________ ("Franchisee") desires to enter into a Franchise Agreement with CEFA Systems for the franchise of a CEFA Early Years School business (the "Franchise Agreement"; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce CEFA Systems to enter into the Franchise Agreement.

Guarantor agrees as follows:

1. Guaranty. Guarantor hereby unconditionally guarantees to CEFA Systems and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to CEFA Systems, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and CEFA Systems upon demand from CEFA Systems. Guarantor waives (a) acceptance and notice of acceptance by CEFA Systems of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that CEFA Systems make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

2. Confidential Information. With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by CEFA Systems for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by CEFA Systems, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, (f) refrain from uploading, sharing, or providing any Confidential Information to an

Artificial Intelligence (A.I.) program or Language Learning Model (LLM), and (g) promptly report any unauthorized disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by CEFA Systems or its affiliates (except for Confidential Information which CEFA Systems licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to CEFA Systems. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

3. Covenants Not to Compete.

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within ten miles of Franchisee's Territory or the territory of any other CEFA Early Years School business operating on the date of termination or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will the Development Area and the territory of any other CEFA Early Years School business operating on the date of termination.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of CEFA Systems. Guarantor agrees that the existence of any claim it or Franchisee may have against CEFA Systems shall not constitute a defense to the enforcement by CEFA Systems of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

4. Modification. Guarantor agrees that Guarantor's liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which CEFA Systems may from time-to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

5. Governing Law; Dispute Resolution. This Guaranty shall be governed by and construed in accordance with the laws of the state of Delaware (without giving effect to its principles of conflicts of law). The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 5. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to CEFA Systems all costs incurred by CEFA Systems (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

____
Name: ________________________
Address: ______________________
____
____
Date: _________________________

____
Name: ________________________
Address: ______________________
____
____
Date: _________________________

____
Name: ________________________
Address: ______________________
____
____
Date: _________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Attachment 4 to Franchise Agreement

RIDER TO LEASE AGREEMENT

Landlord: ______________________________
Notice Address: ________________________
____
____
Telephone:_____________________________

Franchisor: CEFA Systems, LLC
Notice Address: 1930 Pandora St #308, Vancouver, BC V5L 0C7, Canada
Telephone: 1-604-708-2332

Tenant: _______________________________

Leased Premises: ____

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a CEFA Early Years School business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default ("Default") given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant's Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the CEFA Early Years School brand. Any provision of the Lease which limits Tenant's right to own or operate other CEFA Early Years School outlets in proximity to the Leased Premises shall not apply to Franchisor.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

____

By: ____________________________
Name: __________________________
Title: ___________________________
Date: ___________________________

TENANT:

____

By: ____________________________
Name: __________________________
Title: ___________________________
Date: ___________________________

FRANCHISOR:

CEFA SYSTEMS, LLC

By: ____________________________
Name: __________________________
Title: ___________________________
Date: ___________________________

Attachment 5 to Franchise Agreement

FORM OF GENERAL RELEASE

[*This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.*]

This General Release ("Release") is executed by the undersigned ("Releasor") in favor of CEFA Systems, LLC, a Delaware limited liability company ("CEFA Systems").

Background Statement: [*describe circumstances of Release*]

Releasor agrees as follows:

1. Release. Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the "Releasing Parties")) hereby releases Franchisor, its parents, subsidiaries and affiliates, and their respective past and present officers, directors, shareholders, managers, members, partners, agents and employees (collectively, the "Released Parties") from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of or relating to the Franchise Agreement (collectively, "Claims").

2. Covenant Not to Sue. Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.

3. Representations and Acknowledgments. Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor's choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.

4. Miscellaneous. If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Franchisor reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

____
Name: ________________________
Date: _________________________

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement effective the day and year first above written.

CEFA Systems, LLC

Per: ______________________________
I have the authority to bind the Corporation

Franchise Partner:

[ ]

Per: ______________________________
I have the authority to bind the Corporation

Guarantors:

SIGNED, SEALED AND DELIVERED
in the presence of

	)	
_______________________	)	_________________________
Witness	)	Name:
	)	
_______________________	)	_________________________
Witness	)	Name:

EXHIBIT C

MULTI-UNIT DEVELOPMENT AGREEMENT

This Multi-Unit Development Agreement (this "MUDA") is made between CEFA Systems, LLC, a Delaware limited liability company ("CEFA Systems") and _______________, a _______ _______ ("Franchisee") on the Effective Date.

Background Statement: On the same day as they execute this MUDA, CEFA Systems and Franchisee have entered into a Franchise Agreement for the franchise of a CEFA Early Years School business (the "Franchise Agreement"; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). CEFA Systems and Franchisee desire that Franchisee develop multiple CEFA Early Years School businesses.

1. Multi-Unit Commitment.

(a) Development Schedule; Fee. Franchisee shall develop and open CEFA Early Years School businesses on the following schedule:

Store #	Deadline for Opening	Total # of Stores to be Open and Operating on Deadline	Initial Franchise Fee
1		1	$______
2		2	$______
3		3	$______
4		4	$______
5		5	$______
		Total Initial Franchise Fee:	

(b) Payment**.** Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to CEFA Systems. The Initial Franchise Fee is non-refundable.

2. Form of Agreement. For Store #1, Franchisee and CEFA Systems have executed the Franchise Agreement simultaneously with this MUDA. For each additional CEFA Early Years School franchise, Franchisee shall execute CEFA System's then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a CEFA Early Years School business, and Franchisee acknowledges that Franchisee may construct, open, and operate each CEFA Early Years School business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such CEFA Early Years School business.

3. Development Area. Franchisee shall locate each CEFA Early Years School business it develops under this MUDA within the following area: ______________________________ _____________ (the "Development Area"). Franchisee has exclusive rights to develop, open or operate CEFA Early Years School businesses in the Development Area while this agreement is in effect.

4. Default and Termination. CEFA Systems may terminate this MUDA by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

(i) Franchisee fails to satisfy the development schedule; or

(ii) CEFA Systems has the right to terminate any franchise agreement between CEFA Systems and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not CEFA Systems actually terminates such franchise agreement).

5. Limitation of Liability. Franchisee's commitment to develop CEFA Early Years School businesses is in the nature of an option only. If CEFA Systems terminates this MUDA for Franchisee's default, Franchisee shall not be liable to CEFA Systems for lost future revenues or profits from the unopened CEFA Early Years School businesses. Franchisee may terminate this MUDA at any time.

6. Conditions. Franchisee's right to develop each CEFA Early Years School franchise after the Store #1 is subject to the following:

(i) Franchisee must possess, and provide evidence of, sufficient financial and organizational capacity to develop, open, operate, and manage each additional CEFA Early Years School business, in the reasonable judgment of CEFA Systems, and

(ii) Franchisee must be in full compliance with all brand requirements at its open CEFA Early Years School businesses, and not in default under any Franchise Agreement or any other agreement with CEFA Systems.

7. Dispute Resolution; Miscellaneous. The laws of the State of Delaware (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of CEFA Systems, and any Transfer without CEFA System's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

Agreed to by:

FRANCHISOR:

CEFA SYSTEMS, LLC

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

FRANCHISEE:

____

By: ___________________________
Name: _________________________
Title: __________________________
Date: __________________________

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

EXHIBIT D

FINANCIAL STATEMENTS

CEFA Systems LLC
Financial Statements
As at and for the period of incorporation to February 28, 2026

To the Shareholders of CEFA Systems LLC:

Opinion

We have audited the financial statements of CEFA Systems LLC (the "Company"), which comprise the balance sheet as at February 28, 2026, and the statements of operations, changes in equity and cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2026, and its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with US GAAP, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Calgary, Alberta

MNP LLP

April 22, 2026

Chartered Professional Accountants

CEFA Systems LLC
Balance Sheet
As at February 28, 2026

	2026
Assets	
Current	
Cash	**32,746**
Share subscription receivable *(Note 3)*	**1**
Total assets	**32,747**
Liabilities	
Current	
Trade and other payables	**124,153**
Advances from related party *(Note 4)*	**61,980**
	186,133
Stockholder's equity	
Common stock *(Note 5)*	**1**
Deficit	**(153,387)**
Total Liabilities and Stockholder's equity	**32,747**

Approved on behalf of the Board of Directors

Signed "***Arno Krug***"	Signed *"Andrew Barza"*
Director	**Director**

The accompanying notes are an integral part of these financial statements

CEFA Systems LLC
Statement of operations
For the period of incorporation July 22,2025 to February 28, 2026

	2026
Expense	
Advertising and promotion	**4,725**
Recruiting and employee relation fees	**117,600**
Professional fees	**7,580**
Salaries, wages and benefits	**20,184**
Employee benefits	**2,653**
Bank charges	**645**
Loss for the year	**(153,387)**

The accompanying notes are an integral part of these financial statements

CEFA Systems LLC
Statement of Changes in Stockholders' Equity
For the period of incorporation July 22,2025 to February 28, 2026

	Share capital	*Deficit*	*Total Deficit*
Net loss for the year	**1**	**(153,387)**	**(153,386)**
Balance February 28, 2026	**1**	**(153,387)**	**(153,386)**

The accompanying notes are an integral part of these financial statements

CEFA Systems LLC
Statement of Cash Flows
For the period of incorporation July 22,2025 to February 28, 2026

	2026
Cash provided by (used for) the following activities	
Operating activities	
Loss for the year	**(153,387)**
Changes in working capital accounts	
Trade and other payables	**124,153**
Cash used in operating activities	**(29,234)**
Financing activities	
Amounts advanced from related party	**61,980**
Cash provided by financing activities	**61,980**
Increase in cash resources	**32,746**
Cash resources, end of period	**32,746**

The accompanying notes are an integral part of these financial statements

1. Reporting entity

CEFA Systems LLC (the “Company”) was incorporated under the Delaware General Corporation Law on July 22, 2025. The Company's principal executive office is located in Delaware, with plans for operations and franchise activities conducted throughout Canada and the United States.

The accompanying financial statements are presented as of Feburary 28, 2026. The financial statements reflect the activity of the Company from its date of incorporation on July 22, 2025 through its fiscal year end on February 28, 2026.

These financial statements were authorized for issue by the Board of Directors on April 22, 2026.

2. Summary of significant accounting policies

The financial statements are expressed in Canadian dollars and have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as codified in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

Cash

Cash is recorded at cost, which approximates fair value. As at February 28, 2026, cash consisted of balances in a chequing account with a US financial institution.

Share subscribed receivable

Shares subscribed receivable represent amounts due from the sole shareholder for subscribed shares. Shares subscribed receivable are recognized at subscribed amounts, net of any allowance, and do not bear interest.

Share capital

Share capital represents amounts subscribed for shares. Share capital are recognized at the subscribed amount and includes amounts receivable from shareholders for issued shares.

Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets 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. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets at the date of the financial statements.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

3. Share subscription receivable

The total share subscription receivable balance at February 28, 2026 relates to the sole shareholder, a related party entity, for common stock shares issued (note 5). The balance was current and deemed collectible.

4. Advances from related party

During the period, the Company received cash proceeds totaling $61,980, which were advanced to provide initial working capital support from CEFA Systems ULC ("CEFA"), a related entity through common ownership. The loan is non interest bearing, unsecured, and repayable on demand. The loan is recorded at the amount of consideration received, which represents its exchange amount as established and agreed to by CEFA. No interest expense or other charges were recorded in connection with this loan during the period.

5. Issued capital

Common stock	**1**
	1

6. Financial instruments

The Company as part of its operations carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Financial instruments that potentially subject the Company to significant concentration of credit risk consist primarily of cash. The Company controls its exposure to credit risk associated with this instrument by placing cash with major financial institutions.

Fair value of financial instruments

The Company prioritizes the inputs used in measuring fair value based on the three tier fair value hierarchy in FASB ASC 820, “Fair Value Measurement”. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Level 1: Unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.

Level 2: Directly or indirectly observable inputs other than quoted prices included within Level 1 or quoted prices for similar assets and liabilities.

Level 3: Valuations based on inputs which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value. Generally, Level 3 valuations are longer dated transactions, occur in less active markets, occur at locations where pricing information is not available, or have no binding broker quote to support Level 2 classifications.

The carrying amount of cash, subscription receivables, advances from related party, and trade and other payables and accruals approximated their fair value due to their short term nature. Cash is considered to be level 1 inputs.

EXHIBIT E

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 916-445-7205 866-275-2677	Department of Financial Protection and Innovation 2101 Arena Blvd. Sacramento, CA 95834 916-445-7205 866-275-2677
Delaware	Division of Corporations John G. Townsend Building 401 Federal Street, Suite 4 Dover, DE 19901	Corporate Creations Network Inc. 1521 Concord Pike #201 Wilmington, New Castle 19803 561-694-8107
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities At the Office of the Attorney General 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	Michigan Corporation & Securities Bureau Department of Commerce 6546 Mercantile Way Lansing, MI 48911 (517) 373-7117
Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8222	New York Secretary of State 99 Washington Avenue Albany, NY 12231 (518) 473-2492
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920-4407 (401) 462-9527	Director, Rhode Island Department of Business Regulation 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920-4407 (401) 462-9527
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563
Virginia	State Corporation Commission Div. of Securities & Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501-6456 (360) 902-8760	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760

State	State Administrator	Agent for Service of Process (if different from State Administrator)
Wisconsin	Administrator, Wisconsin Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 266-8557	Administrator, Wisconsin Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703 (608) 261-9555

EXHIBIT F

DEPOSIT AGREEMENT

FRANCHISE DEVELOPMENT DEPOSIT AGREEMENT

This Franchise Development Deposit Agreement (this "**Agreement**") is made between CEFA Systems, LLC, a Delaware limited liability company (the "**Franchisor**"), and the **Applicant**, _____________(NAME), located in _____________(CITY, STATE) effective as of the date signed by CEFA Systems (the "**Effective Date**").

WHEREAS:

A. The Franchisor owns certain trade names, trademarks, logos, emblems and indicia of origin which are used in association with the system CEFA Early Years School.

B. By reason of a uniform format or system and high standards of quality and service, the Franchisor has established an excellent business reputation, created a substantial demand for its products and services and built up valuable goodwill.

C. The Applicant wishes to acquire from the Franchisor the right and licence to operate a CEFA Early Years School utilizing the Franchisor's business format, methods, specifications, standards, operating procedures, and the trademarks.

NOW THEREFORE this Agreement witnesses that in consideration of the mutual covenants and agreements herein contained the parties hereto do hereby covenant and agree with each other as follows:

1. On or before the Effective Date, the Applicant shall pay CDN$10,000.00, exclusive of applicable sales tax (the "**Deposit**"), to the Franchisor (by way of bank or wire transfer, cheque or money order, or as otherwise directed by the Franchisor), as indication of the Applicant's bona fide intent to enter into a franchise agreement with the Franchisor.

2. The Applicant understands that, in reliance upon the Applicant's application for a CEFA Early Years School franchise, the Franchisor may exert a substantial amount of time and may incur substantial expenses in seeking, and evaluating territories and premises suitable for a CEFA Early Years School and/or in undertaking various other steps preliminary to the granting of a CEFA Early Years School franchise to the Applicant.

3. The parties acknowledge and agree that this Agreement in no way binds or obligates either the Applicant or the Franchisor to enter into a franchise agreement.

4. In the event that a franchise agreement is entered into between the Applicant and the Franchisor on the commercial terms applicable at the time of execution thereof (the "**Franchise Agreement**"), the Deposit will be applied in full without deduction towards the Initial Franchise Fee (as defined in the Franchise Agreement) payable by the Applicant in accordance with the Franchise Agreement.

5. In the event the Franchisor, in its absolute discretion, elects not to grant a CEFA Early Years School franchise to the Applicant, and/or the Applicant desires to cancel its application for a franchise for any reason, the Franchisor shall return the Deposit to the Applicant in full without deduction.

6. The Applicant hereby authorizes the Franchisor to make enquiries of the Applicant's bankers and creditors as to their dealings with the Applicant and the Applicant's credit worthiness and hereby authorizes such bankers and creditors to disclose such information to the Franchisor.

7. The Applicant hereby authorizes the Franchisor to conduct criminal record checks of the Applicant and any guarantors that the Applicant proposes to enter into the Franchise Agreement prior to entering into the Franchise Agreement and agrees to complete and execute any forms and provide additional information, as required by the Franchisor from time to time, in connection with such criminal record checks.

8. The Applicant acknowledges and confirms that no franchise agreement shall be deemed to have arisen between the Applicant and the Franchisor by virtue only of the Applicant executing this Agreement or paying the Deposit. A franchise agreement shall only arise upon the execution by the Applicant and the Franchisor of the Franchise Agreement.

9. This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof. No prior representations, promises, agreements, commitments or assurances, whether oral or in writing, shall survive or have any effect after the execution of this Agreement and all are superseded hereby. This Agreement may not be modified except by a further written agreement signed by the parties hereto.

10. This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware (without giving effect to its principles of conflicts of law). The parties agree that any Delaware law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 10.

11. This Agreement may be executed in counterparts and delivered by electronic transmission.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF the parties hereto have duly executed this Agreement as of the Effective Date.

CEFA SYSTEMS, LLC

Per: ________________________________

Authorized Signatory

[NTD: For individual signatory]

____

[Name]

[____________________________ on behalf of a company to be incorporated or formed,] **[NTD: Use if the corporate entity has not been formed yet; individual signs.]**

____

[OR]

____________________________________**[NTD: Insert name of corporate entity that is prospective franchisee on above line.]**

Per: ________________________________

[Name, Title]

EXHIBIT G

TABLE OF CONTENTS OF THE OPERATIONS MANUAL

TABLE OF CONTENTS FOR OPERATIONS MANUAL

Section 1 Working at CEFA

Section 2 CEFA Students

Section 3 Registration of New Students (Families)

Section 4 Administrative Documents

Section 5 Working with CEFA Families

Section 6 CEFA Student Occasions

Section 7 Working with CEFA Staff

Section 8 Franchise Work

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Chef Manual

Section 1 Working at CEFA

Section 2 Nutrition and Menu Design

Section 3 Health and Safety in the Kitchen

Section 4 Recipes

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

HR Manual

Section 1 About CEFA

Section 2 Quality and Service

Section 3 Employment and Orientation (Training & Employee Development)

Section 4 Disciplinary Actions and Standards of Conflict

Section 5 Compensation

Section 6 Employee Benefits

Section 7 Employee Relations and Communication

Section 8 CEFA Policies – What We Expect of You

Principal Manual

Section 1 Working with CEFA

Section 2 Working with the Staff

Section 3 Welcoming a New Teacher

Section 4 Working with CEFA Families

Section 5 Working with all CEFA Schools

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Safety & Health Manual

Section 1 Safety and Health

Section 2 Medications

Section 3 Child Illness Procedures

Section 4 First Aid

Section 5 Emergencies

Section 6 Fire Procedures

Section 7 Earthquake Emergency Preparedness

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Teacher Manual

Section 1 The CEFA Philosophy

Section 2 Regulations and Responsibilities

Section 3 In the Classroom

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

EXHIBIT H

LIST OF CURRENT FRANCHISEES AND FRANCHISEES WHO HAVE LEFT THE SYSTEM

Franchised Units Operational as of February 28, 2026

None

Franchisees Who Left the System in Our Prior Fiscal Year

None

EXHIBIT I

STATE EFFECTIVE DATES

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

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.

REMAINDER OF THIS PAGE LEFT BLANK INTENTIONALLY

Exhibit J

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 CEFA Systems, LLC 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. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first

If CEFA Systems, LLC 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 (which are listed in Exhibit E).

The name, principal business address, and telephone number of each franchise seller offering the franchise are □ Arno Krug, □ Paul Dean , □ Keith Fogel and □ Other: ______________ of CEFA Systems, LLC, located at 1930 Pandora St #308, Vancouver, BC V5L 0C7, Canada, and reachable at: 604-655-4498.

Issuance Date: April 22, 2026

I received a disclosure document dated April 22, 2026 that included the following Exhibits:

A. State Addenda to Disclosure Document
B. Franchise Agreement
    Attachment 1 - State Amendments to Franchise Agreement
    Attachment 2 - Location Acceptance Letter
    Attachment 3 - Guaranty and Non-Compete Agreement
    Attachment 4 - Rider to Lease Agreement
    Attachment 5 - Form of General Release
C. Multi-Unit Development Agreement
D. Financial Statements
E. State Administrators and Agents for Service of Process
F. Deposit Agreement
G. Table of Contents of the Operations Manual
H. List of Current Franchisees and Franchisees Who Have Left the System
I. State Effective Dates
J. Receipt

Signature: ______________________________
Print Name: ____________________________
Date Received: __________________________

Keep This Copy For Your Records

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 CEFA Systems, LLC 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. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If CEFA Systems, LLC 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 (which are listed in Exhibit E).

The name, principal business address, and telephone number of each franchise seller offering the franchise are □ Arno Krug, □ Paul Dean , □ Keith Fogel and □ Other: _____________ of CEFA Systems, LLC, located at 1930 Pandora St #308, Vancouver, BC V5L 0C7, Canada, and reachable at: 604-655-4498.

Issuance Date: April 22, 2026

I received a disclosure document dated April 22, 2026 that included the following Exhibits:

A. State Addenda to Disclosure Document
B. Franchise Agreement
   - Attachment 1 - State Amendments to Franchise Agreement
   - Attachment 2 - Location Acceptance Letter
   - Attachment 3 - Guaranty and Non-Compete Agreement
   - Attachment 4 - Rider to Lease Agreement
   - Attachment 5 - Form of General Release
C. Multi-Unit Development Agreement
D. Financial Statements
E. State Administrators and Agents for Service of Process
F. Deposit Agreement
G. Table of Contents of the Operations Manual
H. List of Current Franchisees and Franchisees Who Have Left the System
I. State Effective Dates
J. Receipt

Signature: _____________________________
Print Name: ____________________________
Date Received: __________________________